

REFINANCING YOUR HOME LOAN

WHY DO LENDERS REQUIRE TITLE INSURANCE?

Why does a lender need title insurance?

Most lenders sell their loans to secondary market investors, such as Fannie Mae®, almost immediately after your loan closes. These loan purchasers require lender's title insurance coverage in order to protect the security interest in the loan. Even lenders who choose to keep and service their own loans require a lender's title policy to protect their investment against title-related defects.

Why does the lender require that I purchase a lender's title insurance policy when I refinance my loan?

As far as your lender is concerned, a refinance loan is no different than any other home loan. Your lender wants to ensure that its new loan is protected by a title insurance policy, just as the original lender required when you purchased your home. Thus, when you refinance your loan, you are purchasing a lender's title insurance policy to protect your new lender.

What about the original title insurance policy I received when I purchased the home?

When you bought your home, you were issued an owner's title insurance policy. The owner's title insurance policy remains in effect as long as you (or your heirs) own the property. When you refinance your current loan, the lender will require that you buy a new lender's policy of title insurance, to protect its secured interest. This is different than the owner's title insurance policy you already have on your property.

Do you offer any discounts for title insurance on a refinance transaction?

Typically, yes. Many title companies offer a reduced or discounted rate to you when you purchase a lender's title insurance policy for your lender. Further discounts may also be available if you are refinancing with the same lender you have now. Call your Stewart representative to find out which discounts may apply to you and your situation.

Contact us for more information.

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