

What Is The Title Commitment?

Purpose:

A commitment for title insurance is an official form that offers to issue a title policy; a statement of the terms and conditions on which the title company is willing to issue its policy.

Why:

Title companies issue title commitments to comply with Paragraph 6 (Title Policy and Survey) of the TAR promulgated contract forms. The contract states that a title commitment will be delivered to a buyer or seller within 20 days after the title company receives a copy of the contract. Copies of the restrictions and documents evidencing exceptions in the title commitment are also delivered to the buyer.

A Brief Outline of the Title Commitment:

1. Schedule A

This portion of the title commitment contains basic information about the proposed transaction:

- ▶ Proposed policy amount and insured – owner policy
- ▶ Proposed policy amount and insured – mortgagee policy
- ▶ Current record title owner – this is a problem if it does not match the seller on the contract
- ▶ Legal description – the title search is done by legal description and not by address

2. Schedule B

This portion contains a list of preprinted exceptions that the title policy will not cover. Besides these preprinted exceptions, which include restrictive covenants of record, you will often find such items as easements, right-of-way, mineral exceptions, etc.

3. Schedule C

This is, without a doubt, the most important part of the title commitment. It contains the requirements that must be met in order for the title policy to be issued. This portion will list existing liens and encumbrances that must be paid at closing. It will also list any title defects; items such as federal or state tax liens, abstracts of judgment, pending lawsuits, etc. It will also show any matters that adversely affect the title, or matters needed to restore the title.

Marital status questions, bankruptcies, probate matters, homestead questions and other items may show up here. Be on the lookout for requirements in Schedule C. Please remember, any problems or defects must be corrected by the seller of the property. Stewart Title of Austin will be more than happy to assist in this endeavor, but it is the primary responsibility of the seller.

4. Schedule D

This is the disclosure portion of the title commitment. Ownership of the title company and title premium disbursement are listed in this section.

