

Title Insurance Costs Can Vary Greatly; Shop Around!

By **JIM SMITH**
Jefferson County Realtor®

One of the biggest costs incurred in selling your house is title insurance. The purpose of this insurance is to guarantee "clear title" to your buyer. For an average priced home, the cost can range from \$500 to \$1,500.



Although the published rates for such insurance varies little from one company to another, the discount which each company gives for prior coverage varies substantially.

The difference comes in the "reissue" rate which applies if title insurance had been purchased on the same property within the past several years. The number of years (3 to 6) and the discount formula are what varies so greatly among title companies.

Most title companies only apply the reissue rate if the prior transaction was less than 3 years ago. Chicago Title goes to 4 years, North American Title to 5 years, and Metro Denver Title to 6 years.

Chicago Title and North American title share the honors for best discount formula, giving a flat 50% discount off your new title rate, regardless of the amount of coverage in the prior transaction. Other companies use a less generous formula.

It really pays to shop around, as I can demonstrate from a hypothetical sale which I presented Monday to the major title companies in preparation for this column. Here are the specifications:

Sale Amount: \$400,000

Previous Title Insurance: For a \$300,000 refinancing in Jan. 2001 (over 3 years ago).

Here are the quotes I received:

North American Title: \$705.50

Chicago Title: \$710

Metro Denver Title: \$782.50

Here is what the other companies quoted for the same transaction, with their 3-year reissue rates in parentheses. I have obscured their names to save them embarrassment:

ST1: \$1,445 (\$835)

TA: \$1,423 (\$859.50)

LT: \$1,447 (\$956)

GT: \$1,423 (\$990)

ST2: \$1,473 (\$1,039)

FA: \$1,473 (\$1,040)

The large difference in the reissue rates is due to the percentage discount and how they apply it, as described above.

Archive of These Columns Is Now Available Online

If you'd like to read past columns, you can do so by visiting www.JimSmithColumns.com. Each column since July 2003 is listed by topic and can be viewed on your screen or printed out.

Do you have a topic you'd like me to write about in the future? Call me at 303-525-1851 or email me at jimsmith@remax.net.

Mortgage Update

By **Jean Rowe, 303-601-4035**
Clarion Mortgage Capital
"Keeping Your Interest at Heart"

Have you ever considered an "interest-only" ARM (adjustable rate mortgage)? Paying interest-only for a set period of time can greatly reduce your payments during that period. For example, on a refinance of a \$350,000 loan currently at 5.875%, you could drop your payments by as much as \$685 per month based on today's rates! If an interest-only ARM sounds like it might suit your needs, call me and let's take a look!

This Week's Featured Listing

Affordable Mountain Ridge Home!

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- ◆ Big Master Suite With Its Own Huge Wooden Deck
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