



5 Common Myths About Title Insurance



The home buying process and title insurance in general, can be complex and confusing to grasp. It can even prevent people from getting the proper coverage they need.

To help navigate and get a better understanding of what title insurance is and how it protects your property rights, here are 5 common misconceptions:

1. There is only one type of title insurance

As outlined in our previous blogs, there are two types of title insurance policies: owner's title insurance and lender's title insurance. An owner's title insurance protects the owner from claims against the title that predate the purchase of the property. A lender's title insurance, also called a loan policy, protects the lender.

2. Title insurance is the same as homeowner's insurance

The biggest difference is that homeowner's insurance is a policy that shields you against potential losses or damage you can experience to the actual structure of your home or what's inside your home during an insurable occurrence.

3. Title insurance requires monthly payments and is extremely expensive

When it comes to title insurance, many believe it's something you must pay for each

month. In reality, there are no annual fees or monthly payments, just a one-time payment at closing when you purchase or refinance a property.

4. Paying all cash eliminates the need for title insurance.

When you pay in all cash, it eliminates the need for a mortgage loan and therefore you will not need lender's title insurance but paying in all cash does not affect the owner's title insurance.

5. Home buyers do not get to choose the title company.

The buyer always has the right to choose the title company they want to use during their home buying process. However, many lenders and real estate agents have relationships with specific title companies, and to make things easier, you may be highly encouraged to use the company they work with.

With so many myths and misconceptions about title insurance, finding a team of experts that you can trust and depend on is essential. Give us a call today 732-359-2009.

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**Rally Point Title Agency LLC
76 Main Street, Matawan, NJ 07747
(732) 359- 2009**

Emily@RallyPointTitle.com