

# Can the Seller Choose the Title Company?

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## **Can the Seller Choose the Title Company?**

Who has the right to select the title company? This is a popular question that has raised emotions and controversy especially when selling property. Most buyers and sellers have their own opinions on how to choose the title company. Lenders, brokers and agents also have their own views. In most real estate transactions, there are 3 parties who can direct the closing to a title company of their choice: the seller, the buyer and the lender. The Real Estate Settlement and Procedure Act has clearly defined parties that can and cannot direct the closing.

## **Can the Seller choose the Title Company?**

The answer to this question is YES. The accepted practice in real estate industry is for the buyer to submit an offer to purchase a property either alone or through an agent. The buyer will then select a title company. However, if the seller or if the agent representing the seller is not comfortable with the title company that the buyer has selected or has a strong opinion on where the closing process should be done, then the seller can counter the buyer's proposal and suggest an alternative.

The conventional wisdom in this case is that because the seller is paying for the title policy, then he/she should also have the right to choose the title company. If the buyer is purchasing or paying for the policy, then arguably, he/she also has the right to choose the title company. However, this is not as clear-cut as it may sound. For instance, the buyer can argue that even if the seller is paying for title insurance, that cost was factored in when determining the sales price, meaning that the buyer is paying for the title policy premium of the owner (seller). The buyer can also argue that supposed the seller did not to pay for owner title policy premium, would he/she have been willing to deduct cost from the price of the property upon closing the deal? These are very crucial questions that still don't have definitive answers.

The normal practice in real estate is that when you have a buyer who insists on which title company to use, then you should allow the buyer to have his way. This means that the normal standard practice gives the buyer more preference when it comes to selecting the title company. However, if the seller has a strong opinion and insist on directing the closing process to a title company, then it may be a great idea to agree to pay premiums for both the lender and owner title policies.

## **Should I use the Seller's title company?**

The title company that you choose can greatly influence the closing process. It can determine whether a property sale/purchase will be successful or not. If you are asking yourself whether you can use the seller's title company, the answer is YES. However, before you do that, you should first seek advice from a trusted and reliable Realtor®. Also, carefully review the terms of the contract to make sure you agree with them. You should also look out for discounts.