

Reading a PR

Introduction

The P.R., as it is commonly referred to, is a **Preliminary Title Report**. It is also called a **Commitment for Title Insurance**; both names refer to the same report.

The P.R. is a commitment for title insurance, whereby the agent agrees to issue a policy of title insurance if the requirements set forth under Schedule B - Section 1 are met. If the requirements are not met within 6 months, the obligation under the commitment ends and transfers to the Policy.

We liken the P.R. to a road map, in that it directs you to obtain the necessary documents and funds to achieve the desired outcome, i.e., transfer of ownership, release of paid liens and the perfection of new liens. In most cases, the Escrow Agent assists in the clearing of the P.R., obtains the documents and funds, records the documents and disburses the funds.

Our obligation to you as the insured does not end there. We must then obtain the necessary release documents from lien holders paid through the settlement to ensure you and the borrower have marketable title.

Page 1 - Cover Page

Identifies the party who ordered the report and includes the U.T.S. order no., vested owners (a/k/a borrowers), and any other party that may have an interest, such as a real estate agent.

Page 2 - Schedule A

- No. 1: All public records were searched at this point in time. All beyond this date and time will not be included in the report. Order Number and the names of the Title Dept. and Escrow Dept. contacts are also referenced.
- No. 2: (a): Reflects proposed buyers, liability amount and premium. The policy amount is usually the same as the purchase price.
(b): Reflects proposed lender, loan amount and premium.
(c): Endorsements: 100, 116 and 8.1 are the most common endorsements issued with a Lender's Policy.
- 100** - Insures against encroachments / improvements located on the land onto adjoining lands and vice versa. Also, insures that C.C. & R's are not violated now or in the future, that will impair the lien.
 - 116** - Identifies the structure on the land and its correct location and address.
 - 8.1** - Insures your lien has priority over Environmental Protection Liens.
- No. 3: This paragraph identifies the vested owner of record as of the effective date, and how the vested owner/s hold title to the property.
- Joint Tenants** - Rights of Survivorship
 - Tenants in Common** - Undivided interest without rights of survivorship.
- No. 4: Reflects the county in which the property is located, the legal description and the property address.

Page 3 - Schedule B - Section 1

This page tells you the requirements to be met to insure the transaction as proposed in Schedule A. It identifies what documents must be obtained prior to, or at time of closing to properly transfer title from one party to another, and to perfect the desired lien position.

Page 4 - Schedule B - Section 2

Standard Exceptions are eliminated on all Lender's Policies. They are generally included in Owner's Policies unless we issue an Owner's Extended Coverage Policy.

Page 5 - Schedule B - Section 2, Part II

This section deals with specific exceptions. You will find all outstanding taxes, Special Assessments, Easements, Covenants, Trust Deeds and all other liens in this section.

- No. 1 & 2: **Taxes**
Will always reflect the current tax accruing as a lien, but not yet due and payable. Taxes for the calendar year are due November 30th, but cover the entire year through the end of December. This paragraph will also reflect delinquent taxes, tax sales and penalties/interest if applicable.
- No. 3: **Municipality Information for Special Assessments.**
Special assessments can be street lighting, curb and gutter, street widening, municipal water, to name just a few.
- No. 4: **Easements**
A right created by grant, reservation, agreement, prescription, or necessary implication, which one has in the land of another.
- No. 5: **Covenants, Conditions and Restrictions**
A term used to describe the restrictive limitations that may be placed on your property.
- No. 6: **Deeds of Trust**
A lien instrument used in many states in place of a mortgage. Property is transferred to a trustee by the borrower (trustor) in favor of the lender (beneficiary), and conveyed upon payment in full.
- No. 7: **Assignment of Trust Deed**
Assigning a beneficial interest from one to another.
- No. 8: **Judgments**
A judgment is a decision of a court of law. A judgment lien is an involuntary lien against the property of a judgment debtor.

Page 5 - Schedule B - Section 2, Part II

- No. 9: **Federal Tax Liens**
A lien attaching to property for nonpayment of a federal tax such as estate, income, etc. A federal tax lien differs from other liens in that it is not automatically extinguished by foreclosing a mortgage or trust deed recorded before the tax lien, except by judicial foreclosure.
- No. 10: **Miscellaneous Liens**
Liens that are less specific in nature such as Notice of Interest, Lis Pendens, Homeowner's Lien, Mechanic's Lien, etc.
- No. 11: **Decree of Divorces**
We review Decrees of Divorce to ascertain equitable interests stipulated against the property.
- No. 12: **Bankruptcy**
Proceedings under federal bankruptcy statutes to relieve a debtor (bankrupt) from insurmountable debt. Once bankruptcy has been filed, the debtor's estate is administered by a trustee appointed by the Bankruptcy Court, and all decisions pertaining to the estate must be approved by the trustee.

After all requirements have been met, and prior to recording the documents, our Title Department once again searches the public records to make certain no intervening liens have been recorded. If none are found, we record the documents, disburse the funds and issue a Policy of Title Insurance.

These definitions and explanations are brief. You may require further information that will properly explain or identify the issue or problem. Please call your Marketing Rep. or Escrow Officer for more information, as they will be happy to assist you.