



# WE TAKE OUR COMMITMENTS SERIOUSLY

## Understanding the Components of a Title Commitment

### **WHAT** is a Commitment for Title Insurance?

A commitment for title insurance is a report prepared before issuing a policy of title insurance that shows the ownership of a specific parcel of land along with the liens and encumbrances affecting the property and a list of items that will not be covered under a subsequent title insurance policy.

### **WHAT** role does a Commitment for Title Insurance play in the real estate process?

A commitment for title insurance contains the conditions under which the title company will issue a particular type of insurance policy. This report lists title defects, liens, and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of commitment. This report may then be reviewed and discussed by the parties to a real estate transaction and their agents. A commitment for title insurance provides the opportunity to seek the removal, prior to purchase, of items referenced in the report which are objectionable to the buyer.

### **WHEN** and **HOW** is the Commitment for Title Insurance produced?

Shortly after the order is opened, we will begin the process involved in producing the report. This process calls for the assembly and review of certain recorded matters relative to the property and/or the parties to the transactions. These recorded matters are listed numerically as "exceptions" in the title report. They will remain exceptions from title insurance coverage unless eliminated or released prior to the transfer of title.

### **WHAT** should I look for when reading my Commitment for Title Insurance?

You will be interested primarily in the extent of your ownership rights. This means you will want to review the ownership interest in the property you will be buying along with any claims, restrictions or interests of other people involved in the property. The report will note in a statement of vesting the degree, quantity, nature and extent of the owner's interest in real property. The most common form of interest is "fee simple", which is absolute ownership of land, giving you unrestricted powers to use and dispose of the property.

Liens, restrictions and interest of others which are being excluded from coverage will be listed numerically as "exceptions" in the title commitment. These may be claims by creditors who have liens or liens for payment of taxes or assessments. There may also be recorded restrictions which have been placed in a prior deed of record that create covenants, conditions, and restrictions (CC&R's). Finally, interests of third parties are not uncommon and may include easements given by a prior owner which limits your use of the property.