



# THE RED FLAG ALERT!

In order to avoid transaction delays, it's important to examine the Preliminary Title Report right away to identify any potential Red Flags. Below are some common issues to look for that may require attention and remedy prior to closing.

## TAXES & ASSESSMENTS

Disclose to your buyer any exemption or classification designations that may change the tax amount as a result of the sale or loan.

## VESTING

Check to make sure your seller is vested in the property. If they are not in title, look for a real estate contract as an exception. A fulfillment deed will be required to close.

## DEED OF TRUST

Deeds of trust, which are paid off but not reconveyed, require a reconveyance from the trustee or a court ordered satisfaction to remove it from the record. The title company may insure around these encumbrances in certain situations. Escrow will handle this prior to closing.

## IDENTITY MATTERS

Judgments and liens may be eliminated with an identity affidavit if they do not affect the party in question. If they do affect the party, but have been paid and not satisfied of record, a release may be recorded or filed to eliminate the matters from record. When your clients have common names, it is a good idea to complete the affidavit and submitted to the title company in advance.

## TRUST AGREEMENTS

Seller or buyer may be a Trust. Prior to closing, escrow will ask them for a copy.

## RECORDED SURVEY EXCEPTION

May disclose on encroachment.

## PENDING ACTIONS

A civil action affecting real property will generally have to be dismissed or settled before title to the land can be insured. A pending divorce may not need to be finalized for a sale or loan to close, however there may be special requirements. A probate may require special handling. Please check with your Rainier Title Officer for details.

## JOINT USE MATTERS

Driveways, party walls and access easements may require a joint maintenance agreement by the lender. The title report will show the agreement if one is recorded.

## EXTENDED COVERAGE MATTERS

A supplemental will be issued if these matters have been cleared by an inspection of the property. If the supplemental shows a question of encroachment, lien rights or other matters, these must be cleared before the lender will close. If an extended coverage owner's policy is requested, an ALTA/ACSM survey of the property maybe required.

## LEGAL DESCRIPTION

The legal description should always be compared to the legal description in the purchase and sale agreement to be sure all property being conveyed has been included and thereby covered in the preliminary commitment.

## BANKRUPTCY

If a party is in bankruptcy, it will require a court order to sell, purchase or mortgage.

Use your SmartPhone **HERE...**



to place your next Title or Escrow order!