



**Land Title**<sup>®</sup>  
GUARANTEE COMPANY

— Since 1967 —

You  
Choose

# Questions to Ask When Selecting Your Title and Closing Company





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Real estate professionals and consumers have a choice when it comes to selecting a title and closing company. Because title and settlement services are a critical component of a real estate transaction, we strongly encourage real estate professionals and their clients to engage in an in-depth conversation with the title and closing company in order to make a well-informed decision.

Selection of a title and closing company affects all aspects of the transaction, from the title search to the closing process, and from security of funds to the integrity of the policy itself. There are significant risks in working with a title and closing company that are not reputable and financially sound. The increased emphasis on oversight of third-party vendors makes the selection of a title and closing company more important than ever.

While there are hundreds of critical functions a title and closing company provides in every transaction, we believe all title and closing companies should be able to provide satisfactory answers to the following seven questions - the absolute basic standards of service that any reputable title and closing company should meet.

We encourage real estate professionals and their clients to ask these seven questions of any title and closing company prior to engaging its services for their real estate purchase or refinance. To earn your confidence and business, we are providing Land Title's answers to these questions on the back inside cover of this brochure.



## YOU SHOULD ASK:

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### 1. Is my money safe?



**Why you should ask:** The news stories you read are true: People do lose money as a result of incompetent, insolvent, or dishonest title and closing companies. The way the company handles your escrow funds is of the utmost importance.

What internal controls, procedures, and segregation of duties do the title and closing companies have in place to safeguard Buyers' and Sellers' funds? What procedures do they use to balance escrows? When was the last time they escheated funds to the state?

If you are a real estate professional recommending a title and closing company, would you wire \$200,000 of your own money to this company? If not, then why should your clients?

Just because a title and closing company is small or new does not mean they do not have the controls in place to offer adequate protection. Make sure, however, that the company has a fully staffed escrow and accounting department that is devoted to protecting customers' funds. Ask others, especially those in the real estate industry, who they recommend and trust with their own money.

Real estate professionals who encourage their clients to ask these questions are exercising their fiduciary duty to apply "reasonable care and diligence" to all aspects of the transaction. And a reputable title and closing company will be happy to talk about their controls for protecting clients' funds.

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## 2. Is my investment protected?

- Why you should ask:** Not only is it important that clients' funds are protected, but their investment must be as well. Since a real estate transaction is the single largest purchase most people make, it is absolutely appropriate for real estate professionals and consumers to inquire about the financial stability of the title underwriter.

There are several independent rating companies that report on the financial strength of underwriters. Demotech, Inc. a rating company that specializes in title insurance underwriters, makes its financial strength ratings available to the public on their website located at [www.Demotech.com](http://www.Demotech.com). Additionally, the financial strength of the title underwriter is a good indicator of their claims-paying ability.

Real estate professionals and their clients are encouraged to check the financial stability ratings for the underwriter of their title insurance policy and contact their title and closing company with any questions.

## 3. Is my title company a neutral third party?

- Why you should ask:** Some title and closing companies are owned by lenders, real estate firms, or builders. These arrangements are legal if properly structured and properly disclosed. The Real Estate Settlement Procedures Act (RESPA) specifies that disclosures must include the nature of the relationship (explaining the ownership and financial interest) between the provider and referrer, as well as the estimated charge or range of charges generally made by the provider.

There have been lawsuits and regulatory actions against some affiliated title companies as a

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result of their conflicts of interest. Therefore, when considering an affiliated company, a good question to ask is whether this company is providing a level of service consistent with industry standards and similar to competing title and closing companies charging comparable fees.

#### **4. In addition to the premium you quoted me, what are your other fees and charges?**



**Why you should ask:** Title insurance companies by law are required to file rates with the Division of Insurance and cannot discount or deviate from those rates.

Consumers may be inclined to find and follow the lowest rate, but if a title insurance premium is notably lower than the market rate, this should be a red flag to look more closely at whether the company is providing core title and closing services in compliance with RESPA. Additionally, cut-rate premiums may indicate a lack of experience, a lack of financial and accounting controls, inferior title searches and examinations, or a substandard source for property data.

Shopping for the lowest premium alone can backfire, since many title companies more than make up the difference by charging additional fees. Electronic delivery fees, overnight courier fees, release tracking fees, wire fees, and other title company charges often add up to more than the difference between the lower premium and the market rate charged by reputable title companies.

#### **5. Do you conduct thorough title searches and report all exceptions?**



**Why you should ask:** Title companies are required to perform a “reasonable examination”

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for every transaction, which includes providing the consumer with actual recorded documents for each exception, as called for in the contract.

As a real estate professional looking out for your clients' best interests, would you advise them to accept a title commitment that lists "any and all documents of record" and "any and all easements of record" on the exceptions page, instead of providing the specific documents affecting the property? That is like asking consumers to do their own search to find out what encumbrances affect a property with a 30-foot public service easement along one side of your property. You would certainly expect to know about it prior to closing. Some title companies, however, are providing commitments that do not specifically disclose encumbrances similar to the one above.

National, state, and industry regulations create certain standards title insurance providers must adhere to regarding information disclosed on the commitment and policy. Still, some title companies exist solely to sell policies and pocket the premiums from the transaction, but fail to perform a thorough search and examination of the property.

*One out of every four transactions has a cloud on title at the time of the commitment.* It is imperative that consumers are working with a title company that will take the necessary steps to identify, disclose, and resolve all issues prior to closing.

## **6. Are you locally owned and operated?**



**Why you should ask:** There are several reputable national title companies that offer adequate products and services. However, many title companies outsource the production of the

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title commitment and portions of the closing process overseas. A product prepared by local employees offers advantages that a product prepared abroad cannot.

A local title company knows and understands Colorado real estate laws and customs, plus they know the local real estate market in a way that out-of-state firms and those who outsource their title work do not. Also, you can expect quicker responses to issues as they occur if management and ownership are intimately involved in operations, and decision making happens locally.

You will also be supporting local employees who live and work in your communities. Local independent businesses return more money to the local economy, are more invested in its future, and give an average of two to three times greater support to local non-profit organizations compared with non-locally based firms.

## **7. Does your company follow the title industry's best practices?**



**Why you should ask:** The American Land Title Association (ALTA) created Best Practices to help title companies highlight policies and procedures the industry exercises to protect lenders and consumers, while ensuring a positive and compliant real estate settlement experience. The Best Practices cover all aspects of the title industry including settlement services, accounting practices, and data security. Compliance with these Best Practices demonstrates that a title company has dedicated the necessary resources to provide peace of mind to real estate professionals and consumers.



# Here is how Land Title **MEASURES UP:**

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## **1. Is my money Safe?**



*Whether it is your earnest money deposit, the loan proceeds from your lender, or your sale proceeds, Land Title takes every precaution to protect your funds.*

*At Land Title, all escrow accounts are reconciled daily, all wire transfers are subject to dual authorization and approval, and bank-issued electronic security tokens are utilized to generate unique passwords for every transfer.*

*Our financial strength is built on prudent and conservative funds management. We never share your personal information with outside companies. And we carry \$10,000,000 in fidelity coverage and \$4,000,000 in errors and omissions insurance.*

## **2.**

### **Is my investment protected?**



*Land Title works with only the most financially sound underwriters. Our underwriters, Land Title Insurance Corporation, Old Republic National Title Insurance Company and First American Title Insurance Company all maintain Unsurpassed Financial Stability Ratings® from Demotech, Inc.*

## **3.**

### **Is my title company a neutral third party?**



*At Land Title, we believe that all parties deserve an independent, unbiased title company that will close the real estate transaction according to the terms of the contract, free from any conflict of interest. Land Title does not have any affiliated business arrangements with any real estate, lending, or builder firms. We are an independent title company that believes in providing exceptional service for all parties to the transaction.*

## **4.**

### **In addition to the premium you quoted me, what are your other fees and charges?**



*Land Title's rates and fees are filed with the Division of Insurance. Our rates are available 24/7 on [LTGC.com/rates](https://www.ltg.com/rates) in an easy-to-use and accurate rate calculator. We disclose our rates up front and do not surprise you with additional junk fees.*

## **5. Do you conduct thorough title searches and report all exceptions?**



*Land Title employs the most experienced title examiners in the industry to ensure you receive the most accurate title commitment and policy. Land Title lists all exceptions by name and provides links to supporting documentation online through our exclusive Linked Commitment Delivery system.*

*Land Title Guarantee Company is a member of SKLD, Colorado's most notable property records company, so you can be assured all information in your search and examination is up to date and accurate. We build and maintain our own title plants in counties not covered by SKLD. Land Title spends nearly \$1,000,000 every year to maintain accurate real estate records, so we can conduct the most thorough search for every property and disclose all exceptions.*

## **6. Are you locally owned and operated?**



*At Land Title, we have been providing quality title and closing services to Colorado and its people since 1967.*

*We have over 50 convenient locations across the state, and we know the local real estate laws and customs. All of our title and closing services are performed locally, right here in Colorado.*

*As a locally-owned and operated title insurance agency, we have built our reputation on our commitment to our customers. We also contribute our time and resources to many local charities and community organizations; in fact, giving back to our communities is one of Land Title's core values.*

## **7. Does your company follow the title industry's best practices?**



*Yes! Land Title dedicates significant resources to comply with ALTA's Best Practices. In order to demonstrate our compliance, we engaged an independent CPA firm to conduct an audit to certify that we have the appropriate policies and procedures in place. We will continue to perform internal monitoring and engage independent firms to ensure that our business practices meet or exceed the title industry standards.*





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