



Title and Closing Tips, Part 2

June 2005

With the busy real estate season beginning, we thought this would be a great time to pass along some helpful hints and friendly reminders of a few small things you can do to help assure a great closing. If you missed Part 1, visit our website at www.LTGC.com to view our May technical bulletin.

Prior to closing

- If Land Title is to hold **earnest money**, make sure the check is payable to or endorsed to Land Title. Land Title will immediately send out escrow instructions directly to buyers and sellers.
- It is extremely important that the closer have copies of all **addendums** to the contract and **counter-proposals**.
- When dealing with a **foreclosure**, ask your closer for an explanation of how the transaction will be different. Your closer can explain the importance of dates and time frames and why the title company closes in escrow.
- When there is a **private party lender payoff**, we'll always want to look at the original promissory note, deed of trust, and release prior to closing. Also, the private party lender must supply the payoff figures.
- Please let your Land Title sales rep or the closer know in advance of any **special needs** at closing—interpreters, blind or deaf clients, if there's a divorce situation that would require two separate closing rooms, etc.
- If you need **cashier's checks** at closing, please notify your closer ahead of time.

Important pre-closing communication with your clients

- Realtors can let their clients know that the closer is going to **briefly** explain each document at closing. We are happy to provide a complete closing package **prior** to closing for those clients who would like to read through all documents at their leisure. For your convenience, these documents can be emailed.
- If a seller has had a **name change** due to marriage or divorce, proof of that change will be required at closing for notary purposes.
- If the person's driver's license does not match the name on the deed, they will need a **marriage certificate** or **divorce decree**.
- If time allows, you may want to go over the **settlement statement** with your clients **prior** to closing. Some clients feel more comfortable asking their Realtor questions rather than asking a stranger at the closing table, and it may give your clients a greater sense of privacy.
- If you are the buyers' agent, you may want to remind your clients a couple of days before closing that they will need to bring **certified funds** to the closing table (not bank checks, cash, money orders, mutual fund checks, etc.).
- When working with a **foreign seller**, you may want to suggest that the sellers speak to an accountant regarding the **10% FIRPTA** withholding. An accountant can help them apply for an exemption in advance. Please notify your closer if you have a foreign seller.
- If the purchase price is over \$100,000 and the seller is **moving out of state**, inform the seller of Colorado's **2% tax withholding** rule. You may also want to notify the closer so the withholding tax amount, if applicable, can be included in the figures.
- You may want to remind your buyers or sellers to be **on time** for their closing. One person a half an hour late can create problems not only for the title company but for all the buyers and sellers who are scheduled to close after them.

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- **Both** buyers and sellers will need their **drivers licenses** at the closing, as well as need to know their **social security numbers**. It is helpful to the title company if the Realtor reminds his or her clients to bring them along.
- You may wish to explain the **Real Property Transfer Declaration** to your customers before the closing so they have a thorough understanding of it.

Final figures

- Reviewing final figures **immediately** upon receiving them gives you more time to contact the lender and address any issues prior to closing.

Deeds and other documents

- If you need a **Power of Attorney**, Land Title can provide the form to you. Land Title prefers to provide this document whenever possible. If there is an existing Power of Attorney, Land Title must approve the form prior to closing.
- A **Personal Representative's Deed** must be prepared by an attorney.
- Where there is a **Conservator's Deed** involved, the title company must obtain an order from the court approving the transaction, and the conservator's deed must be prepared by an attorney.

At the closing

- State law requires that money brought to the closing must be in the form of "good funds." **Good funds** must be a **cashier's check, certified check, or wired funds**. Money orders and personal checks do not constitute good funds and cannot be accepted.
- At the closing table, it's sometimes better to have the sellers and their agents take a "break" in the lobby during the **loan package presentation**. This allows the buyers more privacy and comfort to ask questions about some very personal information.

After the closing

- If your sellers had an **FHA loan** that was paid off at closing, they can call the U.S. Department of Housing and Urban Development at 1-800-697-6967 to see if they are eligible for a **partial refund**

of their original mortgage insurance premium. You may want to remind your borrowers that the Consolidated Appropriations Act 2005 amended the National Housing Act to eliminate refunds of the FHA's upfront mortgage insurance premiums for all FHA loans endorsed for insurance on or after December 8, 2004, except when the borrower refinances to another mortgage to be insured by FHA.

- You may want to ask your closer to make an extra copy of the **HUD-1** for each buyer and seller to put in their "Tax Return" file for tax time the following year.
- Be sure to enter the closing date into your **SharperAgent database** to send an "anniversary" card next year. You can even choose the card today and have it sent automatically exactly one year from the closing date! (For more information, visit www.SharperAgent.com or contact your Land Title sales representative.)

Marketing tips

- A great way to stay in contact with your clients and serve them even after the closing is to mail to them copies of **HUDs** from their previous year's closing in January right before tax time.
- Did you know that asking for a **referral**—on an ongoing basis—is the quickest and easiest way to assure a steady flow of business? Your clients are most likely thrilled with your service and would be happy to recommend you—but they might not think of it unless you remind them.

Miscellaneous

- We close on **mobile homes** only when the owner also owns the land.
- We do not insure **water** or **water rights**.

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