

Preliminary Title Report

1. One of the more important documents in a Sale is the **Preliminary Title Report**.
2. A Preliminary Title Report **will reveal various liens, encroachments, easements and anything else recorded against the property**.
3. The **report comes from a search of county records** in order to issue **title insurance**, and **any liens** against the property are listed as **“exceptions” to title insurance**.
4. Also, **other documents that have been recorded with the county** will be listed on the report as well as attachments.
 1. **Road Maintenance Agreements.**
 2. **Age Restrictions.**
 3. **CCRs [if no active Homeowner Association].**
5. Most Title Companies now provide an **“E-Pre” including links [usually in blue]** that may be accessed by clicking on the link. Always **click on these links and keep copies of these attachments**.
6. Always **go over the Preliminary Title Report with your Buyer** and have **Buyer sign the cover page of the report and all “links”** that you pull from the report.
7. If you or the Buyer have questions, **call the Title Officer for clarification**.

Why Do I Need a Preliminary Title Report?

The preliminary title report will show if anyone other than the seller has a legal claim on the property. For instance, suppose a home's seller is divorced, his ex-wife may still be listed as a co-owner of the property. This may require a “Quit-Claim” Deed.

Always Review Your Title Report as Soon as You Get It!

You'll usually get your Preliminary Title Report within a few days of contract acceptance. Read it immediately. You only have a few days after receiving your report to review and approve it before removing contingencies.

What Issues Should I Look for on My Title Report?

1. **Liens:** Also known as an **encumbrance, a lien is a legal claim of ownership listed on the title of a home**.
 1. A **Lender** will have a substantial lien on your home, and will continue to have a lien on your home until your loan is paid off.
 2. **Anyone owed money by a homeowner** can file a lien on a home, including utility companies, city tax departments, or contractors.
 3. Sometimes a **former spouse** can file a lien for unpaid child support.
2. **Easements:** Easements are a **right to use another person's land for a specific purpose**.
 1. There may be an **easement granted to a neighbor** to cross a portion of the lot to access a road or well. The neighbor would have no right of possession, and can not build or plant on the land.
 2. Other common examples are **easements granted for the placement of utility poles, water lines and sewer lines**.

3. An **easement will not necessarily prevent a home from being sold**, but it may give the buyer a reason to back out of the purchase, since it **can restrict what the Buyer is allowed to do with her new property.**
3. **Encroachments:**
 1. **Fences, common walls** or other parts of neighboring lots that cross property lines.

Clear vs. Marketable Titles

1. A **clear title has no issues, such as easements.**
2. A **marketable title, however, may have easements or other issues that are not considered conflicts of ownership.**
 1. By default, your **contract may only give you the right to receive a marketable title**; however, **Buyer may be obligated to give land access to a neighbor,** or **Buyer may not be permitted to build in a way that obstructs your neighbor's view.**