

Why Do You Need Title Insurance on a Refinance?



Why Do I Need 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 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 the consumer receives a discount on lender's policies for refinance during the first seven years of the loan. If your refinanced loan is with the same lender as your original loan, your lender may provide additional discounts. Chicago Title will be happy to point out ways you can save on your refinance loan.

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 or other legal judgments, have been recorded against you. Confirming the absence of these and other title defects protects the lender's security interest in your property.

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

You'll be glad to know that your original owner's title insurance policy protects your ownership rights for as long as you and your heirs own your property, as long as no value improvements have been made. So there's no need to get another owner's policy on a refinance loan.

If you did not get a owner's title policy on your original loan, but now want the protection title insurance gives you, Chicago Title can issue a owner's title policy for you.

