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Dave Windsor's 'Alaska Real Estate'

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Title Companies Holding Up Closing

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I am trying to close a transaction for a client and the Title Report has still not been issued after being ordered 8 weeks ago! The loan is approved but we don't even know if there are any problems with the title yet. Buyer and Seller are not happy.

The Title Report is an essential component of a real estate transaction but, due to staff problems created by the pandemic, this is taking much longer to be done. When your Purchase and Sale Agreement is signed, one of the first things your Realtor must do is order the Preliminary Title Report. This tells everyone, including the Lender, what issues may affect the title.

Existing mortgages, liens against the property, covenants and restrictions, easements attached to the property, notes on the plat, are just some of the multiple issues that can de-rail the whole transaction. Only a title report can reveal all the

publicly recorded 'stuff' that applies.

This report is now taking up to 60 days to be produced so, while your lender may have fully processed the buyer's loan, neither they, nor you as seller or buyer, can proceed until the title issues are revealed.

The title is required to be examined, before release by the title company, by an in-State person. This work cannot be sub-contracted out-of-State under Alaska law. In other words, you may think you have purchased (or sold) a piece of real estate but 2 months may pass before you or the lender can know if there are title problems.

This is a huge deal! Title Companies are scrambling to rectify staffing shortages of suitably trained personnel to rectify the backlog exacerbated by the volume of real estate sales (plus a lot of Refi's) that flowed this Spring and Summer with interest rates below 3%.

What can you do? You can have your Realtor shop the half dozen title companies in Alaska for the speediest service and negotiate that with your Purchase and Sale Agreement.

Sellers can obtain a "Limited" report prior to going on market but "Limited" is not enough information. Title Companies will not begin work on the "Full" title examination unless they are first provided with a Purchase and Sale Agreement fully signed.

Be aware of this problem, and be patient too - but also be pro-active through your real estate professional to reduce risk of your deal falling through by selecting the Title Company that can provide the best service.

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