

# LAWYERS LINK



## IDENTIFY POTENTIAL TITLE ISSUES BEFORE YOU COMMIT TO A DEAL WITH THE PRELIMINARY TITLE REPORT

### What Is a Preliminary Title Report?

A preliminary title report, also known as a "preliminary report" or "prelim", is a report prepared prior to issuing a policy of title

insurance that shows the ownership details of a specific parcel of land, together with the liens and encumbrances that will not be covered under a subsequent title insurance policy.

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The primary purpose of a preliminary title report is to inform buyers, sellers, and lenders of any legal obstacles, such as unpaid taxes, liens, or disputes, that could complicate the transaction. It also allows them the opportunity to address any issues before finalizing their transaction. All parties should review the report once it is received.

Keep in mind that while a preliminary title report isn't a binding agreement or insurance policy, it lays the groundwork for a clean title transfer and ensures transparency for all parties involved.

## Key Components of a Preliminary Title Report

A preliminary title report is organized into sections that help you understand the property's current legal state. Here are the main components:

### 1. Ownership Information

The current owner's name and how they hold title to the property (e.g., sole owner, joint tenants, etc.).

### 2. Property Description

A detailed legal description which identifies the property's precise geographic location and boundaries as determined by a surveyor.

### 3. Liens and Encumbrances

A list of any outstanding liens, mortgages, judgments, or other encumbrances that affect

the property's title. These encumbrances need to be cleared before the property can be sold with a clear title.

### 4. Easements and Restrictions

Any easements, covenants, conditions, and restrictions (CC&Rs) that apply to the property.

### 5. Tax Information

The current tax status of the property, including any outstanding taxes or assessments.



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## Potential Issues That a Preliminary Title Report Can Reveal

### Liens or Debts

There may be a legal claim made by a creditor to secure an unpaid debt or obligation that is attached to the property. This may include unpaid taxes, mortgage liens, mechanic's liens, unpaid child support, and judgments.

### Easements or Restrictions

These are limitations or obligations that affect how you can use the property. For instance, if there is an easement allowing neighbors to use part of your driveway, this would be disclosed.

### Boundary Disputes

If there are questions about property boundaries or encroachments, these issues would also appear on the report.

By highlighting these issues in advance, the preliminary title report can prevent surprises at closing, allowing for a smoother transaction and greater peace of mind for both parties.

***For more information, contact your local Lawyers Title Representative.***

*This information is deemed reliable but not guaranteed and is for informational purposes only.*



## MONTHLY INDUSTRY TERMS

### Conditions, Covenants, & Restrictions (CC&R's)

A document that controls the use, requirements and restrictions of a property.

### Trustor

The borrower, owner and guarantor of the property conveyed in a deed of trust.

### Warranty

In a broad sense, an agreement or undertaking by a seller to be responsible for present or future losses of the purchaser occasioned by deficiency or defect in the quality, condition or quantity of the thing sold. In a stricter sense, the provision or provisions in a deed, lease or other instrument conveying or transferring an estate or interest in real estate under which the seller becomes liable to the purchaser for defect in or encumbrances on the title.



**Lawyers Title®**