

Home Finance

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Home Loans

[Get A Home Loan](#)[Find a Local Lender](#)

NEED CASH?

Tap into your home equity.



Mortgage Calculator

Calculate monthly payments

Loan Amount:

\$

Interest Rate:

%

Term of Loan:

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Home Affordability

8. Get Insurance

10 Steps to Home Ownership!

Step 8 of 10

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No one would drive a car without insurance, so it figures that no homeowner should be without insurance.

The essential idea behind various forms of real estate insurance is to protect owners in the event of catastrophe. If something goes wrong, insurance can be the bargain of a lifetime.

What kind and how much?

There are various forms of insurance associated with home ownership, including these major types:

Title insurance: Purchased with a one-time fee at closing, title insurance protects owners in the event that title to the property is found to be invalid. Coverage includes "lenders" policies, which protect buyers up to the mortgage value of the property, and "owners" coverage, which protects owners up to the purchase price. In other words, "owners" coverage protects both the mortgage amount and the value of the down payment.

Homeowners' insurance provides fire, theft and liability coverage. Homeowners' policies are required by lenders and often cover a surprising number of items, including in some cases such property as wedding rings, furniture and home office equipment.

Flood insurance: Generally required in high-risk flood-prone areas, this insurance is issued by the federal government and provides as much as \$250,000 in coverage for a single-family home plus \$100,000 for contents. Local REALTORS® can explain which locations require such coverage.

Home warranties With new homes, buyers want assurance that if something goes wrong after completion the builder will be there to make repairs. But what if the builder refuses to do the work or goes out of business?

Home warranties bought from third parties by home builders are generally designed to provide several forms of protection: workmanship for the first year, mechanical problems such as plumbing and wiring for the first two years, and structural defects for up to 10 years.

Home warranties for existing homes are typically one-year service agreements purchased by sellers. In the event of a covered defect or breakdown, the warranty firm will step in and make the repair or cover its cost.

Calculate purchasing power

Gross Income:

\$

Frequency:

Monthly Debt:

\$

Downpayment:

\$

Interest Rate:

%

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Insurance policies and warranties have limitations and individual programs have different levels of coverage, deductibles and costs. For details, speak with REALTORS®, insurance brokers and home builders.

Where to look.

REALTORS® often provide home insurance and such policies are also available from insurance brokers.

How do you get insurance?

The time to obtain insurance and warranty coverage is at closing, so speak with a REALTOR® or insurance broker prior to closing. Be sure to ask about limitations, costs, deductibles and "endorsements" (additional forms of coverage that may be available).

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