

A GUIDE TO UNDERSTANDING A PRELIMINARY REPORT



WHAT'S A PRELIMINARY REPORT?

A preliminary report is a report prepared prior to issuing a title insurance policy. The report shows ownership of a parcel of land and the conditions under which a title company is willing to insure title as of a specified date.

ISSUES THAT CAN ARISE ON A PRELIMINARY REPORT

MECHANIC'S LIEN	A statutory lien that a subcontractor, laborer, or supplier of materials may put on a property after furnishing labor or materials to improve the property.
NOTICE OF ACTION	A lis pendens, or "notice of action," is a legal notice that a court proceeding regarding title to a real property is pending for the enforcement or protection of a right.
BANKRUPTCY	A proceeding in the U.S. Bankruptcy Court wherein assets of a debtor (person unable or unwilling to pay debts) are applied by an officer of the court in satisfaction of a creditor's claim.
UNINSURED DEED	A recorded deed that has not been examined by a title company for validity.

TERMINOLOGY

ESTATES: The word "estate" is used to express the degree, quantity, nature, or extent of an interest in land.

VESTING: It is the ownership or title to an estate.

LEGAL DESCRIPTION: The description of the land recognized by law and based on government surveys, which define exact boundaries of the entire piece of land, and is covered by the preliminary report.

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TERMINOLOGY

EXCEPTIONS: A conditional item listed on a preliminary title report and affecting the title; would be excluded from coverage by a title insurance policy.

TAXES: The amount and status of past unpaid real estate taxes, if any, and current year's taxes, paid or unpaid, or taxes which are a lien but not yet payable.

BONDS: Bonds or assessment bonds, if any, levied at the inception of construction of local improvements such as street lights, gutters, sidewalks, sewers, etc.

CC&Rs: Covenants, Conditions, and Restrictions are limitations sometimes put on the use of real property, such as limiting the property to a single family or to a one-story dwelling.

EASEMENTS: An easement is a right of one person to temporarily and permanently use another's land for specific purposes such as maintaining public utilities, road construction, etc.

DEED OF TRUST: A deed of trust conveys title to particular land to a neutral third party (trustee) with limited powers (such as power of sale) for the purpose of securing a loan (debt).

ASSIGNMENT: An assignment of the beneficial interest under the deed of trust from one beneficiary to another.

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

BENEFICIARY: The lender on a deed of trust is referred to as the beneficiary.

TRUSTEE: Is the neutral third party in the deed of trust with limited powers.

ABSTRACT OF JUDGMENT: Imposes a lien on all real property owned or subsequently acquired by the debtor until satisfaction or expiration of the lien.

STATEMENT OF INFORMATION: This information statement is confidential and is used to enable the title company to eliminate title problems which may arise through similarity of the name of the Seller or Buyer with the name of another person against whom there may be judgments, tax liens, and other matters affecting property ownership

