

How to Read a Title Commitment

This guide will help you understand each section of a title commitment, enabling you to review title documents with confidence.

How to Read a Title Commitment

A Comprehensive Guide by The Housing Assistant



Introduction

A title commitment is a crucial document in the homebuying and lending process. It outlines the conditions that must be met for a title insurance policy to be issued. This guide from The Housing Assistant (THA) will help you understand each section of a title commitment so you can confidently review title documents.

What Is a Title Commitment?

A title commitment (also called a title binder or preliminary title report) is a promise by a title company to issue a title insurance policy once specific requirements are satisfied. It contains key details about the property, the parties involved, and any conditions or concerns that must be addressed before closing.

How to Navigate a Title Commitment

A title commitment is divided into several parts. Here's how to understand each one:

1. Schedule A – The Basics

Purpose: Summarizes the foundational details of the transaction.

What to Look For:

- Effective date of the commitment
- Proposed insured (lender and/or buyer)
- Policy amounts
- Current owner of record
- Legal description of the property

Tip from THA: Always confirm the legal description matches the sales contract and property records.

2. Schedule B-I – Requirements

Purpose: Lists the conditions that must be met before issuing the final title policy.

Common Requirements:

- Payoff of existing liens/mortgages
- Recording of new deed and mortgage
- Payment of property taxes
- Execution of closing documents

THA Insight: These items must be addressed at or before closing. They protect the lender and buyer from future title disputes.

3. Schedule B-II – Exceptions

Purpose: Lists items that will not be covered by the title insurance policy.

Typical Exceptions:

- Easements
- Restrictions or covenants
- Existing leases or agreements
- HOA rules

THA Reminder: These exceptions remain even after closing. Review them carefully, especially easements or HOA-related restrictions.

Exhibit A: Legal Description

All that certain lot or parcel of land situated in the County of Example, State of ExampleState, more particularly described as follows:

Lot 5, Block A of Sample Subdivision, according to the map or plat thereof recorded in Volume 1, Page 2 of the Plat Records of Example County, State of ExampleState.

Final Tips for Reviewing Title Commitments

- Check all names for spelling and accuracy
- Verify legal description and parcel information
- Flag anything unfamiliar for follow-up with your title officer or attorney
- Don't hesitate to ask for clarification on exceptions or requirements