



# What is the Purpose of a Preliminary Title Report?

A Preliminary Title Report gives a snapshot in time of the condition of ownership to a piece of real property. It is a tool to help make an intelligent evaluation in dealing with land. It will disclose the name (s) of the record owner, legal description and any recorded liens, encumbrances or special limitations to the use of the property. Earnest Money Agreements may require that the buyer approve the Preliminary Title Report.

## WHAT SPECIAL SITUATIONS WILL BE DISCLOSED BY A PRELIMINARY TITLE REPORT?

**OWNERSHIP OF PROPERTY (TITLE)** - Title to the property is akin to pieces of a pie. The more pieces you have, the greater your ownership interest.

**Tenancy by the Entirety** – husband and wife own the whole pie together, with title vesting in the surviving spouse. A death certificate or other proof of death may be required before insuring a deed executed by a surviving spouse.

**Tenants in Common** – Individuals own a specific piece of the pie, which passes into his/her estate upon death.

**Land sales Contracts** – A right to acquire the pie (title) upon fulfillment (payment) of the land sales contract. Deeds may be required to settle title to an individual.

**ESTATES** – Upon the death of an individual, the ownership of the property passes to devisees ( if there is a will ) or heirs at law ( if there is no will ). Estates may be either probated or unprobated.

**Probate** - a court sanctioned process where assets are gathered, creditors are paid, and the balance distributed to the devisee or heirs. A personal representative is appointed who can sign documents and deeds.

**Non – Probate** - unlike a probate, there is no court sanctioned process for gathering assets, and paying creditors. There is no personal representative appointed. A quasi probate procedure known as a small estate, may be available. Deeds will need to be obtained from all heirs and devisee. Special risk assessment is made by the Title Company, and the additional risk premium may be charged. In some cases, the Title Company may require a full probate. Since each situation is unique, it will be evaluated on its own facts.

**LITIGATION** – Any court action that involves real property.

**Foreclosures** – a process to terminate an interest in property. Depending upon the type, foreclosure proceeding usually require a redemption, a reinstatement or a release.

**Divorces** - Creates and terminates interests in property and obligations in former spouses. It may be necessary to contact former spouses to complete a sale, to obtain signatures, or pay outstanding obligations.

**BANKRUPTCY** – A process that offers an individual protection from creditors and a second chance. The seller may or may not be permitted to execute sales documents. Distribution of proceeds, including real estate commissions, must be approved by the Trustee in Bankruptcy.

**RESTRICTIONS** - Limitations on the use or enjoyment of real property.

**EASEMENTS** – Non- Possessory rights of a limited nature granted to third parties in and to the land of another.

**JUDGEMENTS** – A monetary award against an individual whose assets then can be reached for payment. Common names may require additional information (Statement of Identity) regarding the identification of the individual to determine if her/him is the subject of a judgment.