

CLOSING COSTS: A Primer

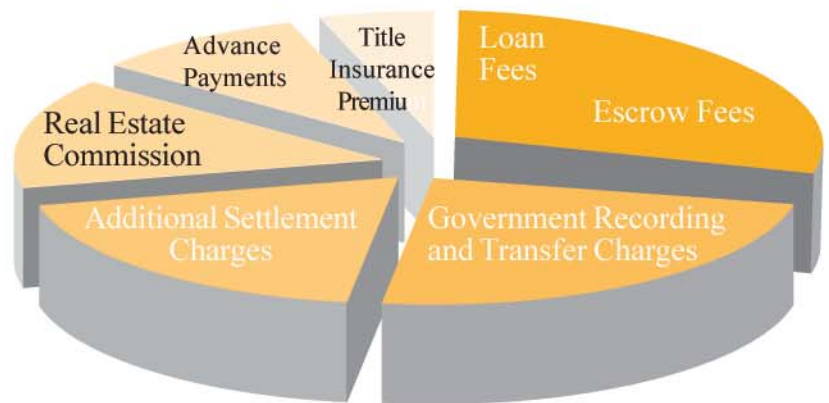
It's the Big Day.

The day you go to the title company, sign your name on the dotted line, hand over a check and prepare to take ownership of your new home.

It's also the day that you and the seller will pay "closing" or settlement costs, an accumulation of separate charges paid to different entities for the professional services associated with the buying and selling of real property.

Understanding closing costs is important, so you're not taken by surprise when you prepare to close the transaction. In California, as a rule of thumb, closing costs amount to approximately 11 percent of the total sales price of a home. They usually include a real estate commission, loan fee, escrow charge, title insurance premium, a pest inspection and the like.

Title Insurance as a Percent of Total Closing Costs



The title insurance premium usually amounts to less than 1 percent of the purchase price of your home, and less than 10 percent of your total closing costs. So, although the title company or escrow office usually serves as a meeting ground for closing the sale, only a small percentage of total closing fees are actually for title insurance protection.

Title or escrow company personnel will review and explain your closing statement when you prepare to close your transaction and take ownership of your new home. Shown above is the relationship between the title insurance premium and other closing cost items. It also will help you understand the other typical items associated with closing costs.



California Title Company



Orange Coast Title Company



Equity Title



First Centennial Title Company of Nevada



Advantage Title