

## ESCROW CLOSING TIP

**My buyer would like to add their spouse, parent, child, etc. to the deed at closing. Can you just add him or her to the deed prior to recording the Grant Deed at closing?**

The answer is **NO**, you cannot just add an individual or entity with the existing buyer without the proper steps taken.

**1** Remember, in Escrow the buyer and seller have executed a purchase agreement between themselves. To add a buyer to the Deed in a real estate transaction, the buyer would have to accept the terms and agreements made between the original buyer and seller for the purchase of the home/land. Not only would the buyer have to accept the terms and agreements, the seller would have to also authorize this to take place. Typically, this is requested by the buyer's agent with a purchase contract addendum for the seller(s) to approve, adding a new buyer.

**2** Is there a loan involved? If the answer is yes, then it is extremely important to reach out to your mortgage broker or lender to see if this is feasible. Adding a buyer when there is financing involved can create delays. Lending practices have tightened over the recent years and lenders have strict guidelines that must be followed in order to close. Adding an additional buyer, whether they are on the loan or just requesting to be on title, can present delays with the loan approval process. Most lenders have



specific requirements for adding additional buyers. Communication is always key with your Lender and Escrow.

**3** When completing a real estate transaction with Escrow and Title, the Title Company will require what is called a Statement of Information for all parties involved within the transaction. This form provides the Title Company with the information needed to run searches on the individuals they are insuring. The title company will be looking for judgements, liens, etc discovered against them. Let's say that an IRS tax lien is discovered against the purchaser, that makes the buyer uninsurable for title insurance, unless the lien will be paid at closing OR has been released. This could create a headache if liens arise at closing and demands for payment are needed to be requested. Finding out about a second purchaser the day of closing or near closing sometimes does not allow for adequate time to preform the required searches and obtaining the necessary documents to clear.

In summary, **COMMUNICATE** with your Lender, Escrow, and Real Estate Agent any changes during the transaction. If somebody does need to be added to title, the best way to handle it is to have a contract addendum signed by all parties and forwarded to both the lender and the title company as early as possible to ensure a smooth and successful closing.

