



▶ **WHAT** is a commitment for title insurance?

A Commitment for Title Insurance is:

- Solely an offer by the title insurer to issue a title insurance policy based on the conditions, exceptions and specified requirements, including the payment of premium, set forth therein
- Only effective when the identity of the proposed insured and the amount of the policy or policies have been inserted in Schedule A
- Generally expires six months after the effective date

A Commitment describes liens, defects, encumbrances and other matters recorded in the public records or other information that has been disclosed to the Company:

- Vested owner's name and how title is held
- Legal Description
- Tax status
- Exceptions from coverage
- Requirements — matters that must be met or cleared at or prior to closing to insure title or loan priority
- Other terms and conditions

It also identifies the proposed insured(s) and the types and amounts of policies to be issued:

- Proposed Owner, type and amount of policy
- Proposed Lender, type and amount of policy

Each item must be reviewed carefully to ensure that we know what documents or other information must be obtained before the closing and a policy of title insurance can be issued.

A Commitment for Title Insurance is not title insurance or a certification of title. It is not a representation of the condition of title. It is neither an assumption of liability by the title company for the condition of title nor is it an assumption of responsibility by the title company for clearing title problems or removing disapproved exceptions.

Parties to a transaction should be sure to carefully and thoroughly read the Commitment for Title Insurance and make note of any questions they might have. Parties should ask the settlement agent or title officer their questions prior to closing. Some may wonder what title insurance costs. We will discuss that topic next month.