

THE COMMITMENT

The Commitment is an offer to issue a policy of title insurance covering a particular estate or interest in land subject to stated exceptions.

Since these exceptions may point to potential problems with your intended purchase, it is important for all parties to review the report once it is received.

A Commitment provides a list of the matters which will be shown as exceptions to coverage in a designated policy or policies of title insurance, if issued currently, covering a particular estate or interest in land. It is designed to provide an interim response to an application for title insurance and is intended to facilitate the issuance of the designated policy or policies. It is normally prepared after application (order) for such policy(ies) of title insurance on behalf of the principals to a real property transaction, for the purpose of facilitating requirements relative to closing and policy issuance in form and content approved by those parties.

If a title policy is not contemplated, a Commitment should not be ordered. Instead, consideration should be given to requesting a Title Report or other similar title product.

The Commitment states on its face that it is made solely to facilitate the subsequent issuance of a title insurance policy and that the insurer assumes no liability for errors in the report. Accordingly, any claim arising from a defect in title must be made under the title policy and not the Commitment.

After a title order has been placed, matters relative to the title policy coverage on the subject property are assembled in a title search package and examined by skilled technicians. This is when the Commitment is prepared and sent to the customer. The report contains relevant information so that the parties to the transaction will become aware of matters which will not be insured against by the title company. This report is issued before the title policy, hence the name Commitment.

The matters shown in the report are as follows:

- The estate of interest covered.
- The owner of the estate or interest.
- The parcel of land involved.
- The exceptions, liens, encumbrances and other risks which will not be insured against if a title policy is issued.
- Other requirements and provisions which are reflected as "Notes" in the Commitment which are removed if and when a title policy is issued.