Title Chat

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Preparing the Deed of Conveyance

"Would you please add an additional name to the deed you are preparing for my closing?"

Does it really matter if one of the purchasers described in the sales contract wants to include an additional person as a grantee in the deed to be delivered at closing?

Suppose the purchase contract describes a domestic corporation as the purchaser. The lender had the mortgage prepared and delivered to the title agent ("agent") for execution at closing describing the corporation as the mortgagor. In preparing for the closing the president of the corporation asked the agent to prepare (Florida) or have prepared (Texas) the deed describing two grantees, the corporation and the president. The cash to close will be a corporate check from the corporation. The president owns all of the stock in the corporation. He also signed the purchase contract as president of the corporation and will sign the closing documents as well.

Should the agent require that the purchase contract be amended to reflect the additional purchaser (grantee), which would then be consented to by the seller?

Should the agent notify the lender of the president's request, or just honor the request if the contract is amended?

In the Florida case of *Sussman vs. First Financial Title Company of Florida, 793 So. 2d 1066* decided August 1, 2001, which involved facts similar to those described in this Title Chat, the mortgage was not modified to have all of the parties who came into title execute the mortgage as mortgagors. A mortgage title policy was issued by the agent insuring among other things, the validity of the mortgage.

The validity of the mortgage came into play when it went into default and a judicial foreclosure was commenced. The litigation was contested and the agent was joined as a defendant by the lender seeking damages from a claimed "improper closing." The appellate court sent the case back to the trial court for a final ruling, so we do not know whether the agent was held liable.

But we can see that to avoid being in this position ourselves, the answer to the request set forth in the heading would be to obtain the written consent to the change from the lender as well as the other parties to the sales contract.

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