

TitleTalk

NEWS YOU CAN USE

MSC Title

July 2015



Dear Agents and valued customers,

In this month's newsletter, MSC Title Escrow Closer, Jennifer Crawford, gives us a first-hand look at the answers to one of the questions she is asked most frequently – "How quickly can we close the deal?" From foreclosure history to property surveys, Jennifer covers the many factors that determine the time it takes to get to the closing table.

Sincerely,
Laura Bowers, Managing Director



Title Order to Closing—How Does it Work?

In my four-and-a-half years with MSC Title, I have had the opportunity to work with some of the leading real estate agents, attorneys and lenders in the business. One of the questions I am asked most frequently is "How fast can we close this deal? It's a cash buyer!" So, in an effort to educate, I decided to answer this question as completely as I can.

Upon first consideration of the question, my initial response is "About two weeks." Yes, two weeks is **usually** a comfortable amount of time to suggest; once we obtain the **complete (legible) contract and disclosures**. However, every situation is different, and a number of factors come into play to determine a realistic time frame. Let's take a look at those factors in the form of 20 questions (or so!)

1. **Are all owners alive?** Lots of folks are growing old in Sarasota, with many possessing primary or second homes. If the decedent's will has not been validated (probated) in Florida yet (and needs to be,) this could result in at least a two-four week delay.
2. **Is the property owned by a Trust, LLC or Corporation?** In many cases, if the property is owned by an entity other than a 'natural person' there could be additional information that will need to be collected or people that need to be tracked down to sign closing documents and/or the deed(s).
3. **Is the buyer a Trust, LLC or Corporation?** If the buyer is a Trustee of a Trust, an LLC or Corporation, we will need to collect verification that the entity exists and if the buyer is forming an LLC at the time of contract, we will need written verification from the state in which the entity was formed in order to close. This can be a quick process, but the buyer needs to be sure they take care of it swiftly and gets the appropriate verification to us.
4. **Is there a homeowner's or condo association and has the buyer submitted their application?** Often, the lengthiest part of the 'process' prior to closing day is getting the HOA to send us the estoppel letter (the final statement of account for the owner.) **The estoppel is a document that we cannot close without.**
5. **Are both the buyer and seller ready to go with the closing date?** Believe it or not, a lot of times either the buyer or the seller has no idea that the other side of the deal has requested the 'quick' turn around. Maybe the buyer won't actually have funds available until a certain date or maybe the sellers are on a cruise until the end of the month. It's important for everyone to be on the same page regarding the date of closing.



A number of factors come into play to determine a realistic time frame.

Continues on Page 2

Continued from Page 1

6. What is the availability of the buyer and seller to execute documents on/around the desired closing date? We often learn in discussing the particulars of the closing, especially with sellers, that they were unaware that documents would have to be notarized and originals returned by a certain date. A deed to transfer your property out of your name to someone else is a significant transaction, so making sure the required parties are available to execute documents is essential.



7. How many sellers are there again? If dealing with a deceased seller/probate and or a Successor Trustee of a Trust, there is a good possibility that heirs of the decedent will be required to sign deeds. This can mean two, three, even six or more people need to sign deeds that didn't actually know it. Even if multiple sellers are local or in the continental US, this can be a co-ordination challenge and could require additional time.

8. Was the property foreclosed on in the recent past? If the property being sold is a 'flip' or was foreclosed in the recent past; and the current owner cannot provide their current title policy, this could mean that **the new title search may take in excess of five business days**. There is a LOT of extra work involved for the underwriter to make sure all issues related to the foreclosure are good to go. The title commitment is issued once the underwriter examines the chain of title and has identified the requirements to issue a policy to the new buyer. **We cannot draft any closing documents until at least the title commitment has been**

issued. An additional item worth mentioning is the **Municipal Lien Search**. For 'distressed' properties these are imperative and would identify any unrecorded liens or past due utilities that the current owner has incurred. Municipal Lien searches can take three-five business days to get back.

9. Will all parties be in attendance for closing? If the buyer and seller are local, getting documents correctly executed can be that much quicker.

10. How responsive are the buyer and seller to phone calls and emails? There is a lot of very specific information that needs to be collected from both sides of the deal. If the buyer and/or seller are not prompt with responses, the processing time will be extended.

11. Does the seller have a 'current' survey of the property and if not, does the buyer want a survey to be completed? In my experience and personal opinion, a property survey is 100% necessary to have, even in a cash deal, where it's not required. More on surveys and their importance in another session! Now, 'current' does not mean 'new,' – if the survey was conducted in 1983 but is clear and complete, still depicts the property as it currently is; and the seller is willing to sign an affidavit saying so, we are good to go. If a new survey needs to be ordered, that's typically a five business day turn-around **weather permitting**.

12. Well, I didn't quite make it to 20 questions, but I think you get the idea!

In conclusion, it's a challenge to fully commit to a time frame without the title commitment and without knowing answers to the questions above. Sometimes the planets DO align and a shorter time frame for processing and closing is possible. The enthusiasm of the agents and clients is **essential**, and while a two-day closing may not be totally realistic, it's certainly possible. Remember, this is certainly not the norm. No-one wants to be a ball of stress due to unrealistic time frames. I'm talking agents, buyers, sellers, HOA staff, surveyors, the municipal lien searchers, our title underwriters, the MSC Title staff and office managers. It takes an army, really!

Michael Saunders & Company
LICENSED REAL ESTATE BROKER

MSC Title, Inc. • 40 N. Osprey Avenue • Sarasota, FL 34236 • T: 941.552.5211 • F: 941.552.5210