

TitleTalk

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MSC Title

Fall 2018 Newsletter



Dear Agents and valued customers,

In this month's Title Newsletter, we explore the importance of municipal lien searches and why county turnaround times need to be factored into the closing process to avoid buyers inheriting unnecessary bills from the sellers. The below, real-life example is not uncommon and one of the many reasons a qualified real estate professional should be included in any form of negotiation.

Sincerely,
Laura Bowers, Managing Director

Forget About The Days of 2- and 3-Week Closings

Municipal Lien Searches and Recent Pitfalls—A Real-Life Example

They were in a multiple offer situation, and the buyer really wanted the property. To secure the contract, the buyer agreed to close with cash within three weeks (15 business days).

When the contract came in, we proceeded to order title work and a municipal lien search. It was then we were told by the lien search company that Sarasota County would take 21 calendar days to complete the information for the lien search.

To maintain the promised closing, the buyer became adamant that he did not want to wait for the lien search and elected to forgo that component. Guess what? Following closing, the buyer discovered a previously unpaid water bill for which he was now responsible to the tune of \$1,200.00. To add insult to injury, the water company refused to turn service on at the property until the past due amount was paid in full. **Yes**, this is a real-life story.

First, let's clarify what a lien search is:

A municipal lien search is conducted to determine whether there are any *unrecorded* special assessment liens or unrecorded liens arising by virtue of ordinances, agreements, developmental fees or unpaid utility charges. It also reveals if there are open permits. The municipal lien search is required under the contract to be obtained to give the buyer coverage over unpaid water, sewer, or special assessments relating to this.

In order to obtain these search reports, we have to rely on the municipalities to provide the information. They offer no RUSH option, and lien search company staff have even appeared in person hoping to get the information more quickly to no avail. These departments are understaffed within the municipalities, which contributes to delays in obtaining this information.

Sarasota and Manatee Counties are experiencing the most significant delays that impact the time frame to obtain lien search results.

- Manatee County has had a maximum turnaround of 17 calendar days. The current average turnaround time has been 15 calendar days.
- Sarasota County has had a maximum turnaround of 24 calendar days. The current average turnaround time has been 24 calendar days.



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Why You Should Care:

The buyer has the right to object to anything revealed in a lien search within the inspection period. If the buyer does not want to take on the liability to remedy any open permits (under the AS-IS) and if the seller refuses to remedy those matters revealed, the buyer has the option to terminate the contract during the inspection period. If a lien search is not performed, the buyer risks taking on any outstanding issues not revealed during the inspection.

Why This is Problematic:

Inspection periods do not allow sufficient time for a buyer to receive and review the lien search, thereby leaving the buyer exposed to potentially expensive remedies to close out permits or outstanding utility bills.

It is very important to understand why buyers should not agree or hope for a closing date earlier than 30 days from the effective date. Promptly deliver the executed contract to your Title Agent. Delays in turning in a contract may result in a necessary extension.



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