



# Title

# Commitment Basics

**When you buy a home, you want to be certain**

**it's definitively yours.** But even the most diligent search of the public records can fail to disclose a number of title defects. Defects may include a forged will or deed, a title transfer by someone under age, a married person conveying real estate without his or her spouse, fraudulent impersonations, invalid divorces and false affidavits. These are just a few of the problems that can suddenly surface. Without the protection of title insurance, you'll be in jeopardy of losing your investment.

## A Brief Outline of the Title Commitment

A service known as a Title Search is critical in determining the status of a property title. It involves a thorough investigation through the history of the deed and describes the condition and quality of the title to the land you are buying. The result of a Title Search is a detailed report as to any encumbrances that may prevent you from obtaining a clean title. Title Insurance protects you from any claims that may arise, so long as you or your heirs own the property.

**OWNER'S COVERAGE** ▶ Owner's title insurance protection is a permanent assurance that your ownership and use will be defended promptly against claims at no cost to you, whether the claim is valid or not.

**LENDER'S COVERAGE** ▶ If a mortgage is to be placed on your new home, the Mortgage Lender will probably require that you purchase title insurance to protect the institution's position as a holder of a mortgage loan. However, this loan policy doesn't protect you, the Homeowner. You need an Owner's Title Insurance Policy to protect your investment.

**OWNER PAYS ONLY ONCE** ▶ There are no renewal premiums, and there is no expiration date on the policy. Yet protection lasts as long as you, or your heirs, retain an interest in the property.

Here's a quick and basic overview of the four sections of the commitment for title insurance. In general, a title commitment is a commitment by the title company to issue a title policy if conditions in the commitment are met.

*Please contact your escrow officer with any questions about a particular title commitment or transaction.*

**Schedule A** ▶ **"A" is for "Actual Facts"**. In other words, this is the "who, what, where and how much" of the transaction. You'll see the names of the seller and buyer, a description of the property, the sales price, and the name of the lender if any.

**Schedule B** ▶ **"B" is for "Buyer Notification"** of areas where other parties have some interest or control of the use of property. An example would be a utility easement, where the city would have a part of the land reserved for their use, or a building setback requirement that prevents the homeowner from building within a certain distance from a property line. These items are not covered.

**Schedule C** ▶ **"C" is for "Clear to Close"**. These items must be resolved in order to transfer title to the new owner. This would include such things as a mortgage to be paid off, marital status, home improvement liens, unpaid taxes, or a requirement that another person, such as an heir or a former spouse, participate in the sale of the property.

**Schedule D** ▶ **"D" is for "Disclosure"**. This last section outlines all parties who will collect any part of the insurance premium, including underwriters, title agents and attorneys.