

Closing costs terms homebuyers should know

Closing costs is a common real estate term that is used to describe fees like the appraisal, survey fee, and title insurance. "Title insurance would be insurance for the purchaser after the closing for any defects that come up as far as the title is concerned. It's usually prorated based on the purchase price, or the mortgage amount," said Graig Zappia, Real Estate Attorney. The homebuyer is not obligated to secure title insurance on their own behalf. "The bank forces, for lack of a better term, the purchaser to pick up their tab for their title insurance policy whenever you're taking out a mortgage," said Zappia. What does it actually protect you against? Zappia added, "Usually it is legal related like a misfiled judgment or say an estate wasn't properly processed through the surrogates court, those are the types of things you see a lot of times with new construction or purchases out of a bankruptcy. Your interest in the property could be trumped by somebody else. What's going to happen? Well, you file a claim with the insurance company; they have their counsel to take up the ball and run with it and try to clear up that title as quickly as possible. Usually that's some type of settlement with the long lost relative." While the cost does vary, it can be rolled into your home loan and isn't something you'll have to pay yearly. "The good news about this insurance is that it is a onetime premium, so you just pay it at the closing. It takes care of the policy and, again, it's there for as long as you own the home. It's piece of mind. It's a small price to pay to insure that nothing is going to happen after the closing," Zappia went on to say. Some good news could be on the horizon as the latest New York State budget proposal sees Governor Andrew Cuomo looking to slash the premiums that homebuyers pay.