

Why you need title insurance



Title insurance protects you from problems with an ownership title when you buy real estate. These may be problems that existed before the purchase, such as: (1) unpaid property taxes, (2) fraud or forgery of previous paperwork, or (3) a spouse or unknown heir who claims they own the property.

Title companies search for problems with the title that need to be corrected before you buy the property. If there's a challenge to your ownership later, your title company will handle the dispute.

Title Insurance is NOT homeowners insurance.

Title Insurance: Protects your ownership of the property. You pay the premium one time, when you close on the sale of the property. Homeowners Insurance: Protects you from losses due to fire, weather, other types of property damage, or theft. You pay your homeowners premium every year.

There are two kinds of title policies:

- Owner's policy: Protects the homeowner. It's good for as long as you own the property.
- Loan policy: Protects the rights of the lender. It's good until the loan is paid off.

The policy is standard.

In Texas, title policy language is the same no matter which title company you use. Coverage begins immediately, but you won't get a paper copy of the policy until about 30 days after you close on your house. Read the policy carefully and ask the company if you have any questions. Keep it with other important documents for your house.

The rates are set

All Texas companies charge the same rates for title insurance. There may be differences in some closing cost fees. The cost of an owner's policy is based on the property's sale price. The cost of a loan policy is based on the amount of the loan.

You can use any title company

Your real estate agent, builder, or lender may recommend a title company.