Understanding the Title Commitment:

Search & Exam Information for Underwriting Title Policies

1 Credit CE and CLE
Presented by Stewart Title Continuing Education School

Tuesday, August 18, 2027

Learning Objectives

- ✓ Identify key components of a title commitment
- ✓ Understand Schedule A, Schedule B-I, and Schedule B-II
- ✓ Explain the title search and examination process in New Jersey
- ✓ Evaluate title requirements and methods for satisfying them
- ✓ Recognize common title defects and underwriting concerns
- ✓ Understand affirmative coverage, endorsements, and risk assessment

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What is a Title Commitment?

Title Commitment Definition

A title commitment is:

- A offer to issue a title insurance policy upon satisfaction of stated requirements A snapshot of title conditions as of the effective search date An underwriting document identifying: Ownership, Liens, Encumbrances and Conditions for policy issuance

Primary Sections

- Commitment Jacket (NJRB 3-10)
- Schedule A
- Schedule B-I
- Schedule B-II
- Schedule C (optional)

American Land Title Association
New Jersey Variation

Commitment for Title Insurance
2021 v. 01.00 (07-01-2021)

ALTA COMMITMENT FOR TITLE INSURANCE
issued by
Stewart Title Guaranty Company

COMMITMENT TO ISSUE POLICY

Subject to the Notice; Schedule B, Part I—Requirements; Schedule B, Part II—Exceptions; and the Commitment Conditions, Stewart Title Guaranty Company, a Corporation (the "Company"), commits to issue the Policy according to the terms and provisions of this Commitment. This Commitment is effective as of the Commitment Date shown in Schedule A for each Policy described in Schedule A, only when the Company has entered in Schedule A both the specified dollar amount as the Proposed Amount of Insurance and the name of the Proposed

This page is only a part of a 2021 ALTA Commitment for Title Insurance issued by Stewart Title Guaranty Company. This Commitment is not valid without the Notice; the Commitment to Issue Policy; the Commitment Conditions; Schedule A; Schedule B, Part I—Requirements; and Schedule B, Part II—Exceptions; and a counter-signature by the Company or its issuing agent that may be in electronic form.

NEW JERSEY LAND TITLE
INSURANCE RATING BUREAU

NJRB 3-10
Last Revised: 11/01/2023

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How Are Records Searched in NJ?

County Records
- ✓ Deeds
- ✓ Mortgages
- ✓ Assignments
- ✓ Releases

Court Records
- ✓ Superior Court Judgments
- ✓ Bankruptcy filings

Municipal Sources
- ✓ Taxes
- ✓ Assessments
- ✓ Utility liens

Additional Searches
- ✓ UCC filings
- ✓ Federal tax liens
- ✓ Surrogate records

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What is ‘Back Title’?

aka a Starter Policy

Title insurance agents and title insurers commonly use starters or prior searches/title policies or other forms to begin a title search, and then update that search, check applicable names, and verify payment of taxes, assessments, and other applicable charges.

Title agents may use a (complete) prior Owner’s Policy to begin their search. ***

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Search vs. Abstract

Title Search

- ✓ Examination of records
- ✓ Identifies current title condition
- ✓ Used for underwriting
- ✓ Focuses on insurability

Abstract

- ✓ Compilation of records
- ✓ Historical summary
- ✓ Informational reference
- ✓ Focuses on chronology

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Searcher vs. Examiner

Searcher (aka Abstractor)

- ✓ Retrieves the public records
- ✓ Identifies ownership history
- ✓ Provides an abstract of the findings, aka 'Chain of Title'

Examiner (aka Reader)

- ✓ Analyzes search findings
- ✓ Creates commitment requirements
- ✓ Identifies underwriting concerns
- ✓ GOAL – Determine marketable and insurable title

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Potential Problems in a Chain of Title

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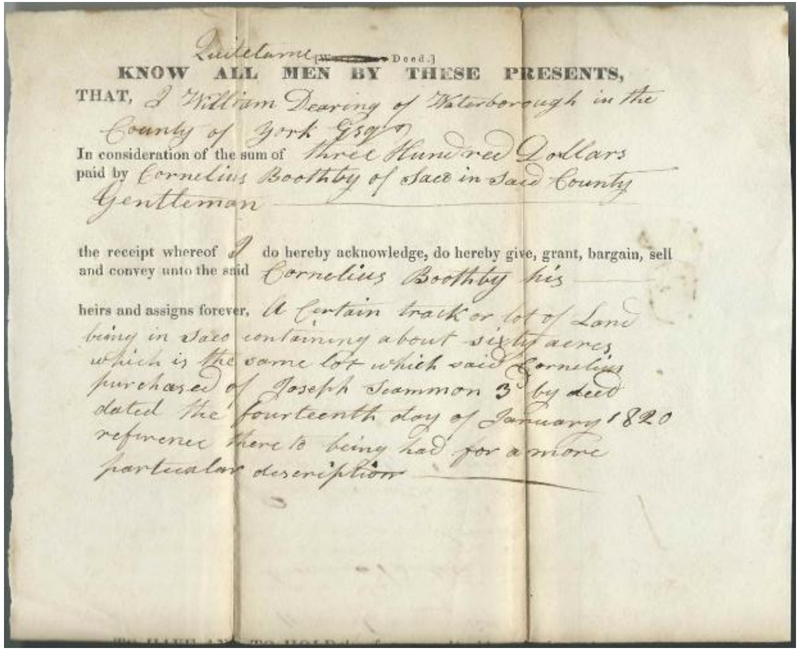
Broken Chain of Title

- ✓ Missing deed
- ✓ Incorrect legal description
- ✓ Improper acknowledgement
- ✓ Unknown heirs

Curative Action

- ✓ Corrective deeds
- ✓ Court orders
- ✓ Quiet title actions
- ✓ Indemnities (where permitted)
- ✓ Affidavits ???



Quitclaim [Deed.]

KNOW ALL MEN BY THESE PRESENTS,

THAT, I William Dearing of Waterborough in the County of York Esq.

In consideration of the sum of three Hundred Dollars paid by Cornelius Boothby of Saco in said County Gentleman

the receipt whereof I do hereby acknowledge, do hereby give, grant, bargain, sell and convey unto the said Cornelius Boothby his heirs and assigns forever, a certain tract or lot of Land being in Saco containing about sixty acres, which is the same lot which said Cornelius purchased of Joseph Scammon 3d by deed dated the fourteenth day of January 1820 reference thereto being had for a more particular description

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The Title Commitment

- Schedule A
- Schedule B-I
- Schedule B-II

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Understanding Schedule A

Key Elements

- Commitment Date
  - Date through which title was searched
- Policy Amount(s)
  - Purchase Price or Loan Amount(s)
- Proposed Insured
  - Owner and/or Lender(s)
- Current Vesting Owner
  - Current owner of record
- Property Description
  - Legal Description of land

Transaction Identification Data, for which the Company assumes no liability as set forth in Commitment Condition 5.e.:

Issuing Agent: [redacted]
Issuing Office: [redacted]
Issuing Office's ALTA® Registry ID:
Loan ID Number: [redacted]
Commitment Number:
Issuing Office File Number: [redacted]
Property Address: 157 Ridgedale Ave, Madison, NJ 07940
Revision Number:

SCHEDULE A

1. Commitment Date: **November 8, 2024**
2. Policy to be issued:

   Owner's Policy: ALTA Owner's Policy of Title Insurance 2021 v. 01.00 (7-1-2021) (New Jersey Variation) Policy Amount: **$2,100,000.00**

   Proposed Insured: **Timothy** [redacted]
   The estate or interest to be insured: **Fee Simple**

   Loan Policy: ALTA Loan Policy of Title Insurance 2021 v. 01.00 (7-1-2021) (New Jersey Variation) Policy Amount: **$1,890,000.00**

   Proposed Insured: [redacted]
   The estate or interest to be insured: **Fee Simple**
   Policy will insure mortgage as valid FIRST LIEN position.

3. The estate or interest in the Land at the Commitment Date is: **Fee Simple.**
4. The Title is, at the Commitment Date, vested in:

   [redacted] LLC by Deed from [redacted] LLC, dated October 28, 2022 and delivered November 3, 2022, recorded December 5, 2022 in Deed Book [redacted], Page [redacted]

5. The Land is described as follows: See Schedule A-5, attached.

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Understanding Schedule A con't: What Interest is Being Covered?

Fee Simple

- ✓ Most common ownership interests -
  - Tenants by the Entirety
  - Joint Tenants with Right of Survivorship
  - Tenants in Common

Other Interests

- ✓ Leasehold interests
- ✓ Easement rights
- ✓ Life estates – *not really insurable*

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Schedule B-I Requirements Overview

What Are Requirements?

Requirements are items that must be completed before a policy may be issued.

American Land Title Association
New Jersey Variation

Commitment for Title Insurance
2021 v. 01.00 (07-01-2021)

SCHEDULE B, PART I—Requirements

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.
   (Documents to be listed here)

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Schedule B-I Requirements: Additional Examples

- ✓ Payment of taxes
- ✓ Affidavits of Title
- ✓ Notice of Settlement
- ✓ Rundown/Continuation

Examples of file –property specific requirements

- ✓ Payoff of mortgages
- ✓ Recording corrective documents
- ✓ Obtaining missing signatures
- ✓ Authority documents for entities ***
- ✓ Satisfying judgments and liens
- ✓ Surrogate Search – Estate information

*** Covered in next slide

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Requirements for Businesses to Convey

Corporation

- Corporate resolutions
- Good standing certificate
- Proof that franchise tax is paid

LLC

- Certificate of Formation
- Operating Agreement

Partnership

- Partnership Agreement **

** In the absence of an Agreement = affidavit listed the member(s) + all partners to execute insured docs

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Trust

- Trust Agreement

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Schedule B-II Exceptions Overview

Understanding Exceptions- Exceptions identify matters not insured by the policy.

SCHEDULE B, PART II—Exceptions

Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Policy treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document will be excepted from coverage.

The Policy will not insure against loss or damage resulting from the terms and conditions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Notwithstanding any provision of the policy to the contrary, any encumbrance, violation, variation, adverse circumstance, boundary line overlap, or encroachment (including an encroachment of an improvement across the boundary lines of the Land) affecting the Title that would have been disclosed by an accurate and complete land title survey of the Land.

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Schedule B-II Exceptions Overview

Understanding Exceptions- Exceptions identify matters not insured by the policy.

2. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all the Schedule B, Part I "Requirements" are met.

3. Rights or Claims or interest of parties in possession of the land not shown by the public record.

4. Easements, or claims of easements, not shown by the public record.

5. Any liens or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by la and not shown by the public records.

6. Taxes, charges, assessments and utilities: See Attached

7. Subject to added or omitted assessments pursuant to N.J.S.A. 54:4-63.1 et seq.

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Schedule B-II Exceptions: Additional Examples

Examples of file –property specific exceptions

- ✓ Easements
- ✓ Restrictions
- ✓ Utility rights
- ✓ Encroachments
- ✓ Recorded agreements

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Schedule C (optional) Overview

Insurable Legal Description options

✓ Metes and Bounds

✓ Filed Map Description

X Tax Map

Is this a good legal description?

Issuing Office File No. MAX-1202-24

ALL that certain lot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the Borough of Madison, in the County of Morris, State of New Jersey:

BEGINNING at the intersection of the Northerly line of Lot 1, Block 602, N/F Baumann per Deed Book 4589, Page 175 and the Easterly line of Ridgedale Avenue; and running thence;

(1) Along said Easterly line North 42 degrees 08 minutes 50 seconds East, a distance of 32.74 feet to a point; THENCE

(2) Continuing along said Easterly line North 44 degrees 52 minutes 50 seconds East, a distance of 182.36 feet to the Southerly line of Lot 27.02, Block 602; THENCE

(3) Along said Southerly line South 45 degrees 07 minutes 10 seconds East, a distance of 213.30 feet to the Westerly line of Lot 29, Block 602; THENCE

(4) Along said Westerly line and the Westerly line of Lot 28, Block 602, South 55 degrees 27 minutes 50 seconds West, a distance of 198.36 feet to the Northerly line of Lot 11, Block 602; THENCE

(5) Along said Northerly line of Lot 11 and the Northerly line of aforementioned Lot 1, Block 602, North 51 degrees 39 minutes 10 seconds West, a distance of 176.45 feet to the point of BEGINNING of the herein described tract.

FOR INFORMATION PURPOSES ONLY: BEING known as Tax Lot 27.03 in Tax Block 602 on the Official Tax Map of the Borough of Madison, Morris County, State of NJ.

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Title Commitment = Road Map to Title Policy

For title insurance agents, real estate professionals and consumers, the Title Insurance Commitment is much more that a preliminary document.   It serves as the road map to the title insurance policies outlining where we are today, identifying any obstacles along the way ands showing the steps necessary to reach the final destination: the issuance of an Owner's and/or Loan Policy.

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Key Takeaways

Remember

✓ Schedule A describes who, what, and how much is insured.

✓ Schedule B-I identifies what must be completed in order to issue the policy.

✓ Schedule B-II identifies what is excluded from coverage.

✓ Proper searches and examination drive underwriting decisions.

✓ Risk assessment determines coverage, exceptions, and endorsements.

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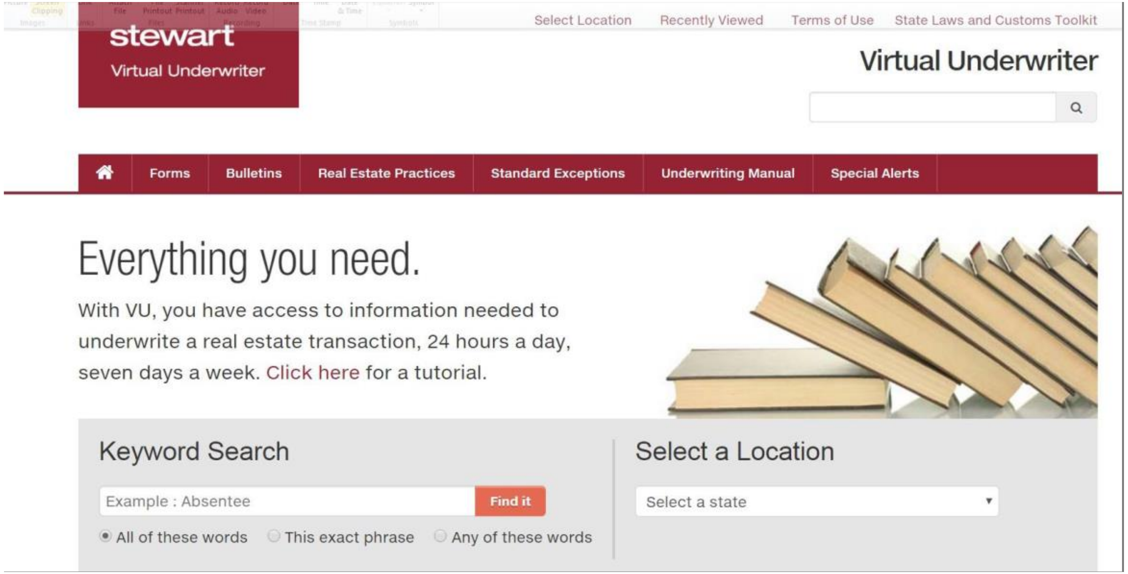

Virtual Underwriter

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Thank you. Please join us on September 8, 2026 for our next webinar

N2K: From Beyond the Grave: Death and Real Estate