HOW TO READ A COMMITMENT
For Title Insurance

CHICAGO TITLE
OF COLORADO

WHAT IS A TITLE COMMITMENT?

A Title Commitment is the title company's promise to issue a title insurance policy for the property after closing. A Commitment for Title Insurance is issued at the beginning of the process of buying, selling or refinancing real estate. It's purpose is to report the status of the title and the conditions under which the title company will issue a policy once the transaction has been closed for a specific parcel of land.

DOES A TITLE COMMITMENT AFFECT THE REAL ESTATE PROCESS?

Before you actually close on your real estate purchase, you'll want to know everything you can about the property, including anything that might affect title to it (who owns and can use it). The best way to find out about such things is to perform a careful review of the title commitment for title defects, liens and encumbrances which would be excluded from coverage if the requested title insurance policy were to be issued as of the date of commitment.

REVIEWING YOUR TITLE COMMITMENT

The commitment contains three sections:

SCHEDULE A

Contains information about the policy, the property and the parties involved. You will be interested primarily in the extent of your ownership rights. This means you will want to review the ownership interest on the property you will be buying along with any claims, restrictions or interest of other people involved in the property.

SCHEDULE B-1

Sets out matters which must be furnished or addressed at or prior to the closing. Many of these requirements are met in the normal course of closing others need to be addressed immediately so that the closing is not delayed.

SCHEDULE B-2

Lists matters which the policy does not cover. These items constitute an encumbrance on the title to the property. This will include Lien's restrictions and interest of others which are excluded from coverage and will be listed numerically as "exceptions".

Thus, a commitment for Title Insurance provides the opportunity for parties to the transaction to request removal of items referenced in the commitment which are objectionable to the buyer before purchase.

CHICAGO TITLE

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