



Dear Partners in the Closing Process,

The Colorado Mortgage Lenders Association ("CMLA") and the Land Title Association of Colorado ("LTAC") are proud to present "Best Practices for Lenders and Title Companies ("Best Practices"). This is the culmination of joint efforts between the Associations working together to mutually improve operational processes, communication and relationships between our lending and title industries.

The recommendations set forth within these Best Practices represent ideal practices. And while ideal may not always be achievable, we believe that if each member within our combined industries does his or her level best to follow these Best Practices, our mutual customers (borrowers, sellers, realtors and homebuilders) will be better served.

As member of CMLA and/or LTAC, we encourage you to incorporate these Best Practices into your training programs and procedures. And, we encourage you, the individual member of our industries, to adopt the Best Practices as your personal standard.

Together we can make a difference!

*Members and Friends of the Colorado
Mortgage Lenders Association and
the Land Title Association of Colorado*

Prior to reading this document, please understand this is a Living Document and therefore the “best practices” contained herein can and will change frequently.

In addition to your company’s standard operating procedures,
we hope you will incorporate our
Best Practices for Lenders

Loan Processing Phase – (minimum of five days before closing)

Nothing sets the stage for a successful closing like the loan process. The borrower’s closing expectations are set by the originator and the fulfillment team. Timeliness, accuracy, responsiveness, and responsibility are essential elements in all transactions. Remember, this may be the largest transaction in your borrowers’ lives.

- Review title commitment
 - Communicate with the title closer in order to clear any title requirements.
 - Are the borrowers in title properly?
 - Do you need a Quit Claim Deed?
 - Do you have the correct endorsements for your property and loan type?
 - Verify title company wire instructions – do not rely on past instructions as they change quite often.
 - Do you need a Closing Protection Letter? If so, advise the title company so the title closer can coordinate accordingly.
 - Verify / Confirm your company has an active and accurate Tri-Party Agreement with the title company if you will be using that method of funding.
 - Have you changed Warehouse Lenders?
 - Has the bank changed?
 - Has the account number changed?
 - Have people/names/titles changed of those who signed the agreement?
 - Do you have an Insured Closing Letter for that particular title company’s branch office?
- Confirmation
 - Purchase transactions
 - Review the Real Estate Contract checking especially for correct names and property address.
 - Confirm closing date, time and location of closing.
 - Confirm all parties involved will be attending closing (buyers, sellers, agents)
 - Will anyone be using a Power of Attorney? If so, provide to or request from title company as soon as possible.
 - Will this be a mail-out transaction? If so, advise the title company so the title closer can coordinate accordingly.
 - Refinance transactions
 - Schedule closing date, time and location of closing with title closer.
 - Confirm all borrowers will be attending closing. If not, advise the title company accordingly.
 - Will anyone be using a Power-of-Attorney? If so, provide to title company as soon as possible.
 - Will this be a mail-out transaction? If so, advise the title company so the title closer can coordinate accordingly.

- All transactions
 - Closings should be scheduled allowing sufficient time for loan conditions to be satisfied.
 - Confirm that all buyers and sellers will attend closing. If not, advise the title company accordingly.
 - Does the lender have any documents the seller(s) need to sign? If so, communicate that with title closer.
 - OFAC (Office of Foreign Assets Control)
 - Check website for borrower names
www.treas.gov/offices/eotffc/ofac/regulations/index.html
 - If borrower's names appear on the OFAC list you need to file a Suspicious Activity Report (SAR). Phone number: 1-800-540-6322.
 - Communicate any information needed to clear borrower's name with the title closer.

Prior to Closing – (minimum of 48 hours prior to closing is recommended)

Partnering with the title company and the Real Estate agent is fundamental in turning mutual customers into raving fans. Please allow your partners ample time to do their part so that every effort can be made to meet the needs of your mutual customers at the closing table.

- Closing Figures
 - http://www.cmla.com/Closing_Instructions.pdf
 - http://www.cmla.com/HUD_RESPA_Exhibit.pdf
 - Send closing and disbursement instructions to title closer a *minimum of 48 hours prior* to closing (**Earlier is always better**). Send figures to the title closer at the final submission stage as you do not need to wait for the underwriter to give you a final approval “clear to close” to send out preliminary figures.
 - Please make sure all bills to be paid are shown on the HUD such as appraisal, survey, ILC, credit cards, etc. and include addresses where each check is to be mailed.
 - When sending figures, make sure to let the title agent know exactly how many pages there are for each recorded item (deed of trust + riders = 10 pages; assignment = 1 page; subordination = 8 pages). This will help the closer to determine whether enough money has been collected for recordings.
 - Make sure it is noted on Closing Instructions where the loan documents will need to be sent after closing and where the title policy needs to be sent along with time-frames for both. Also note if there are any specific requirements for the recordation of documents.
 - HUD-1 Approval
 - http://www.cmla.com/HUD_RESPA_Exhibit.pdf
 - <http://www.hud.gov/offices/hsg/sfh/res/respamor.cfm#HD>
 - Review HUD-1 within six business hours of receipt from the title closer.
 - Call the title closer with verbal approval or changes and follow up with written approval of changes.
 - Re-Confirm Closing – (**minimum one day prior to closing**)
 - At least one day prior to closing, re-verify the closing date, time and location of closing.
 - Confirm all parties will be attending the closing; if not, advise the title company immediately. Make arrangements for Power of Attorney, if needed, and if not already provided.

- Delivery of Loan Documents – **(minimum 24 hours prior to closing)**
 - If the title closer is going to present the loan documents, all documents should be received by the title closer a minimum of 24 hours prior to closing. This will allow time for the title closer to review documents prior to closing.
 - If the lender is going to present the loan documents, this must be communicated to the title closer at the time figures are faxed to the title closer.
 - Communicate with title closer the exact method being used to deliver the loan package and indicate if there are any costs associated with this delivery method.

At Closing

It is important for the lender and the title company to join together to make *superior service* a *minimum standard*. Please take ownership of your part of the transaction and offer assistance where needed.

- It is desirable for a lender's representative to be present at the closing to help answer customer concerns. The lender representative should be aware of closing conditions required for funding. Also, for a broker loan, it would be helpful if the lender representative would assist the title company in complying with the investor requirements.
- If the lender is not available to attend closing, they should always give the closer a telephone number where they can be reached during the closing for questions or problems with funding.
- If the lender is sending a closer to present the loan package for them, they need to make sure that closer has the qualifications to answer questions properly and conduct themselves professionally.
 - The lender representative must obtain a copy of the borrower's proper identification prior to signing loan documents and should make a copy for title closer at the same time. Please return ID's to closer so the closer can review them before returning them to signors.
 - The lender representative must review the following items in the loan package before all parties leave the closing.
 - Be sure the borrowers sign exactly as their names are typed on the documents. When using a Power of Attorney, verify the documents are signed according to lender instructions. Sample signature: Mister Borrower by Ima Borrower as Attorney in Fact. This should avoid any issues of incorrectly signed documents, as the lender should be preparing the documents, as they need to be signed.
 - Corrections or changes must be addressed with the lender prior to disbursing funds to insure all corrections are done properly.
 - Verify borrowers have initialed all pages of closing documents whether there are initial lines or not.
 - Verify the documents are properly notarized.
- If the closing continues after normal business hours, the title closer should ensure that the lender has an "after hours" or "backline" phone number that will be answered.

Post Closing

- Lender must allow a minimum of 24 hours, preferably 48 hours, from the date and time of closing to receive the loan package back in their office. (If the closing happens late in the day or concludes after hours, the package will not be received until the 2nd business day after closing.)