

TITLE COMMITMENTS



TITLE COMMITMENTS: WHAT ARE THEY?

A commitment for title insurance (“Title Commitment”) provides a buyer and lender with terms and conditions for how the final title policy will be issued. Title insurance offers protection for buyers and lenders from certain defects or errors in the title to a property. There are four main parts (called “Schedules”) of the title commitment.

WHAT IS IN EACH SCHEDULE TO THE TITLE COMMITMENT? WHAT SHOULD A REALTOR REVIEW?

A Realtor® needs to be knowledgeable about the title commitment so that they can direct their clients to the pertinent parts of the commitment to review. Issuance of the title commitment is an important part of the closing process for a buyer because it shows the buyer what type of coverage they are going to receive and also the limitations (called “Exceptions”) to that coverage.

Schedule A:

This is where you will find the who, what, where and how much information. The most important information here will be the name of the person who holds the existing title, the legal description of the land and the name of the proposed insured (buyer), the sales price and the name of the lender. All parties and the title company should make sure all of the information is accurate when it is compared to the sales contract.

Schedule B:

This is the section of the title commitment that addresses where other parties have any interest or control of the use of the property. Examples of this are utility easements and building setbacks. A utility easement is a common item to find here. This would be a part of the land that a utility company has the right to use. A setback prevents the owner from building a certain distance from a property line. Schedule B is also the section in which exceptions will be noted. Exceptions in this case are anything that will not be covered by title insurance.

Schedule C:

This is the section in which any issues must be resolved before the buyer can close on the property. Common issues here are an existing mortgage that needs to be paid off, a marital status issue or unpaid taxes and liens on the property.

Schedule D:

This final section outlines all parties who will collect any part of the insurance premium including underwriters, title agents and attorneys. It will also show the amounts being paid for the owner’s title insurance policy, the mortgagee policy amount and any endorsements.

