

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF BANKING**



INTERPRETIVE RULING NUMBER 2001-1

DATE: February 13, 2001 (revised June 7, 2001)

SUBJECT: Offer of Owners Title Policy under R. I. Gen. Laws § 19-9-5

Recently an interpretation of R. I. Gen. Laws § 19-9-5 has been made regarding the meaning of the phrase "search the title" as used in the above statute. This statute requires every lending institution that accepts an application for a mortgage loan on property located in this state and which engages a title attorney to search the title of the subject real estate to require the attorney to offer to the prospective mortgagor, at the usual premium rate, an owner's policy for the real estate.

The Department interprets a title search to mean a search of the record title of the subject real estate, which search encompasses a minimum of fifty (50) years from the date of the search. A title search generally involves a review of the record title to the subject real estate under ownership of the current owner as well as any previous owners over the fifty (50) year term and subsequent to which a title insurance policy is issued.

Alternatively, a title run down is a review of the record title to the subject real estate from the date the current owner acquired title to the present date, and in which no title insurance policy is issued.

Based upon the above the Department will not impose the provisions of R. I. Gen. Laws § 19-9-5 on any lending institution that does not engage a title attorney to search the title, but rather performs a title run down, as defined above. This shall not apply, however, in any case in which a title policy is issued, in which case the lending institution must offer the prospective mortgagor an owner's title policy.

This interpretation is based upon current industry practices and applicable law and regulation and may differ if either industry practices change or the statutory scheme is amended.