

# The Basics of Title Commitments

A title commitment is the title company's promise to issue a title insurance policy for the property after closing. The title commitment contains the same terms, conditions, and exclusions that will be in the actual insurance policy.

The commitment is divided into four sections called "schedules," which are organized to provide information in a relatively standard format. Below are brief descriptions of each schedule.

## Schedule A

Schedule A contains basic information about the transaction. Here you will find the effective date, the proposed policy coverage amount, the name of the current record title owner of the property, and a legal description of the property. There may be a problem if the amount, owner, or legal description varies from the contract terms. Likewise, if the effective date is well before the closing, the buyer may wish to request an update to ensure that the information is current.

## Schedule B

Schedule B contains a preprinted list of standard exceptions that the title policy will not cover. Because much of this language is "boilerplate," some buyers tend to skim over Schedule B. This is a mistake. In addition to many preprinted terms, Schedule B will also list some matters specific to the transaction, including restrictive covenants, easements and rights-of-way, and mineral reservations. Any one of these items may seriously impair the usefulness of the property, so buyers should carefully review Schedule B and copies of any documents referenced there.

## Schedule C

Schedule C lists the requirements that must be satisfied for the issuance of the title policy. For example, the title company may require information regarding the marital status of one of the parties, copies of records from probates or bankruptcies, clarification of homestead status, or a new or updated survey. On Schedule C you will also find descriptions of mortgage, mechanic's liens, tax liens, judgments, lawsuits, assessments, and other such encumbrances affecting the title. The seller is primarily responsible for resolving exceptions noted in Schedule C.

## Schedule D

Schedule D discloses basic information regarding ownership of the underwriter and the title company. Schedule D will also show the total policy premium, and a breakdown indicating how the premium is divided among the various parties who may be responsible for examining title and issuing the policy.

