

Title Basic Training Boot Camp

From the beginning to the end ~ a Real Estate Transaction

Presented by Dawn Patterson

- The journey from order entry through the closing
- Steps in Processing a Title Insurance Order
- Services provided by the Title Company



1

Part I: The Title Insurance Order

Origination

- Marketing of Property
- Foreclosure Commitment
- Purchase Agreement
- Various or Multiple Parties
 - Selling Broker, Listing Broker, Attorney
 - Split Closings
 - Short Sales



2

Part I: The Title Insurance Order

- Order Form (on line or paper forms)
 - Gather Information
 - Type of Interest, Legal Description, Parties, Copy of Purchase Agreement
 - Identify Product or Service to be Ordered
 - Endorsements requested?
 - Removal of Standard Exceptions requested?
 - Approval limits?
 - Is New Construction involved?



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3

Part I: The Title Insurance Order

- Identify Product or Service to be Ordered
 - Search
 - Commitments
 - Foreclosure Guarantees
 - Policies (Base and Extended)
 - Owner's
 - Lender's
 - Endorsements



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4

Part I: The Title Insurance Order

- Handling Quotes
 - Use of Calculator on Computer or Website
 - Use of Rate Manual
 - Michigan is an all Inclusive rate-filed state for Title Insurance Policies & Endorsements
 - This includes ordinary charges for a title and tax search for one chain of title, examination of the title, one title commitment and one title policy.



5

Part II: Abstract & Examination

- County Records
- Title Plant
- DataTrace
- Vendors - Abstractors
- Tax Records (annual and supplemental)
- An examiner compiles data from some or all of these sources and often works with the underwriting department.



6

Part II: Abstract & Examination

- Chain of Title
- Deeds provide evidence that a conveyance has taken place. This alone is not proof of ownership. Each link in the chain of title must be valid. An examiner looks for evidence that there was authority by the person who executed the document. They also look for any “red flags” which may suggest a forgery, lack of competence, undisclosed missing heirs or other issues which may affect the validity of the deed.



7

Part II: Abstract & Examination

Examples of some Red Flags

- Forgery
 - Signature on 2011 Mortgage does not resemble signature on 2012 Deed
- Lack of competence
 - 2008 Mortgage executed by Conservator for owner. 2009 Deed executed directly by owner.
- Undisclosed missing heirs
 - Purported Personal Representative with no reference to Letters of Authority



8

Part III: Issuance of the Commitment

- This is an examined product.
- Often starts the dialogue with counsel or parties involved in the transaction because it discloses the record status of title.
- If counsel is involved, they usually expect copies of any documents referenced in the exceptions
- Prompts requests for special or affirmative coverage
- Certain endorsements and coverages require the submission of an old or current survey



9

Part IV: Preparing for the closing

- Communicating with the Underwriter
 - Agency
 - Direct Operation
- Examiner/Underwriting Pending Issues
 - Survey
 - Endorsement Hurdles
 - Pro-formas



10

Part IV: Preparing for the closing

- Date Down (see sample commitment)
 - Title
- Water Bills
- Pay-offs: Mortgage, Land Contract or Lien
- Read the Closing Instructions
- Requirements (see schedule B-I of commitment)
 - Review Authority Documents, Conveyances & Discharges Required, etc.



11

Part V: Closing

- Closing
 - in person
 - by mail
 - Electronic
- Marking up the Commitment
- Issuing Closing Table Policies



12

Part VI: Recording and Policy Issuance

- Need to make sure the documents are in recordable form and that the proper fees are collected. The title insurance is based on the priority of the recording of insured instruments.
- Record as soon as possible following the closing:
 - Electronically, walk-on or overnight mail.



13

Part VI: Recording and Policy Issuance

- Customers have different preferences regarding the time of delivery of their policy of title insurance.
 - Some prefer to have the policy issued at the closing table without any of the recording information
 - Some prefer to wait for the policy to be issued until all of the recording information has been secured and added to the policy. (These customers may have added comfort because they secured a marked up title commitment at the closing.)
 - Some provide no instruction or preference at all
 - If the policy was not issued at the table, it is imperative that the policy is issued soon after the recording information is available. This is the contract which defines the liability of the title company.



14

Some Final Notes...

- Seek out resources and use them
- Do not be afraid to ask questions
- Many transactions are unique – you will not find that everything fits into a black letter rule
- Many aspects of this business are fluid and change due to:
 - ✓ case law or statutory changes
 - ✓ actual or perceived business risk
 - ✓ economic considerations
 - ✓ claims history
 - ✓ a pandemic!



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15

Reaching a Happy Conclusion

In the ideal closing of a home sale:

- the sellers get their proceeds;
- the real estate agents get their commissions;
- the lender gets a loan on the books (and their fees), as well as title insurance for the loan; &
- the buyer gets title to a new home and a title policy insuring that title.

This was all facilitated by the title company.



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16

**Today was the first of 5 sessions.
The next 4 weekly sessions will provide
more information and details for all of
these steps leading up to and through
the closing.**

Thank you for your time & attention today.

Dawn Patterson
dmpatterson@firstam.com



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