

# Why You Need Title Insurance on a Refinance

Watch for the right opportunity, crunch the numbers, save more, consolidate debt or tap into your home equity with a refinance loan.

Take the final steps toward better financing and ongoing title protection by learning what you need to know about title insurance for a refinance.



## Why Do I Need to Purchase a New Lender's Policy?

The original lender's title insurance policy protects the lender's interest on the original loan. With the new refinanced loan, the original loan will be paid off, and the new lender will require protection of its interest for the new loan. From the lender's standpoint, a refinanced loan is no different than any other mortgage loan. In addition, if the loan is sold in the secondary market, investors like Fannie Mae will require the security of title insurance on the property.

The good news is that in many circumstances title companies offer discounts of a short-term rate on lender's policies for refinance. If your refinanced loan is with the same lender as your original loan, your lender may provide additional discounts.

## Didn't the Original Title Search Resolve Ownership Issues?

The lender needs the title examined again to make sure that no liens or judgments, such as liens filed by contractors, child support liens, legal judgments, or other encumbrances have been recorded since you purchased your home. Providing your lender with title insurance protects the lender's security interest in your property.

## Do I Also Need to Get a New Owner's Title Policy?

You'll be glad to know that our original owner's title insurance policy protects your ownership rights for as long as you own your property so there's no need to get another owner's policy on a refinance loan.

If you want the protection of title insurance but did not get a title policy at the time of purchase or original loan, you may still purchase an owner's title insurance policy.

You can discuss available options with one of our officers.

When interest rates drop enough to offer substantial savings on your loan costs, it's natural to think about refinancing. But homeowners, who purchased lender's title insurance policies when they bought their home, are often puzzled why their lender requires a new title policy on the refinance.

## Some Reasons Why You Need Title Insurance

1. For claims covered by the title policy, title insurance covers attorneys' fees and court costs for defending your title.
2. Title insurance helps speed negotiations when you're ready to refinance your loan or sell your home.
3. For claims covered by the title policy, title insurance indemnifies you for losses due to title defects.
4. Each title insurance policy we write is paid in full by the one-time premium at closing and is good for as long as you own the property.
5. A deed or mortgage in the chain of title may be a forgery or signed by a person under age.
6. A deed or mortgage may have been procured by fraud or duress.
7. Title transferred upon the death of a prior owner may be subject to a federal estate tax lien, or an heir may appear and claim an interest in the property.
8. A prior spouse may claim an interest in the property.

For more information on the powerful protection title insurance offers, contact your nearest title agent or visit our website at:

[www.CityofOaksTitle.com](http://www.CityofOaksTitle.com)

