

IDENTIFYING RED FLAGS ON PRELIMINARY REPORT { PART 2 }

ENCROACHMENTS

We will sometimes find that a structure (commonly a fence or driveway) encroaches upon our property. This means that your client will have to take the property subject to the encroachment. Contact your title officer if you see encroachment language in your preliminary report.

RED FLAG

The lender will usually not want to lend on a property where encroachment exists. In some circumstances, an endorsement to the lender's policy (usually with an extra charge) can allow the lender to close. These are determined on a case by case basis. Again, contact your title officer.

NOTICE OF VIOLATION

These will sometimes be recorded by the fire department, the health department or the local zoning enforcement division in situations where the property violates a local statute.

RED FLAG

These are always red flags. The lender will not accept these conditions. The violation will have to be eliminated and the local enforcement agency will have to issue a release before closing. Escrow (or the seller or the seller's representative) will usually have to deal directly with the appropriate agency to resolve these types of issues.

COURT ORDERS/JUDGMENTS

These are not a standard item. The most common type to show on a PR is support judgments. These are issued by the courts when child/spousal support is owed by the party named (See "Statement of Information")

RED FLAG

Any order/judgment is a red flag. Support judgments can take up to 6 weeks to get demand and release from the creditor (usually the district attorney's office). If you see an order or judgment, contact escrow immediately to verify that the demand has been ordered.



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TO BE CONTINUED...