

Track Your Portfolio	Dow	10911.40	S&P 500	1067.52	Nasdaq	2108.48	EAFE	54.94	OPEC Oil	77.45	10Yr Yld	3.56
	▲ +5.44	+0.05%	▲ +0.39	+0.08%	▲ +3.16	+0.15%	▲ +0.09	+0.16%	▲ -0.13	-0.19%	-0.00	-0.06%



Kathy Kristof
Devil in the Details

Bio
RSS
Comments RSS
Contact Kathy Kristof
View all posts
Kristof
View all posts

moneywatch.com / Cash Flow / [Devil in the Details](#)

Refi Ripoffs: How to Cut Bank Fees

By [Kathy Kristof](#) | Nov 3, 2009 | [1](#) Comments

SHARE PRINT RECOMMEND VOTE

Every few months an interest rate dip will set off a new refinancing fever, as consumers wisely rush to lock in historically low rates while they have the chance. Refinancing can be a brilliant way to save thousands of dollars on your home mortgage, but you need to watch one thing (in addition to the mortgage interest rate) if you do: fees.



Any time you launch a refinance loan, you're going to get something called a "good faith estimate" of the closing costs. These costs include loan origination fees (often called "points"), as well as the cost of appraisals, title insurance, credit reports and the like. These fees can add thousands of dollars to the cost of your mortgage and they're negotiable.

You heard that right. Few people realize it, but only a handful of the long laundry list of fees on that statement are set in stone. You can save hundreds of dollars by determining which services can be shopped around and which fees can be negotiated.

Because real estate laws can vary a bit from state-to-state, the easiest way to see what's negotiable is to ask. If you're dealing with a reputable lender, they'll tell you. (If they say none of the fees are negotiable, take your business elsewhere. They're lying.)

The biggest cost that's almost always negotiable are the charges for title insurance and related title services. On a recent refinance, my bank quoted \$930.45 for a title policy, an additional \$450 for "settlement or closing" fees; a \$65 "title company reconveyance" fee; \$100 for courier/fax fees and \$100 for notary fees. This whole package of fees—which added to a stunning \$1,645—were controlled by the title insurer.

I suspected that my lender's first-choice title company (which, unsurprisingly, was affiliated with my lender), was overcharging by a lot. I told my loan agent that I was going to shop that piece of my loan agreement and I'd get back to him.

It took literally 10 minutes to find a better deal. There are a couple of quick places to shop for title insurance on the web. My favorite is called [FeeDisclosure.com](#), which offers this nifty "fee analyzer" that compares your fees to the norms. This site came up with a list of title companies that offered preliminary quotes that were considerably cheaper than the \$1,645 deal my lender quoted. I ended up getting insurance through a company called [Entitle Direct](#), which charged \$857.50 for that entire package—a savings of \$787.

But I wasn't done shopping.

I'm not going to dicker over the \$35 fee for getting a credit report (even though I know it can be knocked down to about \$15) because that's not worth the time. But I also didn't like the quote I got for appraisal services. The appraiser determines the value of your home, which ultimately determines whether you can get a loan and what your loan-to-value ratio is. Because a good appraisal is so key to the lending process, lenders have the right to use any appraiser they want. Typically, however, an appraisal will cost between \$250 and \$500. Mine was quoted at \$700.

Why so high? My loan agent went up the chain of command to find out. The bank's response was that they were paying more for appraisals of some homes in California because the market here is so dicey. They're paying for an exceptionally thorough job. If I were getting a loan that was 70% or 80% of my home's value, I would have left it there because it is tricky to evaluate home prices in a declining market. But I was asking for a loan that was a fraction of my home's value—even a deflated value. The bank didn't have a lot of risk here. I asked the bank to reconsider because my loan-to-value ratio was so low. I thought that I might save a couple hundred more dollars if they agreed to the standard appraisal.

Guess what? They used an "electronic appraisal"—that's essentially like checking your home's value on Zillow. It cost \$75.

Start to finish, by going through my "good faith estimate" and looking for ways to save, I cut my refinancing costs by more than \$1,400. You can too.

[Older post](#) [More recent post](#)

Kristof
View all posts

MoneyWatch Talkback
Share your ideas and expertise on this topic

Reply to Story

Latest MoneyWatch Segments





College Savings Smarts: Roth IRA vs. 529

Real People: Life After Foreclosure

ADVERTISEMENT

We're building a better bank.



Straightforward.

LEARN MORE

MEMBER FDIC

- Active MoneyWatch
What are folks in the community talking about
- 75 Guess Who's the Dumbest Generation
 - 72 Words You Should Never Use at the Office Unless You Have To
 - 48 Are You in Loan Modification Hell? Join the Club.
 - 57 How About a \$15,000 Tax Credit For All Buyers, Even Millionaires
 - 25 Feeling poor? Try Losing 96 Percent Of Your Wealth.
 - 25 Recession Over? Not With 21 Percent Unemployment.
 - 23 \$15,000 Home Buyer Tax Credit Gets Another Boost
 - 41 Robbing You Slowly: How Your 401(k) Gets Drained Away

- MoneyWatch Blogs
Who is talking to you on MoneyWatch
- Carla Fried | The Retirement Beat
 - Eric Schurenberg | Financial Independence
 - Jill Schlesinger | The Financial Decoder
 - Alison Rogers | Ask the Agent
 - John Keefe, Charles Wallace | The Macro View
 - Kathy Kristof | Devil in the Details
 - Stacey Bradford, Jolie Solomon | Family Finance
 - Ilyce Glink | Home Equity
 - Lynn O'Shaughnessy | The College Solution
 - Marlys Harris | The Consumer Reporter
 - Robert Pagliarini | Your Other 8 Hours
 - Conrad deAenlle | Against the Grain
 - Nathan Hale | Mutual Fund Insider
 - Allan Roth | The Irrational Investor
 - Larry Swedroe | Wise Investing
 - Charlie Farrell | Retirement Roadmap
 - Ron Brown | Power Plays

