

OPINION

EDITORIAL

Title insurance costs hinder homebuyers

As the nation and New Mexico deal with the real and tragic consequences of the adjustable rate mortgage crisis, it is also worth examining the entire realm of home purchase closing costs. Those can be excessive, and in some cases deal-breakers.

Among the dizzying array of closing costs is title insurance. It warrants that the property title is free and clear, and can be transferred to the new owner without defect.

Title insurance premiums are high here — so high, in fact, that a New Mexico think tank believes prices can easily be slashed by one-third with no substantive impact on the protection.

How? Competition.

New Mexico, one of the nation's poorest states, is ranked eighth highest for the cost of title insurance. How does that happen? State regulation, says Think New Mexico, noting that state officials set the price for title insurance.

Think New Mexico, an independent public policy analyst group based in Santa Fe, says New Mexico homebuyers could save as much as \$40 million if the state dropped its price-regulated title insurance system.

The group projects that the individual cost of a title insurance policy would drop about 30 percent if the state just stopped fixing the price.

New Mexico now is one of just three states — Texas and Florida being the other two — in which the government sets the rate for title insurance, the Associated Press reports.

In that context, it's significant that in one of the nation's poorest states, state regulation of title insurance isn't really doing consumers any favors.

Fred Nathan, executive director of Think New Mexico, told Associated Press reporter Barry Massey that when airlines and long-distance phone service were deregulated, consumers saved 37 percent and 73 percent, respectively.

"It's time to put money back in the pockets of (New Mexico) homebuyers by letting the market determine the price of title insurance," Nathan said.

It's a compelling argument, and Gov. Bill Richardson and the Legislature would be wise to prepare now to deregulate the title insurance industry as soon as practical — presumably in the next legislative session early next year.