Chapter 7  Title Examination and the Closing Process

Title Examination
- Marketable title
- Title perfect of record
- Insurable title

Report of Title Defects
- Title opinion
- Title insurance
Method of Searching a Title
- Grantor index
- Grantee index
- Other public records
- Title abstract

Title Insurance
- Determination of risk
- Schedule of exceptions
- Distinguished from other types of insurance
- Substitution for title opinion letter
- Time period and type of defects covered
- Who requires title insurance?

The Torrens System
- How the system works
- Use of the system
Title Closings

- Buyers' responsibilities
  - Financing the purchase
  - Obtaining a title opinion
  - Having the property surveyed
  - Obtaining property insurance
  - Inspecting the property
  - Other responsibilities

Title Closings

- Sellers' responsibilities
  - Preparing the deed
  - Removing encumbrances
  - Paying the seller's loan
  - Obtaining a termite bond
  - Other responsibilities

Costs at Closing

- Buyer's costs
- Seller's costs
- Pro-ration of homeowner's costs
Problems

- It is common for real estate agents to assume that each month has 30 days and a year has 360 days for purposes of prorating items at the time of closing. Using this 30-day convention, find the buyer and seller shares of a three-year hazard-insurance policy taken out by the sellers on February 1, 1995, for $690 when the closing date was July 1, 1996.

Problems

- Property taxes for the 1996 year are due on October 1 and will be $1,875 for a property being sold on July 1, 1996. Using the 30-days-per-month assumption, how much should the sellers be responsible for?

Problems

- Property taxes for a property sold on June 15, 1996, are due on October 15. If the taxes will be $987, what is the seller's responsibility for this item at closing?