What is a Title Commitment?

Once all parties have signed a contract of sale, a title order is sent to the title agent, who then begins researching the property's history. This process includes reviewing public records to identify any issues that could affect ownership, such as existing mortgages, unpaid property taxes, or legal judgments against either the buyer or the seller.

The findings are compiled into a document called a **title commitment**. This document details what the title insurance policy will cover and what it will exclude. You can think of it as a preview of the final title policy.

Key Sections of the Title Commitment

1. Ownership Interest (Vesting)

The commitment includes a **vesting statement** that shows the current ownership interest in the property. Most commonly, this will be **"fee simple"** ownership—the broadest and most complete form of ownership.

2. Exceptions

Any issues that may affect ownership are listed as **"exceptions"** in the title commitment. These may include:

- Existing mortgages or deeds of trust
- Unpaid taxes or assessments
- Judgments or liens against the buyer or seller
- Covenants, Conditions & Restrictions (CC&Rs)
- Easements allowing others to use part of the property

These exceptions represent items that will **not** be covered by title insurance unless they are resolved before closing.

What if Issues Appear?

If there are liens or other encumbrances on the property, the buyer, seller, real estate agents and title agent will work together to try to clear them before closing. Resolving these issues helps produce a clean title transfer and full protection under your title insurance policy. Easements or recorded restrictions, such as those set by a homeowners' association, may not always be removable, but it's important to understand how they affect the property before proceeding with the purchase.

Standard Exceptions & Exclusions

In addition to property-specific exceptions, most title commitments include a section listing **standard exceptions and exclusions**. These apply to all title policies and are typically related to:

- Governmental laws or regulations (such as zoning or building codes)
- Rights or claims of parties in possession not shown by the public record (such as tenants)
- Unrecorded claims that are not discoverable through public records

If you have questions, please reach out to us. We are here to help you understand the process.

LOUISVILLE TITLE

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