



HOW TO READ A PRELIMINARY REPORT

SAMPLE PRELIMINARY REPORT



A Preliminary Report contains three important elements:

- 1) it is a signed and dated offer to issue a policy of Title Insurance;
- 2) it set forth matters that will be excluded from coverage;
- 3) And, it identifies the conditions under which First American is willing to insure the property.

Within a short time after a title order has been opened, copies of recorded documents pertaining to the property are reviewed and assembled by a title technician. The result of this examination is the Preliminary Report that is prepared and sent to the customer.

The report is issued before any policy of title insurance hence the name Preliminary Report.

Those matters shown in the report are as follows:

1. The estate or interest covered.
2. The vested owner of the estate or interest.
3. A description of the land involved.
4. Exceptions, liens, and encumbrances which affect the land at the date and time of the report.

The Preliminary Report explained on the pages that follow is used by all members of the California Land Title Association. The investigation of title includes matters contained in the public records and, depending upon the type of final policy that is issued, certain off-record matters.

Note: There are certain matters which may affect title but may not be identified in the Preliminary Report.

IMPORTANT

*If any of the following items appear on your Preliminary Report, they will require **immediate** attention. A delay in closing may result without **immediate** attention.*

1

A CLAIM MECHANICS LIEN
AMOUNT: \$2,333.00
BY: JOHN CONTRACTOR
RECORDED: JANUARY 5, 2001 AS INSTRUMENT NO. 01-333

2

NOTICE OF ACTION FILED IN:
COURT: SUPERIOR
CASE NO: A111223
PLAINTIFF: JOHN CONTRACTOR
VS.
DEFENDANT: JOHN CONSUMER
PURPOSE: FORECLOSE/QUIET TITLE
RECORDED: MARCH 5, 2001 AS INSTRUMENT NO. 01-2222

3

SUBJECT TO PROCEEDINGS PENDING IN THE BANKRUPTCY COURT OF THE CENTRAL DISTRICT OF THE U. S. DISTRICT COURT, CALIFORNIA, ENTITLED: IN RE: **JOHN CONSUMER**, DEBTOR, CASE NO. **AP12334**, WHEREIN A PETITION FOR RELIEF WAS FILED ON THE DATE OF JANUARY 20, 2001.

4

THE EFFECTO OF A DEED, DATED **JUNE 4, 1991** EXECUTED BY **JUNE CONSUMER** AS GRANTOR, TO **JOHN CONSUMER** AS A GRANTEE, RECORDED **JANUARY 19, 2001 AS INSTRUMENT NO. 01-12222**.

THE REQUIREMENT THAT THIS OFFICE BE FURNISHED WITH EVIDENCE THAT SAID DEED WAS AN ABSOLUTE CONVEYANCE, FOR VALUE, AND THAT THERE ARE NO OTHER AGREEMENTS, ORAL OR WRITTEN, REGARDING THE OWNERSHIP OF THE LAND DESCRIBED HEREIN.

5

THE LACK OF A RIGHT OF ACCESS TO AND FROM THE LAND.

NOTICE: PARAGRAPH 4 OF THE INSURING PROVISIONS ON THE FACE PAGE OF THE POLICY WILL BE DELETED FROM THE POLICY TO BE ISSUED.

XPLANATION PAGE



- 1** MECHANIC'S LIEN: A statutory lien in favor of persons contributing labor, material, supplies, etc. to a work of improvement upon real property.

A release must be recorded to be removed.
- 2** NOTICE OF ACTION: A lis pendens. A notice of a pending law suit recorded, that warns all persons that the property is the subject matter of a litigation. Any interest acquired during the pending of the suit are subject to it's outcome.

A release and/or a withdrawal of the action is required to be recorded to remove.
- 3** BANKRUPTCY: A proceeding in the U.S. Bankruptcy Court wherein assets of a debtor (unable or unwilling to pay debts) are applied by an officer of the court in satisfaction of a creditor's claim.

Debtor must be discharged or dismissed from the case.
- 4** UNINSURED DEED: A deed that has been recorded but is believed to not have been checked as to its validity. Additional information may be needed before passing title.

Call your title officer to see what might be needed in each case.
- 5** ACCESS: A landowner's right to have ingress to and egress from the property to a public street.

This property does not have legal access.



1

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First American Title Company
411 Ivy Street
San Diego, CA 92101

2

Barbara Carson
Best Escrow
123 Main Street
San Diego, CA 92131-2471
Phone: (858) 555-1414
Fax: (858) 555-1415

3

4

Customer Reference:
Order Number:

2004042
1345702 (09)

1

5

Title Officer:
Phone:
Fax No.:
E-Mail:
Buyer:
Owner:
Property:

Bonnie Stark
(858) 613-2888
(858) 613-2887
bstark@firstam.com
Provost
Gonzalez
10895 Camino Ruiz No. 64
San Diego, CA

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PRELIMINARY REPORT

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Exhibit A attached. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.







It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

First American Title

EXPLANATION PAGE



-  Title Order Number. (First American's identification number.)
-  Name of person and company who requested the Preliminary Report.
-  Address of the person that requested the Preliminary Report. (Escrow, Lender or Real Estate Agent)
-  Customer reference number. (Escrow or loan number)
-  Title Officer's name, telephone extension, and fax number. Our reference number, owner, buyer and address of property.
-  This paragraph states that the Preliminary Report is in preparation for the issuance of a policy of title insurance, with no other liability unless specifically requested. It is a report only and not a title insurance policy.



7 Dated as of March 1, 2004 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

8 EAGLE Protection Owner's Policy (6/98) (CLTA/ALTA Homeowner's Policy of Title Insurance) if the land described is an improved residential lot or condominium unit on which there is located a one-to-four family residence, or ALTA Residential Title Insurance Policy (6-1-87) if the land described is an unimproved residential lot or condominium unit; ALTA Loan Policy (10-17-92) with ALTA Endorsement - Form 1 Coverage with EAGLE Protection Added

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

9 E. Rosalie R. Gonzalez, a single woman and Eduardo T. Gonzalez and Grace R. Gonzalez, husband and wife

The estate or interest in the land hereinafter described or referred to covered by this Report is:

10 A condominium in fee, as defined in Section 783 of the California Civil Code.

The Land referred to herein is described as follows:

11 (See attached Legal Description)

12 At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

13 1. General and special taxes and assessments for the fiscal year 2004-2005, a lien not yet due or payable.

14 2. General and special taxes and assessments for the fiscal year 2003-2004.

First Installment:	\$671.45, PAID
Penalty:	\$67.15
Second Installment:	\$671.45, DUE
Penalty:	\$77.15
Tax Rate Area:	08012
A. P. No.:	311-190-17-64

15 3. The lien of defaulted taxes for the fiscal year 2001-2002, and any subsequent delinquencies.

Tax Rate Area:	08012
A. P. No.:	311-190-17-64
Amount to redeem:	\$303.13
Valid through:	February 29, 2004
Amount to redeem:	\$305.90



- 7** This is the effective date of our investigation of public record; the date and time, up to which, matters affecting the title have been examined.
- 8** This sentence sets forth the form of policy coverage that First American Title Company has been requested to issue.
- 9** **Vesting:** This shows the vested record owner and how they hold title.
- 10** **Type of Estate:** (The word “estate” is used to describe the degree, quantity, nature, duration, or extent of an interest in land). A “fee” is the highest type of estate or interest an owner can have - freely transferable and inheritable, and whose owner is entitled to possession.
- 11** **Legal Description:** Description of the property that is the subject of the Preliminary Report.
- 12** **Exceptions:** Any transfer or encumbrance of this property will be subject to the matters following this paragraph unless the requirements to eliminate them have been met.
- 13** **Taxes:** The first exception shown is a statement regarding the amount and status of the current year’s property taxes (e.g., taxes now a lien, now due, or respective installments paid or unpaid).
- 14** Taxes for Fiscal Year 2003-2004, paid and due
- 15** Lien for defaulted taxes Fiscal Year 2001-2002, delinquent



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Valid through: March 31, 2004

16

4. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.

17

5. Any easements or servitudes appearing in the public records.
Affects: Common Area.

18

6. Covenants, conditions, restrictions and easements in the document recorded May 1, 1959 as Book 7637, Page 129 of Official Records, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income or disability, to the extent such covenants, conditions or restrictions violate Title 42, Section 3604(c), of the United States Codes or Section 12955 of the California Government Code. Lawful restrictions under 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.

Note: You may wish to contact the homeowners association referred to in the above document for information regarding assessments, transfer requirements or other matters.

19

7. A deed of trust to secure an original indebtedness of \$191,300.00 recorded March 1, 1995 as Instrument No. 95-88635 of Official Records.

Dated: February 24, 1995

Trustor: E. Rosalie R. Gonzalez, a single woman and Eduardo T. Gonzalez and Grace R. Gonzalez, husband and wife

Trustee: Stan-Shaw Corporation, a California Corporation

Beneficiary: Directors Mortgage Loan Corporation, a California Corporation

20

According to the public records, the beneficial interest under the deed of trust was assigned to Norwest Mortgage, Inc., a Minnesota Corporation by assignment recorded June 12, 1995 as Instrument No. 95-244560 of Official Records.

21

8. A Deed of Trust to secure an indebtedness in the original principal sum of \$51,800.00, and any other amounts or obligations secured thereby, recorded February 20, 1996 as file no. 1996-0082828 of official records.

Dated: February 12, 1996

Trustor: E. Rosalie R. Gonzalez, a single woman and Eduardo T. Gonzalez and Grace R. Gonzalez, husband and wife

Trustee: First American Title Company

Beneficiary: Easy Money Corporation, which is organized and existing under the laws of California.

22

A notice of default recorded June 18, 1998 as Instrument No. 98-371743 of Official Records.

23

9. A notice of homeowners association assessment lien recorded April 23, 1998 as Instrument No. 98-231707 of Official Records.

Association: Casa New Salem I Community Association

Amount: \$1,546.50, and any other amounts due thereunder.



- 16** **Proposition 13 Exception:** Addresses any Supplemental Tax bills that may be issued after the date of the Policy.
- 17**
- a. Easements appearing affects the common area
 - b. Recorded Easements: An easement is a right or interest of someone else in the subject land which entitles the holder thereof to some use, privilege, or benefit (e.g. to install poles and wires, pipe lines, roads or travel over, etc.) upon or over said land.
- 18** Covenants, Conditions and Restrictions: Commonly referred to as “CC&Rs”, the term usually refers to a written recorded deed or declaration which sets forth certain rules and regulations established by a subdivider or other landowner to create a uniformity of buildings and use within tracts of land or group of lots.
- 19** **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) on real property.
- 20** This is an assignment of the beneficiary's interest under the Deed of Trust.
- 21** **Credit Line Deed of Trust:** This (recorded) Deed of Trust is similar to the one shown as item 22 above except that it is not a true real estate loan, but was given as additional security for a line of credit that was extended to the Trustor.
- 22** **Notice of Default:** The terms of the Deed of Trust were violated (e.g., failure to pay monthly installments) and, therefore, a Notice of Default was recorded to evidence commencement of foreclosure proceedings.
- 23** An **Assessment Lien** from the Homeowner's Association for delinquent Association dues.



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24 10. A lien in favor of the United States of America, evidenced by a certificate bearing identifying No. 333601820 And serial No. 555-55-5555.
Amount: \$2,084.05 And any other amounts due thereunder.
Debtor: Eduardo T. Gonzalez
Filed: July 3, 1996
Recorded: July 10, 1996 as file no. 1996-0344555 of Official Records.

25 11. An abstract of judgment rendered by the superior court in and for the County of San Diego.
Case no.: SC# D334041; FSD# 443795
Debtor: Eduardo T. Gonzalez
Creditor: San Diego County office of the District Attorney
Amount: \$ (not shown) and any other amounts due thereunder.
Recorded: August 24, 1999 as file no. 1999-0582949 of Official Records.

26 12. Any right, title or interest of the spouse (if any) of any married vestee herein.

27 13. Any defects, liens, encumbrances or other matters which name parties with the same or similar names as Eduardo T. Gonzalez (10 + items) and Maria Gonzalez (10 + items) prior owners. The name search necessary to ascertain the existence of such matters has not been completed. In order to complete this preliminary report or commitment, we will require a statement of information.

28 INFORMATIONAL NOTES

The map attached, if any, may or may not be a survey of the land depicted hereon. First American expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

1. This report is preparatory to the issuance of an ALTA Loan Policy. We have no knowledge of any fact which would preclude the issuance of the policy with CLTA endorsement forms 100 and 116 and if applicable, 115 and 116.2 attached.

When issued, the CLTA endorsement form 116 or 116.2, if applicable will reference a(n) Condominium known as 10895 Camino Ruiz No. 64, San Diego, California.

2. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

29 3. Basic rate applies.

First American Title



24

Federal Tax Lien: A lien for unpaid Federal income tax. Imposes a lien on this and all other property now owned and hereafter acquired by the debtor until a release is recorded in the Official Records.

25

Abstract of Judgment: An Abstract of Judgment imposes a lien on this and all other real property now owned or hereafter acquired by the debtor until the judgment is satisfied.

26

This is disclosing a possible interest of the owners current or prior spouse.

27

A requirement that First American be furnished with personal information (Statement of Information) about a party that is involved with the transaction. This allows us to discern whether there are additional liens/judgements that may attach to title.

28

Lenders Supplemental Report: 24-month chain of title (Note I) and type of improvements located on the land (Note II) in preparation of the issuance of an ALTA Lenders title policy.

Lender's Information: On transactions involving a new loan by an institutional lender such as a bank, savings and loan, or mortgage company, a separate ALTA Lender's Policy is required.

This information supplies that lender with assurances regarding the availability of a special lender's endorsement and also gives the address and a brief description of the improvements located on the subject property.

It also satisfies the lender's requirement that they be told of any transfers involving the subject property within the last two years which will provide information on how recently the current owner may have acquired title.

29

Basis for Title Charges: Lets the escrow officer know the basis for the charges - whether it is a full rate or a partial (short-term) rate.



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WIRE INSTRUCTIONS for First American Title Company, Demand/Draft Sub-Escrow Deposits
San Diego County, California

First American Trust Company
Santa Ana Branch
421 North Main Street
Santa Ana, California 92701

ABA 122241255
Credit to First American Title Company
Account No. 13101

Reference Title Order Number 1345702, and Title Officer Bonnie Stark

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LEGAL DESCRIPTION

Real property in the City of San Diego, County of San Diego, State of California, described as follows:

A CONDOMINIUM COMPOSED OF:

INTEREST 1:

An undivided .0129 interest as tenant in common in and to parcel 1 of parcel map no. 11383, being a portion of lot 1 of Casa New Salem unit no. 1, in the city of San Diego, County of San Diego, state of California, according to map thereof no. 9129 in the office of the county recorder of San Diego County on February 27, 1979.

EXCEPTING THEREFROM THE FOLLOWING:

A. All living units shown upon the casa new salem parcel 1 amended condominium plan recorded in the office of the county recorder of San Diego County, California on april 5, 1982 as instrument no. 82-92103, Official records.

B. The right to possession of all of those areas designated as balconies, patios, covered parking spaces, pot shelves, and storage areas, shown upon the condominium plan referred to above.

INTEREST 2:

Living unit no. 64, As shown upon the condominium plan referred to above

INTEREST 3:

The exclusive right to use, possession and occupancy of those portions of parcel 1 described in interest 1 above which are appurtenant to the living unit described in interest 2 above, as more particularly designated on the amended condominium plan referred to above, which right is appurtenant to interest 1 And 2 described.

APN: 311-190-17-64

First American Title



30

Instructions to new lender if they are wiring funds to title

31

The Legal Description of the property in the Preliminary Report.

Types:

Lot/Map

Condo

Parcel Map

Metes and Bounds

Leaseholds

32

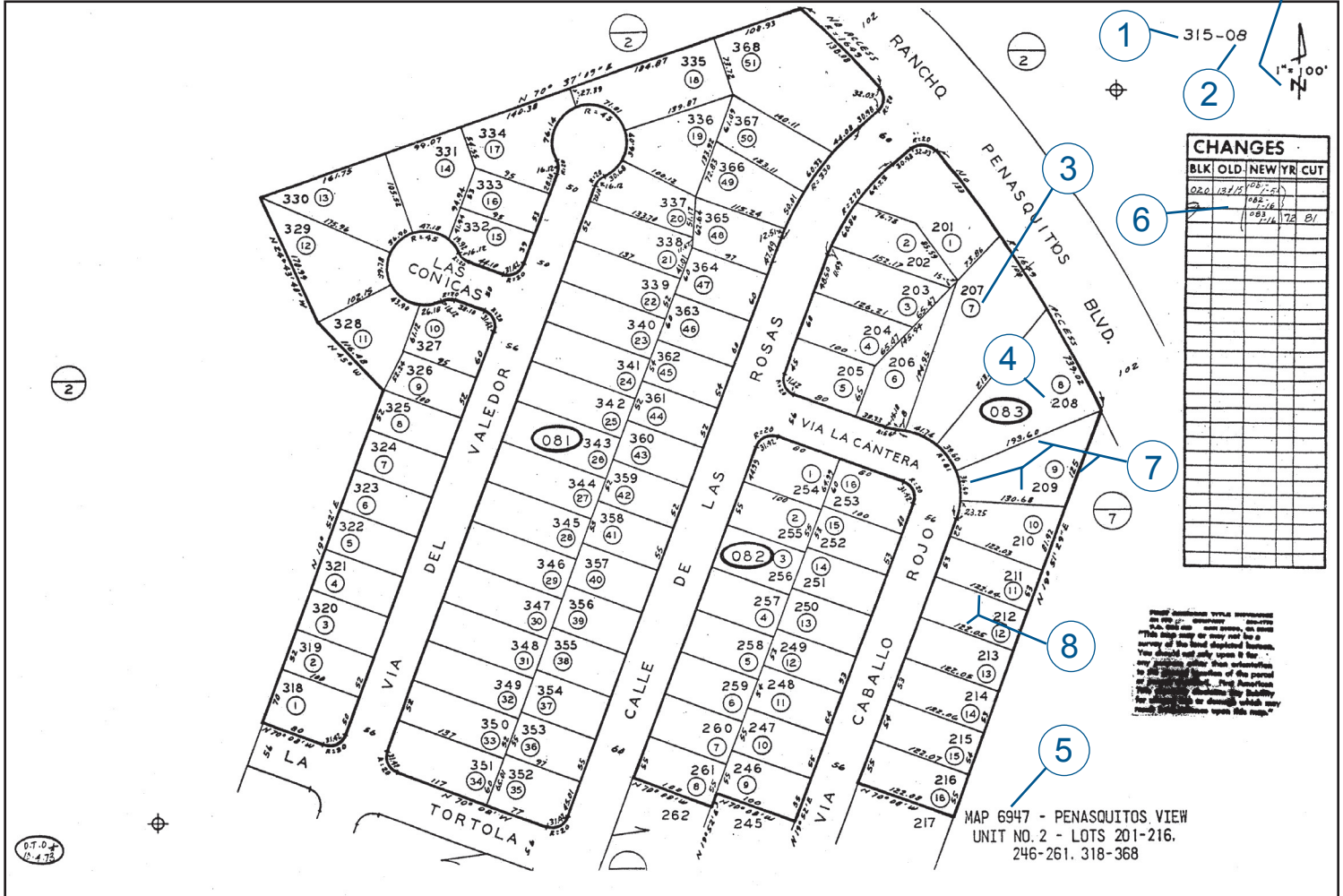
A copy of the current Assessor's Plat Map is provided at the end of this Preliminary Report to give the principals in the transaction an overview of the general shape of the subject property. Also included in the Plat Map are, certain dimensions that were either dedicated on the original map of the subdivision or created by legal descriptions contained in various deeds in the chain of title. Some deeds may have conveyed only specific portions of the original lot.

Plotted easements can be requested.

This map is not a survey of the land nor should it be relied upon for any purpose for which a survey would normally be required.



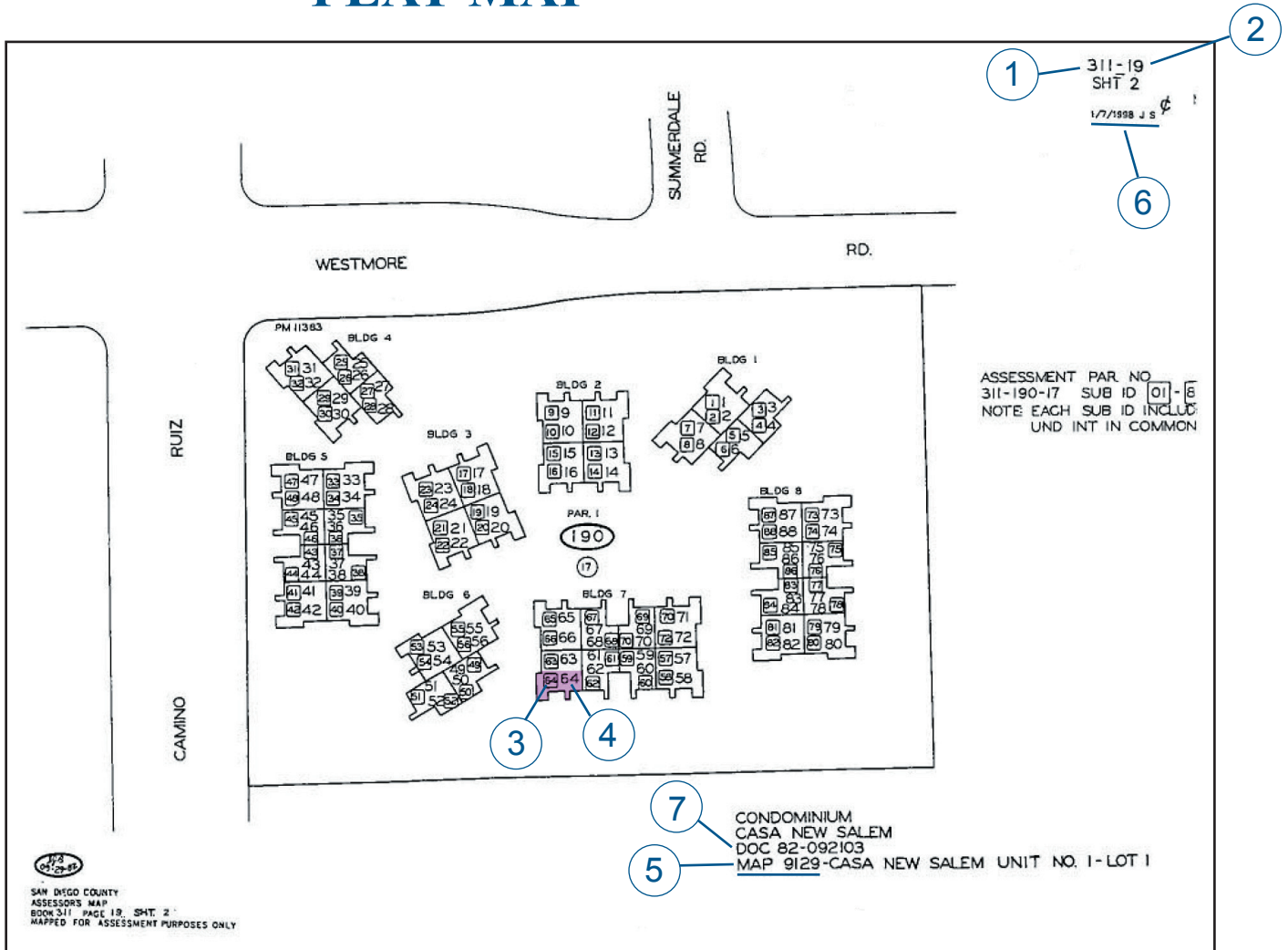
32 PLAT MAP



1. Assessor's book number.
2. Page number of assessor's book.
3. Assessor's parcel number assigned to the specific lot.
4. Lot number.
5. Map number.
6. Recording information of tract.
7. Lot dimensions (in feet).
8. Indicates lot dimensions equal to adjoining lots.
9. North/South indicator.



PLAT MAP



1. Assessor's book number.
2. Page number of assessor's book.
3. Assessor's parcel number assigned to the specific lot.
4. Lot number.
5. Map number.
6. Recording information of tract.
7. Document number of condo plan.



WAYS OF HOLDING TITLE

This table is for general information only. Before making any decision regarding your title be sure to consult with a real estate professional, attorney or tax advisor.

	Tenancy in Common	Joint Tenancy	Community Property	Community Property with Right of Survivorship (effective July, 1 2001)
Parties	Any number of persons (Can be husband & wife).	Any number of persons (Can be husband & wife).	Only husband & wife.	Only husband & wife.
Division	Ownership can be divided into any number of interests equal or unequal.	Ownership interests must be equal.	Ownership & managerial interests equal except control of business is solely with managing spouse.	Ownership & managerial interests equal except control of business is solely with managing spouse.
Title	Each co-owner has a separate legal to his undivided interest.	There is only one title to the whole property.	Title is in the "community". Each interest is separate but management is unified.	Title is in the "community". Each interest is separate but management is unified.
Possession	Equal right of possession.	Equal right of possession.	Both co-owners have equal management & control.	Both co-owners have equal management & control.
Conveyance	Each co-owner's interest may be conveyed separately by its owner.	Conveyance by one co-owner without the other breaks the joint tenancy.	Personal properties (except "necessaries") may be conveyed for valuable consideration without consent of other spouse. Real property requires <i>written</i> consent of other spouse & separate interest cannot be conveyed except upon death.	Conveyance by one co-owner without the other breaks the community interest with right of survivorship.
Death	On co-owner's death his interest passes by will to his devisees or his heirs. No survivorship rights.	On co-owner's death his interest ends & cannot be disposed of by will. Survivor owns the property by survivorship.	On co-owner's death half belongs to survivor in severalty. Half goes by will to decedents devisees or by succession to survivor.	On co-owner's death his interest ends & cannot be disposed of by will. Survivor owns the property by survivorship.
Successors Status	Devisees or heirs become tenants in common.	Last survivor owns property in severalty.	If passing by will tenancy in common between devisee & survivor results.	Last survivor owns property in severalty.