



UNDERSTANDING THE TITLE COMMITMENT

WHAT IS THIS THING?????

PURPOSE

A Commitment for Title Insurance is a promulgated form that offers to issue a Title Policy subject to stated exceptions, requirements and terms. It is not a Title Policy, just 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 of the TREC promulgated contract forms. The contract states that a title commitment will be delivered to buyer by seller within 20 days after the title company receives a copy of the contract. Copies of the restrictions are also delivered to the buyer.

A BRIEF OUTLINE OF THE TITLE COMMITMENT

SCHEDULE A

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

- Proposed policy amount and insured for Owner Policy.
- Proposed policy amount and insured for Mortgagee Policy.
- Current record title owner (**this is a problem if it does not match who is on the contract as seller**).
- Legal description (**the title search is done by legal description, not address**).

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 most often find such items as easements, rights-of-way, mineral exceptions, etc.

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 and released 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 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, **it is not the responsibility of the title company to cure the title.** Any defects **must be corrected by the seller of the property.** We will be more than happy to assist in this endeavor, but it is the **primary duty of the seller.**

SCHEDULE D

This is the disclosure portion of the title commitment. Ownership of the title insurance underwriter and title premium disbursement are listed here.

Finally, the title commitment jacket contains the conditions and stipulations, definitions and Texas Department of Insurance information.