



Unwise to Take a Radical Departure From Texas' Safe and Simple Real Estate Process

by Patti Bonner

The piece has run in several newspapers around the state.

For most Texans, buying a home will be a family's biggest purchase. Home buying is stressful enough, and the last thing a new homeowner needs to worry about is an unknown heir claiming their new home, a bill for outstanding property taxes costing a buyer thousands of dollars or another unknown title defect that could put the home sale at risk.

To protect against these dangers, Texas has developed a simple and secure title insurance process. Across the state, consumers can choose title insurance policies at prices that are 15% less than they were 25 years ago. Over the same time, Texas title insurance has remained among the safest, most stable and transparent protections in the country.

Recently, certain interest groups have proposed radical changes to Texas' title insurance market, which would turn a system that is clearly working today into a risky "file-and-use" model. This departure from Texas' long-standing tradition of providing the toughest safeguards around private property rights is misguided and would lead us down a dangerous path.

Adopting a "file-and-use" model would cause many local title agencies to close, reducing local choices. This would result in less competition and expose homebuyers to higher prices. Texans would also face substantially higher title claims. States with "file-and-use" models have claims as high as 27 times the low claims rate Texas has today.

Prices for "title insurance" in some states may appear lower, but in fact what is covered for that price is much less than what Texans receive – leaving those interested in purchasing property to pay extra add-on fees. That means a larger final bill for consumers that would shock Texas homebuyers.

Today, Texas' title insurance system offers more choices of title insurance agents than almost any other state. More than 13,000 experienced title insurance professionals live and work in 251 Texas counties. These local title agents know their communities and maintain up-to-date property histories, which helps make Texas one of the safest states to conduct real estate transactions in the country.

Changing the system now would limit access for Texans to these experienced agents, not to mention it will threaten thousands of jobs and increase risk within the market.

Texas has one of the most transparent, consistent and safe title insurance markets in the country. If you've never worried about the quality of the title, it's because our system works. Texas' long-standing tradition of protecting personal property rights is working for consumers through the strong safeguards provided by title insurance.

Let's not put the strength of that tradition at risk.

Bonner is president of the Texas Land Title Association.