

**CFPB -Loan Estimate**

<b>C. Services You Can Shop For</b>	<b>\$3,198</b>
Title - Insurance Binder	\$700
Title - Lender's Title Policy	\$535
Title - Settlement Agent Fee	\$502
Title - Title Search	\$1,261

**Can shopping for title insurance and closing services save you money?**

Yes it pays to shop. It is important to know that regulated title insurance rates and closing fees can vary substantially among title companies. For example, your transaction could be eligible for a discounted premium (i.e., reissue, or short term rate) at one company, but not at another. Depending on the discount program and your transaction, you may save hundreds, if not, thousands of dollars on your title insurance and closing costs.

**Do title companies offer the same consumer protections?**

No. Title companies / agents are not required by Colorado law to have any form of business insurance that would be necessary in protecting your money and real estate transaction. Therefore, it is important to evaluate the business coverages of the title company/agent you plan to use.

Additional consumer protections are typically available by requesting a Closing Protection Letter (CPL) that provides sellers, buyers, borrowers and lenders with extra closing assurances and protections by the title insurance company (insurer) against the fraud, dishonesty or negligence of their authorized issuing title companies/ agents.

**What about recommendations by others?**

The Colorado Division of Real Estate who regulates real estate brokers and mortgage loan originators, affirm that consumers are responsible for shopping comparing and selecting the Title Company for their real estate transaction. It's important to verify the recommendations of others.

**What is an Affiliated Business Arrangement and should you still shop and compare?**

An Affiliated Business Arrangement (AfBA) exists when a real estate broker or mortgage loan originator has an affiliated relationship with, or a direct or beneficial ownership interest in a Title Company. With this type of relationship, the Real Estate Settlement Procedures Act (RESPA) requires a specific AfBA disclosure be provided to consumers, disclosing such relationship, along with a price range for services and the following recital:

**“THERE ARE FREQUENTLY OTHER PROVIDERS WHO OFFER THE SAME SERVICES, AND YOU SHOULD SHOP AROUND TO SEE THAT YOU ARE GETTING THE BEST SERVICES AT THE BEST RATES.”**

An AfBA generally promotes the benefits of a one-stop shopping solution for your real estate transaction. Regardless of such benefits, consumers are still advised to shop and compare title insurance services and costs.

**How can you effectively shop and compare title insurance services and costs?**

Simply visit [CompareTitleCompanies.com](http://CompareTitleCompanies.com), a FREE online title insurance resource for consumers. This resource allows you to shop and compare service and costs from subscribing title companies. Remember, service also includes those consumer protections provided by a title company that will protect your money and real estate transaction. This online resource provides a Consumer Protection Report (CPR) feature that provides information about a title company's ability to provide certain consumer protections, based on the company's business coverages (e.g., fidelity, crime, cyber security, error & omissions and general liability) and the issuance of a Closing Protection Letter (CPL) for sellers, buyer's, borrowers and lenders.

Use [CompareTitleCompanies.com](http://CompareTitleCompanies.com) or our simple Comparison Worksheet on this brochure in evaluating and selecting your Title Company.

**Comparison Worksheet for Selecting a Title Company**

1. Title Company \_\_\_\_\_  
 Title Ins. Underwriter \_\_\_\_\_

2. Title Company \_\_\_\_\_  
 Title Ins. Underwriter \_\_\_\_\_

3. Title Company \_\_\_\_\_  
 Title Ins. Underwriter \_\_\_\_\_

Check Applicable Coverages	1.	2.	3.
General Business Liability Ins.			
Fidelity & Defalcation Ins.			
Crime / Cyber Ins.			
Cyber Security Ins. (Identity)			
E & O Ins. (Closing Services)			
E & O Ins. (Title Services)			
Insured/Bonded Signing Services			
<b>Closing Protection Letters</b>			
Borrower's			
Lender's			
Buyer's			
Seller's			
<b>Title &amp; Closing Costs</b>			
Buyer's / Borrower's	\$	\$	\$
Seller's	\$	\$	\$
Borrower's (Refinance)	\$	\$	\$
<b>Insurance Company Ratings</b>			
Title Insurance Underwriter			
Financial Stability Rating (FSR®)			
Demotech.com			

**NOTE:** [CompareTitleCompanies.com](http://CompareTitleCompanies.com), is not a title company

**Are You Selling, Buying or Refinancing Your Home?**

**What Consumers Need to Know About Title Insurance in Colorado**



Shopping, Comparing and Selecting a Title Company is Not a Puzzling Process

Presented By:

**CompareTitleCompanies.com**

## What is title insurance?

When a house, building or other property is bought and sold, all the parties involved want to be sure the “title” and transfer of ownership is clear. Title insurance protects the owner and the lender against losses arising from problems affecting title to the property.

Over the years, a home and the land it stands on may go through several ownership changes. The “chain of title” describes the history of ownership, with each person or entity listed who owned the land and/or building at some point in time. However, there can be unexpected problems in the chain that could emerge to cause trouble. For example, there may be unpaid real estate taxes or other liens when title was transferred, someone may have forged a signature or written a property description improperly. Title insurance covers the insured party for any claims and legal fees that arise out of such problems.

Title insurance can be issued by authorized title companies/ agents on behalf of title insurance companies (insurers); and many title companies / agents represent multiple insurers. It is however the title insurance companies (insurers) that actually assume the risk of insuring the titles to real estate; and some title insurance companies may directly issue their own title policies

Technically speaking, title insurance is an indemnity contract between you (or your lender) and a title insurer for past defects in a chain of title. More simply, title insurance is an agreement that should a problem arise in the ownership records of your property, your insurer will fix the problem, defend you against it, or compensate you for any losses. Some problems that exist in the records may include fraudulent and forged documents, incorrectly recorded documents, spurious or improper liens placed against the property, and even undisclosed easements or past violations of covenants by previous owners.

## There are two basic forms of title insurance, an Owner’s and Loan Policy

An Owner's Policy is issued in the amount of your purchase price and protects the buyer should a problem arise with the title that was not discovered during the title search and examination. This policy provides you and your heirs coverage even after the property has been subsequently sold. The policy also pays for any legal fees in defending a claim against your title.

Lenders will require a Loan Policy when making a loan, whether for a purchase or refinancing your home. The Loan Policy is based on the dollar amount of your loan and protects your lender's interests in the property should a problem arise.

Colorado, title companies issue an American Land Title Association (ALTA) promulgated policy that provide the same basic coverages and exclusions.

## Who pays for the title policies?

The Contract to Buy And Sell Real Estate (Sections 8.1.1 & 8.1.2 ) lets the seller and buyer negotiate who selects and pays for the Owner’s Title Policy. When a buyer is obtaining a loan, the mortgage lender will require a Loan Policy that is typically paid for by the buyer/borrower.

When refinancing your home, the mortgage lender will again require a Loan Policy to confirm the lender’s interest in the property is protected, until the loan is repaid; and the Loan Policy premium is paid for by the borrower.

## What is the difference between title insurance and other lines of insurance?

Title insurance protects you against all title defects existing before the date of policy. While the claim may not be asserted until after the policy is issued, it must be based on matters existing prior to the date of policy. The premium for a title policy is a one-time charge, paid at closing.

Other lines of insurance protect against future events after the issuance of the policy, such as a fire, hail, auto or, in the case of life insurance, a death. These forms of insurance require ongoing premium payments to continue coverage.

## What is a real estate closing?

In Colorado, the title company issuing the required title insurance usually conducts the real estate closing process acting as the settlement agent for a purchase or refinance transaction. Some title companies may also utilize a signing service to assist in obtaining the signatures on the necessary closing documents.

The Title Company acts on behalf of all parties to the transaction, making sure the terms of the Contract and required Closing Instructions are satisfied. Duties of the Title Company includes:

- **Holding earnest money**
- **Clearing title requirements disclosed by the title commitment**
- **Obtaining payoff statements for existing loans, judgments, tax sales, etc...**
- **Proration of applicable real estate taxes and HOA dues and assessments**
- **Preparation of the Real Estate Settlement and/or Closing Disclosure**
- **Collection and disbursement of monies for the benefit of all parties to the transaction**
- **Presentation & notarization of documents**
- **Recording of required documents to transfer and effectuate title to the property**

## Is the title insurance industry regulated?

On a federal level, the Consumer Financial Protection Bureau (CFPB) administers the Real Estate Settlement Procedures Act (RESPA) a consumer protection law that was enacted by Congress in 1974 to protect consumers from illegal activities

and higher costs in their real estate settlement process; when the transaction involves a federally related residential mortgage.

On the state level, the Colorado Division of Insurance regulates the business of title insurance and closing services. However, consumers should be aware of the following important facts:

- **Licensed title companies are not required by Colorado law to have any form of business insurances (e.g., fidelity, crime, cyber security, error & omissions and general liability) to protect the consumer’s money and safeguard their real estate transaction.**
- **Title companies are required to file all title rates and closing fees, but these rates and fees can vary greatly among title companies.**
- **The Division of Insurance encourages consumers to shop and compare services and costs before selecting a title company.**

## Consumer’s responsibility for shopping and selecting the Title Company

The Real Estate Settlement Procedures Act (RESPA) a federal consumer protection law guarantees, for the most part, that consumers have the right to shop and select the Title Company for their real estate transactions.

In 2015, the Consumer Financial Protection Bureau (CFPB) who administers RESPA implemented the “Know Before You Owe” mortgage initiative, which is designed to empower consumers with the information they need to understand their loan options, shop for the mortgage that’s best for them, and avoid costly surprises at the closing table. This initiative incorporates a new Loan Estimate form, which specifically identifies and allows consumers to shop for their title insurance & closing settlement services.