



Considerations and Mechanics of Commercial Real Estate Transactions

Mississippi Valley Title 2016 Agency Seminar: Commercial Real Estate Transactions

J. Price Evans IV

Assistant Vice President, Mississippi Valley Title Services Company

Assistant Vice President, Old Republic National Title Insurance Company

Commercial Underwriting Counsel



OLD REPUBLIC INSURANCE GROUP

Old Republic Specialized Commercial Services

Commercial Due Diligence Products

- Settlement Services
 - Full closing and settlement services
 - Escrow and disbursement services
- 1031 Exchange Services (Old Republic Exchange)
- Land Survey
 - ALTA/NSPS Land Title Surveys
 - Topographical
 - As-Built
 - Boundary
- Zoning Reports
 - Municipal Letters/Certificates
 - Zoning Summary Information and Detailed Reports

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Commercial Due Diligence Products (continued)

- Environmental Products (ESA)
 - Phase I
 - Phase II
 - Soil
 - Asbestos
- Property Condition Assessments
 - Roofing, HVAC, etc.
 - ADA Compliance Reports
 - AB 1103 Report
- Appraisal Valuation
 - Commercial Appraisal,
 - Restricted Report, Broker's Price Opinion
- Flood Zone Determinations and Elevation Certificates



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Benefits

- Quality control of due diligence products
 - Technical review of surveys
 - Title review
 - Risk reduction
- Standard product formats with Old Republic branding
- Status reports and personalized customer service
- Financial strength of Old Republic National Title Insurance Company
- Pre-qualified, insured and contracted vendors
 - Established database
 - Screened for professional licenses and insurance
 - Contracted on per-order basis
 - Product meets customer requirements and timeframe
 - Enforcement provisions for non-compliance
- Cost savings
 - Employee costs related to time spent finding providers, placing orders and maintaining status of multiple products



Old Republic Specialized Commercial Services

Contact Information

Daneece Berge

First Vice President | Specialized Commercial Services

T: 972.943.5301 | F: 972.943.5339

dberge@oldrepublictitle.com

Old Republic National Title Insurance Company | Old Republic Insurance Group
Preston Park Financial Center East | 4965 Preston Park Blvd., Suite 620 | Plano,
TX 75093-3629

oldrepublictitle.com

Kassie Pantelakis, Esq.

Senior Vice President & National Sales Manager | Old Republic Exchange

T: 866.543.1031 | F: 836-9180

kpantelakis@orexco1031.com

Old Republic Exchange
141 East Town Street | Columbus, Ohio 43215

orexco1031.com



Commercial Real Estate Transactions

Considerations

- Parties to the transaction
 - Title Agent/Seller/Buyer/Lender/Broker
- What is being Sold/Purchased/Financed?
 - Unimproved real estate
 - Improved real estate
 - Fee, leasehold or easement interest
 - Distinctions between multi-family, office, retail and other properties
 - Location/size/multiple parcels
- Timing
 - Closing date (factors in exchange and year-end transactions)
 - Due diligence period
 - Title commitment delivery
 - Title search
- Method of closing
 - Escrow
 - Sit down



Commercial Real Estate Transactions

Mechanics – Pre-closing

- Contract/Purchase Sale Agreement
 - Get written into contract
 - Earnest money
- Know parties and respective counsel, consultant, surveyor, etc.
 - Contact information for all contact groups
- Know your role and other's roles
 - Who is responsible for providing certain information?
- Request/Obtain Transaction Checklists
 - Critical date schedules
 - Seller/Purchaser closing checklists
 - Lender title requirements
 - Lender survey requirements
- Title Search and Commitment
 - Search period
 - Certain exception and requirement clauses
 - Copies of all B-II exceptions
 - Million Dollar + Approval

Commercial Real Estate Transactions

Mechanics – Pre-closing (continued)

- ALTA/NSPS Survey
 - Review
 - Proper certifications to owner/lender/Old Republic
- Title and Survey Objection Letter
 - Anticipate comments
- Proforma Policy with Endorsements
 - Preparation
 - Proforma policy language
- Satisfaction of all B-I requirements
- Escrow Instruction Letter
 - Lender
 - Buyer
 - Seller

Commercial Real Estate Transactions

Mechanics – At closing

- Prorations
- Settlement statement
- Receipt of funds
- Does the insured require a marked commitment?
- Disbursement of funds
- Release of escrow items
- Instruments to be recorded
 - Who is in possession?
 - Who is responsible for recording?

Commercial Real Estate Transactions

Mechanics – Post-closing

- Recording of instruments
 - Properly executed and acknowledged
 - All exhibits and correct legal description attached
 - Indexing instructions
 - Appropriate order
 - Accurate recording fees
- Releases of liens and encumbrances
- Title policy issuance and delivery
 - Review and approval
 - Where and how to send
 - Timing requirements
- Return of recorded instruments



THANK YOU

J. Price Evans IV

Assistant Vice President | Mississippi Valley Title Services Company
Assistant Vice President | Old Republic National Title Insurance Company
Commercial Underwriting Counsel

T: 205.682.2770 | F: 205.682.2775 | TF: 800-647-2124

pevans@mvt.com

Mississippi Valley Title
1905 Indian Lake Drive | Birmingham, AL 35244

mvt.com | oldrepublictitle.com



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