

What To Check on Every **PRELIMINARY REPORT**

To Avoid Problems Prior to Closing.

Vesting Make sure the names on the Preliminary Report are the correct names and that the property is the same as the property on the purchase contract.

Taxes and Assessments Look for an exemption or classification designation that would change the tax amount as a result of the sale.

Deed of Trust Make sure all paid off Deeds of Trusts are reconveyed. Upon proof of payment and/or an indemnity, the title company may insure around the encumbrance.

Identity Matters A 'Statement of Information' can clear up identity issues that may arise. If there are judgments and liens that belong to the party in question and have been paid then a release or satisfaction must be obtained and recorded or filed to eliminate the matter.

Pending Actions A civil action affecting real property generally will have to be dismissed before title can insure. A divorce or probate doesn't have to be finalized but special requirements may exist. Check with your Title Rep. or Title Officer for more information.

Joint Use Matters Driveways, party walls and easements may prompt Lenders to require a joint maintenance agreement. The preliminary report will show such agreements if one is of record.

Extended Coverage Matters If a physical inspection of the subject property discloses encroachments, lien rights, or other matters, these must be addressed before the lender will close. An extended coverage owner's policy may be requested and a survey of the property will be required.

Legal Description The legal description should always be compared to the legal description in the purchase and sale agreement to be sure that all the property being conveyed has been included in the preliminary report.

Maintenance Agreements In some cases, a property may be subject to a recorded Maintenance Agreement which obligates the property owner to pay the future cost of maintaining or repairing common walls, driveways, private roads or ease-ments. If a preliminary report shows the existence of a Maintenance Agreement, the buyer should obtain a copy of the Agree-ment and thoroughly review and understand it prior to closing escrow.

Notice Of Default This is a recorded notice that the borrower under a loan secured by a Deed of Trust against the property is currently in default. In most cases, a Notice of Trustee's Sale can be recorded within ninety (90) days after the Notice of Default has been recorded, and the property can be sold to satisfy the debt.

Notice Of Trustee's Sale This is a recorded document showing that the property is being sold to satisfy an obliga-tion secured by a Deed of Trust, which gives the date, time and place of the sale. If a property is being purchased in a trans-action in which a delinquent Deed of Trust is to be satisfied, care must be taken to ensure that the Close of Escrow (COE) date is set prior to the date of the trustee's sale.

DID YOU KNOW when you receive your Preliminary Report via e-mail you can click under '**SCHEDULE B**' on the Blue Instrument Numbers to see all of the underlying documents?

