Fidelity National Title

What is a Preliminary Title Report?

A preliminary report is designed to facilitate the issuance of a particular type of policy. The preliminary report identifies the title to the estate or interest in the described land. It also contains a list of defects, liens and encumbrances and restrictions which would be excluded from coverage if the requested policy were to be issued as of the date of the report, together with a disclosure of selected policy boilerplate provisions attached as an exhibit to each report.

A Realtor will often obtain a copy of the preliminary report in order to discuss the matters set forth in it with his or her clients. Thus, a preliminary report provides the opportunity to seek the removal of items referred in the report which are objectionable to the prospective insured. Such arrangements can be made with the assistance of the escrow.

Preliminary reports are furnished in connection with an application for title insurance and are offers to issue a title policy subject to the stated exceptions set forth in the reports and such other matters as may be incorporated by reference therein. The reports are not abstracts of title, nor are any of the rights, duties or responsibilities applicable to the preparation and issuance of an abstract of title applicable to the issuance of any report. Any such report shall not be construed as, or constitute a representation as to the condition of title to real property, but shall constitute a statement of the terms and conditions upon which the issuer is willing to issue its title policy, if such offer is accepted.

Based on this definition, a preliminary report does not necessarily show the condition of the title, but merely reports the current vesting of title and the items the title company will exclude from coverage is a policy should later be issued. The elements of this definition are threefold. First, a preliminary report is an offer. Second, it is not an abstract of title reporting a complete chain of title. Lastly, it is a statement of the terms and conditions of the offer to issue a title policy.

The purpose of a Preliminary Report

1. To show in written form the following:
   - Ownership
   - Estate
   - Legal Description
   - Tax and Bond Information
   - Easements and CC&R's
   - Defects in title and requirements
   - Trust Deeds (loans)
   - Personal recorded liens on buyers & sellers
2. Used by buyers and sellers to consummate an escrow
3. Used as a preview of our Title Policy

The processing of a Preliminary Report

1. Searching of Title (gathering information)
   - Verify legal and address to make sure we are searching the correct property.
   - Start at the last point of insurance we have (starter.)
   - Run a complete chain of title on P.I.Q. (property in question) from our last starter date to today. The items covered by this part of the search are items 1,2,3,5,7 in category #1.
   - Use of our back up system (Grantor/Grantee) when any flaws or breaks appear in the chain of title.
   - Run the buyers, sellers and former owners on the General Index for recorded personal liens.
   - Attach a map identifying our property.
2. Examination of Title
   - Review everything in title search
   - Examine the documents in chain of title for:
     - Execution and signatures
     - Possible forgeries
   - Prepare the items to be shown in the report by using our computer coding system.
   - Set for the any conditions which will need to be met before we can issue a policy of title insurance.
   - Send to typist with complete write-up (instructions) as to what is to be shown in the report.
3. Typing and Proofing

The report is typed in to our disc retrieval system. This will store information on a memory system for use in producing our title policy at a later date. The typed report is then reviewed by another person for accuracy and returned to the title unit.