

# Title's Role in the Sales Process

Cindy Nosan, CES

Account Advisor/Certified Exchange Specialist

612.746.0415

e. [cnosan@guarantytitle.net](mailto:cnosan@guarantytitle.net)

w. [guarantytitle.net](http://guarantytitle.net)



**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 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**

**Abstract**

**Torrens**

**Title Exam**

**Commitment**

**Endorsement**

**GAP Coverage**

**Policy**

**QI**

**COR**

**LOI**

**CRV**



**Old Republic National Title Insurance Company**  
**COMMITMENT FOR TITLE INSURANCE**

**SCHEDULE A**

1. **Effective Date: September 04, 2012,**  
Issue Date: **September 18, 2012,**
  
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**  
  
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 55402

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: **September 04, 2012,**

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, 2006, filed September 21, 2006, 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, 2012, docketed May 7, 2012, 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, 2011, filed August 12, 2011, 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: **September 04, 2012,**

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 2011 and prior years are paid. Taxes due and payable in 2012 in the total amount of \$47,380.00 (Base tax 47,380.00) are partially paid on PID No. 13-138-24-12-0134 . Non-homestead. (Note: \$17,500.00 has been paid)

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.





**Defects** are outstanding rights or claims adverse to the owner

**Mechanic's Liens or Judgments**

**“Stranger” interests in property**

**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**







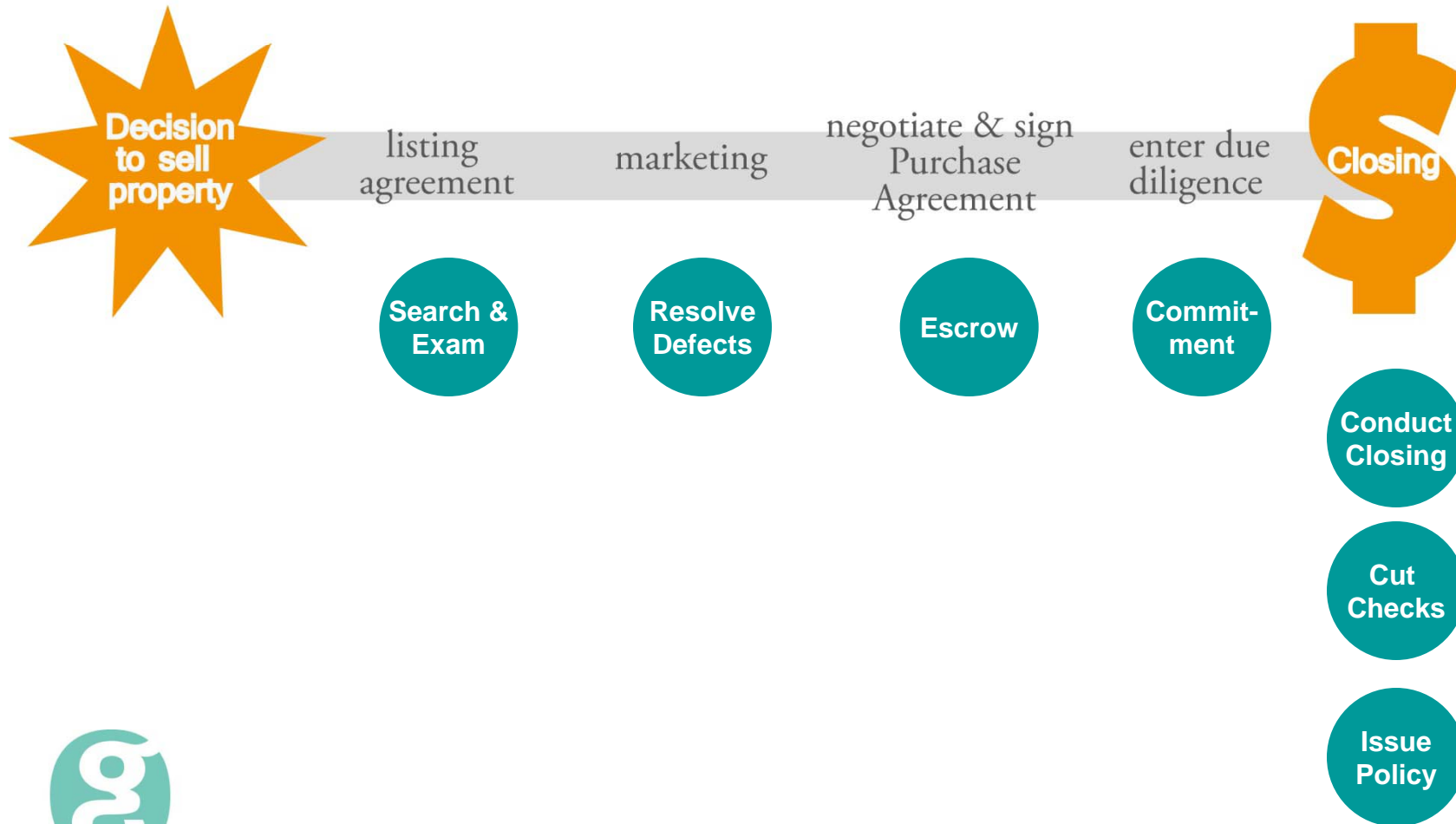
# This affects when & how much you get paid

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

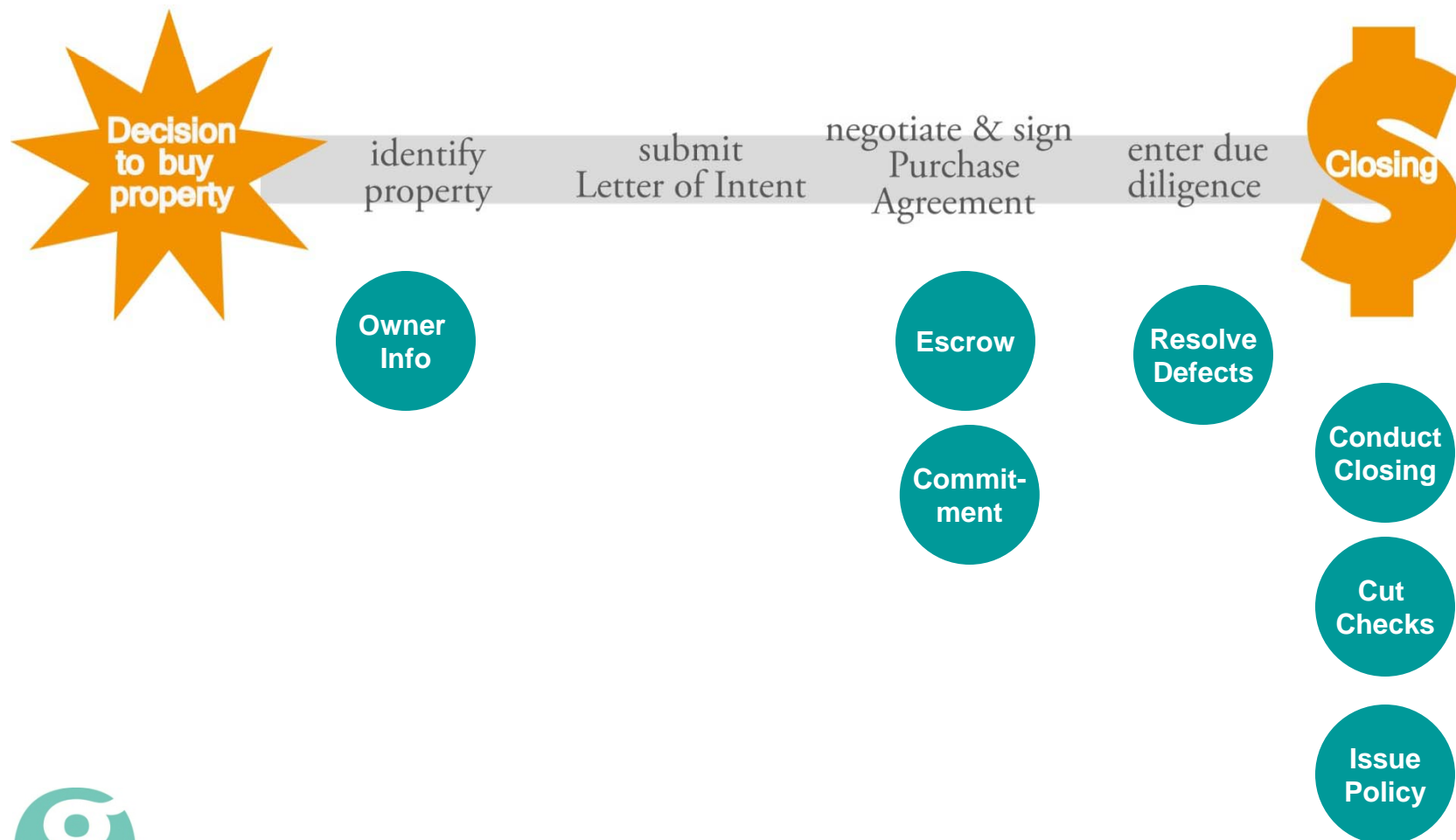
**They are often costly to resolve  
resulting in a painful  
“commissionectomy”**



# Title's role in the sales process...



# Title's role in the buying process...



# Additional Products Available

**Construction  
Disbursement**

**1031  
Tax-Deferred  
Exchange**







# Some Defect Examples

## **Pulled Listing Commitment**

**Property valued @ \$1mill, sell @ \$850,000**

- 1. Judgments filed against seller \$49,764**
- 2. State Tax Liens filed \$28,005**
- 3. Federal Tax Liens filed \$418,999**





# 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.





## broker etiquette issue...

**Is it appropriate to call  
the title company for  
your commission  
check?**



**THANK YOU**

**Guaranty Commercial Title**

**Wendy Ethen, President**

**Valerie Doleman, Marketing Director**

**Cindy Nosan, Account Advisor**