

Why You Need Title Insurance on a Refinance



When interest rates drop, refinancing your home loan can lead to substantial savings. But many homeowners are surprised to learn that refinancing requires a new lender's title insurance policy—even if they purchased one during the original home purchase.

Why Is a New Lender's Title Policy Required?

Your original lender's title insurance covered only the original mortgage. A refinance means a new loan, and therefore a new lender, who requires protection for their financial interest—just like any other mortgage. If the new loan is sold in the secondary market (e.g., to Fannie Mae), investors also demand updated title insurance.

Wasn't the Title Already Searched?

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

Do I Need a New Owner's Title Policy?

Good news: No. Your original owner's title insurance continues to protect your ownership rights for as long as you own your property. There's no need to purchase a new one for a refinance.

Top Reasons You Still Need Title Insurance

1. Covers legal defense costs (attorneys' fees and court costs) for title disputes.
2. Helps streamline refinancing or future sale of your home.
3. Provides financial protection against losses from covered title defects.
4. Requires only a one-time premium paid at closing coverage lasts as long as you own the home.
5. Protects against forged documents or signatures by unauthorized individuals.
6. Guards against documents obtained through fraud or duress.
7. Covers claims from heirs or estate tax liens following a prior owner's death.
8. Shields against claims from a prior spouse with a potential interest.

We know you have many choices, and we sincerely thank you for choosing Chicago Title! Your trust means everything to us and we're honored to help protect your home.

Need Coverage But Missed It Initially?

If you didn't purchase an owner's title policy during your original purchase, it's not too late! Speak with one of our team members to explore your options and get the protection you deserve.