

Title's Role in the Sales Process



GUARANTY
COMMERCIAL TITLE, INC.





Title Affects Your Commission

Here's How:

A title is essentially a history of all events that affect the ownership of a property.

When there are defects in a title, resolving them can change the value (sale price) of a property, delay the closing and on occasion cause a purchaser to back out of a deal.





Fact:

**Title insurance is the
only insurance that
provides coverage for
events that have
already occurred.**





Vocabulary

O&E

Commitment

QI

Abstract

Endorsement

COR

Torrens

GAP Coverage

LOI

Title Exam

Policy

CRV

ProForma





Tips involving Purchase Agreements

1. Read the final purchase agreement and have the client's legal counsel review, if any.
3. Who (persons/entities) should be signing the agreement?
4. Use legal descriptions when possible, avoid using a street address as the only description.
5. Make certain all exhibits are clear and attached.



Old Republic National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE A

- 1. Effective Date: **November 04, 2015, 7:00 a.m.**
Issue Date: **November 18, 2015,**
- 2. Policy (or Policies) to be issued: POLICY AMOUNT
 - (a) ALTA OWNER'S POLICY (ALTA Own. Policy 6/17/06) **\$1,793,000.00**
Proposed Insured: **ABC, LLC, a Minnesota limited liability company**
 - (b) ALTA LOAN POLICY (ALTA Loan Policy 6/17/06) **\$1,000,000.00**
Proposed Insured: **First Bank of Minnesota**

Proposed Borrower: **ABC, LLC, a Minnesota limited liability company**
 - (c) Proposed Insured:
- 3. **Fee Simple** interest in the land described in this Commitment is owned, at the Commitment Date, by **Joe Seller and Mary Seller, husband and wife**
- 4. The land referred to in the Commitment is described as follows:

Lot 1, Block 1, USA Addition, Hennepin County, Minnesota.

For information purposes:

Property Address: Best Street
Minneapolis, MN

If you have questions regarding this commitment, please contact:

Issuing Agent: Guaranty Commercial Title, Inc.
Address: Renaissance Square
520 Nicollet Mall, Suite 400
Minneapolis, MN 55402
Phone: 612-339-5813



Countersigned By _____

Old Republic National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION I REQUIREMENTS

Effective Date: November 04, 2015, 7:00 a.m.

The following requirements must be met:

- (a) Pay the agreed amounts for the interest in the land and/or according to the mortgage to be insured.
- (b) Pay us the premium, fees and charges for the policy.
- (c) Documents satisfactory to us creating the interest in the land and/or the mortgage to be insured must be signed, delivered and recorded:
 - 1. Deed vesting title in ABC, LLC, a Minnesota limited liability company .
 - 2. Mortgage to secure your loan.
 - 3. Satisfaction of a Mortgage dated July 26, 2007, filed September 21, 2007, as Document No. 123456, to secure indebtedness in the amount of \$1,155,000.00 and any other sums which may become due and payable under the terms thereof, executed by Joe Seller and Mary Seller, husband and wife, as mortgagor, to Growth Bank, as mortgagee.
 - 4. Satisfaction of a Mortgage dated June 18, 2008, filed June 27, 2008, as Document No. 234578, to secure indebtedness in the amount of \$1,600,000.00 and any other sums which may become due and payable under the terms thereof, executed by Joe Seller and Mary Seller, husband and wife, as mortgagor, to First State Bank, as mortgagee.
 - 5. Satisfaction of a Judgment against James Seller, in favor of Retail Credit Card, dated May 7, 2014, docketed May 7, 2014, as Case No. 12345 in the amount of \$6,850.54.
 - 6. Satisfaction of a State Tax Lien showing James Seller as Debtor, dated August 4, 2013, filed August 12, 2013, as Document No. 885564, in the original principal amount of \$358,689.35.
- (d) You must tell us in writing the name of anyone not referred to in this Commitment who will get an interest in the land or who will make a loan on the land. We may then make additional requirements or exceptions.

NOTE: The property that is the subject of this commitment is registered property as is evidenced by Certificate of Title No. 123456.

Old Republic National Title Insurance Company

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION II EXCEPTIONS

Effective Date: November 04, 2015, 7:00 a.m.

Any policy we issue will have the following exceptions unless they are taken care of to our satisfaction.

1. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
2. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
3. Rights or claims of parties in possession and easements or claims of easements not shown by the public records, boundary line disputes, overlaps, encroachments, and any matters not of record which would be disclosed by an accurate survey of the premises.
4. Taxes due and payable in 2014 and prior years are paid. Taxes due and payable in 2015 in the total amount of \$47,380.00 are not paid. (Base tax 47,080.00) on PID No. 13-138-24-12-0134 . Non-homestead.

NOTE: This commitment does not cover utility bills against the subject property not shown on current taxes assessment records.

NOTE: There are no special assessments, levied or pending, now a lien on said property.

5. Easement for Sanitary Sewer purposes in favor of the city, as set forth in Easement dated May 14, 1959, filed July 1, 1959, in Book 145 of Deeds, Page 180.
6. Right to construct and maintain temporary snow fences over lands adjacent to Highway No. 1 acquired by the State of Minnesota evidenced by Easement, dated March 5, 1960, filed May 6, 1960 in Book 148 of Deeds, Page 179.
7. Terms and conditions of an easement contained in Deed Granting Easements dated December 21, 1993, filed December 30, 1993, as Document No. 6210211.
8. Restrictions, covenants and conditions dated February 5, 2008, filed February 5, 2008, as Document No. 9094235 which contain no forfeiture provision.



Defects are outstanding rights or claims adverse to the owner

Mechanic's Liens

Judgments

Mistakes in the recording of documents

Forged or fraudulent documents

Lack of legal access to and from the land

Defectively formed entities or unauthorized signatories





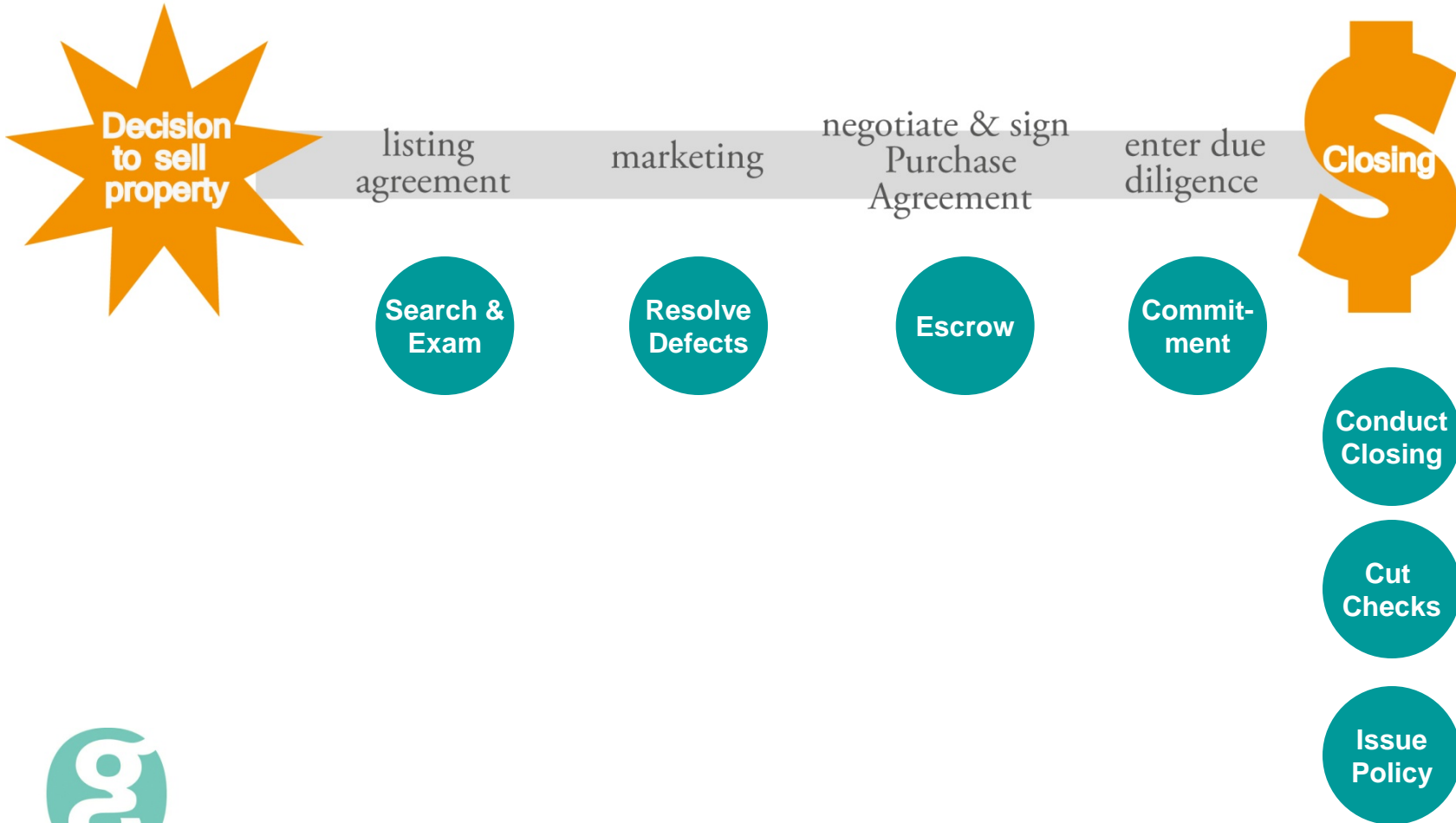
This affects when & how much you get paid

**Resolving title defects can extend
the time to closing and create
tension between the parties**

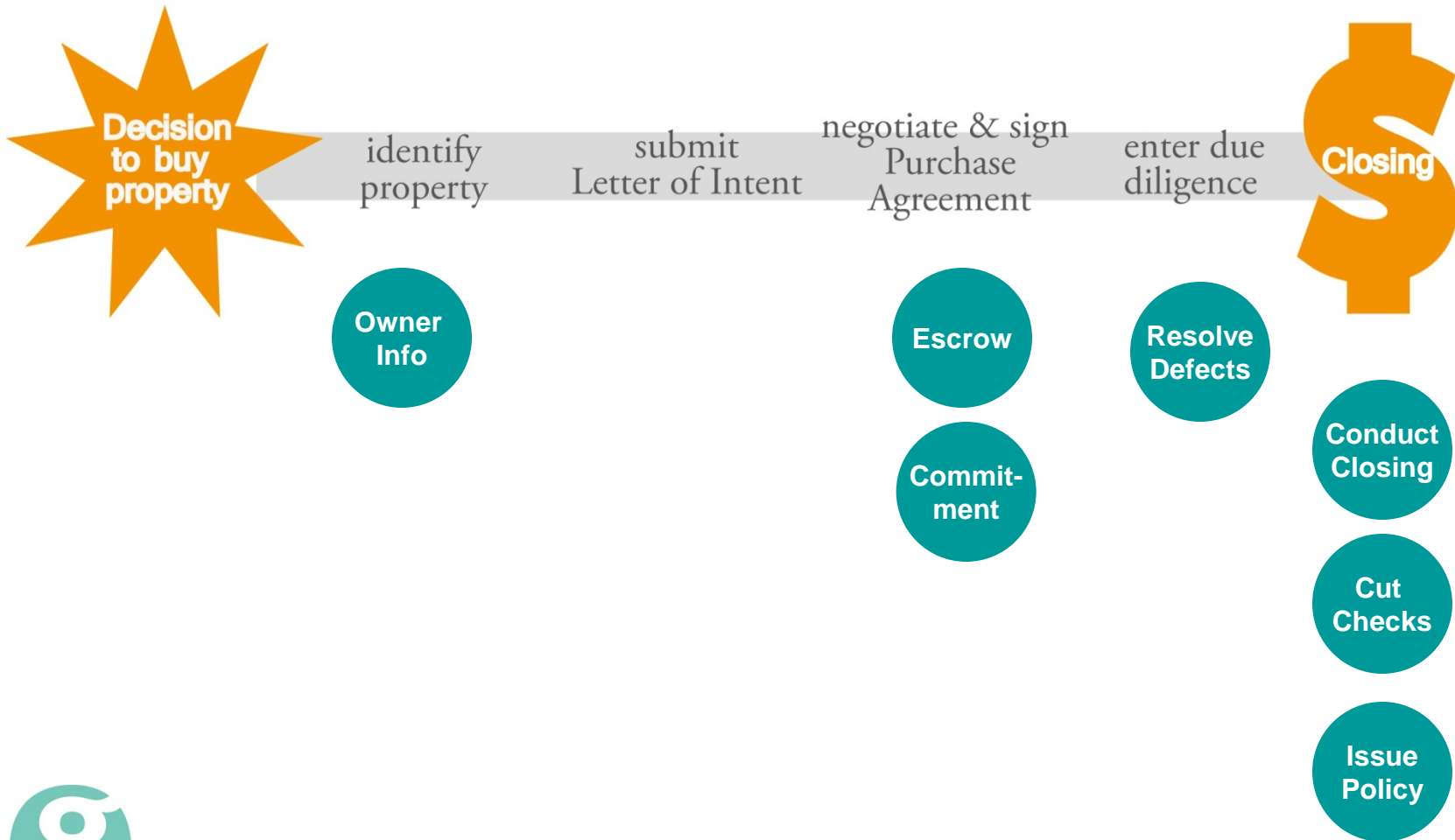
**They are often costly to resolve
resulting in a painful
“commissionectomy”.**



Title's role in the sales process...



Title's role in the buying process...



Additional Services Title Firms Offer

**Construction
Disbursement**

**1031
Tax-Deferred
Exchange**





Some Defect Examples

Property valued @ \$1M, sold for \$750,000

1. Judgments filed against seller \$250,764

2. State Tax Liens filed \$128,005

3. Federal Tax Liens filed \$418,999

4. Total debt \$797,768.00

Discuss how Abstract/Torrens affects this



Defect Example...

Contract for Deed Sale with fast close

1. Six mortgages instead of one
2. One mortgage had foreclosure started
3. Consents from two lenders to be wrapped
4. Obtain releases on the rest

FIRE DRILL!





Title Pricing

There are several costs associated with title services.

Commitment (search & exam) - usually paid by the seller

Premium - based on a rate per \$1,000 of sale price

Closing Fees - usually split by the buyer and seller





Title Services Should Include...

Solid, credible title insurers with wherewithal to withstand market downturn

Legal and financial expertise, ability to work at the closing table

Immediate response with viable solutions





Who selects title insurer?

Usually, the buyer or the buyer's lender selects the title agent, it can be written into the purchase agreement.

You want the same person that took your initial call and was involved in all of the conference calls to be sitting next to you at the closing.



THANK YOU

The GUARANTEAM

info@guarantytitle.net