



Things to look for on a Preliminary Title Report that might cause a problem prior to or at closing.



Vesting - If title does not include a name or names that should be on title, look for a real estate contract as an exception in the preliminary title report. If there is none, carefully check the legal description to make sure the property described in the preliminary title report is the same as that shown in the purchase and sale agreement.



Taxes and Assessments - Look for an exemption or classification designation that would change the tax amount as a result of the sale, then disclose this to the buyer.



Deed of Trust - Deeds of Trust that are paid off but are not reconveyed require a reconveyance from the trustee or a court order to remove it from the record. Upon proof of payment and/or an indemnity, the title company may insure around the encumbrance.



Identity Matters - Judgments and Liens may be eliminated with an identity affidavit or an SI, commonly known as STATEMENT OF INFORMATION, if they do not affect the party in question. If they do affect the party but have been paid and not satisfied, a release or satisfaction must be obtained and recorded or filed to eliminate these matters.



Pending Actions - A civil action affecting real property will generally have to be dismissed or withdrawn before title to the land can be insured. A pending divorce may not need to be finalized for a sale or loan to close, however there may be special requirements. A probate may have specific requirements. Please check with your Equity Sales Rep or Title Officer for details.



Joint Use Matters - Driveways, party walls and access easements may prompt a lender to require a joint maintenance agreement. The title report will show such agreements if one is of record.



Extended Coverage Matters - If a physical inspection of the subject property discloses encroachments, lien rights, or other matters, these must be addressed before the lender will close. If an extended coverage owner's policy is requested, an ALTA/ACSM (American Congress on Surveying & Mapping) survey of the property is required.



Legal Description - The legal description should always be compared to the legal description in the purchase and sale agreement to be sure that all the property being conveyed has been included in the preliminary title report.



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What You Didn't Know About Deeds

Remember playing Monopoly as a kid, where amassing deeds to property — those little color coded cards — was all-important? Real-life deeds aren't nearly so colorful, but they're still very, very important. At Equity Title Company, one of our jobs is to verify and insure ownership as set forth in the deeds on record. Here are some questions commonly asked about deeds.

What is a deed?

A deed is the document that transfers ownership of real estate. It contains the names of the old and new owners and a legal description of the property, and is signed by the person transferring the property.



Do I need a deed to transfer property?

Almost always. You can't transfer real estate without having something in writing. In some situations, a document other than a deed is used—for example, in a divorce, a court order may transfer real estate from the couple to just one of them.



I'm confused by all the different Deeds. What is the difference?

What's most important is the substance of the deed, the description of the property being transferred, and the names of the old and new owners. Here's a brief rundown of the most common types of deeds:

What is a Quitclaim Deed?

A Quitclaim Deed transfers whatever ownership interest you have in the property. It makes no guarantees about the extent of your interest. Quitclaim Deeds are commonly used by divorcing couples; one spouse signs all his/her rights in the couple's real estate over to the other. This can be especially useful if it isn't clear how much of an interest, if any, one spouse has in property that's held in another spouse's name. Quitclaim deeds are also used to cure technical defects in a title and to eliminate any potential claims against the property from persons with an uncertain or potential interest in the property.

What's a Grant Deed?

A Grant Deed transfers your ownership and implies certain promises—that the title hasn't already been transferred to someone else or been encumbered, except as set out in the deed. This is the most commonly used kind of deed in most states.



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Property Tax Payment Information

**REAL PROPERTY TAX PAYMENT TIME
IS DRAWING NEAR!!!!!!**

IF YOUR TRANSACTION IS IN ESCROW,
IT IS MOST IMPORTANT THAT YOU
READ THE FOLLOWING CONCERNING
PAYMENT OF REAL PROPERTY TAXES
WHICH WILL BE DELINQUENT AFTER
APRIL 10TH.

1. To verify whether real property taxes are open or paid on your subject property, you may contact your Escrow Officer or Title Company. They will be aware of the tax status and will be able to help you take the necessary steps to see that the taxes are paid.
2. If the current installment of taxes has **NOT** been paid, it **SHOULD NOT** be paid directly to the tax collector. **A CASHIERS CHECK** in the amount of the installment due payable to the appropriate county tax collector should be forwarded to Escrow (at least five (5) business days before delinquent.) This procedure will allow us to verify payment of the taxes and will avoid a possible four to six week delay for such verification, as well as avoid possible double payments.
3. Either installment of a new tax bill can be paid from the proceeds at the close of escrow. It is important to understand, however, should the escrow close after the **DELINQUENCY DATE**, there will be at least a 10% penalty paid by you, if item (2.) is not followed.
4. If either or both installments of taxes have been paid but cannot be verified, you should be prepared to provide **CANCELLED CHECKS** for such payments.
5. If an impound account exists with the lender, taxes will be paid from it prior to the delinquency date. If escrow is to close prior to the due date, however, verification of payment from the lender in writing will be required. (If the loan is paid off prior to the tax's due date, the lender may apply the tax money they are holding to the payoff amount rather than pay the taxes.)

PLEASE NOTE: If a **SEPARATE SUPPLEMENTAL** tax bill has been received recently, the above procedures should be followed and **BOTH HALVES SHOULD BE PAID.**

If you have an escrow closing between now and the first of April, we hope this will assist in keeping you informed of procedures that may need to be completed during the course of your escrow.

This information is provided to you so you are aware of the actions Equity Title is taking to make sure your transactions close efficiently during tax time.



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COMMON WAYS TO HOLD TITLE TO REAL PROPERTY IN CALIFORNIA

	COMMUNITY PROPERTY	COMMUNITY PROPERTY WITH RIGHT OF SURVIVORSHIP	JOINT TENANCY	TENANCY IN COMMON	PARTNERSHIP	TRUST
PARTIES	Husband and Wife OR Domestic Partners	Husband and Wife OR Domestic Partners	Any number of persons (can be husband and wife or domestic partners)	Any number of Persons.	Any number of Partners.	Any number of beneficiaries of the trust.
DIVISION OF INTERESTS	Equal	Equal	Equal	Any number of interests equal or unequal.	Partnership interests may be equal or unequal.	Beneficial interests under trust may be equal or unequal.
TITLE	In the names of the individual owners.	In the names of the individual owners.	In the names of the individual owners.	In the names of the individual owners.	In the names of the partnership.	In the name of the trustee, "as trustee."
POSSESSION	Equal right of Possession.	Equal right of possession.	Equal right of Possession.	Equal right of Possession.	According to partnership agreement.	According to trust Agreement.
CONVEYANCE	Both parties must join in a conveyance.	Both parties must join in a conveyance.	Conveyance by one co-owner breaks the joint tenancy.	Each co-owner's interest may be conveyed separately.	Any general partner authorized by the partnership agreement may convey	Trustee may convey in accordance with the trust agreement.
DEATH	Decedent's 1/2 interest passes to survivor unless devised by will.	Decedent's 1/2 interest passes to survivor.	Decedent's interest passes to the survivor(s).	Decedent's interest passes to decedent's estate.	Partnership agreement provides for either termination or continuance of the partnership	Trust agreement usually provides for distribution upon death of the settlor.
SUCCESSOR'S STATUS	Tenancy in common between devisee and survivor results.	Survivor owns entire interest.	Last survivor owns entire interest.	Devisees or heirs become tenants in common.	Heirs or devisee have rights in partnership interest but not in specific property.	Trust agreement usually provides for distribution upon death of the settlor.
CREDITOR'S RIGHTS	Community property is liable for the debts of either party incurred before or during marriage or domestic partnership.	Community property is liable for the debts of either party incurred before or during marriage or domestic partnership.	Co-owner's interest may be sold at an execution sale to satisfy the co-owner's judgment creditor.	Co-owner's interest may be sold at an execution sale to satisfy the co-owner's judgment creditor.	Only a partner's right to receive profits can be executed upon by the partner's judgment creditor.	Usually, a creditor cannot execute on a beneficiary's interest.

This chart is for reference purposes only. How title is vested has important legal consequences, and this chart should not be relied upon to make that decision. You should consult an attorney to determine the most advantageous form of ownership for your particular situation. Someone who is not an attorney cannot give advice regarding how to hold title because doing so would constitute the unlawful practice of law.

S10-20 [S2-3F]



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20 Reasons For Title Insurance



- 1) Title Insurance will protect you against a loss on your home or land due to a title defect.
- 2) A deed or mortgage in the chain of title may be a forgery.
- 3) Claims constantly arise due to marital status and validity of divorces.
- 4) A deed or mortgage may have been made by an incompetent or under-aged person.
- 5) A deed or mortgage made under an expired power of attorney may be void.
- 6) A deed or mortgage may have been made by a person with the same name as the owner.
- 7) A child born after the execution of a will may have interest in the property.
- 8) Title transferred by an heir may be subject to a federal estate tax lien.
- 9) An heir or other person presumed dead may appear and recover the property or an interest.
- 10) A judgment regarding the title may be voidable because of some defect in the proceeding.
- 11) By insuring the title, you can eliminate delays when passing your title on to someone else.
- 12) Title Insurance reimburses you for the amount of your covered loss.
- 13) Title Insurance helps speed negotiations when you're ready to sell or obtain a loan.
- 14) A deed or mortgage may be voidable if signed while the grantor was in bankruptcy.
- 15) Claims have risen dramatically over the last 30 years.
- 16) There may be a defect in the recording of a document upon which your title is dependent.
- 17) Title Insurance covers attorney fees and court costs.
- 18) Many lawyers protect their clients as well as themselves by procuring Title Insurance.
- 19) A deed or mortgage may have been procured by fraud or duress.
- 20) A title policy is paid in full by the first premium for as long as you own the property.



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