

ASK THE EXPERT

I'M BUYING A HOME AND THE LENDER REQUIRES ME TO PURCHASE A TITLE INSURANCE POLICY BEFORE THEY WILL GIVE ME THE LOAN. SHOULD I BUY A POLICY FOR MYSELF TOO?

Title insurance for mortgage lenders is called a loan policy. Most lenders require a loan policy when they issue a mortgage loan. The loan policy is usually based on the dollar amount of the loan and it protects the lender's interests in the property should a problem with the title arise.

Title insurance for property owners, called an owner's policy, covers the total amount of the value of the property at the time the property is purchased. It is purchased for a one-time fee at closing and is valid for as long as the owner or heirs have an interest in the property. Your equity in the property is not covered by the lender's policy.

As time goes by and you dutifully pay back your loan, your exposure increases, unless you have an owner's policy.

Only an owner's policy fully protects the buyer should a covered title problem arise which was not found during the title search. Owner's policies typically protect against a number of contingencies, such as fraud, errors or omissions in deeds, mistakes in examining records, forgery, undisclosed heirs and spousal claims. If you're buying the owner's and lender's policies from the same company, in many cases, there's a substantial discount. Since your interest, unlike the interest of the lender, may increase over time, you may want to consider purchasing an inflation rider that will adjust your amount of coverage to reflect the increase in the value of your property over time.

For all your real estate needs contact Jamie Younger who is consistently in the top 1% in the nation in real estate sales. With over 30 years of experience she can help you make your move today!



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