



Considerations and Mechanics of Commercial Real Estate Transactions

Mississippi Valley Title 2016 Agency Seminar: Commercial Real Estate Transactions

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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

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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

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