

TITLE DOCUMENTS EXPLAINED:

THE PRELIMINARY TITLE REPORT

The Preliminary Title Report is provided by the Title Company, prior to the purchase of the property. This Report provides the opportunity to review matters which will be excluded from coverage under the title insurance policy unless eliminated or removed before the purchase.

WHAT IS A PRELIMINARY TITLE REPORT?

A Preliminary Report is a report prepared prior to issuing a policy of title insurance. It shows the current ownership of a specific parcel of land, together with the liens and charges against the property which will not be covered under a subsequent title insurance policy

WHEN AND HOW IS THE PRELIMINARY REPORT PRODUCED?

Shortly after Escrow is opened, an order will be placed with the Title Company, which will begin the process to produce the report. The process calls for the assembly and review of certain recorded matters, relative to both the property and the parties of the transaction. Examples of recorded matters include a deed of trust recorded against the property or a lien recorded against the Seller or Borrower for an unpaid court award or unpaid taxes. These recorded matters are listed as "exceptions" in the Preliminary Title Report. They will remain exceptions from title insurance coverage unless eliminated or released prior to the transfer of title. After this report is compiled, the Title Company will send the Preliminary Title Report to Escrow, who will review the report and send the report to all parties to review and approve as necessary.

WHAT IS THE ROLE OF THE PRELIMINARY TITLE REPORT IN THE ESCROW PROCESS?

The Preliminary Title Report contains the conditions under which the title company will issue a particular type of title insurance policy. The preliminary report lists, in advance of purchase, title defects, liens, and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the Preliminary Title Report. The report may then be reviewed and discussed by the parties to a real estate transaction and their agents.

HOW DO UNWANTED LIENS AND ENCUMBRANCES GET CLEARED?

The Preliminary Report should be carefully reviewed. Should the title to the property be clouded, parties in the transaction will work together to clear the unwanted liens and encumbrances prior to taking title.