

Understanding Title Insurance Refinance Credits in Texas

The Texas Department of Insurance (TDI) provides this definition in Section III, R-8 of the Basic Manual of Title Insurance:

“When a Loan Policy is issued on a loan that fully takes up, renews, extends, or satisfies one or more existing liens that are already insured by one or more existing Loan Policies, the new Loan Policy must be in the amount of the note of the new loan. The premium for the new Loan Policy is reduced by a credit.”

What does this mean for your homeowner?

Think of refinance credits as a reward for being an invested homeowner who’s watched interest rates ever since you bought your home in hopes of making prudent decisions for your future.

What's the current rates?

1. Calculate the difference in premium between the new, refinanced loan and the original loan; and
2. Multiply by the applicable percentage below, with the time representing the number of years from the existing loan date to the new loan date:
 - 50% when four years or less; or
 - 25% when more than four years but less than eight years.

Better explained:

If you refinance your property within 8 years of purchasing it or your previous refinancing, you can earn a credit of up to 50% off your title insurance premium.

Do we have to use the same title company we purchased our home through?

No, all title companies are subject to the same rules, rates, and fee structures for title insurance. No matter where you purchased your original Owner’s Title Policy, you’re eligible to receive the R8 credit through any Texas Title Company.

If you’re thinking of refinancing your home and want help understanding if you’re eligible for title insurance refinance credit, contact us at 1845 Title.