



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 Title Companies**

**Prior to Closing:**

**Advance preparation and timely document review is essential to a smooth closing experience. There are several steps that contribute to a successful transaction and a little preparation will reap large rewards at the closing table. Energize your closings by incorporating these best practices into your daily workflows.**

- Title Company Transmittal should include the following information:
  - Name of title closer and title processor.
  - Phone number, fax number, and email address of title closer and processor.
  - Web address for title company; web site should include filed rates for closing and title fees and branch office locations.
  - Phone number and contact person for final title policy questions.
- Confirm the lender is correct on title commitment.
- Confirm the lender has current wiring instructions.
- Verify if seller or payoff lender is requiring wired funds that the lender is funding via wire transfer, not with a cashier’s check or tri-party check.
- Confirm or schedule closings with customer.
  - Verify if a power of attorney will be utilized and/or if a mail-out applies on either the seller’s or buyer’s side. Communicate this information to the lender to insure lender is approving the power of attorney and/or will get documents to the title company that need to be signed by the non-attending party.
- Complete HUD-1 within four hours of receiving figures from the lender.
  - [http://www.cmla.com/HUD\\_RESPA\\_Exhibit.pdf](http://www.cmla.com/HUD_RESPA_Exhibit.pdf)
  - <http://www.hud.gov/offices/hsg/sfh/res/respamor.cfm#HD>
  - Verify Borrowers’ names match title commitment. If not, notify lender.
  - Fax HUD-1 to lender to obtain written approval.
  - Do not release figures until written approval is received from lender. (In accordance with best practices by lender, this should be within 6 hours.)
  - Confirm with lender how loan package will be delivered and if there will be any cost associated with this delivery method.
- Twenty-four hours prior to closing confirm receipt of loan package with lender and review loan documents. (Examples of what to look for include: typographical errors, errors in spelling of names, errors in legal descriptions, verify recording fees collected on settlement statement will suffice to record the deed of trust, and that all documents are included in loan package.)
- Before closing, review lender’s closing instructions and ask any possible questions.
  - Verify that borrowers’ names, property address, and legal description exactly match the title commitment.

- Resolve any issues dealing with timeframes on issuance of policy, recordation of documents or specific title exceptions on the commitment.
- Confirm funding:
  - Wires: Within four hours of closing verify that the wire is in, if not call the lender to initiate tracing process and notify all parties of status of wire transfer. The title closer should confirm location wire was sent to, exact dollar amount, reference information, and if there is a possible delay in the wire for any reason (possibly Patriot Act issues.)
  - Good Funds Checks (tri-party checks): Within four hours of closing (perhaps more for an out of state warehouse lender/bank), contact the appropriate warehouse lender/bank to obtain a reservation number. Reservation numbers must be obtained prior to disbursement, so please make sure to allow sufficient time to gain a response from the warehouse lender/bank prior to closing.

### At Closing:

**The face-to-face meeting of all parties is a critical piece of the closing transaction. Following a few basic steps will ensure that documents are correct and the transfer of title is unblemished. Corrections to documents that are required after closing are often an inconvenience to the borrowers and time consuming to lenders and title companies. Proper execution of documents is fundamental in turning our mutual customers into satisfied customers.**

- Title closer to review and confirm proper identification of all parties prior to signing any documents. Identification must be a government issued, picture i.d. Picture identification from Costco, a health club, etc. do not meet the standard.
- Title closer to obtain and fax required documentation needed for any required funding approval prior to disbursement as follows:
  - If lender representative is present, inquire if lender representative will fax for funding approval.
  - Fax documentation for funding approval at the beginning of the closing to insure lender's funding approval/number is available at the finalization of the closing.
  - Title closer is not to disburse without obtaining funding approval or funding number if required in loan closing instructions.
- Title closer must review all closing documents before parties leave the closing.
  - All documents must be signed correctly. Be sure that all parties signed their names as typed on the documents. This should avoid any issues of any errors in signatures.
  - The method of corrections or changes to documents must be addressed with the Lender. All changes need to be approved by the lender prior to disbursing funds to the parties.
  - Make sure that the borrowers have initialed all pages of the loan documents, whether there is an "initial line" indicating the need for initials or not.
  - Make sure that all required documents are notarized properly.
  - If a power of attorney is utilized, make sure that all documents are signed exactly as the lender has typed on the documents. Example: "John Smith by Susan Smith as attorney-in-fact" or follow exact language typed on documents by lender. Example of a notary for a power of attorney: "Susan Smith as attorney-in-fact for John Smith."

## Post Closing:

**The final post-closing review ensures the quality of closing documents and the timely forwarding of those documents to counties for recording and investors; it finalizes the transaction. It is important to review the lender's closing instructions for applicable post-closing addresses and contacts. Review and follow-up as necessary.**

- Title company to insure recordings are submitted properly:
  - [http://www.cmla.com/Clerk\\_Recorder.pdf](http://www.cmla.com/Clerk_Recorder.pdf)
  - Verify check payable to Clerk & Recorder is the correct amount.
  - Verify names are correct.
  - Verify all documents are properly notarized.
  - Verify legal descriptions are correct and attached to applicable documents.
- Within 24 hours after closing, return loan package to lender; make sure the following items are completed.
  - Title closer must sign loan closing instructions.
  - Attach transmittal stating what documents are included in package.
  - Include any additional documents required in the closing instructions (signed contract, HUD-1 from previous home, etc.)
- Within 48 hours after closing, refund any remaining funds from the recording escrow collected at closing to applicable parties.
- Within 60 days after closing, send title policy to lender; review the loan closing instructions for notification as to where to send (address and department.)