

## **"RED FLAGS" ON THE PRELIMINARY TITLE REPORT**

1. Schedule A – Item 2 - Confirm NAME FORM or PURCHASER(s) and marital status\*
2. Schedule A – Item 4 - Corroborate VESTED TITLE OWNER (Sellers) \*  
\*With both entities, check the following:
  - a. Confirm spelling and marital/corporate status of persons or companies.
  - b. Is there an estate involved?
  - c. Is there a Power of Attorney to be employed in the sale or execution of Mortgage, Deed, loan documents, etc.? Our office will need to have the original Power of Attorney, as it will need to be filed in the county records prior to the filing of the Deed or Mortgage. We need to review the power of Attorney to be sure that it grants the right to convey the real property.  
  
If a buyer is wanting to use a Power of Attorney and they are getting a loan, their lender will require a copy of the Power of Attorney and will need to approve the use of the Power of Attorney. The Power of Attorney usually needs to be a Limited Power of Attorney for use in the specific current transaction.
  - d. Is there a corporation or limited liability company involved? Evidence of the existence of the corporation or limited liability company, the operating agreement and the identity and authorization of the officers will be required.
  - e. Do the Seller's own title as Trustees? We will need to see a copy of their Trust Agreement and prepare an Affidavit which will need to be signed by the seller and filed prior to the filing of the Deed.
3. Schedule A – Item 5 - Verify the LEGAL DESCRIPTION of the preliminary title report with that contained on the Purchase Agreement. Is there a subdivision involved? Compare with map enclosed.
4. Schedule B II – Exceptions - Check GENERAL TAXES:
  - a. Is there a possible senior citizen tax exemption?
  - b. Is there a tax classification such as Farm and Agricultural land which may be subject to penalties and interest from withdrawal from said classification? Is it to be continued?
  - c. Are there delinquent taxes? It may be subject to additional foreclosure costs levied by the County Treasurer.
5. Schedule B II – Exceptions - Check for ASSESSMENTS showing on the Preliminary report:
  - a. Delinquent City water/sewer bills, etc.
  - b. Water District, Street Assessments and Lighting District Assessments, etc.? Are they to be paid off or assumed at closing?
6. Schedule B I - Requirements - Check ENCUMBRANCES:
  - a. Are there any Mortgages showing that you were not aware of?
  - b. Are there Federal tax liens, judgments or liens? Work with your escrow closer. Middle initials and Social Security numbers can often eliminate these.

7. Schedule B II – Exceptions - Check for EASEMENTS:
  - a. Are they for ingress, egress and utilities for your proposed purchaser?
  - b. Is the property subject to any easements to benefit another party(s) for access or utilities?
  
8. Schedule B II – Exceptions - Check for COVENANTS, CONDITIONS AND RESTRICTIONS (CCR'S) that may apply to the subject property. Subdivision Plats, for example, are often subject to CCR's. Our office may have copies of these CCR's readily available for you and your customers to review prior to closing.