

What is a Title Commitment and How Do I Read It?

In nearly every real estate contract the seller agrees to provide the buyer with title insurance. Before closing, Title will send you a “title commitment” for your review. The title commitment is essentially a promise (i.e., commitment) to issue the title insurance policy after closing, and contains the same terms, conditions, and exclusions that will be in the actual title insurance policy. The title commitment also identifies any specific requirements that need to be addressed prior to closing so that the title policy can be issued.

Most title companies across the nation use standard forms for title commitments and title insurance policies. These forms are distributed by the American Land Title Association (ALTA). Although your title commitment contains items unique to your particular transaction, the typical ALTA title commitment covers the following things.

Schedule A

This part of the title commitment covers the basics of the transaction, such as the name of the person who currently holds title, the property legal description, the name of the proposed insured (buyer), the sales price, and the name of the lender. You will want to make sure that these items are correct.

Schedule B

This part of the title commitment is broken into two parts, the “Requirements” and the “Exceptions.”

Requirements

The Requirements section lists all the things that must be addressed prior to or at the closing, such as:

- Paying off taxes
- Paying off seller's existing mortgages
- Releasing liens on the title
- Recording the new deed and any new loan documents
- Correcting any errors in the title

Exceptions

The Exceptions section lists the things that won't be covered under the title insurance policy. Examples include:

- Mineral and water rights
- Utility and access easements
- Homeowner Association Covenants and Restrictions
- Existing Plat restrictions

You should review the Exceptions so that you have an understanding of how they may impact your use and ownership of the property.

If you have questions about a particular Requirement or Exception please don't hesitate to contact the Title Agency and speak to an Escrow Officer who can review the Title Commitment with you in detail. We want to ensure you understand your title commitment and make sure to clarify any questions you have prior to closing. As always, if we can be of assistance, please don't hesitate to reach out to us.

The Property Rush Team!

