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Our view

NM homeowners need a break on title insurance

New Mexico is one of just three states in which title insurance rates are set by the government instead of by the free marketplace. That arrangement has proven to be highly beneficial to the title insurance industry, but not so much for consumers.

A report by the Santa Fe-based public policy group Think New Mexico shows that title insurance rates in New Mexico are among the highest in the nation. The three states (Texas and Florida are the other two) that set title insurance rates by regulation, as opposed to allowing the market to set the rates, are all among the top five for the price of title insurance, according to a 50-state comparison done by Bankrate.com and cited in the Think New Mexico report.

Think New Mexico has called for a reform of the title insurance industry, letting market forces set the price. It estimates that such reforms could mean a combined \$40 million in savings for New Mexico home buyers.

Title insurance is one of dozens of hidden costs new home buyers are hit with at closing. Unlike home owners' insurance, which protects the buyer, title insurance protects the lender. It

ensures that the seller is the actual owner of the house and that there are no claims against the property. Most mortgage companies require title insurance before issuing loans for new homes.

In other states, new home buyers can shop around for the best price. But in New Mexico, prices are fixed by the superintendent of insurance — an unelected position that is attached to the Public Regulation Commission but operates with a huge degree of autonomy.

The cost of title insurance on a \$200,000 home mortgage is nearly a quarter of the median monthly income for a typical New Mexico family, according to the Think New Mexico report. Lowering the cost of title insurance will allow more families to realize the American dream of owning their own home.

It is time that New Mexico home buyers have the same opportunity to comparison shop for title insurance as those living in other states. We encourage Gov. Bill Richardson to put title insurance on the agenda for the 2008 legislative session, and lawmakers to pass this needed reform.