

We're Closing

The purchase and subsequent sale of a home will likely be the largest and most important financial transaction in one's lifetime. An experienced title agent is essential to ensuring the smooth and proper handling of such a significant investment.

TITLE INSURANCE

Title Insurance is the principle product offered by all title companies. There are two types of title insurance; lender title insurance and owner title insurance. Lender title insurance is issued in the form of a Loan Policy. Most lenders require this when issuing a loan and it is provided at the buyer's expense. This policy is written for the purchase or refinance of property and it protects only the lender's interest in the property should a problem within the title arise.

Owner title insurance is issued in the form of an Owner's Policy. There is a one-time premium typically paid by the seller of the property on the buyer's behalf at the time of closing. An Owner's Policy, not the Loan Policy, protects the buyer from any problems with the title that may arise. Obtaining a policy at the time of closing is important because it protects the future owner's investment from title defects which may allow someone else to claim or take the property. The coverage of the policy lasts as long as the owners or their heirs have an interest in the property and in most cases it protects the owners even after the property is sold.

CLOSING COORDINATION

The staff at the title company acts as liaisons between the buyers and sellers, real estate agents and lenders. The staff also coordinates all closing activities and gathers necessary documents needed to ensure a smooth closing.

TITLE SEARCH AND EXAMINATION

The title search provides basic information concerning the legal interests affecting the title to real property and determines that the property is properly owned and is not subject to any unacceptable liens. This is verified by performing searches of public documents including tax records, court judgments, deeds, encumbrances, and federal and state records. Bankruptcy, foreclosure, martial law and probate issues are addressed when present.

The title examination would disclose:

- Whether the seller is the legal owner of the property;
- The presence of unpaid mortgages, judgments, or other liens which must be satisfied in order to clear title;
- Restrictions, easements, right of ways, utilities, etc., affecting the property which may limit the buyer's rights; and
- The status of the property taxes and other assessments.

Title searches and examinations may be performed by the title company or its underwriting insurance company.

PAYOFFS AND LIEN SEARCHES

Once the title search and examination has been conducted the title company will then obtain financial information regarding any mortgages or liens against the property that will then be paid-off in order to convey clear title.

SURVEY

Most lenders and informed buyers require that a survey of the property be furnished showing the location of improvements and other structures and fixtures on the property and that such improvements be within the boundaries of the property. The title agent, who may often order or obtain the survey, will examine the survey and determine such compliances avoiding additional title problems.

DOCUMENTS

The title agent is responsible for the preparation and examination of all documents necessary to complete the transaction including deeds, notes, mortgages, closing statements, disclosure documents, and other related papers.

CLOSING

At the closing the parties assemble at the title company and the closing documents are explained, executed and all financial matters related to the transaction are reviewed and approved by the parties.

AFTER CLOSING

The title agent's job does not end at closing. Closing documents like deeds and mortgages must be properly recorded while completing lender requirements. The issuance of title policies and other related matters, must occur after the closing date.

SUMMARY

The title agent's role in a real estate transaction may include:

- Closing coordination among interested parties;
- Title search and examination to ensure clear title;
- Payoff and lien searches to gather financial information to convey marketable title;
- Obtaining and examining a survey of the property;
- Preparation, examination and explanation of closing documents;
- Conducting the closing of the transaction; and
- Completion of post closing requirements.

All of these are performed in cooperation with the lender, the real estate professionals and the parties involved in the transaction.

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