RE/MAX Properties

The Importance of a Title Company

Understanding title, closing services, and protecting your funds

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A title company helps investigate ownership and coordinate important parts of a property transfer. Title insurance and settlement services are related but distinct. Knowing what each service does can help buyers and sellers prepare for a smoother Colorado closing.

1 Research the property's recorded title

A title search examines public records for ownership, recorded liens, and other matters affecting title. It can uncover issues that need attention before closing, such as an unreleased mortgage or a conflicting ownership interest. A search is not a physical inspection or a guarantee that every possible problem will be found.

2 Read the title commitment early

The commitment states the conditions under which the insurer proposes to issue coverage. Review the proposed insureds, legal description, requirements, and exceptions, along with referenced documents. Exceptions may include easements, restrictions, or other matters not insured against. Raise questions before your contract's applicable review and objection deadlines.

3 Distinguish owner's and lender's insurance

A lender's title policy protects the lender's insured interest, not the buyer's ownership interest. An owner's policy provides separate protection for covered title claims, subject to its terms, exclusions, exceptions, and limits. Ask what coverage is proposed and whether endorsements or additional information are appropriate.

4 Understand the settlement role

When serving as closing or escrow agent, the company coordinates documents and funds according to the transaction's instructions. It may obtain payoff information, prepare settlement statements, arrange signatures, record documents, and disburse authorized payments when closing requirements are satisfied. Ask who is handling each responsibility.

5 Know the limits of the service

The title company does not replace your property inspector, surveyor, lender, broker, or independent attorney. Title insurance is not homeowners insurance, and a commitment does not confirm that every planned use is allowed. Seek specialized advice about boundary disputes, zoning, contract rights, or unusual ownership arrangements.

For sellers, unresolved title issues can affect closing

Provide requested ownership, payoff, trust, estate, or entity documents early. Discuss liens and other known concerns promptly rather than waiting until signing. Confirm which requirements must be satisfied and who is responsible for resolving them.

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Choosing a provider and handling closing funds carefully

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Experience, communication, clear fees, and verified payment procedures all matter. A familiar name or an emailed instruction is not, by itself, proof that a payment request is genuine.

6 Compare experience, licensing, and service

Look for relevant Colorado transaction experience, responsive staff, and a clear point of contact. Verify the applicable title insurance licensing through the Colorado Division of Insurance. Ask who the insurer and settlement provider are, how concerns are escalated, and whether any referral involves an affiliated business relationship.

7 Request an itemized estimate

Compare title premiums, endorsements, settlement charges, recording charges, and other transaction-specific costs. Confirm who pays each item under the agreement. Ask about available discounts and explain any unusual needs early. Review the final figures and any changes before signing rather than comparing only one quoted fee.

8 Choose how to receive sale proceeds in advance

Ask the closing agent and your bank about an outgoing wire versus a title company check. Wires may be faster, but cutoffs, release conditions, fees, and bank processing affect timing. Checks can be lost or subject to deposit holds. Confirm availability before relying on the funds for your next purchase.

9 Independently verify payment instructions

Before sending closing funds, call your trusted closing contact using a number established independently in advance. Verify the account details; do not use a replacement number or link from a suspicious message. Treat unexpected changes and urgency as warning signs. Use the company's verified secure process for sensitive information.

10 Act immediately if fraud is suspected

Contact your bank or wire provider at once and ask about stopping or recalling the transfer. Notify the title company and other affected transaction professionals through verified contacts, and report the incident to the FBI's Internet Crime Complaint Center at IC3.gov. Recovery is not guaranteed; do not assume title insurance covers wire fraud.

Questions to ask before closing

What title requirements remain? Which exceptions will stay in the policy? What funds are needed, and which payment methods are accepted? When will seller proceeds be released? Which independently verified phone number should I use to confirm payment details?

Ask Doug Petersen to help coordinate your transaction and title-company questions. Adapted from the supplied document. Resources: CFPB title and closing services; CFPB closing scams; Colorado Division of Insurance. Educational overview; policy terms and transaction instructions control.

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