

THE BASICS OF TITLE COMMITMENTS

As easy as 1, 2, 3!

A title commitment is an important document that contains information specific to your transaction. To help you gain a better understanding of its importance, here is an overview of the basic sections commonly found in a title insurance commitment:



Schedule A

This section contains the “Who, What, Where and How Much” details of the transaction. Schedule A sets forth the effective date, the names of the current property owner (seller) and proposed insured (buyer), the legal description of the property, the amount of insurance (sales price), and the name of the lender and loan amount if applicable and available.



Schedule B-1

The requirements section lists the items that must be cleared-up or satisfied in order to issue a policy covering the new owner and/or the lender. Examples include: requiring approval of a bankruptcy trustee, requiring other persons - such as an heir or former spouse - to execute closing documents, or requiring the release of various types of liens.



Schedule B-2

This section notifies the buyer and/or lender of exceptions from coverage. Examples include: restrictive covenants, mineral or water rights, or utility easements. These exceptions from coverage will not be insured on the title policy.

Delivering exceptional service is another essential part of the closing process. If you have any questions concerning the details of your commitment or transaction, please contact us.

Schedule A

As soon as you receive the title commitment, carefully review the information on Schedule A. If you find any discrepancies contact your real estate agent and title company immediately.

OWNER'S POLICY. Does the type of Owner's Policy match what is marked on the contract?

POLICY AMOUNT. The Owner's Policy amount should match the purchase price on the contract or final addendum.

BUYERS. Are the Buyers listed on the commitment the same as the parties who signed the contract? Are the names spelled correctly?

SELLERS. Are the Sellers listed on the commitment the same as the parties who signed the contract?

LEGAL DESCRIPTION. Does the legal description match what is on the contract?

Schedule B-1

Lists the Requirements that must be met to close and issue policy. Carefully review for matters that are expected to be resolved before or at closing.

POSSIBLE REQUIREMENTS MAY INCLUDE:

POWER OF ATTORNEY. Are any of the parties using a Power of Attorney to close?

ENTITIES. Is the Seller or Buyer a Corporation, Limited Liability Company or Partnership? Documentation such as Articles of Incorporation, Resolution of Corporate Authority and Partnership Agreements may be required in order to close.

DECEASED VESTED OWNER. Proper administration of the estate of the deceased and/or appropriate documentation will be required.

RELEASES. Deeds of trust/trust indentures, liens and judgments must be satisfied and released.

ACCESS. If no record access is found, an easement may be required.

LIEN WAIVERS. New construction transactions may require lien waivers for work and/or materials.

Schedule B-2

Lists exceptions to title. An exception is a specific item set forth that is not covered by the policy - something that is excluded from coverage.

STANDARD EXCEPTIONS. Every commitment has eight standard or regional exceptions. The standard Owner's Policy will not cover any defects in title, losses or claims, which fall within the eight standard exceptions. These exceptions may be removed on an extended coverage or Homeowner's Policy for an additional fee and requirements.

EXCEPTIONS. Specific exceptions that affect the subject property are listed after the standard exceptions on the commitment and may include taxes, covenants, conditions and restrictions (CC&Rs), easements, reservations, deeds of trust/trust indentures, mortgages, liens and/or judgments.

Exceptions may be deleted or revised on the final policy. Examples: Payment of prior and current property taxes at closing will be amended to show paid current on final title policy and deeds of trust and mortgages paid at closing will be removed.

Policy endorsements can provide added coverage for an additional fee.



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