

COMMON RED FLAGS

on your title report



DEED OF TRUST

Deeds of Trust, which are paid off but not re-conveyed, require a re-conveyance from the trustee or a court-ordered satisfaction to remove it from the record. Upon proof of payment and indemnity, the title company may remove those as exceptions in certain situations.

EXTENDED COVERAGE MATTERS

A supplemental commitment may be issued after an inspection or a survey to remove this exception or replace the exception with a specific description. If the supplemental shows a question of encroachment, lien rights or other matters, most lenders will require those matters to be resolved, or the exceptions to be removed. If an extended coverage owners policy is requested, an ALTA/ACSM survey of the property is required on most sales.

IDENTITY MATTERS

Judgments and Liens may be eliminated with an *Identity Affidavit* if they do not affect the vested owner, or purchaser. If they do affect our party, but have been paid and not satisfied, a release may be recorded or filed to eliminate these matters from the record.

JOINT USE MATTERS

Driveways, party walls and access easements may require a joint maintenance agreement by the lender. The preliminary commitment will show an exception for agreement if one is recorded. Often a signed and notarized statement from all parties involved is required to satisfy title.

LEGAL DESCRIPTION

Always compare the legal description in Schedule A of the commitment to the legal description in the purchase and sale agreement. Be certain that all property being conveyed has been included and thereby covered in the preliminary commitment.

PENDING ACTIONS

A civil action affecting real property will generally need to be dismissed or settled before title to the land can be insured without showing the action as an exception. A pending divorce may not need to be finalized for a sale or loan to close, however there may be special requirements.

TAXES AND ASSESSMENTS

Check to see if there is an exemption or classification designation that would change the tax amount as a result of the sale or loan, then disclose this to the buyer.

VESTING

If your seller is not in title, look for a real estate contract as an exception. There may be a conveyance to the seller that is described as an exception with a question raised about that document. If none exists, check the legal description to make sure it is the same description as in the purchase and sale agreement.