

THE IMPORTANCE OF A TITLE SEARCH

When Buying Your Home California



Despite the expertise and dedication that goes into a title search, hidden title defects can emerge after completion of a real estate transaction, leaving the buyer without clear title. Title defects can be an unpleasant and costly surprise. Some examples include:

- Previously undisclosed errors with claims against the property
- A forged deed that doesn't transfer title to real property
- Instrument executed under expired or fabricated powers of attorney
- Mistakes made in public record

Title insurance, through a company like First Integrity Title, is a simple step buyers and sellers can take to protect themselves against loss or damage due to potential problems with the title to their property.

The Preliminary Report

The title company will perform a title search before issuing a title insurance policy. This labor intensive process searches the history of the property from the county records. The search results may uncover items that need to be corrected before a clear title can be conveyed, such as:

- Outstanding Mortgages, Liens, Judgments and tax liens
- Deeds that contain improper vesting and incorrect names
- Improper notary acknowledgments
- Easements and restrictions

The title company will issue a preliminary report on the property. A preliminary report gives the buyer, seller and lender an opportunity to review any potential title defects that are to be cured or shown on the title policy.

Reviewing The Preliminary Report

Your real estate agent should review the preliminary report as soon as it arrives, with particular attention to certain areas.

Verify The Ownership Vesting

The name on the report should match the names on the purchase contract. Sometimes the names of an unexpected owner will appear and a corrective document may be required.

Verify The Property Address

The plat map and legal description should match the address. An owner could own two properties adjacent to or across the street from each other, causing confusion and identifying the correct property.

Verify The Exceptions

Carefully review the exceptions. Common exceptions include current taxes, bonds, Mello-Roos assessment, Covenants, Conditions and Restrictions (CC&R), easements and deeds of trust. Be sure the CC&R's or existing easements don't interfere with the buyer's future plans. For example, an easement across the backyard could have profound effect on the buyer's ability to add a swimming pool.