

SELLER FINANCING, OPTIONS AVAILABLE AND POTENTIAL ISSUES

This presentation covers topics that are relevant to the title insurance industry with respect to understanding the various options available for sellers and buyers using seller financing documents. The presentation will review how Deeds of Trust/Trust Indentures, Mortgages and Contracts for Deed work and issues involved with insuring title to properties where different forms of seller financing are used.

Introduction

- Basics of transactions
 - Mortgages – documents
 - Promissory Note – escrow
 - Mortgage
 - Power of sale?
 - Satisfaction of Mortgage – escrow
 - Contracts for Deed – documents
 - Warranty deed – escrow
 - Quit claim deed – escrow
 - Notice of Purchaser’s Interest – a/k/a abstract of contract for deed - recorded
 - Realty transfer certificates
 - Deed releases
 - Sale of businesses

- Trust Indentures/Deeds of Trust – documents
 - Promissory note – escrow
 - Trust Indenture Deed of Trust
 - Request for Reconveyance – escrow
 - Warranty (?) deed
 - Realty transfer certificate

Closing issues

- Tax reserve
- Insurance reserve
- Types of insurance to be provided at closing
 - Hazard insurance/fire
 - General liability insurance ?
 - Flood insurance

Insuring access

- Third party grants new easement for access to subject property. Third party's property is subject to an existing loan security document.

Issues with deeds

- Subject to language
 - Easements of record “or apparent on property”
 - Water rights related easements

Question and Answer