

ARTHUR CERVANTES PROPERTIES, INC.

TITLE: WHO OWNS WHAT?

What the title company does and why it matters

Title answers a simple question: Can ownership be transferred the way the contract expects?

Before closing, the title company searches public records and prepares a preliminary title report showing the current ownership and important recorded items that may affect the property.

What title looks for

- Who appears to own the property.
- Mortgages, deeds of trust and other liens.
- Recorded easements, restrictions and other exceptions.
- Taxes or assessments shown in the title search.
- Items that may need to be paid, released, clarified or accepted before/at closing.

How this helps a buyer

- Helps reveal recorded ownership/title issues before you take title.
- Shows exceptions and recorded matters you should understand before closing.
- Owner's title insurance can protect against covered title defects that were unknown when the policy was issued.
- A lender normally requires a lender's title policy when financing is used; that policy protects the lender, not the buyer's ownership interest.

How this helps a seller

- Identifies recorded items that could delay the transfer.
- Helps escrow obtain payoffs/releases for liens that must be cleared.
- Confirms the vesting/ownership information being used for the transfer.
- Gives time to investigate unexpected title problems before the closing deadline.

Preliminary report vs. title insurance

The preliminary report is not the insurance policy. It is an offer to issue title insurance under stated terms and exceptions. The final title policy is issued after closing and provides the coverage described in that policy.

ACP rule

Read the preliminary title report early. Ask about anything you do not understand. Do not wait until signing day to discover a lien, easement, ownership issue or exception that matters to you.