



COMMON TITLE PROBLEMS THAT CAN CAUSE CLOSING DELAYS

At Monarch Title Company, we are proud of our thorough and extensive search of public records so your clients can enjoy peace of mind that their property is protected. If an issue arises, we work collaboratively with the buyer and seller, as well as our real estate and lending partners to overcome any hurdles created by a property's ownership history. Here are some common issues we've helped our clients resolve ahead of closing day:

Liens - If the previous homeowner has an outstanding debt, there could be a lien associated with the home, which gives the party that is owed a right to the property until the debt is paid. Claims can arise from unpaid loans, unpaid property or income taxes, unpaid child support, or other judgments. Mechanic's liens are also common. They occur when a contractor or sub-contractor isn't paid for the work they did on a property, such as installing new plumbing.

Fraud and forgery - A forged signature or other falsified information on a deed or another legal document tied to the property can cause significant issues.

Easements - An easement is the legal right of an individual to use someone else's property for a specific purpose. Easements can be on the books for several reasons, such as a shared driveway with a neighbor, or access to utility equipment.

Notice of Pending Action (lis pendens) - This means that there is a current lawsuit filed that may affect the property's title. This happens most often during divorce proceedings. A demand and withdrawal must be recorded to release the lis pendens prior to closing.

Human error - Errors made in public records can slow the process of producing a clear title for your property.

Foreclosures - If a lien has become defaulted, the creditor may record a Notice of Default against the property. Any creditor or tax collector with senior interest may foreclose on the property per the terms of the existing loan agreement, or if taxes haven't been paid in a number of years. A demand must be secured to pay the amount owed so that a release may be obtained.

Statement of Information (SI) - The SI is filled out by the homeowner to help look for issues recorded against their name instead of their property, but may still affect their title. This could include child or spousal support liens, judgments, or lawsuits. It's important to fill this out for escrow thoroughly, and as early in the transaction as possible. Without a completed SI, it can delay title from being able to eliminate issues, especially when a common name is involved.

Bankruptcies - Open bankruptcies require the debtor to obtain permission from the court to sell their home or to take on any new debt if they are buying a home. A letter from the bankruptcy trustee will be required to close escrow.

Limited Liability Company (LLC) Requirement - If an LLC is party to a transaction, we will require the filed articles of organization and current list of members to verify that the LLC is legally authorized to enter into the transaction and verify who has the authority to complete the transaction.

Always check your prelim when you receive it to find out if there are any **red flags** that may cause closing delays. Don't hesitate to reach out to your Monarch Title Sales Executive if you have any questions about any items on your prelim!



MONARCH
TITLE COMPANY