The Preliminary Report is an offer to issue a policy of title insurance covering a particular estate or interest in land subject to stated exceptions.

Since these exceptions may point to potential problems with your intended purchase, it is important for all parties to review the report once it is received.

A Preliminary Report provides a list of the matters which will be shown as exceptions to coverage in a designated policy or policies of title insurance, if issued currently, covering a particular estate or interest in land. It is designed to provide an interim, or “preliminary” response to an application for title insurance and is intended to facilitate the issuance of the designated policy or policies, it is normally prepared after application (order) for such policy(ies) of title insurance on behalf of the principals to a real property transaction, for the purpose of facilitating requirements relative to closing and policy issuance in form and content approved by those parties.

If a title policy is not contemplated, a Preliminary Report should not be ordered. Instead, consideration should be given to requesting a Condition of Title Report or other similar title product.

The Preliminary Report states on its face that it is made solely to facilitate the subsequent issuance of a title insurance policy and that the insurer assumes no liability for errors in the report. Accordingly, any claim arising from a defect in title must be made under the title policy and not the Preliminary Report.

After a title order has been placed, matters relative to the title policy coverage on the subject property are assembled in a title search package and examined by skilled technicians. This is when the Preliminary Report is prepared and sent to the customer. The report contains relevant information so that the parties to the transaction will become aware of matters which will not be insured against by the title company. This report is issued before the title policy, hence the name Preliminary Report.
Those matters shown in the report are as follows:

1. The estate of interest covered.
2. The owner of the estate or interest.
3. The parcel of land involved.
4. The exceptions, liens, encumbrances and other risks which will not be insured against if a Title Policy is issued.
5. Other requirements and provisions which are reflected as “Notes” in the Preliminary Report which are removed if and when a title policy is issued.

Commentary-Preliminary Report

A. This paragraph specifies that no liability is ever intended under a preliminary report, and further indicates what should be requested if the customer desires assumption of liability prior to policy issuance.
1. This number identifies the customer's escrow file for the property and includes the escrow officer's number for identification purposes.

2. The address of the subject property.

3. This date represents the date and time up to which matters affecting the title to the real property therein described have been examined and reported herein. This normally is the same as the "plant date".

4. This paragraph specifies the type of coverage form of policy we are prepared to issue and the general scope of the insurance.

5. A fee (the word "estate" is used to express the degree, quantity, nature, duration, or extent of an interest in land). A fee simple is the highest type of estate or interest an owner can have in land, freely transferable and inheritable, and whose owner is entitled to possession. (There are many other estates or interests in land that we could insure).

6. This shows who the owner of record is and how title is vested (or how the owner holds title to the land, i.e., a single man, a widow, husband and wife as joint tenants, etc.)

7. The description of the land covered in the preliminary report.

8. Indicates applicable rate for recent title insurance within last five years.

9. Identifies State and Market Center number and Escrow number.

10. This number identifies the title order for the subject property and also includes the title officer's designated number for easy identification.

Note:

Many times, minerals (e.g., oil and gas, etc.) have been reserved or excepted in previous conveyances. In these instances, we would add an "exception" to the legal description, such as: "Except therefrom all oil, gas and, other hydrocarbon substances in and under or that may be produced from a depth of 500 feet below the surface of said land, without the right of surface entry, as reserved in the deed.

LEGAL DESCRIPTION
EXHIBIT "A"

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF FAIRFIELD, COUNTY OF SOLANO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

Lot 144, as shown on the Map entitled: "Pleasant Valley Unit No. 8", filed in the Office of the Recorder of Solano County, California on February 10, 1987 in Book 56 of Maps, at Page(s) 52.

APN: 0123-456-78
1. Taxes
The first item (encumbrance) shown is a statement regarding the amount and status of the current years taxes, (e.g. taxes now a lien, now due, or respective installments paid or unpaid.)

* Special assessments which are collected with taxes.

2. Supplemental Taxes
Supplemental taxes currently due, paid or unpaid, delinquent, etc.

3. Additional Assessments
Additional assessments relating to the municipality where property is located.

4. Easements
These are rights or interests which entitle the holder thereof to some use or benefit, e.g., to install poles, wires, pipelines, roadways, sewers, storm drains, etc. Either "dedicated" on the subdivision tract map or granted by means of a deed.

5. Covenants, Conditions and/or Restrictions
Many times these are imposed by the owner(s) to help regulate setbacks, side yards, architectural matter, further construction, access and such other items of common interest to those living near or within the development.

Most protective restrictions will state that a violation of the terms and conditions contained therein will not disturb the trust deed placed on the property (this is also known as a "good faith provision.")

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AT THE DATE HEREOF, ITEMS TO BE CONSIDERED AND EXCEPTIONS TO COVERAGE IN ADDITION TO THE PRINTED EXCEPTIONS AND EXCLUSIONS IN SAID POLICY FORM WOULD BE AS FOLLOWS;

1. **Property taxes**, including any personal property taxes and any assessments collected with taxes, for the fiscal year 2004-2005, Assessor’s Parcel Number 0123-456-78.

   - Code Area Number: 3056
   - 1st Installment: $806.05 OPEN
   - 2nd Installment: $806.05 OPEN
   - Land: $60,717.00
   - Improvements: $184,793.00
   - Exemption: 100,000
   - Personal Property:

   The lien of the assessment shown below, which assessment is or will be collected with, and included in, the property taxes shown above.

   - Assessment: WATERSHED - DRAINAGE MAINTENANCE
   - Amount: $20.20

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (Commencing with Section 75) of the Revenue and Taxation code of the State of California.

3. Any taxes, assessments or charges levied by the following agency. Amounts due, if any, may be ascertained by contacting the agency.

   City of Fairfield Municipal Utility District (707) 555-1212

4. Easement(s) for the purpose(s) shown below and rights incidental thereto as delineated or as offered for dedication, on the map of said tract.

   - Purpose: Public service
   - Affects: Easterly 10 feet and the Northerly and Southerly 5 feet of the Easterly 20 feet
   - Purpose: Planting easement
   - Affects: Easterly 10 feet

5. Covenants, conditions and restrictions (deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as set forth in the document

6. Deed of Trust
A (recorded) deed of trust conveys title to particular land to a neutral third party (trustee) with limited powers (such as powers of sale) for the purpose of securing a loan (debt) or agreement.

7. S. I.
This confidential statement of information is used to enable the Title Officer to eliminate the title problems which may arise through similarity of the name of seller and/or buyer with the name of another person against whom there may be judgments, tax liens, or other matters affecting property ownership. (This is also known as the statement of identity, the "S. I")

ITEMS: (continued)

Said covenants, conditions and restrictions provide that a violation thereof shall not defeat the lien of any mortgage or deed of trust made in good faith and for value.

NOTE: Section 12956.1, as amended, of the Government Code provides the following: If this document contains any restrictions based on race, color, religion, sex, familial status, marital status, disability, national origin, or ancestry, that restriction violates state and federal housing laws and is void, and may be removed pursuant to Section 12956.1 of the Government Code. Lawful restrictions under the state and federal law on the age of occupants in senior housing or housing for older persons shall not be construed as restrictions based on familial status.

A deed of trust to secure an indebtedness in the amount shown below, and any other obligations secured thereby

- Amount: $100,000.00
- Date: December 4, 1991
- Trustor: SAM SELLER AND SALLY SELLER, HUSBAND AND WIFE
- Trustee: ANY TITLE COMPANY, A CALIFORNIA CORPORATION
- Beneficiary: ALTA MORTGAGE COMPANY
- Loan No.:

An assignment of the beneficial interest under said deed of trust which names:

- Assignee: ANY COAST MORTGAGE & INVESTMENT CORPORATION, A FLORIDA CORPORATION
- Loan No.:

We find various Liens and Judgments, that are of record against persons with similar or the same name as that of our vestee(s) shown herein. In order to complete this report, this Company requires a Statement of Information to be provided for the following vestee(s), which may allow and assist elimination of some or all of said Liens and Judgments. After review of the requested Statement(s) of Information, the Company reserves the right to add additional items or make further requirements prior to the issuance of any Policy of Title Insurance.

Vestee(s): SAM SELLER AND SALLY SELLER

END OF ITEMS
Notes:

Informational Items

Note 1. This company will require a statement of information from the parties named below in order to complete this report, based on the effect of documents, proceedings, liens, decrees, or other matters which do not specifically describe said land, but which, if any do exist, may affect the title or impose liens or encumbrances thereon. After review of the requested Statement(s) of Information the Company may have additional requirements before the issuance of any policy of title insurance.

Parties: JOHN HOMEBUYER AND JANE HOMEBUYER

(Note: The statement of information is necessary to complete the search and examination of title under this order. Any title search includes matters that are indexed by name only, and having a completed statement of information assists the Company in the elimination of certain matters which appear to involve the parties but in fact affect another party with the same or similar name. Be assured that the statement of information is essential and will be kept strictly confidential to this file.)

Note 2. There are NO deeds affecting said land, recorded within twenty-four (24) months of the date of this report.

Note 3. None of the items shown in this report will cause the Company to decline to attach CLTA Endorsement Form 100 to an Extended Coverage Loan Policy, when issued.

Note 4. The Company is not aware of any matters which would cause it to decline to attach the CLTA Endorsement Form 116 indicating that there is located on said land A SINGLE FAMILY DWELLING known as 1000 Suffolk Court, FAIRFIELD, CALIFORNIA to an Extended Coverage Loan Policy.

Note 5. Your application for title insurance was placed by reference to a street address only. Based on our records, we believe that the description in the report covers the parcel that you requested.

To prevent errors and to be certain that the proper parcel of land will appear on the documents and on the policy of title insurance, we require written approval of the legal description in the report be sent to this Company, signed by the parties to the transaction.
Notes:
Informational Items

6. Note
Wiring instructions for transferring funds.

7. Note
This note advises the customer of the “Good Funds” law which deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity.

8. Note
These are rights or interests which entitle the holder thereof to some use or benefit, e.g., to install poles, wires, pipelines, roadways, sewers, storm drains, etc. Either “dedicated” on the subdivision tract map or granted by means of a deed.

9. Note
This note advises the customer of the “California Buyers Withholding” law.

NOTES: (continued)

Note 6: Wiring instructions for Chicago Title Company, Fairfield, CA are as follows:

Receiving Bank: Any California Bank
300 South Any Avenue
Los Angeles, CA 90017

ABA Routing No.: 123000123
Credit Account Name: Fairfield
Credit Account No.: 12354-000
Escrow No.: 04-6001234-PC

These wiring instructions are for this specific transaction involving the Title Department of the Fairfield office of Chicago Title Company. These instructions therefore should not be used in other transactions without first verifying the information with our accounting department. It is imperative that the wire text be exactly as indicated. Any extraneous information may cause unnecessary delays in confirming the receipt of funds.

Note 7: Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation deals with the disbursement of funds deposited with any title entity acting in an escrow or subescrow capacity. The law requires that all funds be deposited and collected by the title entity’s escrow and/or subescrow account prior to disbursement of any funds. Some methods of funding may subject funds to a holding period which must expire before any funds may be disbursed. In order to avoid any such delays, all funding should be done through wire transfer, certified check or checks drawn on California financial institutions.

Note 8: The charge where an order is canceled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be canceled “no fee” pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.

Note 9: California Revenue and Taxation Code Section 18662, effective January 1, 1994 and by amendment effective January 1, 2003, provides that the buyer in all sales of California Real Estate may be required to withhold 3 and 1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained.
The Preliminary Report
by: Chicago Title

Assessor’s Tax Map
This map is a reduced size copy of the recorded county tax assessor’s map. It is included for informational purposes only and the Company assumes no liability for any loss occurring by reason of release of the map.

1. Disclaimer
2. Subdivision, Recorded Map Book & Page
3. Map Book number
4. Map page number
5. Lot Number
6. Parcel Number
7. Lot Dimensions

"IMPORTANT: This is not a survey, it is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings or acreage."

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