

TOP TIPS

TRANSACTION DUE DILIGENCE

Criteria - Create acceptable guidelines and criteria for a transaction up front. This includes loan coordination, collection of documents and communication with title.

Executed EMC - Obtain an executed sales agreement and assignment contract if applicable. Verification of actual numbers is essential to determine firm loan amounts.

Title Documents - Turn in your request to open title with the title company. An early review of the preliminary title commitment and tax certs is a good idea.

Payoffs - Make sure title has obtained an accurate payoff for the existing loans and debts on the property. Existing debts larger than the sales price would be a red flag.

Survey Coverage – Review the survey and make sure it is approved by title, so that the title policy survey coverage can be added to the Title Insurance.

Hazard Insurance - Review hazard insurance binders prior to closing. Verify the loan amount is covered and the Mortgagee Clause is correct. This may include flood coverage.

Clear to Close - Obtain a “**Clear to Close**” file status from the title company, before ordering the loan documents. The lending team will order the loan documents from their attorney, after the borrower is assured of closing.

Settlement and Funding – Both lender and borrower should review the final settlement statement for funding and verify the Title company wire instructions.

Getting the loan ready to close and fund is a file building exercise with a focus on accurate documentation, communication, and follow-up.

