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PRECISION CLOSING SERVICES

Real Estate Title Insurance




**Make the title company
work for you**



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What does the Title Company Do?

- ◆ Collects money
 - ◆ Collects data and information
 - ◆ Produces documents
 - ◆ Gets everything properly executed
 - ◆ Disburses money
 - ◆ Disburses documents
- 

Collecting the money

- From the buyer
 - Before Closing: Earnest Money Deposits
 - Agent's Delivery to the Title Company
 - Get a receipt
 - Copy of check, signed, dated, "subject to clearance"
 - At Closing: The buyer's funds
 - Line _____ of the HUD-1
 - Certified Funds or Wires required
 - Under \$500.00, may be a personal check
 - Watch "Official" or "Bank" checks
- From the Lender
 - At closing
 - Usually wired in
 - "Funding Conditions"



Collecting Data & Information

- ◆ From the Seller's Agent:
 - Must decide how much control YOU want over communications with your customer
 - Payoff information
 - ◆ Get latest mortgage statement from seller at listing appointment (seller can print off online statement if they want)
 - ◆ Get signed authorization to release information to title company from seller at listing appointment;
 - Homeowners' Association Information
 - ◆ Management Company Contact information (get at listing appointment)
 - See form in pack for more information

Collecting Data & Information

- ◆ From the Buyer's Agent:
 - Again, decide how much control over customer communications YOU want
 - Contact information for Buyers
 - Lender' contact information
- ◆ From the Lender
 - Loan Terms
 - Numbers, Numbers, Numbers
- ◆ *Almost all of this information is initially collected by REALTORS and conveyed to the title company.*

Collecting Data & Information

- ◆ Title information
 - Title Search
 - ◆ Usually all performed by the title company's underwriter
 - 30 year (at least) property search
 - 21-year judgment name search
 - Title Exam
 - ◆ Usually performed by the title company (the agency)
 - ◆ O&E Report vs. Title Commitment

Document Production

■ The Title Commitment

– Prior to closing

- REALTOR should make sure that Buyer gets copy of this within deadlines set forth in the contract
- If have any questions, call title agent:
 - Watch for (on B-II)
 - Chap. 159 liens;
 - Oil, gas & mineral rights
 - Restrictive covenants
 - Easements
 - Ask for it to be “Marked Up” at closing.



■ The Title Policy

– After closing

Document Production

- Closing Agreements
 - Post-closing seller occupancy
 - Pre-closing buyer occupancy
 - Tax Re-Proration Agreement
 - 1099-S / Non-Reporting Representations
- Affidavits
 - Buyers (Mortgagee's)
 - Seller (FIRPTA, Owner's)
- Conveyance Documents
 - Deed
 - Bill of Sale



Document Production

■ The HUD-1

- Purchase price
- Earnest Money Deposit
- Tax and Assessment Prorations
- Commissions
 - Admin. Fees
- Closing costs
- Payoffs
- Buyer's Cash to Close
- Seller's Proceeds



Conducting the Settlement

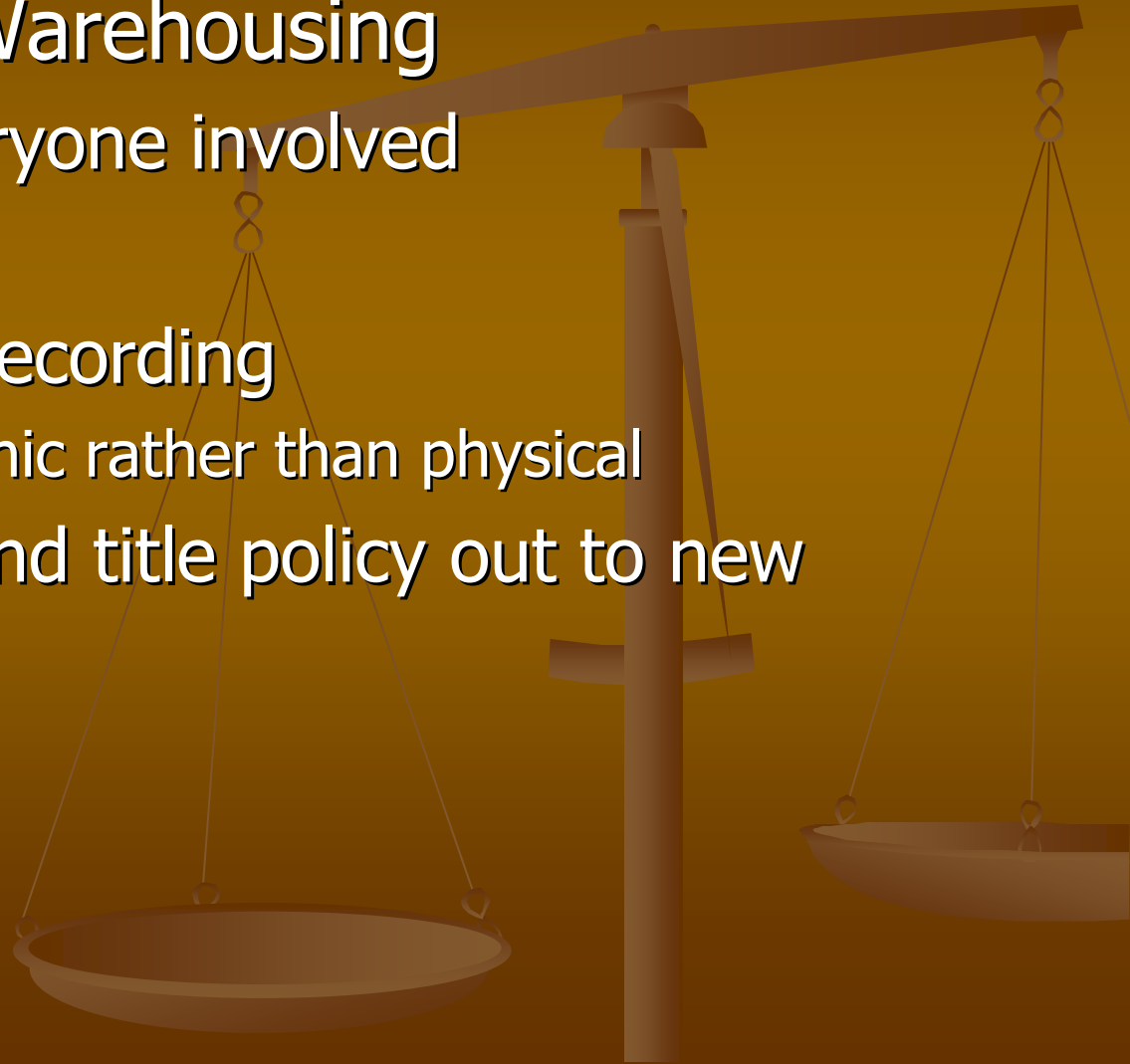
- Closing Agent / Notary explains documents and ensures they are executed properly by proper persons
 - Bring picture identification and one other form of identification to closing
- Both parties execute all “common documents” together
- Seller may or may not leave room, depending on Buyer’s wishes (Privacy Act)
- Buyer executes all loan documents
 - Try to review the Note and TIL prior to closing and compare to GFE to make sure no surprises at closing.

Disbursing Money

- After HUD-1 is approved and signed by all parties
 - Checks
 - Wires
 - The holy FUNDING NUMBER
 - The lender's permission to disburse
 - Fax/E-mail docs to lender
 - WAIT, WAIT, WAIT
 - Just because the money's in the account means nothing

Disbursing Documents

- Post-Closing / Warehousing
 - HUD-1's to everyone involved
 - Pay the bills
 - Documents to recording
 - May be electronic rather than physical
 - Original deed and title policy out to new owner





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Caveats

▶ Get it in writing

- Extensions to the deadlines on contingencies
- Waiver of financing contingency
- Changes in purchase price
- Repair credits
 - ▶ Must be “closing cost credits” usually

▶ Don't practice law

- Don't draft complicated addenda (watch closing costs credits), leases, occupancy agreements, etc.
- Call a lawyer

Caveats

- ▶ Don't stick your head in the sand!
 - If there's a problem, face it head-on and early
 - Communicate Communicate Communicate
 - Stay on top of the deal
 - ▶ Use e-mail and the title company's transaction management software to make sure deadlines are being met
- ▶ Stay on top of the law
 - Watch out for mortgage and property fraud. Don't be sucked into it. If the title company tells you something is illegal, then it is.



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