Co-Op Remote Closings: The Way of the Future

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Prior to the pandemic and its ensuing shutdown orders, co-op apartment closings would typically occur at the office of the cooperative’s transfer agent, usually the managing agent or more often the cooperative’s legal counsel. All parties would come together in a conference room and the closing would be finalized in a couple of hours or less. At the end of the closing, keys and handshakes would be exchanged. In those happy pre-pandemic days, the big issue was whether to allow coffee and drinks at the closing table as they posed the most serious threat. Now, however, closings have been dramatically affected by a real and pervasive threat.

**Co-Op Remote Closings**

As the transfer agent for a number of cooperatives, we have adapted to the new realities by conducting our closings in a remote fashion and there is no in-person contact or meeting between the parties. This has allowed shareholders to continue to sell their apartments and purchasers to become shareholders in their new cooperatives. In turn, this is allowing cooperatives to continue to generate revenue from the closings, such as flip tax and other charges. Given the difficulties both the
co-op and the face in this new market, remote closings provide the opportunity for transactions to occur even with the current limitations and restrictions.

The remote closing process is simple in theory, but difficult to execute in practice as there are now more variables to deal with and the inherent difficulty of not having all parties in the same room. With the model we have created once all parties schedule a closing date, we move forward with producing and finalizing the closing documents.

1. Documents are sent to the cooperative board for signature and once, the signed documents are received the process begins.

2. The seller’s attorney receives their documents by email and arranges for their execution by the client.

3. If there is a lender the documents to be signed by the purchaser are sent to the lender’s counsel to be held in escrow pending authorization of release. (If the deal is all cash, the documents are sent to the purchaser’s attorney to be held in escrow) Each attorney arranges with their client to have documents signed. With remote closings, there has been a noticeable increase in the wiring of funds rather than the exchanging of checks even for some of the smaller payments. However, some payments such as transfer taxes still require physical checks, the need for which must be incorporated into the closing protocols.

4. On or before the closing day the seller and collateral documents are delivered to our office, as transfer agent, with the necessary payments.

5. After review of the signed documents and checks, if everything is acceptable, we provide authorization to release the Stock and Proprietary Lease.

6. All original Purchaser documents are then sent to us by overnight delivery.

The Future of Real Estate Closings

While the parties’ requirements for each closing are different (some require escrow agreements and may be delayed due to the wiring of funds issues) all parties involved are working together in order to complete the transaction.

While many of the features of remote transactions are new, what is clear is that they will continue to be with us long after restrictions are lifted. Some closings will return to conference rooms, but many will remain online long after the pandemic passes.

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