

Should Real Estate Attorneys Produce Their Own Closing Documents?

A White Paper from Easy Soft Legal Software

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In light of the real estate closing process changes coming August 1, 2015, everyone in the real estate industry is examining their practices. The new Consumer Financial Protection Bureau's closing forms are the most significant change to real estate closings in years and we may see more different agencies than before handling each part of the closing process.

Real estate attorneys are among those evaluating their role in the process. While closing software is widely available, making it easy to produce the necessary documents, would it be better to have title companies handle the process? This whitepaper explains why you should keep closing documents in-house.

Just Because You Can Doesn't Mean You Should

Computers make our lives easier by allowing us to do so many things from our desks or with the rise of the cloud-based applications, from anywhere with internet access. Today, attorneys don't have to hire assistants since they can easily write their own letters, organize calendars, make travel arrangements and so on. Therein lays the software trap. Software gives us capabilities we don't need and can saddle us with jobs that we shouldn't be doing. Attorneys often seem to have less time to handle cases because they are wasting time with tasks they should delegate to support staff.

Real Estate Closing Document Preparation

Decades ago, it made sense to have title companies produce closing paperwork. Today's closing software allows attorneys to produce the documents themselves, but is that a wise move? In this case, yes it is. Cost, control, liability and integration are reasons that make closing software good idea for real estate practices.

Qualified professionals are expensive. They earn their money by providing specialized services and are often more cost effective than your handling the same service internally. While that is true for many tasks, real estate closing documents aren't one of them.

When you contract with a title company, you pay a fee for each closing. The more closings you do in a year, the more you spend. However, when you use real estate closing software, you pay the same amount no matter how many closings you handle. You pay a known cost for the software whether you use it once or a thousand times. There is a breakeven point where it is cheaper to use software than to pay title companies and that point is usually quite low. Thus, using real estate software to produce your own closing documents lowers costs and increases your profit.

Control

Timeliness has always been an important factor for closing documents and it is going to be even more so with the new CFPB changes. Forms must be in the consumer's hands much earlier than before and failing to meet strict deadlines will jeopardize the transaction. Do you really want to have to tell your client the sale fell through due to someone else's mistake?

The more services you keep in-house, the more control you have over the process. You can implement procedures that ensure every document associated with every transaction is created correctly, submitted promptly and recorded in a timely manner. Your practice doesn't depend on someone else doing the job right. When you maintain control, you ensure that every aspect of the closing process meets the same standard of excellence as the rest of your practice.

Liability

Missing closing form deadlines does more than threaten the sale of a property. A missed deadline exposes your practice to serious non-compliance penalties. Even if the title company misses the deadline, your law practice could be held responsible for the error. If your practice is going to suffer the penalties, then you might as well do the job yourself. Take responsibility so that you know what is getting done and more importantly, what is not getting done and can complete documentation and meet deadlines according to the law.

Integration

The closing paperwork is only one part of the real estate process. If you farm out the paperwork to a third party, then you break the link between the closing and the rest of the transaction. You can't guarantee that the exact information you have on the rest of the paperwork is what will appear on the closing documents because you have no place you can see the entire matter. You have to look in multiple places to get the big picture. A full-featured closing solution ties the closing documentation to your:

- Calendar system so you can be sure to submit the documents in a timely fashion, tax system so you can submit your 1099 forms,
- Financial system so you can track disbursements and generate a closing ledger,
- Other documentation so that any other correspondence or contracts generated are kept with the closing documents.

Real Estate Closing Software Is the Best Choice

We aren't trying to diminish the functions of title companies. They provide critical services to the real estate process, but that doesn't mean they are always necessary. If you can provide the same or better quality closing documents, you will better serve clients by keeping the process in-house for the reasons listed above. Thirty years ago, producing closing documents was difficult, but today's software simplifies and streamlines the process so that anyone can do it.

If you are still unsure, then try handling the closing documents yourself on one or two transactions. Closing software developers like Easy Soft typically offer free demo versions so you can test the process yourself. Once you see how simple and affordable it is, purchase the full software and start producing your own closing documents.