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## **Title Insurance Basics**

### **What is title?**

Title is the foundation of ownership of property. It means that you have a legal right to possess that property and use it within restrictions imposed by authorities or limitations on its use which may have been superimposed on the basic right of possession by previous owners.

### **What is title insurance?**

Title insurance is the application of insurance principles to hazards that are inherent in real estate titles. With the support of a Rainier Title policy, the homeowner will not need to be concerned about the security of their home or the safety of their investment.

### **Why do you need title insurance?**

Your title insurance policy will protect you against any title defects that might crop up later to interfere with your property rights. If a title problem surfaces and you are not covered by title insurance, you could lose your property and the money you invested in it. When you are insured, it becomes the title company's responsibility to investigate and negotiate any problems that might arise. Most likely, you will never need title insurance. However, if you become a victim of a title defect, you will be glad Rainier Title is defending your rights and protecting your investment.

### **How does a policy of title insurance work?**

1. Rainier Title conducts a comprehensive review of the public records to identify any potential title defects against the property.
2. Rainier Title prepares a preliminary commitment for title insurance that:
  - Recites the condition of title.
  - Defines the coverage afforded.
  - Lists any known title defects as "exceptions" to the policy
  - States, in effect, that "you will be defended, without expense to you, against any attack on the title to your property as insured."

### **What is a title defect?**

A title defect is anything in the entire history of ownership of a piece of real estate which may encumber the owner's right to the "peaceful enjoyment" of the property or which may cause the owner to lose any portion of the property.

### **What are some examples of title defects that the typical coverage protects against?**

- Ownership claims made by relatives or heirs of a former owner of your home.
- Liens or claims as a result of unpaid taxes, mortgage, sewer and water assessments, or bills owed to creditors.
- Mistakes such as an incorrect date or name in your deed, your mortgage or public record.
- The invalidity of a previous deed due to a previous owner's mental incompetence or the transfer of deed to property not actually owned.

### **How does title interact with lenders and escrow officers?**

- Lenders will require the buyer to have a clear title to the property in order to fund the loan.
- The Lenders instructions to escrow state that they will lend the buyers money provided that "defects to title" are removed.
- Escrow "clears" the title.

### **Who is Rainier Title?**

Rainier Title is a locally owned and operated real property title and escrow company doing business throughout King, Snohomish and Pierce counties. As an agent of Lawyers Title Insurance Corporation and Commonwealth Land Title Insurance Company, members of LandAmerica Financial Group, Rainier Title has a foundation of national financial strength with the added benefit of local underwriting decision-making.

Rainier Title has processed thousands of title and escrow orders for clients that include major lenders, mortgage brokers, real estate brokers, investors, builders, developers, law firms, trust departments and relocation companies. Our transactional experience is vast encompassing residential, industrial, recreational, governmental, office, retail and vacant properties. In addition to being called upon for our wide array of experience, our clients have also entrusted us with the fiduciary responsibility of insuring transfers of properties whose values have exceeded \$150,000,000.