

Title Commitment Basics

The examination of title is reflected in the title commitment. The title commitment is produced after the title company has received a copy of a signed sales contract and a check for earnest money. The commitment reviews the status of title, lists title issues and defects that need to be addressed or cured before closing, and states any other preconditions to issuance of a title policy.

The title commitment consists of Schedules A through D plus various notices and disclaimers.

Schedule A indicates the type of transaction that will be insured plus the current owner of record and legal description of the property to be conveyed. It also lists the amount of the policy that will be issued at closing.

Schedule B lists exclusions and exceptions to coverage including such matters as restrictions, setback requirements, and utility easements. Items one through nine are standard exceptions and are general in nature. Any items which are follow are special exceptions pertinent to the property being conveyed.

Note that the second item on Schedule B excepts discrepancies, conflicts, or shortages in area or boundary line, or any encroachments or protrusions, or any overlapping of improvements. By checking box 6.A.(8) on the TREC contract, the buyer may amend the commitment and delete this “survey exception”—except for the part that refers to “shortages in area,” which stays in regardless of whether the survey exception is deleted or not.

Schedule C lists potential problem areas such as liens and judgments, and the title company routinely requires release of these. Other miscellaneous requirements may apply, such as a marital status affidavit, a not-same-name affidavit if there is a judgment in a name similar to that of the seller, an affidavit as to debts and liens, and the like. If there are more serious issues like mechanic’s liens, judgments against the seller, tax liens, lawsuits affecting title, heirship issues due to a previous owner dying without a will, or gaps in the chain of title, the commitment will indicate what must be done if title is to be insured in the name of the new owner. Specific curative action may be required.

Schedule D is usually of less concern to investors. It discloses, among other things, the parties who will receive any part of the title policy of premium.

If you have any questions about your title commitment, you may discuss with your agent or contact our office to discuss – assistant@ceshkergroup.com.

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Contact Your Attorney For Assistance.