

How To Read A Title Commitment

Title Commitment Jacket: This section covers notices and disclosures from the underwriter. There are definitions explained, commitment conditions for coverages and the company's rights and liabilities of coverages outlined.

Schedule A: This part of the title commitment covers the basics of the transaction. It's important to check for accuracy, as what appears on the title commitment will also appear on the closing documents and recordings at the county. The loan number, file number, revision number and company information will be listed.

1. **Commitment Date:** This is the date the information/indexing at the county is certified through.
2. **What type of policies will be issued:** Typically an Owner's Policy to the Buyer and a Loan Policy to the Buyer's lender. Both parties will be identified in this section. Premiums are shared in this section.
3. **Fee Simple.** What does fee simple mean? It means the property will be owned completely, without any limitations or conditions.
4. **Who is vested in title.** This real estate contract and title commitment should match for the vested seller (s) and buyer name(s). In the event of a deceased party, the estate is noted and will need to be addressed on the contract and on the title commitment.

Schedule B: This section is broken into two parts. The "Requirements" of what must be completed in order to issue a title policy and the "Exceptions" for items not covered by the title policy.

B1-Requirements: A list of what must be addressed and furnished at or prior to closing.

- Paying off taxes
- Paying of seller's existing mortgage(s)
- Releasing liens, notices and memorandums on title
- Recording the new deed and new loan documents
- Correcting any errors or unreleased Deeds of Trust on title
- Calls for a deed to be prepared & recorded, a mortgage recorded (if applicable) and a title policy issued.

B2 Exceptions: The Exceptions section lists the items not covered by the title policy. The buyer and buyer's lender should review the exceptions so there is an understanding of how these exceptions may affect the property and the ownership interests:

- Homeowner's Association Covenants, Conditions and Restrictions
- Utility and Access Agreements
- Recorded easements affecting the property
- Mineral and water rights
- Existing plat restrictions noted
- Other exceptions specific to the property

Legal Description: The legal description is how property is conveyed at the county and insured by the title company's underwriter. It's important to verify the legal description on the conveyance deed prior to closing and that the real estate contract and title vesting match.

