

Explanation of the Title Commitment

A title insurance commitment is essentially an offer to issue a title insurance policy. The title commitment will describe the various conditions, exclusions and exceptions that will apply to that particular policy.

Wayne County Title Agency, Inc. as agent for the title insurance underwriter, will issue a title commitment after a thorough review and examination of a title search performed on the property to be insured. This examination of title will comply with the underwriting guidelines of the particular title insurance underwriter selected to insure the transaction. Each underwriter has variations in their underwriting guidelines which could complicate the ability to insure the transaction.

Typically a commitment does not entail a comprehensive title search back to the original grant of the land, and therefore is not a complete abstract of title. As such, the title commitment may not necessarily list every arguable cloud on title. In Ohio, the standard period for searching public records is only sixty (60) years for conveyancing transactions (a property being sold), and much less for other types of insured transactions (such as mortgage refinancing). As a matter of business judgment, the underwriter may decide to insure certain known risks without disclosing them. Consequently, a clear title commitment does not necessarily indicate that the buyer will never have title problems; however, the title policy will provide coverage if problems do arise.

Once a title commitment is issued, the title insurance company has promised the proposed insured that if all the requirements set forth in Schedule B-Section I of the commitment are satisfied, the company will issue a policy of title insurance for the property described in Schedule A according to the terms described in both Schedule A and the commitment jacket. Schedule B-Section II of the commitment lists the risks that the underwriter proposes to exclude from coverage.

The title insurance commitment will terminate six months after the effective date shown on Schedule A of the commitment. This effective date is usually the date to which the title company is able to evaluate the public records. Information that may be found in the public records after this date is excluded from coverage unless a further title search of the property (called a bring-down search) is completed prior to closing and a title affidavit is obtained from the owner of the property.

The first time you receive a copy of a title company commitment, you might find it difficult to understand. Actually, the commitment is an easy document to read. Once familiar with the commitment, it becomes a road map to follow to ensure that the property being transferred is in insurable condition. To make your job a little easier, a sample title commitment report with numbered reference points and a reference sheet explaining those numbered points follows. Please call us if you need further explanation.

For a sample and some additional details of the various parts of the commitment form, see below.

SCHEDULE "A"

File Number:

The Order number assigned to your file by Wayne County Title Agency, Inc.

Issued by:

The name of the Underwriter issuing the Title Commitment/Policy.

Item 1: DATE

This is the date and time up to which the records have been examined.

Item 2: POLICY OR POLICIES

This indicates what type of policy is to be issued, who is to be insured and for what amount.

Item 3: ESTATE OR INTERST

Shows what type of interest is presently being held in the land.

Item 4: VESTING

Name of parties appearing to have title to the property according to the public records.

Item 5: LEGAL DESCRIPTION

Full description of the property, must be sufficient to enable the examiner to locate the property in the public records. County map offices must approve the legal description for transfer in the county records. If legal description is too lengthy to fit on the Schedule A page, it will be added as Exhibit "A".

SCHEDULE "B-1"

The second part of the commitment – Schedule B-I – Requirements - tells the Escrow Officer and all other persons who are privy to the information contained therein, exactly what needs to be taken care of or resolved prior to closing and issuing the policies.

If the Schedule B-I Requirements are not resolved to the satisfaction of the title insurer, they may (1) elect not to insure the title at all; or (2) may add these matters to Schedule B as exceptions to coverage.

The stated Requirements are items that must be cleared in order to issue the title policy, and insure the new owner and lender.

SCHEDULE "B -II"

Items 1 through 7 preprinted exceptions to Schedule B, will appear on all commitments.