

Real Estate Today

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How Much Do Title Insurance & Closing Fees Vary? Let's See...

By **JIM SMITH, Realtor®**

The typical listing agent (which doesn't describe me!) will tell you that there's little variation between title companies and will recommend the one he has a good relationship with. Perhaps their office is in his building, or they helped him earn continuing education credits with free classes.



That's not a good basis for selecting the vendor for the second biggest cost of selling your property (after commissions).

I asked eleven locally active title company to submit their title insurance and closing fee costs for the following hypothetical transaction:

- **Purchase price:** \$400,000
- **Seller** last refinanced property (\$200,000) in May 2003.
- **Buyer** has an 80% first mortgage and a 10% second mortgage.

Here is how the title companies compared in the premiums and fees they quoted me:

Seller's Policy (incl. Owner's Extended Coverage)

| | |
|-------------------------------|---------|
| Ascendant Title | \$895 |
| Chicago Title | \$755 |
| First American Heritage Title | \$1,395 |
| Guardian Title | \$1,553 |
| LandAmerica | \$1,540 |
| Land Title Guaranty Co. | \$1,552 |
| Mesa Title (Golden) | \$925 |
| North American Title | \$793 |
| Security Title Guaranty Co. | \$1,583 |
| Stewart Title | \$1,541 |
| Title America | \$1,573 |

Buyer's 2 Loan Policies + Closing Fees

| | |
|-----------------------------|-------|
| Ascendant Title | \$440 |
| Chicago Title | \$660 |
| First American Heritage | \$705 |
| Guardian Title | \$575 |
| LandAmerica | \$635 |
| Land Title Guaranty Co. | \$625 |
| Mesa Title | \$550 |
| North American Title | \$640 |
| Security Title Guaranty Co. | \$570 |
| Stewart Title | \$510 |
| Title America | \$685 |

Real Estate Closing Fee (Combined)

| | |
|-------------------------|-------|
| Ascendant Title | \$125 |
| Chicago Title | \$230 |
| First American Heritage | \$240 |
| Guardian Title | \$200 |

| | |
|-----------------------------|-------|
| LandAmerica | \$230 |
| Land Title Guaranty Co. | \$240 |
| Mesa Title | \$200 |
| North American Title | \$200 |
| Security Title Guaranty Co. | \$240 |
| Stewart Title | \$240 |
| Title America | \$240 |

There are numerous other endorsement fees, wiring & courier fees, etc., but these are relatively minor and space does not permit me to compare all of them.

Note: The large discrepancy in the seller's title policy prices is due to the calculation of *re-issue rates*. These rates apply when title insurance was obtained (such as for a refinance or purchase) within the past 3 to 6 years. Those title companies with the highest policy quotes all have 3-year re-issue rates which didn't apply in this hypothetical transaction because the previous issuance of title insurance was 38 months ago. If you don't qualify for a 3-year re-issue rate but *would* qualify for a 4, 5 or 6-year reissue rate, tell your listing agent to keep shopping until he gets you a re-issue rate!

The formulas for calculating reissue rates, however, vary dramatically. For example, both Chicago Title and North American Title give a flat 50% discount, on the *new* policy's rate, but most other companies will give you a credit equal to only 50% of the *previous* policy's basic rate. Thus, if your previous title insurance was for a refinance that was much smaller than your current selling price, the flat discount formula could save you hundreds of dollars over another formula.

Remember that title insurance is the seller's single biggest expense of selling after real estate commission. Personally, I believe that as a "Seller's Agent" it is my responsibility to guide my client toward saving on such fees and not just use the firm that is most convenient to me. You should expect the same from *your* agent.

When you list with an agent, you will be asked to sign an "Affiliated Business Arrangements Disclosure," required by the Real Estate Commission, which discloses whether a particular title company is affiliated with your agent's real estate firm. Be particularly skeptical if that's the title company recommended by your agent. It may not be the right one for you.



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