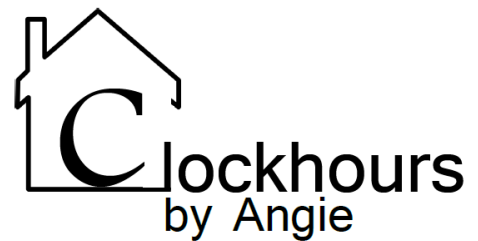


## HOW TO READ A TITLE



[www.clockhoursbyangie.com](http://www.clockhoursbyangie.com)  
[clockhoursbyangie@gmail.com](mailto:clockhoursbyangie@gmail.com)  
(509) 216-3220

*A Washington State Approved Real Estate School for Clock Hour Education under R.C.W. 18.85.*

INSTRUCTIONS IF THIS IS A CORRESPONDENCE CLASS:

1. Print out the class
2. Read the class booklet
3. At the end of the material there is a quiz (all the answers are in the material that you have read).
4. Answer the questions
5. Return to me the Quiz, evaluation and a check for the class payable to CLOCKHOURS BY ANGIE, or complete your credit/debit card information on the sheet provided
6. Upon receipt, I will email you a certificate.

Disclaimer: I try very hard to have the latest known information on a subject in these classes, but, the real estate industry is forever changing with new updates all the time. The class materials are not to be used for legal advice. In our State, some items are handled different in the different regions. If you have any concerns, please do not hesitate to contact me at 509-216-3220 or at [clockhoursbyangie@gmail.com](mailto:clockhoursbyangie@gmail.com)

## How to Read a Title Report

**COURSE OBJECTIVE:** The students of this class will be able to identify what they need to know from a preliminary title report and the possible “red flags”. The students will have an understanding of how a title commitment affects their transaction and who to contact if there are problems.

<b>Preliminary Title Commitment</b>	<b>Topics</b>	<b>Method of Instruction</b>
1 <sup>st</sup> hour	What is it? History of?	read material/test
1 <sup>st</sup> hour	How is it created?	read material/test
1 <sup>st</sup> hour	Tour of Title Plant	read material/test
1 <sup>st</sup> hour	Title Company Departments	read material/test
<b>Ordering, Checklist &amp; Forms</b>	<b>Topics</b>	<b>Method of Instruction</b>
2nd Hour	When & ways to order title	read material/test
2nd Hour	Title company checklist	read material/test
2nd Hour	NWMLS Forms review	read material/test
2nd Hour	Types of policies	read material/test
<b>Now to Review Title</b>	<b>Topics</b>	<b>Method of Instruction</b>
3 <sup>rd</sup> Hour	Actual review of report	read material/test
3 <sup>rd</sup> Hour	Are you ready?	read material/test

## WHAT IS TITLE INSURANCE?

*Title Insurance is a contract to indemnify against loss through defects in the title or against liens or encumbrances that may affect title at the time the policy is issued.*

*When we receive an order for title insurance, we examine the history of the title to the property in question and issue a commitment, which reflects the current status of the title. We show who owns the property, any taxes and assessments that are due, unpaid mortgages, deeds of trust, or other liens and easements or other matters that indicate someone other than the owner has rights in all or part of the land. In order to facilitate this research, we have in our plant a complete history of all the documents ever recorded affecting title to real property in the county in which we operate. We also keep records of all matters filed in the County Clerk's office, which might affect title to real property.*

*When our commitment is issued, the seller and purchaser (or lender) can agree upon which items can remain on the title and which should be eliminated. Once title is acceptable to the purchaser and/or lender, the transaction is closed and we issue our policy showing the condition of the title at the time of closing.*

*If at any time in the future, while our insured holds an interest in the insured property, a problem occurs that our commitment should have shown, it becomes our responsibility to remedy the situation or make restitution. Errors can be very costly, so it is important that every aspect of the title insurance process be handled with caution and precision.*



### 1. Opinions of Title

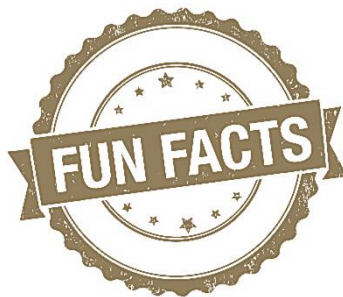
*In the early days of our country, land was passed through generations of the same family. The record books maintained by each county were not easy to research. Many records were just kept by the families in their Bibles. Through history, land transfers became more complex and buyers began to hire attorneys to check the records, thus was born documents issued by attorneys called “Opinions of Title”.*

### 2. Abstract of Title

*An abstract of title is the condensed history of title to a particular parcel of real estate, consisting of a summary of the original grant and all subsequent conveyances and encumbrances affecting the property and a certification by the abstractor that the history is complete and accurate. In the United States, the abstract of title furnishes the raw data for the preparation of a policy of title insurance for the parcel of land in questions, except for in IOWA, where a Title Guaranty policy is issued instead of title insurance*

### 3. Title Plant (1948 was the first title plant)

*In Washington State, most companies have “title plants”. Title Plants are a company’s own set of records so they don’t have to search the files at the County recorder’s office. The title plants can be located in the main office or accessible from anywhere. Some title companies share plants. Property records are kept in books, maps and microfiche. Most records are kept digitally and on line.*

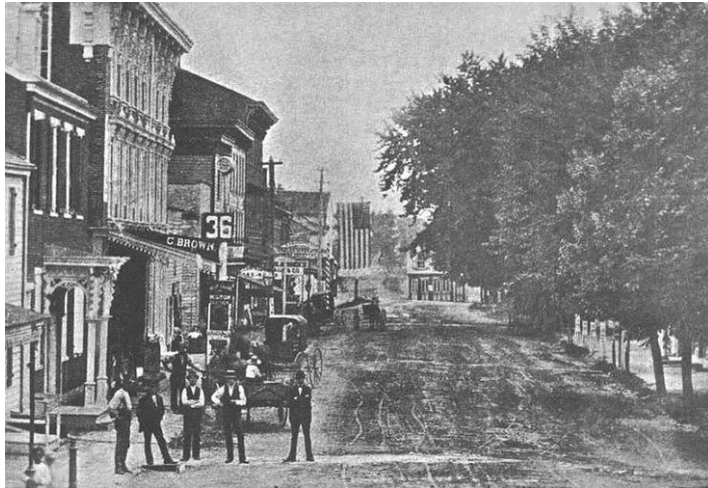


March 28, 1876 Joshua Morris of Philadelphia created the first title insurance company called Real Estate Title Insurance Company of Philadelphia. Morris’ aunt was the first customer.

## 1876: THE BIRTH OF TITLE INSURANCE

*Title insurance was born as a result of the need to protect owners of real estate from challenges to their property titles. In the United States and in the rest of the world, before 1876, consumers did not have an option to buy title insurance. There was no such thing. Thousands of buyers and sellers ended up arguing over expensive title disputes. “Buyer Beware” (caveat emptor) – was the watchword of the real estate industry, and as is implied, a buyer was expected to research the validity of the seller’s purported title and was free to hire experts in researching records.*

*In the United States with the transition from being a colony of England to an independent nation, many real estate records were in dispute. Tracking back original records to Colonial days reveals that King George acknowledged that much of what is now Pennsylvania rightfully belonged to the Iroquois.*



*Many innocent buyers lost their life savings when they invested it in real estate. The 1868 Pennsylvania Supreme Court case of Watson vs Muirhead (legal citation is 57 PA 161) was well-publicized and called public attention to the issues surrounding title problems. Muirhead had lost his investment at a sheriff’s sale as a result of an outstanding prior lien and he sued his conveyancer. The conveyancer had uncovered the lien, but represented the*

*title as clear after an attorney advised that the lien was not valid.*

*The Court eventually ruled that conveyancers and attorneys could not be held liable for erroneous opinions based on professional standards of evaluation, and Muirhead lost his investment. As a result of the case, it became clear that something was needed to protect innocent investors from suffering the same fate and to encourage land purchases, development and growth in America.*

*In 1874, the Pennsylvania legislature passed enabling legislation that would authorize the formation of indemnity companies to insure against losses where the validity of a title was at stake. A few short months prior to the United States’ Centennial, specifically on March 28, 1876, a group of conveyancers led by Joshua H. Morris met in a building near Philadelphia’s Independence Hall to incorporate the world’s first title insurance company. The founders of the original company pledged that their new firm would “insure the purchasers of real estate and mortgages against losses from defective titles, liens and encumbrances, “and they guaranteed that “through these facilities, transfer of real estate and real estate securities can be made more speedily and with greater security than heretofore.” A short time later, the first title insurance policy was purchased by Morris’ aunt, Martha Morris, who took out a \$1,500 policy to protect her loan on a home on North 43<sup>rd</sup> Street in Philadelphia. In that first year of business, The Real Estate Title Insurance Company of Philadelphia issued 169 policies. The original Real Estate Title Insurance Company*

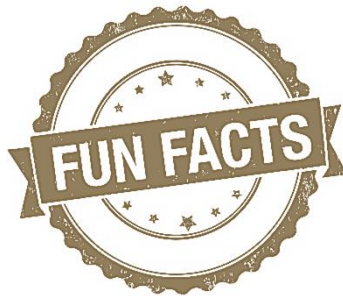
*of Philadelphia for decades was known as Commonwealth Land Title Insurance Company and Lawyers Title Insurance Company bought it in 1998. Then, a merger to LandAmerica which then became Fidelity.*

**BUT, THERE'S MORE.....**

Here is another story, FROM CHICAGO ILLINOIS – **RUNNER UP**

**In 1847, a law clerk named Edward A. Rucker devised a system to tract recorded documents relating to Cook County real estate. By the time the Great Chicago Fire devastated the City in 1871 there were three abstract companies that were able to save their records. These records resulted in the passing of the Burnt Records Act by Illinois Legislature and the records of the three companies were made admissible in all courts and were the cornerstone of the rebuilding of Chicago. The end result was Title Guarantee and Trust Company issuing their first policy in 1888**

**SO, THE WINNER IS..... Real Estate Title Insurance Company of Philadelphia ran by Morris.**



Benjamin Franklin laid the groundwork for the model and concept of insurance as we know it today.

## VIRTUAL TITLE PLANT TOUR

TO OPERATE AS A TITLE INSURANCE COMPANY IN THE STATE OF WASHINGTON, YOU MUST HAVE ACCESS TO THE FOLLOWING RECORDS:



### THE RECORDS:

#### **County Auditor**

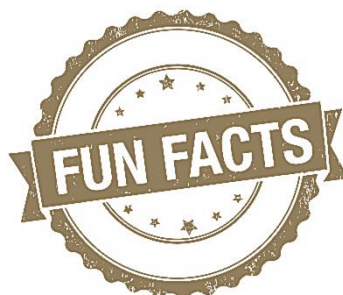
In order for a particular matter to affect real property, it must be placed of record with the Auditor of the county in which the property is located. This is called “Public Notice”.

#### **County Assessor (Taxes and Assessments)**

Taxes and assessments are the 1st and 2nd lien on all property whether they are current or not.

#### **County Clerk (Superior Court Records)**

Matters such as divorces, probates and quiet title actions affect real property. The County Superior Court is the court of records for all property matters.



Title insurance is available in Canada, United Kingdom, Northern Ireland, Mexico, New Zealand, China, Korea, Australia and Europe.



## DEPARTMENTS OF A TITLE COMPANY



### **Sales**

Title representatives call on customers for the purpose of selling title services and establishing relationships.

### **Customer Service**

Title companies possess extensive records from many sources. Documents recorded at the county are received by us on a daily basis and posted to the appropriate files within a few days' time. Customer Service provides a tremendous service to the real estate community by providing information on real property prior to listing and selling. Real estate agents are held to high standards and need to be knowledgeable about the properties they represent and portray that picture as accurately as possible.

### **Title Unit**

Title units are made up of title officers and their assistants. Their job is to take the title order, help in clearing title objections, and placing closing documents of record with the County Auditor. Following closing, the title officer writes the title policy.

### **Production Department**

The Production Department consists of examiners and word processors. Examiners are the ones who write the title commitment (report). They research the records and decide the effect each document has on the real estate. The word processor takes their instruction from the examiner, and types the commitment in the prescribed form.

## **REGULATION OF TITLE COMPANIES:**

Title companies in the State of Washington are regulated by The Washington State Insurance Commissioner. (OIC) In order to protect the public, the title companies are highly regulated. These include rates, forms and marketing practices to name a few. One of the most discussed by agents is the regulation of how much money can be spent by the title company to generate business from agents. There are limits in place that the title company must abide by and if they break this rule they are fined.



## **WHEN SHOULD YOU ORDER A TITLE REPORT?**

*It is highly recommended that when an agent enters into a listing contract with a seller, they should immediately open a title report with the title company they choose to do business within the County in which the subject property is in.*

*By doing so immediately, the title company will send you an "Exhibit A" that can be turned into the multiple listing service with all the information of the property. You normally receive the preliminary title report within a couple of days. Said report does a search on the property and on the seller. During the listing period, it is important to have the preliminary, review it and ask questions if you don't understand. There may be issues you need to address and clear up prior to an offer being presented.*

### **THERE ARE FOUR WAYS TO ORDER TITLE**

- 1. Order title on the website of the title company*
- 2. Call in your order to the title company and ask for "order desk"*
- 3. Fax in your order to the title company*
- 4. E-mail your order to the title company*

### **ITEMS WHICH A TITLE COMPANY WILL NEED IN ORDER TO OPEN TITLE**

- 1. Seller's name and marital status*
- 2. Purchaser's name and marital status*
- 3. Property address*
- 4. Legal description*
- 5. Sales price/ loan amount*
- 6. Type of coverage required*
- 7. Parties to the transaction who require copies of the commitment*

## The following is a title checklist:

When you receive your title report, pull out this sheet and review your report.

- **Premium /coverage** Are sales price and loan amounts accurate?
- **Proposed insured(s)** Is the buyer's name spelled exactly as it appears on the Purchase and Sales Agreement?  
If loan policy to issue, does lender appear as proposed insured?
- **Vesting** Is the seller "vested" in title?
- **Legal Description** Be sure the legal description describes the property being sold.
- **Taxes** Affects said premises only?  
If not, should that "other property" be a part of this sale?  
Are taxes delinquent? How long? (foreclosure costs)  
Is assessed value based on land only (possible omits)?  
Are taxes based on an exemption?  
Is property subject to Exemptions such as AG/ Open Space/ Forest lands
- **Assessments** Is this an annual assessment? Is there an ongoing maintenance assessment?
- **Encumbrances** Deed of Trust – original note?  
Contract- is there a deed? (get a copy of prior to payoff)  
Judgment- identity? (Get Statement of Identity if not)  
Contact attorney for the creditor  
Federal tax Liens – contact IRS for payoff
- **Other** Easements, restrictions, covenants – copies are provided - if you don't understand them, contact your title officer

## NWMLS FORMS

### Form 21 Rev. 7/19

*To start with, this form which is 5 pages long refers to title in many places. Let's review your form.*

1. Number 9 of page 1 of 5 says **“TITLE INSURANCE COMPANY”** and has a blank line where the agent will write in the name of the title company, they would like to have the title commitment come from. The listing agent may already have a title report open and many agents will ask the listing agent about this information ahead of time. But, the choice of who the title insurer will be is normally the purchaser.

**“According to U.S. Department of Housing and Urban Development, 12 USC Chapter 27 – Real Estate Settlement Procedures**

#### **Sec. 2608. Title Companies; liability of the seller**

- (a) No seller of property that will be purchased with the assistance of a federally related mortgage loan shall require directly or indirectly, as a condition to selling the property that title insurance covering the property be purchased by the buyer from any particular title company.
- (b) Any seller who violates the provision of subsection (a) of this section shall be liable to the buyer in an amount equal to three times all charges made for such title insurance.”

Page 2, item d:

**Condition of Title – Unless otherwise specified in this Agreement, title to the Property shall be “marketable at closing” .....WHAT AN IMPORTANT PHASE – MORE AGENTS SHOULD BE AWARE OF THIS ONE CLAUSE THAT IS IN THE PURCHASE AND SALE AGREEMENT. PERFECT TIME TO BE SURE THE PROPERTY YOU HAVE LISTED IS “MARKETABLE AT CLOSING”.**

*As I previously mentioned, the perfect time to work on this is the moment you take the listing, you open a “listing preliminary” and actually **LOOK** at the title when it is email to you. If you don't understand anything, call your title officer. They are there to answer your questions and to help you.*

Page 2, item e:

**LINES 55 & 56 “Title Insurance: Seller authorizes Buyer’s lender or Closing Agent, at Seller’s expense, to apply for the then-current ALTA form of Homeowner’s Policy of Title Insurance for One-to-Four Family Residence, from the Title Insurance Company.”**

*Bear in mind that this particular line states the TYPE of insurance that will be ordered - it is the default clause to this policy – it is the most common type of policy that is ordered. It is not the STANDARD OWNER’S POLICY, which has less coverage and costs less, and it is not the EXTENDED POLICY, which costs approximately 35% more premium and requires an ALTA survey.*

**LINES 57-59 “If Seller previously received a preliminary commitment from a Title Insurance Company that Buyer declines to use, Buyer shall pay any cancellation fees owing to the original Title Insurance Company. Otherwise, the party applying for title insurance shall pay any title cancellation fee, in the event such a fee is assessed.”**

*It is always best for you to check with the title company that the listing agent has a listing preliminary opened to see if they charge any type of cancellation fee. Cancellation fees can range from \$ 0 - \$150.00*

**LINES 59-62“If the Title Insurance Company selected by the parties will not issue a Homeowner’s Policy for the Property, the parties agree that the Title Insurance Company shall instead issue the then-current ALTA standard form Owner’s Policy, together with homeowner’s additional protection and inflation protection endorsements, if available.”**

*There are times that the agent orders the ALTA HOMEOWNERS POLICY OF TITLE INSURANCE, but once the title officer is working the commitment, they discover a reason the property will not qualify for this type of report, then the Standard will have to be used. Normally the title officer will call the parties and advise them of this change and what the reason is.*

**LINES 62-63“The Title Insurance Company shall send a copy of the preliminary commitment to Seller, Listing Broker, Buyer and Selling Broker.”**

*At the time of the order is placed, the title company will need emails for all parties that are to receive a copy of the preliminary commitment or any other instructions for delivery to the parties.*

**LINES63-68 “The preliminary commitment, and the title policy to be issued, shall contain no exceptions other than the General Exclusions and Exceptions in the Policy and Special Exceptions consistent with the Condition of Title herein provided. If title cannot be made so insurable prior to the Closing Date, then as Buyer’s sole and exclusive remedy, the Earnest Money shall, unless Buyer elects to waive such defects or encumbrances, be refunded to the**

**buyer, less any unpaid costs described in this Agreement, and this Agreement shall thereupon be terminated. Buyer shall have no right to specific performance or damages as a consequence of Seller's inability to provide insurable title."**

*So basically, if there are any defects or encumbrances on this property that are not what was portrayed to the buyer, the buyer will be refunded the earnest money. And we all know that refund of earnest money is not a simple thing. Many holders of the earnest money require a signed rescission agreement. It is not handled the same by all holders.*

**FORM 22D – OPTIONAL CLAUSES ADDENDUM TO PURCHASE AND SALE AGREEMENT.**

*This form repeats a little clearer what form 21, lines 49-56 talk about.*

Page 1 of 2 – lines 11-22

**“TITLE INSURANCE: The Title Insurance clause in the Agreement says the Seller is to provide the then-current ALTA form of Homeowner’s Policy of Title Insurance.”**

*Now remember, the default clause in form 21 clearly states that if you choose nothing, you will get the **HOMEOWNER’S POLICY**.*

**“The parties have the option to provide less coverage by selecting a Standard Owner’s Policy or more coverage by selecting an Extended Coverage Policy:”**

- **STANDARD OWNER’S POLICY.** Seller authorizes Buyer’s lender or Closing Agent, at Seller’s expense, to apply for the then-current ALTA form of Owner’s Policy of Title Insurance, together with homeowner’s additional protection and inflation protection endorsements, if available at no additional costs, rather than the Homeowner’s Policy of Title Insurance”.

*This is the policy that gives you less coverage and is less expensive.*

- **EXTENDED POLICY.** Seller authorizes Buyer’s lender or Closing Agent, at Seller’s expense to apply for an ALTA or comparable Extended Coverage Policy of Title Insurance, rather than the Homeowner’s Policy of Title Insurance. Buyer shall pay the increased costs associated with the Extended Coverage Policy including the excess premium over that charged for Homeowner’s Policy of Title Insurance and the cost of any survey required by the title insurer.”

*This policy is typically 35% more in premium and the title insurer will require an Approved Alta Survey.*



## NWMLS Form 22T TITLE CONTINGENCY

**Title Contingency:** This Agreement is subject to Buyer's review of a preliminary commitment for title insurance together with easements, covenants, conditions and restrictions of record, which are to be obtained by Buyer to determine that they are consistent with Buyer's intended use of the Property. Buyer shall have \_\_\_\_\_ days (5 if not filled in) from mutual acceptance of this Agreement or \_\_\_ from the date of Buyers' receipt of the preliminary commitment for title insurance (from mutual acceptance, if neither box checked) to give written notice of Buyer's disapproval and the reasons therefore. Buyer may only disapprove exceptions that are contained in the preliminary commitment and may not object to matters not contained therein.

*This form allows the buyers a specific time frame to review the title. How many buyers read the title report that is sent to them and understand really what it means????? Be sure you understand their expectations.*

*Now that you know about the history of title, what makes up a title company and how to order a preliminary title, let's take a look at an actual title report, **THE PRELIMINARY TITLE COMMITMENT?***

*A preliminary title commitment is basically a "draft" of the policy. It will identify the property that is being covered including the legal description, any recorded easements, the owner of record, encumbrances, if any, and the covenants, conditions and restrictions of record. Many times, there are ownership issues that must be addressed prior to closing.*

# Review of preliminary title report

*One of your handouts is an actual preliminary title report. Please pull this out and we will review each page separately.*

## **Page 1 of 11:**

**This page has much information:**

- **Name and address of the closer/ assistant and email**
- **Name and address of title company and who the title officer is and contact information**
- **Escrow no**
- **License no**
- **Who the parties to the transaction are**
- **Property address**

## **Page 2 of 11**

### **1. Commitment Date: December 13, 2018 at 8:00 a.m.**

*Have you ever really looked at this date and wondered???? You went to the seller's house on 12/19/18, got a signed listing, called into your favorite title company and opened a listing preliminary and received it in your email on 12/20/18. How could it be dated 12/13/18.... you had not even met with the seller on that date. Does the title company have a crystal ball or something and knew you were going to call and open title? No, this is the effective date at the title plant. It is the date that their records are up to date. Now, you wonder why my title company is not more current in posting of records. They are current, they post every day, but sometimes there are recordings not posted yet and what property that it affects are not available so they can only go to a certain date where they can be assured that everything of records is posted and up to that particular date – the effective date.*

### **2. Policy or Policies to be issued:**

- a. ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE \$350,000.00**  
**Proposed insured: Betty Buyer**

*This is your purchasers name and the sales price and how the purchaser will take title. Be sure to check the spelling of the purchasers' names and if incorrect, call for a correction.*

- b. ALTA EXTENDED LOAN POLICY \$300,000.00**  
**Proposed insured: to come**

*This is who the lender will be and the loan amount – are they correct?*

- 3. The estate or interest in the Land described or referred to in this Commitment is Fee Simple. (the best form of ownership)**  
**4. Title to the Fee Simple estate or interest in the Land is at the Commitment Date vested in: Sam Seller, a married person**

*This is your seller and marital status – is it correct?*

- 5. The land referred to in this Commitment is described as follows:**  
**SEE EXHIBIT A attached hereto and made a part hereof.**

**Page 3 of 11**

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

**The land referred to herein below is situated in the County of Spokane, State of Washington, and is described as follows:**

**That portion of the Northwest quarter of the Southeast Quarter of Section 12, Township 25 North, Range 40 East, W.M., as described as follows: Parcel 15, FAIRCHILD HILLS as per survey recorded March 14, 1978, in Block 13 of Surveys, Page 65, Under Auditor's File No. 7803140081 Situate in the County of Spokane, State of Washington**

**Page 4 of 11**

### **SCHEDULE B, Part 1**

**Requirements**

**Informational Notes**

**Page 5 of 11 SCHEDULE B, PART 11**

*This page starts out with the following paragraph:*

**This commitment does not republish any covenant, condition, restriction or limitation contained in any document referred to in this commitment to the extent that the specific covenant, condition, restriction, or limitation violates state or federal law based on race, color, religion, sex, sexual orientation, gender identity, handicap, familial status or national origin.**

**1-11 The policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company**

**Page 6 of 11 – SCHEDULE B PART II continued....**

**12. Terms, provisions, covenants, conditions, restrictions, easements, charges, assessments and liens provided in the Covenants, Conditions and Restrictions recorded on February 13, 1974, in 7402080051 of Official records.**

**13. Easement and the terms thereof.....***If you don't understand than most likely your client won't either! Reach out to your title officer or close. We want the client to understand what they are taking this property subject to.*

**14. Easement and the terms thereof.....**

**15. Matters set forth by survey recorded on March 7, 1974 in 7403070142, of Official Records.**

**16. Real estate tax pursuant to the authority of RCW Chapter 82.45..... (this will tell you if the excise tax for this property is 1.78, 1.53 or 1.28)**

**17. Taxes and charges, together with interest, penalty and statutory foreclose costs, if any, after delinquency.....** *Pay close attention to this paragraph as it could have valuable information relating to your transaction. Is the property currently being taxes by a senior or disabled exemption, historical exemption? Is the property classified as AG/Forest/ open space? And, don't forget the "view taxes" allowed you to click on this hyperlink!*

**18. Deed of trust and the terms and conditions thereof.....** *This will be the sellers underlying lien that they placed on the property when they were the purchasers, that is why they are called the Grantor. If you seller owes money on this property, here is where it will be listed. Always compare it to what your seller provided to you during the listing appointment of who he/she owes and how much. If there are "additional liens" against the property they will show here also in order of when they were recorded against this property. Perhaps it is not your seller and just a "like-Name" or something that was paid some time ago, but never was property released. This is*

*the type of stuff you will clear up with your seller during the marketing period prior to an offer coming in. Be sure to reach out to your escrow/title officer for assistance.*

***NOTE: anything with a recording number will have a hyperlink so you can view the document!***

**19. Matters related to coverages provided by the ALTA Homeowner's Policy. The disposition of these matters will be determined by a review of the completed Affidavit as to Liens and Possession. This Company reserves the right to make additional requirements upon review of said Affidavit.** *This form is in your "handouts" and is marked #2 Affidavit as to Liens and Possession. This form is very important so that title will know if the seller has had any improvements done to the property and more importantly, were they paid or do they still remain owning.*

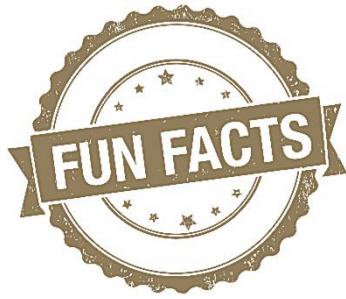
**20. Pending Dissolution of Marriage.....***This is the type of "additional lien" that could go against the seller that would need to be cleared thru the closing.*

**PAGE 7 OF 11 NOTES:**

*These are "common" notes that would be more complete on an actual title report where there was a search done on the purchaser and seller. Since the report you are viewing is a "Angietest" some of the areas are incomplete.*

**Then End of Schedule B-II**

**PAGES 8-11 are standard commitment conditions that are with every report.**



A title search done before 1868 had no guarantees as to its accuracy.

## LAND MEASUREMENTS

### OLD SURVEY MEASUREMENTS



Old surveys were often measured using a Surveyors Chain. These were literally made up of 100 links. Each **CHAIN** was 66 feet long. Each link was 0.666 of a measured in chains (abbreviate Ch) simply multiply the distance in chains by 66.

Another common unit of measurement was the **POLE**. The Pole is exactly what it sounds like; a wood pole which was 16.5' feet long. A Pole is sometimes called a "perch" on old surveys.

### MILES

A mile is defined as being 5,280 feet in length.

### AREA MEASUREMENTS

The standard unit of measuring land in the United States is ACRE.

An acre is equal to 43,560 square feet (Sq. Ft.) of area. An acre is also equal to 10 square chains (66x66x10 = 43,560 sq. Ft.) or 160 square rods (16.5x 16.5 x 16.5) there are exactly 640 acres in one square mile.

### Units of Linear Measure

1 chain = 100 links

1 chain = 66 feet

1 mile = 80 chains

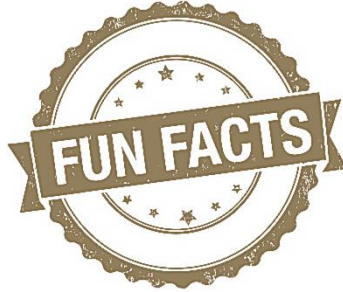
1 mile = 5,280 feet

### Units of Area

1 acre = 10 square chains

1 acre = 43,560 square feet

1 square mile = 640 acres



The following is a transcript of a deed for property in both Stevens and Spokane County dated September 8, 1879, Volume “A” of Page 1 from Glover to Browne.

“A” is the oldest volume in Spokane County and there is a volume for each of the following:

- Deeds
- Mortgages
- Plats
- Contracts

Remember back then, there was no carbon paper, no copiers, just transcripts written in beautiful handwriting.







## MISCELLANEOUS ITEMS TO REVIEW THAT PERTAIN TO TITLE ISSUES YOU MAY BE FACED WITH

1. Discriminatory Provisions found in written instruments related to real property.  
HB 2514 – An act relating to discriminatory provisions in written instruments related to real property:

This provides for recording a document to identify and invalidate a discriminatory covenant in a previously recorded document. The form, which has yet to be created will need to be prepared by the owner or their representative. There will not be a recording charge (at this time anyway). The Washington State's Legislator's intention is that it will remove it from the title reports but we have not received any communication from our underwriters at this time.

Right now, if there is an older covenant with any type of discriminatory language, the following is the verbiage the title company puts on the report:

COVENANTS, CONDITIONS AND RESTRICTIONS IMPOSED BY INSTRUMENT RECORDED ON [ ], UNDER RECORDING NO. [ ] BUT OMITTING COVENANTS OR RESTRICTIONS, IF ANY, BASED UPON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, FAMILIAL STATUS, MARITAL STATUS, DISABILITY, HANDICAP, NATIONAL ORIGIN, ANCESTRY, OR SOURCE OF INCOME, AS SET FORTH IN APPLICABLE STATE OR FEDERAL LAWS, EXCEPT TO THE EXTENT THAT SAID COVENANT OR RESTRICTION IS PERMITTED BY APPLICABLE LAW.

There was an article published in the Spokesman Review on 12/4/16 written by Shawn Vestal called "NO RACE OR NATIONALITY OTHER THAN THE WHITE RACE...." An EWU student did a study on Spokane neighborhoods and racist covenants.

The article started out saying: *"Say you live in one of Spokane's mid-century neighborhoods. Leafy streets, families in their 60-year-old houses. The very picture of a quaint, wholesome American Neighborhood. But there might be something ugly hiding deed in the history of the home: A whites-only covenant.*

*"No race or nationality other than the white race shall use or occupy any building on any lot, except that this covenant shall not prevent occupancy by domestic servants of a different race or nationality employed by an owner or tenant," reads one such covenant for an addition in the Comstock Neighborhood."*

I was quoted in the article as saying:

*"The covenants are invalid but still a part of the documentary history of the properties. In other words, if a buyer purchases a home in one of these neighborhoods today, the racist covenant could still be among the paperwork at closing – along with a notice (see above) that*

*discriminates illegally is no longer enforceable said Angie DeArth, who has been handling closings in Spokane for 43 years, it would be in there.”*

*“DeArth, the closing officer, said that 35 years ago she handled the closing of a home sale with a racist covenant to an African-American couple. The covenant – which she ordinarily would have tried to keep out of the paperwork at closing – limited the number of black people allowed on the property to 5. She said the couple handled the mortifying situation with grace” The husband said, “well honey, I guess that means your mom can’t come visit us.”*

2. WASHINGTON TAX DEEDS: If you or your client obtains a property thru a tax foreclosure sale, the title company will wait three (3) years before insuring out of a tax foreclosure, due to the fact that minors and legally-incompetent persons have (3) years to redeem under RCW 84.64.070. In addition, before agreeing to insure WFG requires the tax deed holder to first undertake a quiet title action to eliminate the interests of all former owners and lienholders. The reason is that the tax foreclosure statutes themselves are a source of significant title claims risk. Statutes like those in Washington, which allow service on owners by newspaper publication and mailing only, have been overturned as unconstitutional by the U. S. Supreme Court as violating the due process clause of the 14<sup>th</sup> Amendment. As a result, were we to insure out of a Washington Tax foreclosure without requiring a quiet title action, we could very well end up, at the best, with 6-figure litigation costs were someone to challenge the foreclosure and, at worst, with a complete failure of title and resulting full policy loss? The risk is simply too high for us to take on.
  
3. COMMUNITY PROPERTY STATE: Washington is a community property state. Currently, there are 8 other states included:
  - a. California
  - b. Idaho
  - c. Louisiana
  - d. Nevada
  - e. New Mexico
  - f. Texas
  - g. Wisconsin

The following is a “horror closing story” that I worked on in 2017

I will bullet point it to make it easier to understand the chain of events

**BUT THIS IS A COMMUNITY PROPERTY STATE.....**

- Listing agent calls me to tell me she is listing a home for a 94-year-old seller. His wife of 35 years died about 5 years ago and this was their residence for all those years. He never had her estate pro-bated...what does she need to get from him. I told her we will need to get a copy of the death certificate and would have him complete a Lack of Probate at time of closing
- She opened the listing preliminary on Monday. He was moving into a retirement center.
- She got in an offer the very next day for cash, full price offer and they wanted to close on Friday. I told her the title report should be ready by Wed and if all was clear on title (she said he owned it free and clear and thought it would be clear) we could reasonably close a cash transaction on Friday.
- Title officer called me late that day and said there is a problem.... the step-daughter has started proceedings to open a pro-bate on her mom’s estate! (She had no contact with the mom for over 20 years!) It was not complete yet, only noted that one was started. Now there was a “cloud” on the title. **BUT THIS IS A COMMUNITY PROPERTY STATE**, screamed the agent, how could this happen. She asked what could be done and I told her to have the seller contact an attorney, and make sure it was a real estate attorney.
- The listing agent picked up the 94-year-old seller the very next day and took him to an attorney. He also brought with him a copy of the will the wife had. It clearly said that the house would go to her husband and any personal items would go to her daughter. The seller’s attorney called the step-daughters attorney and they discussed this case.
- Closing was delayed.... Purchasers wanted to back out, but decided to extend the closing date.
- It was agreed upon by all parties that the following would occur:
  1. Seller would sign for himself and receive 50% of the proceeds
  2. The step-daughter would sign for the mom’s estate and that 50% of proceeds would go into the attorney’s trust account until the pro-bate was completed.
  3. Once completed, the attorney for the step-daughter would be paid and it would be determined if the mom had any last illness or bills to be paid and that would be paid from the mom’s 50% and the balance would go to the husband.

So, basically, the husband got the proceeds from the house, less the attorney he had to pay for himself and the attorney the step-daughter had to hire as there were no last bills to be paid. The husband had already taken care of them.

**BUT WAIT, THERE’S MORE:**

The closing that was originally scheduled for Friday, got extended 10 days. The purchaser threatened to walk if he could not have possession on the following Friday, so the purchaser signed and deposited funds on Friday, insisting to move stuff into the garage, which was arranged. The seller was to sign on Monday and it would record and fund on Monday. The seller fell on Thursday evening and was put into an assisted living home. The closer and the listing agent went to the home on Monday morning to sign the seller. When they got there, the seller was sitting at a table waiting for them, but, didn't have any idea why they were there and was not able to sign! He didn't understand any of the questions I asked of him. With this fall, his condition had deteriorated terribly since Thursday morning.

Luckily, the real estate attorney who worked on this with the seller the week before, had the foresight to have the seller execute a Financial Durable Power of Attorney for his daughter to sign and recorded it.

The listing agent contacted the daughter and she drove to town, she lived 3 hours out, and signed all the closing documents, and it did record and fund late on Monday as scheduled.

**BUT WAIT, THERE'S MORE:**

The seller dies the very next day.

## TEST FOR 'HOW TO READ TITLE'

1	Opinions of Title were always done by attorneys.	TRUE	FALSE
2	Abstract of Title can sometimes be over 100 pages or more.	TRUE	FALSE
	Washington State is a Title Plant State, not abstract.	TRUE	FALSE
4	The first title company in the U.S. was in Pennsylvania.	TRUE	FALSE
5	A title plant needs what three records:	TRUE	FALSE
	a		
	b		
	c		
6	Customer service is available 24 hours a day.	TRUE	FALSE
7	Marketing representatives are the people who first meet the Agents then maintain the relationship.	TRUE	FALSE
8	Title assistants have the final say in what goes into a title report.	TRUE	FALSE
9	What is the OIC?	TRUE	FALSE
10	The OIC has limits on how much a title company can spend on an agent per year	TRUE	FALSE
11	One chain equals 5,280 feet.	TRUE	FALSE
12	An agent should not order a title until there is an accepted offer.	TRUE	FALSE
13	Name three ways of the four to order a title	TRUE	FALSE
	1.		
	2.		
	3.		
14	The seller always has the final say in who the title company will be.	TRUE	FALSE
15	All title companies charge cancellation fees.	TRUE	FALSE
16	The most common title report requested is the Homeowner's Policy of Title Insurance.	TRUE	FALSE
17	The Standard policy requires an ALTA survey.	TRUE	FALSE
18	The Extended policy costs approximately 35% more.	TRUE	FALSE
19	If a title company is not able to issue a Homeowners Policy, they will issue an extended for the same price.	TRUE	FALSE
20	NWMLS for 22T give the buyer's options to cancel.	TRUE	FALSE

**I HEREBY ATTEST THAT I HAVE READ THE ABOVE**

**x** \_\_\_\_\_ **DATED** \_\_\_\_\_

**Mandatory Evaluation**  
**For HOW TO READ TITLE**  
(please complete and return with quiz)

Name: \_\_\_\_\_ Company \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Phone: (personal) \_\_\_\_\_ (work) \_\_\_\_\_

Email: \_\_\_\_\_

License Renewal Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

1. What are 3 things that you learned from this course?

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

2. Do you feel the clock hour material was easy to follow? \_\_\_\_\_

3. Did the material give you information to help you in your profession? \_\_\_\_\_

4. Will the material help you with future transactions? \_\_\_\_\_

5. Why did you choose to take this course? Topic \_\_\_ Time \_\_\_ Cost \_\_\_ Ease \_\_\_ Other \_\_\_

6. How long did this class take you to complete? \_\_\_\_\_ (a "clock hour" is 50 minute)

How will you pay for this class?

\_\_\_\_\_ cash \_\_\_\_\_ check \_\_\_\_\_ debit/credit information required:

Card number \_\_\_\_\_ exp date \_\_\_\_\_

3 digits on back of card \_\_\_\_\_ zip code \_\_\_\_\_