

# TITLE PROFESSIONALS

Group, LTD



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# All about the Closing Process

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# What is title insurance?

**When you purchase property**, there's always a chance that someone other than the seller has a claim to the ownership or use of the property you are purchasing, or owns a debt which may attach to the property's title and which you might be liable for if it's not addressed. Title insurance with Title Professionals Group provides extensive research regarding the status of the title, efforts to correct or clear the title, and an insurance policy to protect against future claims.

## Why do I need title insurance?

A title insurance policy can protect you from:

- False impersonation of the true owner of the property
- Forged deeds, releases or wills, instruments executed under invalid or expired power of attorney
- Undisclosed or missing heirs
- Mistakes in recording legal documents
- Misinterpretations of a will
- Deeds by persons of an unsound mind
- Deeds by minors
- Fraud
- Liens for unpaid estate, inheritance, income, or gift taxes

## What does Title Professionals Group do?

We have extensive real estate title exam and review procedures that review the history of individual properties, based on public and other records. For your closing, our escrow agents act as a neutral third party to prepare and collect all of the documents necessary to complete your transaction, as well as disburse all the funds to whomever they are owed. The escrow team assigned to your transaction will review all this with you when you close on the property.

## How many kinds of title insurance policies are there?

There are two main types of policies: An owner's policy (overall owner protection), and a mortgagee's policy (also called a lender or loan policy).

## Owners Policy

Protect your investment, and the ownership rights that come with it! Owners Policies protect against loss due to defects, liens, encumbrances, and other matters of **public records and in some cases matters not in the public record**. They provide for the defense against any lawsuit attacking your title, and will either clear up title problems or pay your losses. For a one-time premium, an owner's title insurance policy remains in effect as long as you or your heirs retain an interest in the property.

## Lenders Policy

If you have ever mortgaged a home, chances are you were required to purchase this type of title insurance policy. It ensures the lender that its mortgage is the first and best lien on the subject property. This practice protects the bank or other lending institution for as long as they maintain an interest in the property (typically until your mortgage is paid off).

**More questions?** For additional information about title insurance or to discuss your particular circumstances, please contact your sales representative or the office at 440.285.2129.

# What about deeds?

**When you think about deeds**, it's helpful to understand that there is a difference between a deed and title. Title (or property title) is the legal way of saying you have ownership, but it is not a document. Rather, it's a concept that encompasses certain legal rights which may or may not belong to the same party. The deed is the physical, legal document used to convey a person's ownership rights to a property.

## Types of deeds

There are different types of deeds used in Ohio real estate transactions, providing buyers with differing levels of assurance of title quality from the seller and differing levels of liability, and potentially continuing liability, for the seller.

### General Warranty Deed

This is the most common type of deed in Ohio. The seller warrants title to be free and clear except as stated in the deed. The seller takes on responsibility for the soundness of the entire chain of title. Although the seller's warranties are desirable, title insurance has reduced their importance and is a more reliable protection. Buyers and lenders generally rely on title insurance to protect investments. Therefore, title insurance is also a benefit to the seller as it may reduce actual exposure if old title defects arise.

### Limited Warranty Deed

In special circumstances, the seller may only desire to warrant title as to the period that he or she held it, and not be responsible for matters previous to the seller's acquisition. A Limited Warranty Deed is often used on commercial transactions where the seller and buyer agree to rely on title insurance for protection but require the seller to account for matters occurring during the seller's ownership. This form of deed may also be used when the seller is not in a position to make warranties as to the entire history of the title.

### Quit Claim Deed

This deed type only conveys whatever interest the seller owns or may own. No warranties are expressed or implied. The buyer under a Quit Claim deed may not have recourse against the seller for defects in the title; therefore title insurance is advisable whenever a buyer obtains title via this type. This deed is used often in Divorce Cases or to clear gaps or issues with the chain of title. It is generally not recommended to be used when there is a transaction where a buyer is acquiring property for value.

### Special Purpose Deed

Other types of deeds are necessary under particular situations, but since their application is limited, no description needs to be given here. Such special purpose deeds include Sheriff's Deed (foreclosure), Executor's Deed, Administrator's Deed and Guardian's Deed (Probate Court), Trustee's Deed (Bankruptcy) and Auditor's Deed (tax sale), and others. They generally operate similar to Warranty Deeds but each may have certain limitations as to warranties.

**More questions?** For further explanation or advice as to types of deeds, it is suggested that you consult an attorney.

# What are the forms of ownership?

When you transfer property in Ohio, there are four different ways a property can be owned. The form of ownership chosen determines how ownership rights to the property transfer upon a titleholder's death.

## Tenants in Common

A form for taking title when two or more people buy property and own it together with either equal or unequal shares. If any one of the tenants in common dies, the interest passes to the decedent's heirs, not to the remaining tenants.

## Joint Tenants with the Right of Survivorship (Survivorship Tenancies)

A form for holding title when two or more persons own title to real estate. Each has an undivided percentage interest in the property. Upon the death of one of the joint tenants, their ownership interest automatically passes to the surviving tenant(s).

## Tenancy by the Entireties

Formerly, a married couple could acquire title to real estate and each had full ownership to the real estate. Their individual creditors cannot foreclose on their interest in the real estate. Upon the death of one, the other is the owner of the entire interest. Note: Tenancies by the Entireties were replaced by Survivorship Tenancies in 1985 and are no longer available in Ohio.

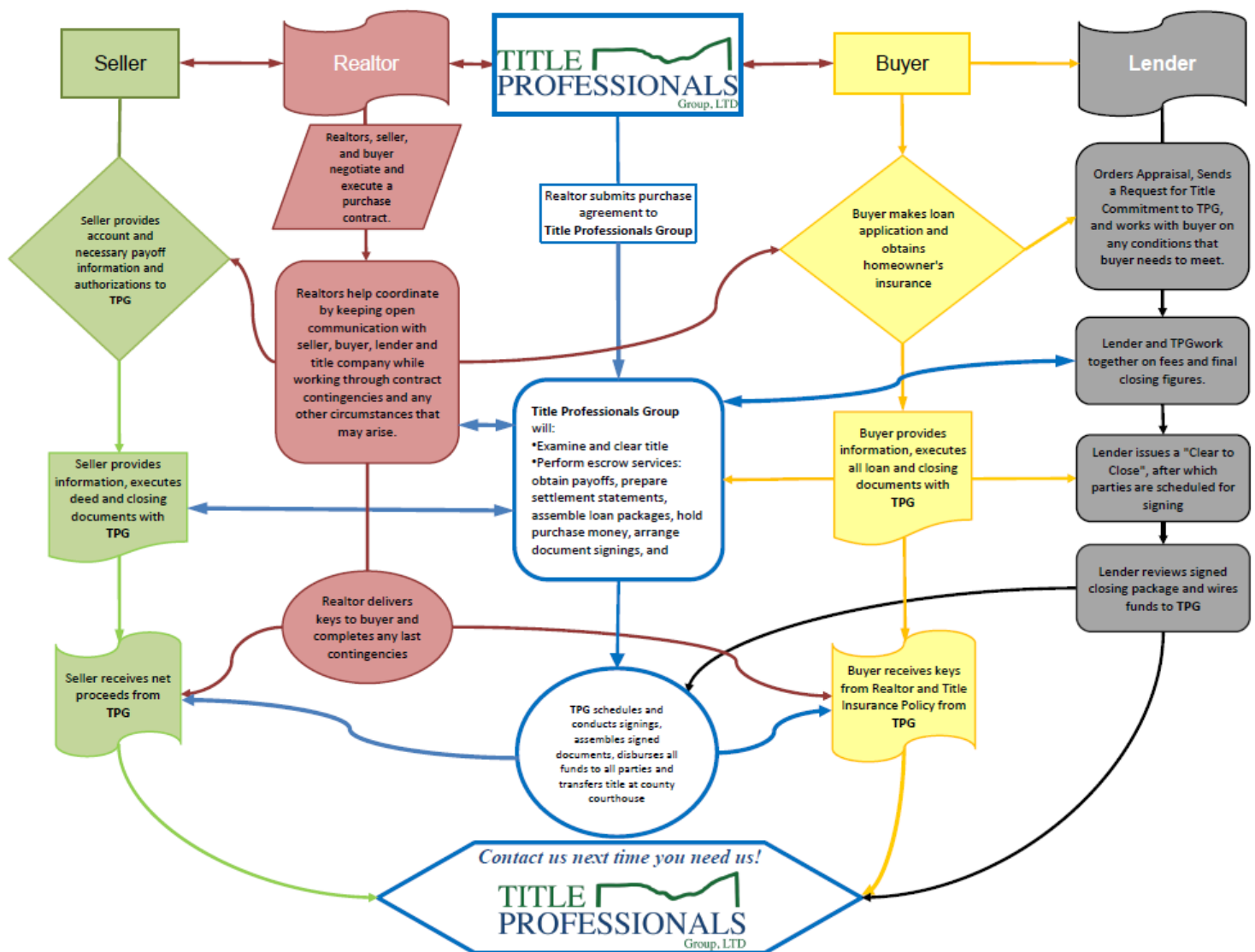
## Transfer on Death Designation

As of December 28, 2009, Ohio eliminated the Transfer on Death Deed and replaced it with the Transfer on Death Designation Affidavit. A property owner may designate on this affidavit the party or parties who are to receive title after the property owner dies. The affidavit does not create a present interest in the real estate for the beneficiary or beneficiaries, but it does enable property to avoid Probate Court and the property transfers immediately upon the death of the property owner. The affidavit must be recorded prior to the death of the property owner to be effective. (Transfer on Death Deeds filed prior to December 28, 2009 are still recognized.)

***More questions?** For further explanation or advice as to types of forms of ownership, it is suggested that you consult an attorney.*

# How does the closing process work?

It's not rocket science, but it's also not simple.





# What is escrow and what does it ensure?

**Escrow is an arrangement in which a neutral third party, called an escrow agent, holds legal documents and funds on behalf of a buyer and seller, and distributes them according to mutually agreed instructions. The escrow agent ensures that the buyer and seller perform all required obligations before the transaction is finalized.**

## **Why should I use Title Professionals Group as escrow agent?**

Our escrow teams will ensure that:

- The transaction will always close properly and where possible on time.
- All terms and conditions of the purchase agreement are met.
- All required forms have been completed, release documents for any loans or liens have been obtained, and all outstanding fees are collected so that clear title to the property can be transferred from the seller to the buyer.

## **The duties of escrow agents:**

Our escrow teams perform the following functions:

- Obtain necessary information from parties to move the transaction forward
- Prorate insurance, tax, and interest amounts
- Order deeds
- Prepare closing documents
- Record deeds and other documents
- Schedule parties as to time and place of signing
- Collect and disburse funds

## **How is escrow opened?**

Once you have completed the contract, or Purchase Agreement, and the Seller has accepted the offer, your real estate agent or lender can open the escrow. Your earnest money deposit can be made online at [www.titleprogroup.com](http://www.titleprogroup.com) where it will be placed in escrow and credited towards your ultimate costs. As a neutral party to the transaction, Title Professionals Group must follow only those written instructions agreed to mutually by all “interested” parties (Seller and Buyer); Title Professionals Group cannot otherwise alter the contract or create instructions; this protects all parties to the transaction.

## **What are your responsibilities?**

When Title Professionals Group is chosen as your title company and escrow is opened, an Escrow Coordinator will contact you to answer any questions you may have at the outset. During the escrow process, our escrow team members will reach out to you as needed with updates or questions. Towards the end, an Escrow Officer will contact you to schedule your signing appointment and inform you of anything else you need to bring with your or funds required to be sent to us.

***More questions?** For additional information about escrow or to discuss your particular circumstances, please contact your sales representative or the office at (440) 285.2129.*

# Who pays for what services?

*Note: These fee splits are typical of Northeast Ohio residential sales, but many of them are negotiable between the parties. Some are mandated by lenders or government agencies.*

Seller	Cash	Conv	VA	FHA
Payoff Current Mortgages	✓	✓	✓	✓
Real Estate Commission	✓	✓	✓	✓
Title Examination	✓	✓	✓	✓
Owners Fee (one half)	✓	✓	✓	✓
County Transfer Tax	✓	✓	✓	✓
Deed Preparation	✓	✓	✓	✓
Recording Cancelled Mortgage	✓	✓	✓	✓
Hold Signature Fee	✓	✓	✓	✓
Transfer Service Fee	✓	✓	✓	✓
Escrow Fee (one half)	✓	✓		✓
Escrow Fee Entire			✓	
Termite Inspection			✓	✓
Mortgage Document Preparation			✓	✓
Tax Service Fee			✓	
Tax Proration	✓	✓	✓	✓
Payoff of Special Assessments			✓	✓
Special Tax Search			✓	✓
Commitment to Insure			✓	
Flood Certification			✓	
Real Estate Commissions	✓	✓	✓	✓

Buyer	Cash	Conv	VA	FHA
Mortgage Origination Fee		✓		✓
Mortgage Discount Points		✓		✓
Interim Mortgage Interest		✓	✓	✓
Appraisal		✓	✓	✓
Credit Report		✓	✓	✓
Escrow Fee (one half)	✓	✓		✓
Location Survey*	✓	✓	✓	✓
Termite Inspection*	✓	✓		✓
Mortgage Document Prep		✓		
Special Tax Search		✓		
Commitment to Insure	✓	✓	✓	✓
Assignment		✓	✓	✓
Recording Deed and/or Mortgage	✓	✓	✓	✓
Tax and/or Insurance Reserves		✓	✓	✓
PMI Reserves (one year)		✓	✓	✓
Insurance Premium (one year)		✓	✓	✓
Owners Fees (one half)	✓	✓	✓	✓
ALTA Loan Policy Premium		✓	✓	✓
Title Endorsements*		✓	✓	✓

\* Optional



# How do I pay at closing?

The **Ohio Good Funds Statute** attempts to protect consumers against fraud by preserving the integrity of funds that are held and disbursed in real estate transactions. The law outlines acceptable formats that ensure a high level of security during a residential real estate closing.

## What are Good Funds?

For transactions involving residential real estate, settlement agents may disburse only when the funds for the transaction qualify as Good Funds, as defined by Ohio statute.

## What are acceptable forms of Good Funds under the Ohio statute?

Effective September 29, 2017, the following are the only form of funds a settlement agent may collect and disburse on in connection with a residential real estate transaction:

- **Wire transfer**
- **Business checks from a real estate broker's escrow/trust account**
- **Personal or business checks under \$500**  
The combined dollar amount cannot exceed \$500.00.
- **ACH transfer**  
The ACH transfer can ONLY be done by choosing "Deposit Earnest Money" at [www.titleprogroup.com](http://www.titleprogroup.com)
- **Certified or cashier's check/s under \$10,000.**  
The combined dollar amount cannot exceed \$10,000.00.
- **Electronic Transfer between Andover Bank accounts.**  
Customers who have accounts with our escrow account provider Andover Bank may elect to request a transfer from their verified Andover Bank account to ours, in accordance with Section 1349.21(A)(4) of the Ohio Revised Code.

## What are NOT acceptable forms of Good Funds?

Per Ohio Good Funds law and ALTA best practices, Title Professionals Group:

- **Cannot accept a personal or business check/s (combined amount) over \$500.**
- **Cannot accept certified or cashier's check/s (combined amount) over \$10,000.**
- **Cannot accept closing funds via ACH payment; the law states that this can only be accepted for payment from government entities.**
- **Does not accept money orders.**  
This policy is per ALTA best practices recommendations.

## Are there any other conditions for your money to qualify as Good Funds?

Yes, the funds must be immediately available for withdrawal and disbursement by the agent for the transaction.

**More questions?** For additional information about the Ohio Good Funds Law or to discuss your particular circumstances, please contact your sales representative or the office at (440) 285.2129

# How am I protected against fraud?

Fraud has always been present in real estate, but it's become a huge problem that's getting worse. The same developments that are making real estate purchases easier is making them more susceptible to fraud from bad actors around the world. But there are ways to combat it and protect against it

## Title Insurance and Good Title Examinations:

- Title Insurance policies protect against many things, but chief among them is that they specifically cover insured parties against title defects caused by forgery or fraud.
- Fraud doesn't just exist in the present; it may have occurred in the past, which could throw subsequent transfers into uncertainty or failure. It can't always be found (one more reason to purchase a title policy), but our experienced title examiners can spot issues with past title transfers that might require further investigation, clarification, and/or correction.

## Wire Fraud Dangers:

- Buyers (and lenders) can be tricked into sending their closing funds to the wrong account.
- Escrow agents can be tricked into sending seller's proceeds to the wrong account, and
- Escrow agents can be tricked into sending seller's mortgage payoff to the wrong account.

These are all possible because so much of the real estate transaction is now conducted over the internet, and specifically by email. Fraudsters all over the world are breaking into real estate agents email accounts and watching their transactions. From there they can reach out to the various parties, including the escrow agent, to try and fool them into sending money to their own account. By the time the mistake is realized, the money is gone and most of the time cannot be recovered as it has been transferred overseas.

## Solutions:

- **NEVER accept or send wire instructions by email!** We will never send you our wire instructions by email. Verify any email you receive that seems suspicious- a different address, or bad grammar or spelling- by calling the sender at a number you know is right, to voice verify that it's real.
- **Utilize secure wire instruction portals when offered.** We use CertifID, a secure platform to verify that wire instructions sent to us belong to the correct party, eliminate the dangers of open email communications, and eliminate the need to voice verify.
- **Change your email password frequently,** especially if you have just entered into a contract to buy or sell real estate. Avoid using free email services like Gmail or Yahoo, especially if you're a real estate agent, and stick to unique-domain email accounts if possible.
- **Be patient and vigilant.** It might seem weird in the modern world to hear us ask to use old-fashioned methods like appearing in person, calling by phone, or sending payoffs by overnight mail instead of wire, but these methods are much harder to hack or spoof by people on the other side of the world. They might take a bit more time but when dealing with such large sums and such important assets, an ounce of prevention is truly worth a pound of cure.

**More questions?** For additional information about wire fraud prevention or exposure or to discuss your particular circumstances, please contact your sales representative or the office at (440) 285.2129.

# What is an insured closing?

Closing Protection Coverage has garnered a lot of attention in the last several years, and Realtors® are often asked by their clients if it is worth the cost.

## What is Closing Protection Coverage?

As defined by Ohio statute in 2007, title company insurance underwriters are required to offer insurance that protects customers against the mishandling of funds or documents by the Licensed Agent. This coverage contains two components:

### 1. Protection against fraud

Theft, misappropriation, fraud, or any other failure to properly disburse settlement, closing or escrow fund.

### 2. Protection against non compliance

Failure to comply with any applicable written closing instructions, when agreed to by the Licensed Agent.

## Who is this offered to?

If a Policy of Title Insurance is being issued in connection with the closing, Closing Protection Coverage is offered to all parties: the seller, the buyer and the lender. For a nominal cost, you may elect to buy closing protection coverage for yourself.

## How much does this coverage cost?

Costs as defined by the 2007 legislation are as follows. "The premium for the Closing Protection Coverage is \$40.00 for Lender; \$55.00 for Seller; \$20.00 for Buyer/Borrower; and \$20.00 for any other applicant for title insurance, and in no case shall the premium be less than \$40.00 for this coverage in any transaction." *Put another way, the total fee for either buyer or seller in an Ohio transaction is generally around \$60.* Although we are required to offer it to every customer on every transaction, please note that none of the premium paid for it goes to us; it is all remitted directly to our underwriter.

## Why is this offered to me?

In a 2007 case, Horvath vs. Fidelity National Title Insurance, plaintiff Horvath sued Fidelity after an independent title agent absconded with funds during closing. A particular focus of the case was on whether the title company provided any coverage in the event of defalcations by independent agents who are entrusted with the public's money. The facts of the case showed that not only had plaintiff claimed she was not offered the coverage, but that her claims were not factually contested by the insurance company for the Agent. Plaintiff lost \$98,166.89 when the "net proceeds check" bounced in the course of defalcation by Fidelity's agent, Portage Title Agency.<sup>1</sup> Legislation was subsequently drafted to ensure that customers are always offered closing funds protection when a Policy of Title Insurance is being issued in connection with a real estate transaction.

<sup>1</sup> A PDF of the Ohio Supreme Court docket can be found at [http://www.sconet.state.oh.us/pdf\\_viewer/pdf\\_viewer.aspx?pdf=727163.pdf](http://www.sconet.state.oh.us/pdf_viewer/pdf_viewer.aspx?pdf=727163.pdf)

## Do I have to pay this?

Most lenders will require this protection for themselves, which their borrowers pay for. It is not required for either sellers or buyers otherwise and is up to the parties to accept or decline. Although we are required to offer it to every customer on every transaction, please note that none of the premium paid for it goes to us; it is all remitted directly to our underwriter.

**More questions?** For additional information about Closing Protection Coverage or to discuss your particular circumstances, please contact your sales representative or the office at (440) 285.2129

# Are there any additional coverage options?

The Enhanced Owner's Policy, also known as the Homeowners Policy, provides expanded title coverage for owners of one-to-four family residences, including condominiums. The Coverages included in the Enhanced Owner's Policy offer the highest levels of title insurance protection available to homeowners.

## Extra coverage with enhanced benefits

We understand that your home is possibly the largest financial investment you will make, but the investment is not just financial. Buying a home is also an investment in the future for you and your family. That is why Title Professionals Group with its underwriters proudly offers an Enhanced Owner's Title Insurance Policy. This Owner's Policy provides more than safeguards for the title to your property, it provides you with peace of mind.

## How do I purchase this enhanced policy?

Standard title policies are the norm although some real estate contracts are starting to request it. An Enhanced Owner's Policy can be obtained upon request at any time during the escrow.

**More questions?** For additional information about the Enhanced Owner's Policy or to discuss your particular circumstances, please contact your sales representative or the office at (440) 285.2129.

Comparison of residential loan policy coverages	Standard ALTA	Enhanced*
Post-Policy Forgery	<i>not included</i>	✓
Post-Policy Encroachments	<i>not included</i>	✓
Post-Policy Adverse Possession	<i>not included</i>	✓
Post-Policy Easement by Prescription	<i>not included</i>	✓
Building Permit and Zoning Violation	<i>not included</i>	✓
Encroachment of Improvements Onto Easements and Set-Backs	<i>not included</i>	✓
Expanded Access	<i>not included</i>	✓
Subdivision Violation	<i>not included</i>	✓
Restrictive Covenant Violations	<i>not included</i>	✓
Structural Damage for Mineral Abstraction or Easement Use	<i>not included</i>	✓
Encroachment of Boundary Walls and Fences	<i>not included</i>	✓
Additional 10% coverage each year for the first 5 years, resulting in 50% more coverage	<i>not included</i>	✓

\* This is not a complete list of coverages available. All coverages are subject to special exceptions set forth in the policy. Available coverages may vary by jurisdiction, endorsement selection and exceptions in policy.

# Working with Title Professionals Group

**When you work with us**, you'll notice the difference. Our staff of highly experienced professionals have the expertise and commitment that it takes to ensure the smoothest possible process from start to finish. We are proud of our ability to serve our customers, our adoption of the latest in technologically driven tools to simplify and improve the escrow process, and our consistent focus on driving the escrow process to a successful close.

## Looking ahead

In an industry where regulations and expectations change so quickly, staying ahead of the curve is more important than ever. The real estate purchasing experience is changing fast and creating new possibilities both for customer convenience and exposure to bad actors. Our clients' security depends on our utilizing every tool at our disposal to protect their information, and their satisfaction depends on our combining state-of-the-art technology with trusted and reliable communication. While many title agencies are struggling to implement these features, we're already there and focused on maintaining them while delivering superior service.

## Applying our expertise

The homebuying experience may be changing but the laws that affect rights to real estate are among the oldest in the English-speaking world. The rights and customs that derive from them are many and varied, and learning them is a years-long endeavor that few master. We are blessed to have an abundance of experience and expertise at solving nearly any real estate obstacle

## Staying ahead of the curve

Title Professionals Group remains at the forefront of the title industry by having implemented the Best Practice compliance process well before they became expected industry standards. .

## The ALTA Best Practices Seven Pillars:

The Consumer Finance Protection Bureau (CFPB) has mandated the following Best Practices for Title Insurance Agents and Settlement Service providers.

1. Maintain current licenses
2. Adopt and maintain written policies for escrow account reconciliation
3. Adopt and maintain written policies for protection against cyber crime
4. Establish settlement procedures to ensure regulatory compliance
5. Adopt and maintain written procedures for policy production
6. Maintain professional liability insurance
7. Adopt and maintain written policies for resolving consumer complaints

**Have questions?** For additional information or to discuss your particular circumstances, please contact the office at (440) 285.2129.

## Locations

### Chardon

147 Main Street  
Chardon, Ohio 44024

### Jefferson

60 North Chestnut Street  
Jefferson, Ohio 44047

### Warren

8790 East Center Street Ste 300  
Warren, Ohio 44122

### Canfield

45 Manor Hill Drive Ste 500  
Canfield, Ohio 44406