



TITLE COMMITMENT



WHAT IS A TITLE COMMITMENT?

A Title Commitment is a report prepared prior to issuing a policy of title insurance that shows the ownership of a specific parcel of land, together with the liens and encumbrances thereon which will not be covered under a subsequent title insurance policy.



WHAT ROLE DOES A TITLE COMMITMENT PLAY IN THE PURCHASE PROCESS?

A Title Commitment contains the conditions under which the title company will issue a particular type of title insurance policy. The Title Commitment lists in advance of purchase any title defects, liens, and encumbrances that would be excluded from coverage if the requested title insurance policy were to be issued as of the date of the Title Commitment. The report may then be reviewed and discussed by the parties involved in the real estate transaction and their agents. Thus, a Title Commitment provides the opportunity to seek the removal of items referenced in the report which may be objectionable to the buyer prior to making the purchase.



WHEN AND HOW IS A TITLE COMMITMENT PRODUCED?

Shortly after escrow is opened, an order will be placed with the title company which then begins the process involved in producing the Title Commitment. This process calls for the assembly and review of certain recorded matters relative to both the property and the parties to the transaction. These recorded matters are listed numerically as “exceptions” in the Title Commitment.



WILL THE TITLE COMMITMENT DISCLOSE THE COMPLETE CONDITION OF THE TITLE TO A PROPERTY?

No, it is important to note that the Title Commitment is not a written representation of the condition of the title and may not list all liens, defects, and encumbrances affecting title to the land, but merely report the current ownership and matters that the title company will exclude from coverage if a title insurance policy should later be issued.



IS A TITLE COMMITMENT THE SAME AS TITLE INSURANCE?

A Title Commitment is an offer to insure, it is not a report of a complete history of recorded documents relating to the property. A Title Commitment is a statement of terms and conditions of the offer to insure a title insurance policy, not a representation as to the condition of title.



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