

Reading A Title Commitment

After your contract has been signed by both parties, it will be receipted by a title company. Once this happens, the title company will start examining the property in order to be able to issue title insurance. Within a week or so after being receipted, you will receive a title commitment in the mail or by email. So will Buying Agent, the Listing Agent and your lender.

Please keep in mind when reading through this that this applies to a title commitment in Texas. I don't have experience with what a title commitment looks like in other states. My feeling is that they will be similar, but some states may do things a bit differently.

Just what is the title commitment and what do you need to look for? The title commitment is a commitment to issue title insurance. The title commitment is broken down into four parts or schedules. They are Schedules A, B, C & D.

Schedule A - "A" is for "Actual Facts." This is where you will find the who, what, where and how much information. The most important information here will be the name of the person who holds the existing title, the legal description of the land and the name of the proposed insured (buyer), the sales price and the name of the lender. What we want to make sure of is that all of the information is accurate when it is compared to the sales contract.

Schedule B - "B" is for "Buyer Notification." This is the section of the title commitment that address where other parties have any interest or control of the use of the property. Examples of this are utility easements and building setbacks. A utility easement is a common thing to find here. This would be a part of the land that a utility company has the right to use. A setback prevents the owner from building a certain distance from the front property line. Schedule B is also the area in which exceptions will be noted. Exceptions in this case are anything that will not be covered by title insurance.

Schedule C - "C" is for "Clear to Close." This is the area in which any issues must be resolved before the buyer can close on the property. Common issues here are an existing mortgage that needs to be paid off, a marital status issue, unpaid taxes and liens on the property.

Schedule D - "D" is for "Disclosure." This final section outlines all parties who will collect any part of the insurance premium including underwriters, title agents and attorneys. It will also show the amounts being paid for the owner's title insurance policy, the mortgage company's amount and any endorsements.

The most particular entity looking at the title commitment will most likely be the lender if one is involved. Lenders generally do not like to see any defects in Schedule C that can not be cleared.

The title commitment can look a little scary if you have never seen one before. A good closing officer will review the title commitment and will bring to the Buyer's Agent anything of concern.

If you have any questions about information contained in the title commitment, contact

your REALTOR® or your closing officer at the title company.

A special thanks to [First American Title Co.](#) for providing most of this information.