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NEW YORK TITLE INSURANCE RATES COST BUYERS MILLIONS

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Real estate buyers in New York have been paying more than they need to during transactions, according to a new study released in June. OneTitle National Guaranty Company, Inc. released a report finding that homebuyers and investors in New York paid an estimated \$155.3 million in excess title insurance premiums and fees in 2015.

By studying 182,487 individual real estate transactions made throughout the year in the state of New York, OneTitle found that nearly every transaction made, from starter homes to massive commercial purchases, was impacted by the overly high title insurance rates.

“There is a misconception that title insurance rates are set by law. As a result, even knowledgeable attorneys — who often end up making the selection — are unaware that lower cost alternatives exist, and therefore fail to inform their clients how much they can save,” Daniel C. Price, co-founder and CEO of OneTitle, said in a statement.

“This is in contrast to other major expenses in buying and selling real estate, like brokers’ fees, mortgages and lawyers’ fees, for which residential and commercial buyers understand they can shop around and save a lot of money.”

Totaling \$140.2 billion, the study covers a vast majority of the transactions made in New York State. And homebuyers and commercial real estate purchasers had huge opportunity to save.

OneTitle suggests a total savings of 27 percent, or an average of \$851, could have been possible by simply selecting a lower cost title insurance. On the largest of transactions studied, a whopping \$100,000 or more could have been saved.

For the average starter homebuyer, or a transaction made under \$200,000, about 33 percent of their total title costs could have been saved. This equates to about 1 percent of the purchase price of a home.

The amount of savings is also dependent on where a buyer is purchasing. The largest potential savings, and typically highest price point, was found to be in Manhattan, where \$28.1 million could have been saved. Brooklyn had a potential savings of \$15.2 million.

Stretching out to the rest of the state, at least \$1 million more was spent in 25 individual counties. Upstate New York counties were high on the list, including Erie, Monroe and Onondaga counties.

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