

Consumer Report: Hidden Dangers in the Home Buying/Refinancing Process

Provided By:



Carnanco Land Transfer, Inc.

See the Possibilities. . .

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CLT- Green Title Services

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Title Insurance

What is Title?

Title is the proof that a person or company has the right to own and use a property. Title most often takes the form of a Deed but the right to a property can take many other forms too. It is possible that someone other than the current owner has a legal right to a property. A claim to your title can result in lost money and even the loss of your home.

What is Title Insurance?

Title Insurance is an insurance policy that protects you and your lender against defects in Title.

Why is it needed?

It is not uncommon for individuals and entities other than the record owner of property to have a right, interest or claim to that property. For instance, most people borrow money in the form of a mortgage in order to purchase their home. That mortgage gives the lender a right to the property. If the borrower defaults on their loan, the lender may exercise their right to the property, foreclose, and attempt to regain some of their lost money by selling that property.

What would you do if that unpaid mortgage had been taken out by the previous owners? Title Insurance protects against claims such as that.

Other examples of risks against which standard title insurance may protect you include unpaid judgments, taxes and municipal services, undisclosed or missing heirs, use restrictions, forged documents, signatures of minors or mentally incompetent persons, fraud, clerical errors, wills not probated and more.



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Dangers of Picking the Wrong Title Company

Honesty and Integrity

Some auto repair shops are honest and trustworthy while others will replace parts that are not even broken just because you don't know any better. Any time you chose a company to provide you with services, it is important to do your homework first. Title companies are no different.

For the sake of speed and higher profit margins, some title companies will cut corners that could put you at risk of losing your home. Other title companies have little or no customer service and are less than helpful if you have questions. The majority of title companies issue only insurance that covers you for things that have happened only in the past. Occasionally, you'll hear reports of company owners or employees who have stolen millions from escrow funds.

Referrals

Do not think you are safe if you use the company your real estate agent or mortgage broker recommend. In 2005, insurance regulators in California, Colorado, and Washington state joined investigative forces to stop what they allege are kickbacks from title insurance companies to real estate agents, lenders, and developers. Many more states are still conducting their own investigations to this date. This is not the first time the title industry has been investigated for illegal kickbacks for business referrals. There is no guarantee that a company referred by your agent or broker is one that will serve your best interest. On the contrary, even a title company that gives no kickback will still have an interest in serving the needs of the referring party in order to guarantee future referrals.

It is important to do your own research and pick the company you feel most comfortable with. After all, they are the ones responsible for distributing the money in your transaction.

(If you are choosing your own title company, be sure to make that fact very clear to all real estate agents, mortgage brokers and lenders. Most will automatically order it for you. Also, carefully watch what you sign. Some companies will slip in a document that has you relinquish your right to choose your title company. It is YOUR RIGHT and they can not force you to use their company.)



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Things to Consider When Picking a Good Title Company

Title Companies provide for a fair and equitable transfer of real estate property from one person to another.

The process assures that the lender releases the home purchase funds at or about the same time the deed is signed to reflect new ownership. To facilitate that goal, title companies provide the means for depositing, with a neutral third party, funds, documents and instructions necessary to complete the transfer.

Because the real estate transaction involves large sums of money and reams of documentation, the title process is not always a predestined, step-by-step process, but can become a confusing end game of details, nit picking and overlapping procedures.

Requiring special preparation, attention to detail, and desire from both sides to close the deal, title is perhaps the most complicated part of what's likely the most emotionally trying and intricate transaction you will ever complete.

There are some features to look for in a title company that can help to simplify the process and ensure a good experience:

- Get referrals from friends, family and co-workers. Even get referrals from your real estate agent or mortgage broker. Just be sure to ask a lot of questions regarding the nature of their relationship and specific reasons why they think you should do business with that company.
- Find a title company with extensive experience in your location. Local custom plays a large role in the home buying process and the company you do business with must be familiar with local laws and customs.
- Look for a professional who is patient, exacting and willing to give you the time and information you need to understand the process. Some companies even have informational and educational brochures.
- Ask if they offer Enhanced Policies. These policies provide important coverage beyond the “past events only” coverage of the Basic policy for a very small increase in cost.
- Technology can also play an important role in your transaction. Some companies offer online systems that allow you to check the status of your file, view documents, and communicate with all parties. This can give you a greater sense of comfort and control over the transaction.
- Preliminary settlements sheets showing estimates of the title company fees, agent fees, deposit money, taxes and more will give you a greater sense of



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understanding and comfort prior to closing. Ask if your title company will provide one a week or more before closing, but understand it will be an estimate only and subject to change.

- Document Preparation. Most title companies will prepare a deed for you but if you need a Power of Attorney, any specialized deeds, or other documents you may be forced to see an attorney, ask if they are equipped to handle any special circumstances you have.
- Eco-Friendly. Most title companies still maintain 100% paper files. This means they use up an entire ream of paper or more during the processing of your transaction. If you are concerned about the environment, find a title company that maintains digital files. Some lenders even offer paperless closings, if yours does, make sure your title company is equipped to handle them.



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How to Get a Good Price

- Ask for a fee quote in writing from several Title companies. While title fees are included on the good faith estimate you get from a lender they are very inaccurate. The title company sets their own fees and the lender generally does not ask them for these fees when preparing the good faith estimate. In addition, be sure to get all their fees not just the title premium. The title premium is set by the state and based upon the sale price or loan amount. There will be little variation from one company to another on the premium. It is the other fees that may vary and/or surprise you.
- Ask if you qualify for the Reissue Rate or Substitution Rate. The state has mandated certain situations where the title premium can be discounted as much as 30%. Unfortunately, many title companies will not give you these rates unless you ask.
- Get pricing for a Basic Policy and an Enhanced Policy as well as an explanation on the differences in coverage. Keep in mind that as your home rises in value you will, over time, be underinsured if you purchase a Basic Policy whereas the value of the coverage on an Enhance Policy goes up over time for no additional fee.



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How Does Carnanco Land Transfer Stack Up?

If you've been diligent enough to read through all that information, we figured we would make you call us to find out how we would answer all those questions. In a nut shell, here is how Carnanco Land Transfer serves you:

- **Honesty and Integrity.** We are a small operation. Every closing determines whether or not our families eat dinner and our mortgage payment is on time. Your closing matters as much to us as our own home, and we would not do anything to jeopardize that.
- **Referrals.** While there are some mortgage officers and real estate agents who refer their clients to us, it is ONLY because they feel we provide excellent service. We never pay for our business.
- **Experience.** We have closed thousands of properties over the last 10 years. In addition, the president is a consultant to other title agencies, underwriters and real estate agents. Plus we are backed up by a team of legal counsel.
- **Education.** Carnanco Land Transfer has additional educational information and brochures on our website: www.carnancolandtransfer.com
- **Enhanced Policies.** Our standard issue policy is enhanced. There is a brochure, Called The Best Policy, explaining the differences on our website. The basic policy is available upon request.
- **Technology.** Carnanco Land Transfer has an online transaction system that lets you view, print and email all important documents, 24 hours a day, 7 days a week. This site keeps you informed and gives you easy access to your transaction.
- **Preliminary Closing Costs.** We automatically have a preliminary settlement sheet available online within a few days of your order being placed. It is then updated throughout the transaction as additional information and fees become available.
- **Document Preparation.** We can prepare warranty deeds, estate deeds, trust deeds, powers of attorney, private mortgages, mortgage releases, mortgage subordinations, and more. While there is an additional fee for extra documents, it is generally much lower than the cost of an attorney.
- **Eco Friendly.** We are one of the few title companies out there who have made an effort to be eco friendly in this paper intensive industry. We typically do not consume a single piece of paper until the time of closing saving hundreds of sheets of paper for each transaction. Our faxes are sent and received by computer. We are equipped to do paperless closings should your lender offer such.
- **Pricing.** We would be happy to provide a quote. The title premium is based upon the sale price or loan amount of your transaction. In addition, we offer a flat closing fee to make pricing easy and predictable. Finally, we automatically give the discounted title premium if your transaction meets the state requirements.



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TO PLACE AN ORDER CALL OR COMPLETE OUR ONLINE ORDER FORM.



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