

DO YOU KNOW...

Why the Preliminary Report shows the effect of Deeds?



What does it mean when the Preliminary Report shows the effect of transfer deeds and does not automatically show the seller of the property out-right on the title vesting of the Report?

There are distinct reasons why we, as a title company, do not show the owner of record automatically in the vesting area of the Preliminary Report. Many times, homeowners do inter-family transfers that are uninsured. You may ask what the meaning of uninsured is. An uninsured transaction means that the document has not been reviewed and insured by the title Company. This is important, as there could be liens associated with the former owner and the possibility that an interest may remain with the grantor of a deed. As a title insurer we are insuring that when the seller is selling their property no other owner has an interest still outstanding nor are there any liens against any former owners that could affect the property.

Other transfer deeds may have a defect to the document, such as an erroneous legal description attached to the document not transferring the title appropriately to the owner of record. In this instance deeds will have to be corrected before we can move forward with the intended owner of record.

What is our role as a title insurance Company when we insure against these types of transfers?

As a title insurance insurer, we provide protection against liens that are recorded against the seller of the property and any other former owner who owned the property at one time or another. In addition, our title insurance policy protects and insures against fraud and forgery that could be associated with the document. Our policy protects and insures against someone else claiming an interest in the property.

You may ask why a title company must go through this process when the deed is notarized by a notary and recorded by the County Recorder. Remember, Title Insurance protects your buyer and your lender if someone challenges the title to your property but becomes known at a future date during your ownership of the property. Whereas the County Recorder nor the Notary offer any protections. They simply do one facet and that is it. A notary notarizes documents and the County Recorder records documents. The notary asks for the identification of the signer and if that signer has identification, whether it be fraudulent or stolen, the notary has no way of knowing that. The County Recorder does not question documents so long as it is properly notarized, and it is in recordable order. They will simply accept the document for recordation.

If you have a transaction where there is the effect of deeds shown on your Preliminary Report, reach out to your California Title Representative for guidance.

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