



# Title Insurance and Closing Costs



## What is Title Insurance ?

When you buy your home you "Take Title" to it. A "Title" to real estate is basically the rights of ownership recognized and protected by the law. But others may have rights in the property too, and there are over thirty situations in which title losses can occur. Some examples include:

- A forged will or deed
- Improper deeds
- Deeds by minors or incompetent people
- Undisclosed or missing heirs
- Fraudulent representatives
- Invalid divorces
- Falsification of public records
- Lawsuits
- Unpaid taxes
- Clerical errors in the records
- Undiscovered wills
- Sellers who misrepresent their marital status

Title insurance will protect you from these risks. Title insurance is real estate ownership insurance and it guards the purchaser of real estate against the many possibilities of loss. The title underwriting company defends the policyholder in the event his/her title is questioned, and pays any legal expenses involved when any claims are made against your title, within the policy limit – whether those claims are valid or not. And should the court of proper jurisdiction uphold any of the claims, the title underwriter will pay them.

Title insurance assures you that your title search information is accurate. It guarantees that your new home is free from liens and charges, and protects it against title issues and confusion in prior ownership. Title insurance is a one-time charge and coverage will last as long as you or your heirs have an interest in the property.

The cost of title insurance is standard, regardless of who the provider is. Whether this cost is paid for by the seller or buyer will depend upon what is specified in the sales contract. Rule of thumb for estimating title insurance costs: \$550 per \$100,000 of property sales price.

## Customary closing costs to seller

1. Doc stamps on the deed are .70 per \$100 (\$100,000 = \$700) based on sales price
2. Real estate commission
3. Payoff existing mortgages
4. Recording fee and processing fee for satisfaction of mortgage: \$25 per recording
5. Taxes prorated from January 1 to date of closing

## Customary closing costs to buyer

1. Recording fees: \$10 for first page; \$8.50 each additional page (mortgage can range from \$75-\$125)
2. Doc stamps on mortgage at .35 per \$100 based on mortgage amount (\$100,000 mtg. = \$350)
3. Intangible tax on mortgage at .002 x mortgage amount (\$100,000 mtg. = \$200)
4. Simultaneous issue title insurance (lender's policy): \$25
5. Buyer's closing fee : \$350
6. Endorsement charges: \$45 each except Form 9 & Navigational Servitude which are 10% of the total of: insurance premium + title charges
7. HOA or Condo dues and application/transfer fee if applicable
8. Survey: \$275 and higher
9. Termite inspection: \$65 - \$100
10. First year homeowner's insurance & flood insurance, if applicable
11. Mortgage Escrows: taxes, homeowner's insurance, flood insurance, MIP, if applicable
12. Prepaid interest from the day of closing through the end of the month
13. Courier & shipping fees: \$35 (each way)
14. Loan origination fee & discount points: Depends on Lender
15. Tax service fee: \$65-\$85
16. Lender underwriting fee: \$200-\$350
17. Flood certification: \$20-\$30
18. Assignment of mortgage fee: \$18.50
19. Buyer's Home Inspection: \$250-\$500 (or higher, depending on size of home, pool, crawlspace, etc.)

*All fees are approximate. Some apply only to transactions that include a mortgage, and other lender fees may apply. Check with your mortgage provider. For new construction contracts, additional closing costs may apply. Check with the builder.*

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