

70 Ways For Home Buyers To Save Money When Buying A Home: Tip #9

Tip #9 in our series on how to save money when buying a house is: Get The Seller To Pay The Title Costs

All the costs in a real estate transaction are negotiable. And it is surprising what you will get if you ask. But you have to ask.

When writing up your offer to buy a house, instruct your real estate agent to include that you want the seller to pay for the title insurance costs. Most sellers in Texas agree if asked. And it can save you close to 1% of the loan amount.

Title costs vary from state to state. In many states the title charges are regulated by the state. So there is a limit to what a title company can charge you. But guess what, all title companies charge the limit. That is why most of the charges at different title companies are all the same.

You can ask your mortgage broker or any title company for a list of fees that they charge. If you negotiate with the title company you might be able to lower the fees. But if you get the seller to pay for title insurance, then you don't have to pay anything at all.

All lenders require you as a buyer to have title insurance. What this is, is a guarantee from the title company that says that as far as they can track, the seller of the house, is the rightful owner of this property and that no one else has any claim to this property.

Most title insurance policies go back hundreds of years.

This is another type of insurance that lenders force you to buy before getting a loan. Let's say you buy a house from John Smith. One year after you buy the house, Adam Jones shows up and says that the house is his and that you need to leave. He says that he only let John Smith live in the house. If you did not have title insurance you would be in big trouble.

Before the title company issues the insurance it checks who the actual owner is to make sure you are buying from the right person and that the property is not involved in any lawsuits or ownership battles in court.

In our scenario, the title company would have noticed that the house did not belong to John Smith and would not give you title insurance. Without the title insurance, the lender would not have given you the mortgage, and you would not have been swindled.

As I stated earlier, everything in a real estate transaction is negotiable including all the charges the buyer and seller pay. If you want to save yourself a ton of money, add to the sales offer that you want the seller to pay for all title expenses. In most cases sellers agree, but only if you know enough to put it in the contract. Make sure you tell your real estate agent to do this. It can save you several thousands dollars.

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