

LAWYERS LINK



WHY YOUR LENDER NEEDS TITLE INSURANCE ON A REFINANCE

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.

DIDN'T THE ORIGINAL TITLE SEARCH RESOLVE OWNERSHIP ISSUES?

The lender needs the title examined again to make sure that no liens or judgements, such as liens filed by contractors, child support liens, legal judgements, 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.



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WHAT IS LENDER'S TITLE INSURANCE?

Source: *Consumer Financial Protection Bureau* | www.consumerfinance.gov

Lender's title insurance protects your lender against problems with the title to your property—such as someone with a legal claim against the home. Lender's title insurance only protects the lender against problems with the title. To protect yourself, you may want to purchase owner's title insurance.

Lender's title insurance is usually required to get a mortgage loan. Lender's title insurance protects your lender against problems with the title to your property—for example, if someone sues to say they have a claim against the home. Lender's title insurance does not protect your investment in the home (your equity). If someone sues with a claim against your home, you are the first person responsible. The lender's title insurance policy only covers claims that affect the lender's loan. To protect your equity in the event of a title problem, you may want to purchase an owner's title insurance policy.



MONTHLY INDUSTRY TERMS

Certificate of Reasonable Value (CRV)

An appraisal issued by the Veterans Administration showing the property's current market value.

Mortgage

A conditioned pledge of property to a creditor as security for the payment of a debt.

Personal Property

Any property which is not real property, e.g., money, savings accounts, appliances, cars, boats, etc.



Lawyers Title

TITLE INSURANCE VS. HOMEOWNERS INSURANCE

Title Insurance protects you from things that have **already happened**, but are unknown or hidden. *Homeowners Insurance* protects you from what **might happen**.

Below are some additional differences between title insurance and homeowner insurance.

TITLE INSURANCE	HOMEOWNERS INSURANCE
<i>Is paid as a one-time premium</i>	<i>Is paid as an annual premium</i>
Covers a defect in title caused by forgery or fraud	Covers damage to the contents of your home
Covers a defect in title caused by undue influence, duress, or incompetency	Covers theft of personal property in your home
Covers a defect in title caused by undisclosed prior mortgage or other liens	Covers living expenses if your home is uninhabitable
Covers issues of right of access to and from the land	Covers damage to your home caused by fire, hail, windstorm, and vandalism
Covers a defect in title caused by improper execution of documents	Covers personal liability for bodily injury or accidents to guests in your home
Covers a defect in title caused by documents not being properly filed, recorded, or indexed in the Public Records	Covers structural damage to your home or detached structures

