

**What is a preliminary title report?**

A **preliminary title report, also known as a prelim**, is a revocable offer made by

**A:**

a title insurer to issue a policy of title insurance on the terms and conditions set out in the report. The buyer, their agent and escrow use the prelim for an initial review of the vesting and encumbrances recorded on title to a property.

The intent of obtaining a prelim is to ascertain the current vesting and encumbrances as reflected on public record which affect a property’s title.

Encumbrances set out in a prelim include:

* general and special taxes;
* assessments and bonds;
* covenants, conditions and restrictions (CC&Rs);
* easements;
* rights of way;
* liens; and
* interests of others.

However, a prelim is not a representation of the **conditions of title** or a policy of **title insurance**. Unlike an abstract of title, a prelim cannot be relied on and the title company incurs no liability when the content incorrectly states the conditions of a property’s title.

Thus, a prelim is merely a statement of terms and conditions on which the title company is willing to issue a policy — subject to any changes they may make prior to actually issuing the policy of title insurance.

Both the buyer’s agent and seller’s agent review the prelim immediately on its receipt by escrow, looking for any reported conditions that may interfere with the buyer’s expectations or closing the transaction.

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