



ASK THE TITLE GUY

Delayed Financing, or a Cash Recoup Loan, is a mortgage issued on a new home that has been purchased using cash. New buyers execute a contract of sale as a cash transaction. In the interim, they contact a mortgage professional and discuss recouping the cash used for the purchase. Discussions of a new mortgage begin prior to closing of the purchase. Documents start to be collected, but a loan application cannot typically be submitted until the initial closing. Time frames to close on the “cash-out refinance” differ based on the lender guidelines, typically ranging from 30 days to 6 months.

The Title Guy has cornered the market with consumer savings platforms in Florida. Title insurance is promulgated and regulated by the state based on the type of insurance policy. Owner’s, or fee, policies on purchase transactions insure the new buyer exclusively. Lender’s policies are issued to the mortgage company to protect in case of foreclosure, ensuring they are in 1st lien position or get paid back first in case the homeowner(s) default on their loan commitment. Individually, each insurance policy is a fixed cost based on the purchase price and subsequent loan amount. When combined in a transaction, or the purchase transaction is closed with a loan, there is a significant discount on the premium. The owner’s policy is always the same, but the loan policy can be as low as \$25. Title companies can charge what they want on the simultaneous rate, but with The Title Guy and KV we charge the minimum of \$25.

Delayed financing with The Title Guy is a whole new world. When closing on the insured purchase transaction, we charge the regulated premium and ancillary search fees, state-regulated recording fees, and a closing fee of \$595. On the recoup transaction within a 45-day window, we grant the consumer the simultaneous rate on the lender’s policy of \$25, as if they closed with a loan initially. In addition, on the loan closing, the mortgage tax, settlement fee, search, and recording fees are also charged at closing. There are substantial savings on the insurance by closing this way. The stand-alone loan policy would be a significantly larger amount. The larger the loan amount, the greater the savings.

Recently, we closed a Miami single-family residence for the buyer. The purchase price was \$12,500,000, with an owner’s policy of \$30,825, a fee that would be charged whether there was a future loan or not. On the lender’s policy, the standalone policy with the discounted reissue rate would be \$19,030.

The Title Guy cost on the lender’s policy would be \$25, saving the consumer approximately \$19,000 in closing costs.

Real estate agents in Florida that have clients you know will be taking delayed financing, please call me prior to the contract of sale being executed to help your respective clientele save on closing costs. Our team will help strengthen the client’s trust and confidence in your services.

Lenders that speak to clients before they purchase all cash, please call me to conference with the client and help solidify your deal. We will beat the competition and save the consumer money on closing costs.

This is for Florida transactions only.