

Office of Housing Counseling

Title Policy 101

Tuesday, September 20, 2022

Sid Alvarado: Hello everyone and welcome. Good morning or good afternoon to you, whether you find yourself on the East Coast or the West Coast of the country. Thank you so much for joining us today for "Title Policy 101."

We know that everyone are experts right now when it comes to Zoom. However, we want to let you know how we will be using Zoom during today's webinar.

Participants are in listen-only mode. We will be using the chat box to submit any technical questions that you may have. So please use the chat box for that.

When it comes to Q&A, please use the Q&A box to submit any questions that you may have pertaining to this webinar. You can submit those questions at any point. You don't have to hold onto those questions, and we will be taking some time during the end of today's webinar to answer those questions.

Materials today. You will find that the PowerPoint has been posted for this session. We will provide that information in the chat box, which has been done. Webinar materials are posted on the HUD Exchange in the webinar archive 7 to 14 days after today's live webinar. You can actually find that by the date or by the topic.

Webinar attendance will be marked following the live webinar. Once attendance is marked, you can print a webinar certificate by logging into your account and going to your learning transcript. You can select the course name and then click print certificate.

For many of you who have attended our webinars in the past, you may have experienced or be familiar with Mentimeter. We will be using that today for some polling questions. When prompted by the icon, we ask that you would go to menti.com. You can use your computer, or you can use your smartphone. We've also placed that link already for you in the chat box.

Once you have entered into Mentimeter, what we ask you to do is to just press the heart right -- toward the bottom of the screen on the right just to let us know how many people are already in Mentimeter. We see that there's quite a few of you who've already entered into Mentimeter. Thank you so much for pressing that heart button and letting us know that you are already in Mentimeter.

So our first question for the day is we want you to rate your knowledge about title insurance policies. There's three options that you can use there. You can let us know that -- and you can say, hey, I'm a newbie and I'm so happy to be here to learn about the information that you're going to be hearing about today. Or you can say, you know what, I have some knowledge. And then the other option, you can say, hey, I'm an expert. I just am here to just maybe get a touch-up on some of the information that I already know.

It looks like there are quite a few of you who are newbies. You're happy to be here to get the information that we're going to be conveying on today. However, it does look like most of the people who are chiming in, most of you who are chiming in are saying, I have some knowledge.

I'm somewhat knowledgeable about today's topic, but you know what, I can afford to learn a little bit more. Thank you so much for participating in that.

We have a follow up question for you as well. What are some of the common title and property rights issues you see as a housing counselor? This is an open question. So feel free to just chime in with whatever answer comes to mind. We want to know, what are some of the common title and property rights issues you see as a housing counselor.

So it looks like there's some answers here. Easement issues. It looks like there are many of you who are seeing lean issues that seem to be a common theme here. Boundaries, encroachments, which kind of goes over to that easement. So we're definitely seeing a common theme here.

Many people are saying liens, different types of liens, or maybe there are some heirs to the property. Thank you so much for chiming in. Okay. So family members, liens seems to be the top issues here.

Okay. So we're going to ask another Mentimeter question later on, but our final question before we get into some of the content today is, if you have had some title or property rights issues come up, describe how you as housing counselors have been able to assist your clients. What are some of the methods that you've used to describe how you've assisted your client? We would love to hear that feedback from you as well.

So it looks like many of you are saying that you have referred out to legal assistance, maybe legal aid or some type of attorney. I see some here saying that you've referred back to the title company. Many of you are saying, hey, I haven't really had the opportunity to assist my clients as of yet, and that's okay as an answer as well.

But it looks like many people are saying that you've reached out to some type of a legal resource, whether that's legal aid or whether that is using an attorney. Well, thank you so much for that feedback. That's some wonderful information that we can take and we can consider as we're talking about this topic on today.

So my name is Sid Alvarado. I am the technical assistance provider with ICF. We are also going to have another speaker on today. We have Chris Morton, who is the senior vice president of public affairs and chief advocacy officer with American Land Title Association. You'll hear us refer to them throughout this webinar as ALTA.

In just a moment, we are going to have a wonderful welcome from Jerrold Mayer with the Office of Housing Counseling. Throughout this webinar, we're going to talk today about what those title basics are. Just a moment ago, we ask you some questions. We asked how many of you are familiar? Some of you said, hey, I'm familiar. Some of you say that you are new.

So what we're going to be doing during today's webinar is we're going to be talking about those title basics, the information that you need to know as a housing counselor that is going to help you to further assist your clients in the housing counseling or the home buying purchase process.

We're also going to be talking about why every homeowner needs owner's title insurance. These are some things that you might have heard of or maybe even experienced in your work, but we are going to bring to the forefront here as to why that's really important.

And we're also going to be talking about approaching those title issues, just that question that we just asked just a moment ago, what are some of those issues? And we're going to be also talking about some resources that may be helpful to you as well as your clients when dealing with title insurance policies with your clients.

And as I stated in the beginning, there's going to be an opportunity for Q&A. We don't want you to forget your questions. So at any point, as I said, use the Q&A box. Make sure that you put your question there, and then as time allows during the -- today's webinar, we're going to make sure that we get to that question toward the end.

And now, you are going to receive a warm welcome from Jerrold Mayer, director of Office of Outreach and Capacity Building with HUD's Office of Housing Counseling. Jerry.

Jerrold Mayer: Thank you, Sid. And hello and welcome to everyone to today's webinar for housing counselors on Title Policy 101. I want to thank the American Land Title Association for their help with today's webinar and also for our upcoming webinar on September 22nd on Real Estate Wire Fraud. Please tune in to this upcoming webinar on Thursday to learn how to help clients identify and protect themselves from wire fraud.

Today's training will help HUD certified housing counselors and other participants better understand the basics of title policies and the potential issues clients may encounter when buying a home. We will also learn about homebuyer education resources and learn how counselors can partner with local title companies.

So now, without further ado, I'll hand the mic back over to Sid to take us through the rest of today's training.

Sid Alvarado: Thank you so much, Jerry. So as I stated, one of the things that we're going to talk about today is we're going to talk about title basics and really what does that include? What does that really mean, especially when they're talking about it from a housing counseling aspect?

So what is title? Title is your ownership or the homebuyer's ownership right to the property. It is a -- when they're recording a deed with the county. It confirms in writing the transfer of the title and, therefore, transfers the ownership.

I think the important thing to remember here when it comes to housing counselors is that there's not, per se, a particular document that says title, but with the -- with title is basically that home ownership or the right to the property. And that's something that's really important to think about and consider when we are talking with our clients about what title is.

Now, let's talk about a title search. The title search is something that is happening during the early part of the home buying process. It's something that we as housing counselors must go over with our clients as a whole.

There's lots of topics that we're talking about in that housing counseling or that pre-purchase, for example, counseling. And when we're talking about pre-purchase or when we're doing that one-on-one counseling when it comes to our clients, title search is something that we really need to discuss with our clients. We need to talk to them, first of all, about what the title search is. We need to also talk to them about when it's happening and what the significance of that is during the home buying process.

And when we're doing that title search or when the title search is done, what is happening is, is that there is the potential to uncover issues that could prevent their right to the property.

It consists of a review of public records to identify issues that could prevent the homebuyer from taking ownership of the property. And so, as I said, this is only one of the topics that is included during that homebuying process. And therefore, we want to make sure that we are clarifying with the client, getting them familiar, first of all, with the terminology and then also getting them familiar with when possible that title search is taking place and really what those implications mean with the title search.

One of the things that we may need to talk about or we will need to talk about in that session with the client is the difference between the owner's title insurance and the lender's title insurance. And so, we as housing counselors, first of all, want to know what the difference is.

So when we're talking about owner's title insurance, this is something that is going to protect you. And when we say you, we're talking about the homebuyer here. This is something that's going to protect them as the homebuyer as they are going into becoming a homeowner. And it applies to them as long as they or their heirs own the property or own the home. Okay.

Now, one of the distinguishing factors between owners and lenders is that owner's title insurance is optional. And although it is optional, it is something that we want to explain to the homebuyer that is just really important to make sure that they're really considering getting it, to make sure that they are protected, although it is optional.

They do have that right to not get it. However, it is something that we really want to convey to them what it really means to have title insurance, the importance and the significance of it, how it can protect them now as well as down the line so that they can feel a little bit more comfortable or protected going into this home buying process.

Now, when it comes to the lender's title insurance, it is something that protects the lender. It is usually required by the lender. So this is something that is going to be considered or counted in that closing cost. And then also the buyer often pays for the policy, and paying for the policy, the pricing of that really depends on the area in which a person lives.

So for example, where I live here in Virginia, a policy is going to be maybe around \$350 to \$400. However, that is something that can be very different depending on where you are or where you live or where the buyer is purchasing a home. It does depend on the region. It is something that is negotiable and is something that we're going to learn later on about some of the resources that ALTA can provide. And so, it is something that we can ask ALTA member for advice.

But when it comes to owner's title insurance and lender's title insurance, there are some resources in which a buyer may be able to use to take care of those policies. So for example, if you are -- for example, your agency is providing down payment or closing cost assistance or you are connecting that buyer with a program, a down payment and closing costs assistance program, it is something that is what we consider to be an eligible cost.

But the big difference here is that owners, it is optional, whereas lender's title insurance, it is something that is required, and we want to be able to explain to those homeowners or those consumers in which we're helping what the difference is, as well as maybe giving a range, as well as connecting them with some resources that may be able to assist them and being able to acquire this required insurance.

And so, next, you're going to hear from Chris, who is going to provide some additional information. Chris.

Chris Morton: Thank you, Sid, and welcome to everyone. It's a pleasure to be with you today. I'm Chris Morton, senior vice president of public affairs and chief advocacy officer, as was mentioned, for the American Land Title Association. And what I want to spend some time with all of you today is really to talk more specifically about why every homeowner needs owner's title insurance and some of the sort of examples of its use and the importance of coverage so that we get some of the basics down.

So with that, let me just speak first to the real intent and purpose behind it. Obviously, you all know that the purchase of a home for most all people is the largest investment they will ever make in their financial lives.

And so, given that magnitude of their investment, it is certainly something that, as we say it at ALTA, want to make sure that consumers are ultimately protected and that they have peace of mind, that everything that they have invested into that property and in seeking the American dream is certainly upheld and gives them that clear property right protection.

So it's really about that confidence and knowing that the consumer is protected not just from known title defects. And as was said earlier, in the process of doing a title search, known issues, problems arise that title agents work very diligently to resolve before closing.

But what is most valuable about a title insurance policy, in particular from an owner's perspective, is that it insures against unknown risks or hidden risks that are not discoverable during searches of public records.

So as an example of this, there are things that can be found post public records search that may arise after the purchase or I should say within the purchase of title insurance, fraud and forgery, which is certainly something that is of great concern, things like liens from contractors, undisclosed or missing errors or unpaid child or spousal support. These are just some examples of those unknown risks.

And what title insurance does is provides protection against those risks for as long as they own their property for a one-time fee of closing. And what's important about this, too, is that it covers the payment of legal costs to litigate those covered title risks. And so, there is not that stress put upon the borrower, the owner that, in fact, they will be out of pocket for some of those challenges.

And I'll just say is, as many of you know, once you buy a home, there are costs associated with it, and managing those costs are important. And so, this is one area that reduces the burden of being concerned about spending on those things.

But let me tell you a little bit about some of these examples that I think are important from protection perspective.

So for instance, the risk that a seller's deed was forged or, for instance, that the will that was used to transfer title after an owner's death was invalid or deficient, those things would be examples if an owner purchased title insurance, that would be covered and protected against.

Similarly, I mentioned liens and something called mechanic's liens. State law provides, for instance, priority status -- super priority status, I should say, above all to unpaid sums owed to general and subcontractors that perform work on a home.

So if somebody purchased a home and then afterwards, that was not in the public record search but it's found that bills were not paid and this lien is on the property, title insurance, from an owner's perspective, will help rectify that challenge.

And then, again, the duty to defend is a critical part of title insurance from an owner's perspective. And again, that means the insurance company will hire lawyers to pay for a homeowner's defense costs.

And this is the other important thing. Homeowners just do not want a check or an insurance payment. What they want and prefer is the opportunity to have that defect fixed and for them to stay in their home. And so, again, owner's title insurance is a critical component of all of that. So those are just a few examples of the value of what we're talking about here.

So again, it's a low one-time fee paid at closing, and it protects your property rights for as long as you own your home on the owner side. There was a mention of lender's title insurance. That protects the lender and that protects against -- the lender for the mortgage loan. And so, there's that distinction.

So we can move forward through the next slide here, as I just mentioned. And then I want to talk a little bit about the process in terms of getting owner's title insurance on this next slide.

So selecting your title insurance company is your choice. It's really important as you educate folks that they do have that choice. Oftentimes, title companies are recommended in the process, and that's good and well. But it's really important for the consumer to understand that they can shop around.

And in looking to find other companies, I think it's important to ask the parties that the consumer is working with, whether it's your realtor or your lender or trusted folks like yourselves, about a list of companies that might be available that they could talk to to help guide them through the process of title and closing.

We at ALTA have developed a fairly robust set of resources noted here, homeclosing101.org, and that is a really important place to turn if you have questions or as a resource for your clients as you're going through this process. We've tried to really, again, make that robust to answer many of the questions that are common within the process of shopping for title insurance, what it is, why it's important, and how you go through the closing itself.

So with that, I will then turn it back, I think, to Sid to talk through some of the title issues and policies that you may encounter with your clients.

Sid Alvarado: Thank you so much for that, Chris. So now, we're going to talk about, what if you are approaching title issues? How do you help your client to navigate that?

The first thing that we want to do, especially when we're talking about it from a pre-purchase counseling perspective, is it is really important to educate our clients, and we're educating them from a couple of different perspectives.

We're educating them about the cost of it, and when we're educating them about the cost, because this is something that we should be really researching within our market what that price range could be, we're also talking about what we can do to help them to meet that cost or cover that cost.

And so, that's something that could come up in us helping them to build their spending plan. It also is something that can come up from a cost perspective and connecting them once we know how much that's going to be. Once we know how much that's going to be from a closing cost perspective, how do we connect them to resources to cover those costs? But definitely, it is a situation where we are preparing them.

We're letting them know what it is. We're letting them know what that cost is, and then we are hopefully being -- we're hopefully able to connect them to resources that can cover that cost.

We're educating them about who pays. As we just talked, we talked about the lender's title insurance. We talked about the owner's title insurance. And in both of those instances, it is something that the home buyer, the consumer, is going to have to pay. So hopefully, once we

educate them on who pays, what that price range is, once again, we're able to connect them with some resources that can help them to cover that.

And then we're covering with them as well, we're educating them about where in the process title insurance arises. This is something that we're covering in that process. So from a pre-purchase standpoint, for example, there's lots of topics that we're covering in that particular pre-purchase session, and title insurance definitely is one of those topics that we should be talking about.

And so, we're letting them know that this is something that's going to take place early on in that process. We're getting them familiar with the terminology so when it comes up, it's not something that's surprising to them. It's something that they've heard about. They know exactly what it is, and they know why it is something that could be of an advantage to them to get.

So those are the things that we're thinking about when we're educating them, whether it's in that one-on-one setting, but it's also something that we could educate in a group education setting as well when they talk -- when we're talking about the title insurance.

We're talking to them about the advantages that Chris just talked about, as well as those risks. And basically, the advantage is, is for them to hopefully not -- if those risks were to come up, is something that they're covered.

So if we're talking about them -- about it from an advantage standpoint as well as from a risk standpoint, basically, the advantage is, is that if they were met with an issue and if they do have that owner's title insurance, it's something that they don't have to be burdened with is trying to deal with the financial aspect of what will come up if they don't have it versus if they do.

And then, as I stated a few times, is that those down payment assistance programs for many of you who are providing that pre-purchase counseling, you are probably familiar with the resources in the DPA in your community. And if you're not, it's definitely something worth researching. And then within those programs, is this something that's an allowable cost within that program, depending on the source of funds that's being used in that DPA program? Is this something that is covered in that particular program with that funding?

And so, definitely we would want to check with the down payment assistance programs, but don't just stop there. Just look at what those allowable costs is within those programs that we're connecting our clients to to make sure that this is something that is allowable.

And if we come to a place where we have to address title issues from a pre-purchase standpoint, we know that this is something that the seller must resolve before ownership of the home is transferred.

And so, we want to educate clients that may face these issues that come up, what does that mean? Is it something where they can move forward in the process? Is this something that's going to hamper the process where it has to be dealt with? But from a pre-purchase standpoint, we want to advise our clients that this is something that the seller must resolve before we are able to move forward and before they're able to purchase this home.

But maybe we have a client that we are working with and it's post-purchase. They've already purchased a home. If they have title issues or title insurance issues, we want to get familiar with being able to file a claim or, as some of you suggested that have already dealt with these issues, how do you seek assistance? Where do you seek assistance?

And so, being able to seek assistance from a legal standpoint, where do you go? Are those relationships already something that your agency has, or are these relationships that you need to think about building just in case these issues arise. And then also being able to perhaps refer them to the clerk's office or also what you're going to -- we're going to talk about in just a moment could be another resource.

And so, when we're talking about homeownership education, just think about all the things. And title insurance falls within those topics that we need to be talking to our clients about. It is part of that entire process of homeownership. So when we are counseling clients from a homeownership standpoint, there are many things that we're discussing in that session.

Of course, we're talking about -- we're talking about budget. We're talking about resources. We're talking about a lot of things. And so, during that time when we are having that counseling session with them, title issues or title insurance is considered to be a topic that really should be weaved into the conversation that we're having with clients because it is part of that entire process of homeownership.

What are some resources and relationships? As I said, some of you mentioned some great relationships or resources that you are already use. So if there are issues or if there's questions that you as a housing counselor may have or that your client may have, these are some potential resources as well as relationships that you can consider.

So attorneys and legal professionals. And so, it is -- I think it's important to think about from a relationship standpoint. It's important to cultivate those relationships before you need them. And so, when you're thinking about some of the relationships that you can cultivate now, attorneys and legal professionals are some of those relationships that you can cultivate now so that way in the future, if you do have some questions or your client has a question, this is something that you can really kind of call in or lean on when you're talking about from a relationship standpoint.

ALTA members in your community. We have a link here in the resources that, if you want to know where these ALTA members are in your community, you'll have an opportunity to connect with these ALTA members. Once again, perhaps you have some questions for -- about -- with your client. You have some questions that maybe your your client has.

Being able to have a resource such as ALTA is a great relationship to have because you're able to get some of those questions answered, and it would educate you from a housing counseling standpoint so that way in the future, if you have clients that may have some issues arise, then you can remember that conversation that you perhaps may have had with an ALTA member.

Clerk's office, as we mentioned, and also legal services and referrals, which many of you mentioned that, when you do have issues, those are the resources that you use.

And some additional resources, because we like to always make sure that, even when you are not with us in this webinar setting, you have some resources that you can use, some links that you can click on and quickly go and refresh your memory on some of the things that we talked about.

So ALTA has a Home Closing 101 resource that you could use, that you could go there, read some information. You can become more familiar, but most importantly, comfortable with what is going on during that time in the home buying process so that you can convey that information to your clients in those sessions, as well as if you're doing it from a group education standpoint.

ALTA contacts. We just spoke about that just a moment ago, being able to have that additional resource to, if you have some questions, being able to use them as a resource to answer some of those questions that you may have about a client or something within that process. And if they're not able to help you, then perhaps they can connect you with some additional resources in the community that are able to assist you.

And then, as usual, CFPB has some wonderful, wonderful resources, resources that I personally love to use. And so, there's a couple of ways in which you can use some of these CFPB resources as information that you can read over, and it -- what it will do is it will help you to become comfortable with answering questions as well as basically setting up some of the conversation that you're going to have with your clients in that one-on-one setting.

And so, they have wonderful resource here specifically that talks about shopping for title insurance as well as other closing cost services.

And then it goes -- there's another resource that is, why is a title insurance premium on the loan estimate and closing disclosure different? And so, once again, an opportunity for you as the housing counselor to go to get clarification so that way, when you are providing this service in a one-on-one setting with your clients, you are, most importantly, informed as well as providing the guidance that your client is going to need.

And now, we're going to have an opportunity for some Q&A. But before we get into Q&A, we have one more Mentimeter question. So if you have not had the opportunity yet, please use the Q&A box to submit your question, and after we finish our Mentimeter question, we're going to be going to Q&A.

I do have my colleague Johanna, who is going to be helping me out during the Q&A session. So as I stated, if you haven't already, be sure to submit your question in the Q&A.

But our last Mentimeter question that we have is we want to know, how will you use the information that you learned in today's session in your counseling work? This is an open-ended question. So feel free to respond however you would like to respond, but we would like to know,

how will you use the information that you learned in today's webinar in the housing counseling work that you do?

And so, we see that here a few of you have already taken the opportunity to submit your questions. I see here where some of you said that you are going to check out some of the resources. Yes. CFPB is a great place to get those resources, help you structure that conversation with your client, sharing information.

I see some of you said that you're going to share your slides with fellow housing counselors, which we absolutely love that. Sharing the information in the homebuyer education class. Yes. So we know that a lot of this information is conveyed in a one-on-one setting, but it could also be used in a group education setting as well. So we love that you said that you're going to incorporate that in your homebuyer education courses, which we feel is really important, able to convey the information in the masses.

Offer resources to your clients. So I see here that many of you continue to say that you're going to be offering them in your homebuyer education workshops, which are just a great idea.

Check out ALTA. Yes. We love to give you resources. Absolutely love to give you resources. And so, ALTA is a wonderful resource that hopefully you've gained today that you can use if you have some additional questions in the future.

Create and cultivate those relationships and resources. Yeah. So wonderful answers here. Thank you so much for participating and for responding. Thank you so much, and we will continue to leave this open. So if you would like to answer, you can definitely answer.

And so, now, what I am going to do, we are going to transition to some Q&A. Many of you have submitted some questions. And Johanna, let me know, what are you seeing? Are there's a particular question that you are seeing that you would like to start off with in this Q&A session.

Johanna: Yes. Thank you so much, Sid, and thank you, Chris, for a great presentation. So we have a number of questions in chat, and I'm going to start with this one for you, Sid.

"What is the best way to reinforce the need for title insurance without steering them to that decision?"

Sid Alvarado: That is a wonderful question, Johanna. I think the wonderful -- the way to really reinforce this is let clients know about the risk and potentially what that risk could cost them if -- especially if they didn't have owner's title insurance. So I think the best way is letting them know what that -- what those risks could be.

We provided -- Chris did a great job covering those risks. And so, let clients know that, hey, this is a potential risk, and, if possible, putting a dollar amount with that potential risk that if they didn't have owner's title insurance, this risk could possibly cost them X amount of dollars, whereas with title insurance, it's something that could be kind of covered, especially when they have the owner's title insurance.

And so, I think that's the best way in addressing that early on because one of the first things that we're doing in a pre-purchase counseling session is we are doing that financial analysis; right? We are doing that spending plan. We're letting them know where they are now, but also, we're helping them to prepare that, if homeownership is a goal that you have, this is something that you need to consider.

And so, when we're giving them that range of what a owner's title insurance policy is, then we've included that in their budget, and that's something that they could prepare for when they are preparing to save for closing costs, down payment assistance, and things of that nature.

So I think that those are some ways in which we could incorporate that without steering, letting them know how much that could potentially cost them if they're not covered.

Johanna: Awesome. Thank you for that. And the next question is for Chris.

"Will the owner's title insurance policy transfer to their heirs, and does probate have to be completed first?"

Chris Morton: Yeah. Thanks for that question. I think it's important to understand that -- yeah -- that owner's title insurance policy will protect the owner and their heirs. I think it's also important, though, in the education process to make certain that legally there is documentation.

We find in some of these heir circumstances that the lack of wills or clarity around transfer from that perspective can be a challenge. And so, encouraging folks to do the proper legal and estate planning and getting resources through legal aid to help with those kinds of things is really critically important.

Johanna: All right. So the next question for you also, Chris.

"Can an individual who is trying to clear up a title on a family-owned home, what should they do first, contact an escrow officer or go directly to a title company officer?"

Chris Morton: So I would say if they have -- if they've been able to purchase the owner's title policy, contacting their title company and working with them to help assist on the questions they have relative to that is the first place. Should they not, then I think that's where the legal assistance, legal aid folks can help with respect to the heirs piece.

The one thing I'll say also that's really important in the role that I play as chief advocacy officer here, we're very much involved in making sure that issues of heirs property are sort of brought to the forefront because it is an area of growing questions and concerns.

And so, we've got an heirs property workgroup to the point of resources that Sid mentioned that we're working through state by state as well as on the national level some of these issues. So to the extent that folks are having questions around that, that's a place we can be a resource.

Johanna: Thank you so much. And, Sid, I have a question for you.

"What advice would you give for helping homeowners shop around for title insurance?"

Sid Alvarado: The advice that I would give on that is encourage them to ask questions when it comes to the title company. And so, I did see a comment in the chat box where it says, hey, the sellers -- don't the sellers usually just choose?

And so, in some markets that could be the place. However, what we want to remember as housing counselors is that we want to let -- empower our buyers. We want to empower our clients to let them know that they have the right. They have the right to choose.

And so, when we're considering choosing and thinking about choosing, there are some questions that they could ask of the professionals that are part of their process, whether it's through the real estate agent, whether it is through the title company, but there are different avenues and resources that they can use.

And so, yes. Customarily, you may see where this is something that is chosen on behalf of the -- on the buyer. However, the client does have the right to choose, and so they can get some information about title insurance companies from different places. And so, that's something to think about.

And so, I'll also invite Chris to just add in on that because I think that he may have some wise advice in that area as well.

Chris Morton: And particularly, again, Sid, what specifically was the last part of what you were looking for?

Sid Alvarado: Just on them being able to have the option. Where would they -- where could we recommend as -- we have some people that say, hey, the -- this is something that's chosen for them. Title insurance is chosen for them. How would a home buyer go about advocating for themselves or choosing and not just settle with what has been chosen for them?

Chris Morton: So again, I would refer people back to the resources that we have that identify title companies in their local areas. They can certainly always call and get someone to speak to about insurance and the process there.

The other thing I would say is, legally, they're -- they must be given information on title companies that are available to them. And so, again, asking all of those parties to the transaction to give them the resources that can help educate them, I would encourage them to do that because it's really important to advocate for yourselves in the process, as with any transaction that you find yourselves in.

Sid Alvarado: Thank you so much, Chris.

Johanna: So Chris, we have a question. "Can title insurance protect you after you sell the home? I've heard that in some cases you can be sued for title problems after you've sold the home."

Chris Morton: So the process of buying the title insurance once you release the property, you're free and clear of that property and it's transferred and it closes. You should be in a situation where that is not the case. And so, you're not sort of subject to that as the seller after that, if you've done that according to the proper approach on that.

Sid Alvarado: Thank you. I do -- if you don't mind me jumping in, Johanna.

Johanna: Yes. Please do.

Sid Alvarado: I see a question here, and it asks, "Would the lender ever use their title insurance to assist the buyer," pretty much is the question.

And so, I think as a housing counselor, this is where it's really important to make sure that we are letting the clients know that the lender's title insurance is going to protect the lender and the owner title insurance is going to protect the owner.

This is where we have to, one, be able to help them to differentiate, to see what the differences are. But it's important that they -- that the owner protects themselves. And that's where owner title insurance comes in.

And so, we as housing counselors, what we can do with our clients is, one, make sure that we're putting that into the budget that we're creating for the client or we're -- not creating for the client, but we are creating in partnership with the client, letting them know that these are some costs. These are some costs that are going to approach. These are some costs that's going to come up during closing costs.

And so, how do we make sure that we inject that into the spending plan to make sure it's something that they can afford, make sure that that's something that they can get to cover themselves? But generally, the lender's title insurance is going to cover the lender. Owner title insurance is going to cover the owner.

Chris Morton: Can I just add to that, Sid, because I think --

Sid Alvarado: Sure.

Chris Morton: -- that is a really important point? I think on the lenders side, clearly, the benefits of the lender looking at title have some ancillary flow-off to the consumer. However, you're absolutely correct that there are a distinct set of issues, as those that I described earlier, that really the lender is not going to sort of once the -- their process is done be concerned about or on the hook for. And so, that's where the comprehensive nature of the owner's title policy is really a critical benefit from a consumer perspective.

Sid Alvarado: Thank you so much.

Johanna: All right. Here is another one. And we're getting a lot of questions with the scenarios, so just things that our participants have witnessed and heard from their clients. But here is a question.

"So post-purchase home buyer had an encroachment causing their brick boundary wall demolished by adjacent neighbor. Homeowner was referred to the title company who insured, to the survey company, and some legal advisors. Any other suggestions?"

Chris Morton: So on that one, the one thing I'll say about some of the specific examples, it is somewhat difficult to answer all specific cases without all of the particular facts of the -- of that particular case.

What I would say is, in the instance where they have a policy and it is a comprehensive homeowner's -- owner's policy, I should say, they should be in a position where they're protected, and most importantly, if they have questions, I think referring back to the agency that issued the policy so that they can get details about how each particular circumstance might be handled is an important, again, from the perspective, as Sid said, resource. They should really rely on sort of the people who are standing behind those policies.

Sid Alvarado: Thank you, Chris. I see a question here, Chris, that I believe I know the answer to, but I would love to hear your feedback on it.

It says, "Can you purchase title insurance after you purchase the home?"

Chris Morton: Yeah. You can purchase an owner's policy after. The challenge with that is that from the time before you purchased the policy up until you purchase it, if there are risks that occurred and defects that were found in that window, those would not be covered.

And so, I think it's really important not to let any time pass between closing and purchasing the homeowner's policy. Do it at the same time so that the search and the exam and all of that can take place on the front end. All of those issues get looked at and resolved, hopefully, and then you're sort of free and clear on the back end. If you wait and there's a gap, that gap period is really a period of risk for you as a homeowner.

Sid Alvarado: Thank you, Chris. Okay.

Johanna: I have one that is very specific to New York City, but maybe you -- if we can go into that level of specificity, maybe just generally, "How long are you covered when you purchase title insurance?" So the question is specific to New York City, but I think okay if we answer it more generally.

Chris Morton: Yeah. I'll just -- more generally, again, if you have an owner's policy, you're protected for the entirety of the time that you own that property from the time you purchase the policy going forward. And so, there's no end date from an owner's perspective on the policy coverage.

Sid Alvarado: Thank you for that. Are you seeing any additional questions? It looks like there are some common themes with questions here, Johanna, and we've answered many of those questions. I see that there is variations, however, we've taken some time to answer. Any other questions you see, Johanna?

Johanna: There's a question about average cost of title owner's policy. I think we covered that but if there are any other comments.

Sid Alvarado: I'll start off, and Chris could jump in if you like. But that cost is really going to be dependent on the area. And so, I think one of the great resources that you can use that we provided is being able to connect with your local ALTA member, and they can provide some information on what that range may be in your particular area. But it does vary depending on where you live.

I just gave a range just for my area, just from that familiarity from working with clients. However, it does differ. And, Chris, let me know if you would like to add anything.

Chris Morton: Yes. That's absolutely right. You're correct, Sid. It does differ. Generally, it's 0.5 to 1 percent of the loan amount in terms of the premium cost.

The one thing I will also say, though, is from a regulatory perspective, title insurance is regulated at the state level. And so, there is state variation in sort of how rates are promulgated. Some states require specific rates across the board. Others allow for rates to be filed by the companies.

And so, those are some of the things, again, yes. From an educational perspective, seeking resources on that, obviously, we have some of that information on Home Closing 101 and certainly ALTA members in your community can help with that.

Sid Alvarado: Thank you.

Johanna: If we have time for one more question, can you speak about enhanced title insurance? One of our participants commented that they've heard it's best.

Chris Morton: So there are -- yeah. There are benefits for certain enhanced policies which provide more extensive coverage for things like fraud after the closing period and other types of risks that may be uncovered on a go-forward basis.

Some states do not offer or allow for the offering of enhanced coverage. So this, again, is a situation where state by state there are different dynamics associated with those offerings or whether they're allowable. And so, I would check with both the resources that we've posted, and I think also state departments of insurance have information on title that can be referenced in your particular state that might be useful as well.

Johanna: And then, finally, any recommendations that housing counselors can provide their clients regarding safe keeping of their title policy?

Chris Morton: Well, again, I think as with any sort of important financial records, making certain that you have a confirmed and secure place that you can keep that information. I also think keeping handy the information once you close on your property relative to the title company, the policy number, and all of that reference as well so that should you actually not have the insurance policy in front of you, you at least have separately information on contacting the particular company that you've worked with that can then do the research necessary to find any documents and information from the past that you may have misplaced.

But certainly, these records are so important, as with anything, whether it's financial, health, or otherwise. But keeping them in a place that's safe and secure is really important.

Sid Alvarado: Thank you so much, Chris, and thank you so much, Johanna, for helping out with the questions and answers. There are lots and lots of wonderful questions. I know that we've answered many of them verbally, but we also had an opportunity to provide a written response to those as well. And thank you so much for the wonderful information that you provided. Clair, next slide.

We have another informative, wonderful webinar coming up on Thursday that relates to the topic that we were talking about today. And we're going to be talking about real estate wire fraud.

If you have not had the opportunity to register for this as of yet, you can do that by going to the Training Digest on HUD Exchange. That webinar will be happening on this Thursday, which is September 22nd, and it will begin, just as today's webinar did, at 2:00 p.m. Eastern time. So as I stated, if you haven't had an opportunity to register for that yet, please do so. We would love for you to join us on that informative webinar.

You can find information about what we talked about today, as well as other information, on HUD Exchange housing counseling page. That's where all things housing counseling live. So if you haven't checked that out yet, make sure that you go there and that you do that.

If you have a very specific question, don't hesitate to email us at housing.counseling@hud.gov.

And if you or your clients are searching for housing counseling agencies, please make sure that you go to this link here, which is the HUD approved housing counseling agencies link. And that's where you can find out about other housing counseling agencies within your community or perhaps some other community in which the housing -- the counselor or the client needs to get connected with resources.

As always, thank you. Thank you so much for taking time out of your schedule to be with us on today. We hope that it was as informative as you believed that it was going to be, and we definitely invite you to future webinars that we're going to have in the future. But thank you so much, and we hope that you have an awesome day.

(END)