



▶ **HOW** much does title insurance cost?

The amount of liability of a policy of title insurance will depend upon the type of coverage. Typically, the owner's title policy is based upon the purchase price or fair market value of the property being purchased.

The lender's title policy is usually based upon the loan amount, but may include another amount required by the lender.

Typically, an owner's title policy is purchased in conjunction with a sale transaction — but not always. In some instances, title is transferred as a part of a donation or a gift to family members. In these instances, where a purchase price is not established, a title officer may be willing to insure the new owner of the property by establishing a fair market value of the property. The fair market value is determined from other available information, such as the amount of encumbrances, assessed value, an appraisal, etc.

There are various customs regarding who pays for the purchase of title insurance. In some areas of the country, it is customary for the seller to purchase the owner's policy for the buyer, whereas in other areas the buyer purchases this important protection themselves. In most cases, the borrower pays the cost for the lender's title policy required by their lender.

The American Land Title Association (ALTA) is the trade association for title insurance companies nationwide. They have also chartered state or regional associations which focus on local issues. Next month, we will demonstrate the tools they have provided to their members, which demonstrate to the public the importance and value of title insurance.