

Schedule B-Section II sets forth matters that usually will not be covered by the title insurance policy. These matters are generally particular details about the title to the property, that were disclosed in the examination of title and which affect the property interest being insured.

Commitment No: **XXXXX1**

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION II

DISPOSITION

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

Standard Exceptions. The first few exceptions that are shown here in a typical Pennsylvania commitment are referred to as Standard Exceptions, against which the proposed policy does not provide coverage, unless removed according to specific guidelines of the title insurance company, or by endorsement to the policy.

- 1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.**

This is referred to as the "gap" exception. It excludes coverage for matters that show up in the public records after the effective date of the commitment but before closing and recording of the deed. The title agent may be permitted to remove this exception provided that 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.

- 2. Rights or claims by parties in possession or under the terms of any unrecorded lease or agreement(s) of sale.**

This is referred to as the "renter's rights" exception. It excludes coverage for any rights that a tenant (or persons in possession of the property) might have in the property. The tenant may have been given certain rights in the property because of an unrecorded lease or other agreement made by the owner. The title agent may be permitted to remove or modify this exception provided that any leases are disclosed and a properly defined title affidavit is obtained from the owner of the property.

- 3. Easements, or claims of easements, not shown by the public record.**
- 4. Any variation in location of lines or dimensions or other matters which an accurate survey would disclose.**
- 5. Accuracy of area content not insured.**

The above three exceptions are referred to as the "survey" exceptions. Pennsylvania does not require that a land survey be completed before the sale of a property. Title companies will exclude coverage for matters that a correct survey would disclose, unless those matters are shown by the public records. These matters may include conflicts in boundary lines, shortages in area or encroachments. The agent may be permitted to remove these exceptions provided that a current ALTA survey from a licensed surveyor is certified to the underwriter. Any encroachments, gaps or other problems revealed by the survey will still be excluded from coverage.

- 6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by public records.**

This is referred to as the "mechanics lien" exception. It excludes coverage for liens of a builder or contractor who performs work on the property and has not been paid by the owner (or his representative). These liens may not show up in the public records until after the closing and recording of the deed, but could legally date back to the time that any construction or alteration work was started. The title company has specific guidelines that must be followed if the insured requests that this exception be removed.

COMMITMENT FOR TITLE INSURANCE

SCHEDULE B - SECTION II (continued)

7. Possible additional tax assessments for new construction and/or major improvements.

This exception excludes coverage for real estate taxes that are not yet due but will be assessed because of new construction or improvements made to the property prior to closing. The title agent may be permitted to remove or modify this exception provided specifically defined title affidavit is obtained from the owner of the property.

8. Subject to rights of way, easements, reservations, restrictions or conditions that may be of record, as may be found in prior deeds forming the chain of title, or as shown on the recorded plan, but are not specifically disclosed herein.

This is referred to as the "historical restriction" exception. Covenants, Reservations, Restrictions and other related title matters are disclosed when the title is examined and are typically excluded from coverage. These matters are specifically shown in Schedule B – Section II.

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. This "historical restriction" exception excludes those matters that may be of record prior to the period of time reviewed in the title search. These matters, if found in a comprehensive title search, would have typically been excluded from coverage.

Restrictions or covenants of record may limit the purposes for which the property can be used. They may also establish standards for improvements or require the owner to have any construction or alteration plans approved in advance by other parties. Restrictive covenants could also provide for a lien to be automatically placed on the property for assessments or other charges payable to an owners' association, the developer or other third party.

Specific exceptions are disclosed hereafter.

The title insurance company has a number of endorsements available that could give some additional coverage relative to the exceptions that would be shown on Schedule B-Section II. You should contact the title agent to discuss what additional coverage would be available by endorsement. Liberty Bell Agency has published a list of endorsement available on their website at www.LibertyBellAgency.com/insurance/endorsements.aspx.