

ANATOMY OF A TITLE COMMITMENT

[See the attached sample commitment]

The Commitment consists of two primary parts:

1. The commitment jacket which contains conditions under which the policy will be issued and standard exceptions for the owner's policy.
2. Insert pages which are divided into four parts:
 - Schedule A
 - Schedule B - Section 1: Requirements – A list of the items that the insurer requires in order to issue the title policy.
 - Schedule B - Section 2: Exceptions - A list of the items that will be shown as exceptions on the title policy.
 - Schedule C – The legal description of the insured property

SCHEDULE A

Provides basic information regarding the transaction. The general information section sets forth:

- Dollar amount of proposed coverage.
 - Owner's coverage: This is usually the same as the purchase price.
 - Lender's coverage: This is usually the same as the loan amount.
- Effective date of coverage.
- Name of party or parties to be insured (Owner and/or Lender)
- Name of currently vested owner.
- Title interest (Fee simple, leasehold, easement, etc.)

SCHEDULE B - Section 1

Requirements:

- Lists the requirements that must be met in order to issue the final policy or policies.
 - Typical requirements include, but are not limited to:
 - Deed(s) of Trust to be paid off and/or released
 - Lien(s) to be released
 - Payment of property taxes
 - Judgment(s) to be paid and released
 - Properly executed and recorded Deed or Deed of Trust to and from proper parties
 - Properly executed Waiver of Liens from proper parties.
- All contractors should execute if the construction is complete.
- Properly executed Subordination of Liens from proper parties. All contractors who have dealt with owners if construction is incomplete or in progress.
 - Requirements for issuance of special endorsements such as mobile home endorsements, zoning endorsements, etc.

SCHEDULE B – Section 2 - Exceptions

Schedule B-2 reflects the matters that will appear as *non-covered* matters in the final policy. The one exception is the so-called “gap exception” which appears as B-2 Number 1 which makes the commitment subject to matters arising after the Commitment Date.

- Lists the matters of record that affect the title to the insured property.
- The exceptions are defects or impediments to title for which insurance coverage is not given.
- The following are common examples of exceptions:
 - Easements
 - Rights of way
 - Restrictions
 - Liens

- Encroachments
- List of ALTA endorsements that are to be included in the final policy.
- Note regarding the NC Title Insurance Rating Bureau Insured Closing Letter coverage. This language incorporates the ICL coverage into the commitment. (*See Insured Closing Protection above*)

SCHEDULE C - Legal Description

The legal description defines the property to be insured. Great care should be taken to be certain that the legal description is accurate. The legal description is generally in one of two forms:

- Numbered lot with recorded plat book/page reference; or
- Metes and Bounds – defines the property by describing the property lines in terms of courses and distances

Occasionally, legal descriptions may describe property by referring to the description contained in another deed or recorded instrument. For example, “BEING that property heretofore conveyed by warranty deed recorded in Book ____ at Page ____ of Super County Registry.”