

Avoiding Closing Delays, Part 1

Payoffs, Wires, Powers of Attorney, and What to Bring to Closing

Payoffs

One of the title company's responsibilities when a new order is processed is to obtain payoff information for any existing loans.

If the information does not come in with the order, Land Title contacts the listing agent for the name of the lender, the lender's phone number, and the applicable loan number(s).

It is also helpful to have the seller's Social Security number (or the last four digits), since the majority of lenders require that information when payoffs are ordered. For best service, simply include all of this information with the contract.

Please be aware that the Colorado payoff statute states that a closing company is entitled to reasonably rely on the amounts set forth in such a payoff statement for the stated time frame if the payoff statement is addressed to the closing company. Therefore, a payoff statement should not be ordered unless it can be addressed to Land Title Guarantee Company.

Many payoff lenders require borrowers' written payoff authorizations to obtain payoffs; please include them with the contract. Land Title can supply these forms to agents upon request.

Many lenders, especially on second mortgages, can take several days to get the payoff figures to the title company.

If the closing is in the first part of the month, it is also helpful for the closer to know whether or not the sellers will be making the current month's payment. If the title company has this information ahead of time, there will

be less chance of last minute changes at the closing table.

If the seller has a second mortgage and it is a line of credit, the line is required to be closed prior to or at the closing. If the account is not closed, the seller could use the account up to and even past the closing date, creating a shortage in the payoff that would come up after the closing.

It is unfortunate, but sometimes after a closing the title company will need to contact the seller if the payoff is short. Some reasons there might be a shortage include insurance or taxes that were paid out of the escrow account, a line of credit that was used, or a bridge loan that was taken out right before the closing and is not yet of public record. Land Title's closers will always try to contact the seller's agent prior to contacting the seller so the agent is aware of the issue.

Wires

Many lenders fund by wire instead of cashier's check. If an early morning closing is scheduled, it is best for the Realtor and/or the closer to contact the lender to see if they will wire the funds the day before closing to avoid having to close in escrow. The title company receives wires throughout the day, with the earliest wires beginning to come in at 10:30 a.m.

Often, Land Title is asked to disburse on a file using the Fed Reference number provided by the lender. This is difficult to do, because the Fed Reference number indicates that the wire has been received by the Federal Reserve, but it does not guarantee



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that the wire will be delivered to our bank or our account.

Property Taxes

Title companies must collect at closing any property taxes that are due. The title company will confirm with the county if taxes have been paid or are still due. Any amounts due will be withheld from the sales proceeds and paid directly to the county or held in the title company's file until the payment of taxes can be confirmed with the county.

Power of Attorney

If either party will not be at the closing to sign documents and will therefore be using a Power of Attorney, please remember:

- The title company must approve the Power of Attorney prior to closing. If the buyer is using a Power of Attorney, it also must be approved by the lender.
- Land Title must have the original Power of Attorney prior to closing.
- The original Power of Attorney must be recorded with the county Clerk and Recorder ahead of all other closing documents. (Land Title records the documents.)
- The title company must be able to contact the absent party via telephone on the day of closing to be certain he/she is alive and well and has not revoked the Power of Attorney.

Out-of-town Mailouts

If any documents must be mailed out for signatures:

- All documents must be signed exactly as requested.
- All documents must have proper notarization.
- All documents mailed out of the country must be notarized in English. Although Land Title does have a method of verifying out-of-country notarizations, it is preferable that the client go to an embassy to sign and notarize documents.
- All original documents must be received at Land Title prior to closing.

What to Bring to Closing

To avoid delays at the closing table, you may want to remind your buyers and/or sellers of the following:

- All buyers and sellers must bring to closing a driver's license, a picture ID issued by the state, or a valid passport.
- If there has been a change in **marital status**, the party whose name has changed should bring to the closing a driver's license reflecting the new name, as well as a marriage license or divorce decree documenting the change.
- By Colorado law, the buyers must bring **good funds** to closing. Good funds can be a cashier's check or wire. On cash transactions, Land Title requires wired funds from the buyer. Money orders and Western Union transfers are not considered good funds. Land Title does not accept cash over \$500.00 for employee safety reasons.
- Buyers and sellers need to know their **Social Security number** (or TIN for entities) to complete IRS documents at the closing table, as the sale of property must be reported to the IRS.
- The seller can bring extra house keys, garage door openers, security access or gate card keys, etc. to closing to give to the buyer.
- The seller should leave at the home any operating guides or warranty materials for appliances or items that will stay with the property.
- If there is extra wallpaper or paint that was used at the property, the seller can leave these materials for the new owners, who may need to do a paint or wallpaper touch-up after they move in.

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