

CLOSING DOCUMENTS

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AGENDA



- ❖ ABOUT THE PRESENTER
- ❖ INTRO TO CLOSING DOCUMENTS
- ❖ THE CLOSING, IN CONTEXT
- ❖ CLOSING DOCUMENT FUNCTIONS
- ❖ YOUR ROLE AS CLOSER
- ❖ TIME FOR QUESTIONS

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- Real estate attorney (2010)
- Title agency co-owner (2014)
- “Chief Commercial Officer” (2017)
- MBA degree (2020)
- 1031 exchange facilitator (2022)

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“CLOSING DOCUMENTS” – what am I talking about?

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All closing documents

Loan docs
e.g. deed,
mortgage

Asset sale
docs

Corporate
docs

Agency-generated documents

HUD/CD

Deed

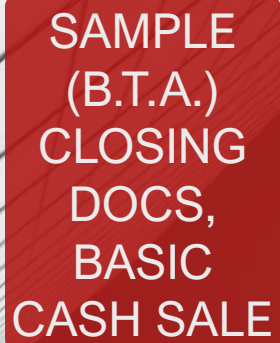
PTA, PRE

Agency-specific documents


Agreements,
acknowledgements

Affidavits,
indemnities

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**SAMPLE
(B.T.A.)
CLOSING
DOCS,
BASIC
CASH SALE**

- 
1. Closing cover sheet
 2. Wire instructions
 3. Buyer & seller closing statements
 4. Closing agreement
 5. Warranty deed
 6. Bill of sale
 7. Property transfer affidavit
 8. PTA receipt
 9. Owner's affidavit
 10. Substitute 1099-S form
 11. Municipal charges agreement
 12. Water escrow agreement
 13. Contact form
 14. Proceeds disbursement form

... why?

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**THE INTERNAL
LOGIC OF
CLOSING
DOCUMENTS:**

THERE ISN'T ONE...

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Presentation Title

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THE AGENCY'S INCREASING ROLE

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“TITLE IS A SERVICE INDUSTRY.”

...true or false?

Presentation Title

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DIFFERENT ROLES = DIFFERENT JOBS

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	TITLE INSURING	CLOSING + ESCROW	OTHER SERVICES
TIMELINE	Provide service after transaction, when all requirements have been completed	Provide service to transaction parties and third parties, up to and including closing	Provide service to transaction parties and third parties, through and after closing
INVOLVEMENT	Minimal – contact with, service to insured only	Substantial – control docs and funds, coordinate closing and disbursement	Above-and-beyond involvement in, responsibility for transaction
GOALS	Confirm ownership and state of title	Ensure closing is handled fully and competently	Make sure nothing is missed or forgotten by client
MINDSET	Risk-averse, wait and see. “You need to satisfy our requirements”	Take-charge; actively resolve title issues; title company is the nexus of the deal	Accommodate party requests & expectations; maximize client satisfaction; “say yes”

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AGENCY COMPLIANCE

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TITLE INSURANCE

- Michigan Department of Insurance and Financial Services
- Underwriter bulletins, manuals, other requirements

SETTLEMENT, ESCROW, ETC.

- Minimal DIFS guidance/requirements
- Limited/ cautious guidance from underwriters
- IRS 1099 reporting requirement



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MANAGING AGENT LIABILITY

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TITLE INSURANCE

- Policy for benefit of insured
- Issued by underwriter in exchange for premium
- Covers title defects resulting in loss
- Underwriter may look to agency for recoupment



ERRORS & OMISSIONS INSURANCE

- Policy for benefit of title agency, with third party casualty insurer
- Cost borne by agency
- Covers claims from mistakes made by title agency
- Covers all actions of agency, not just title search



CONTRACTUAL AGREEMENTS

- Documents drafted by agency for signature by one or more parties to transaction
- Attempt to disclaim or shift liability & responsibility
- "CYA" documents
- Can serve as basis for lawsuit, or defense against one


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TAKE ANOTHER LOOK...

1. Closing cover sheet
2. Wire instructions
3. Buyer & seller closing statements
4. Closing agreement
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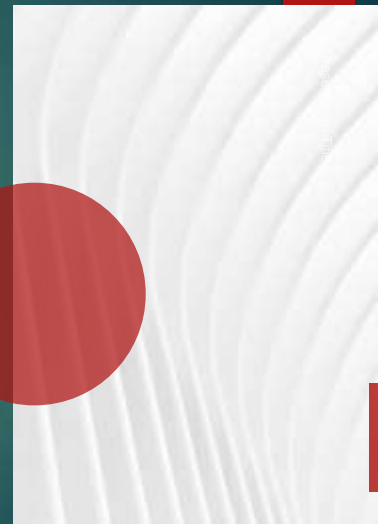
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SOME OTHER CLOSING SITUATIONS

- Land contract sales
- Loan transactions
- Building + business
- Post-closing occupancy
- Split closings
- Closings in escrow

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CLOSING DOCUMENTS AREN'T STATIC

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- NON-FOREIGN CERTIFICATION
- OWNER'S AFFIDAVIT
- PTA/PRE RECEIPT
- ASSIGNMENT OF LEASES
- PROCEEDS FORM
- YOUR OWN EXAMPLES?

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**THANK YOU FOR
YOUR TIME!**

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