

TITLE COMMITMENT

FREQUENTLY ASKED QUESTIONS

What facts will a Commitment for Title Insurance contain?

The title Commitment will reflect the recorded ownership of the property, full legal description, and matters affecting the title (exceptions). Most exceptions standard to the Commitment document are permitted under TREC resale contracts. For an example of permitted exceptions see Paragraph 6, Items 1-8 inclusive, TREC 20-7 One to Four Family Residential Contract (Resale). To review TREC promulgated contract forms go to: www.trec.state.tx.us click Forms, Law, & Contracts on top tab, then Contract Forms on left text box.

Specific exceptions, those that are particular to the property examined, will also appear in the Commitment. Examples of specific exceptions are:

- Easements created by the owner, or former owner(s) which are not part of the plat,
- Items that the title insurer discovers on a current survey,
- Leases filed in the real estate records,
- Voluntary (purchase, home improvement, home equity) liens,
- Involuntary liens (Abstract of Judgments, Mechanic's Liens, Federal, State or Tax).

Can I get the same type of title coverage in Texas as in say, New York?

All title underwriters in Texas will use approved forms and offer coverage which has been authorized with coverage language approved by the Texas Department of Insurance ("TDI"). Commitments are prepared only on the standard forms approved by TDI, not forms which may contain different coverage options used in other states.

What does a Commitment for Title Insurance look like?

The promulgated Texas Commitment for Title Insurance contains FOUR SCHEDULES. Each schedule must uniformly provide basic information. A List and summary of each schedule's essentials follows.

SCHEDULE A Effective Date (date title checked through), Date of Issuance (date prepared for distribution), amount and type of insurance policies to be written, ownership interest in the property (fee simple, leasehold, life estate), record title (found in the document purporting ownership), and a full legal description of the property.

SCHEDULE B Exceptions from coverage (promulgated language) contain standard exceptions concerning general issues such as: restrictive covenants, homestead and community property rights, taxes for subsequent years, documents creating the interest to be obtained, liens and leases which will be subordinate (inferior priority) to the lien being created at close and other rights covered in the form. Specific exceptions are also contained under Schedule B (as discussed earlier).

SCHEDULE C Schedule C requires that documents prepared in the transaction be approved by the insurer. It also lists any matters which the title insurer requires be submitted for review, remedied, or evidenced as released. Requirement for additional documentation may be listed. If the matters listed on Schedule C are not disposed of to the satisfaction of the insurer, those matters will become exceptions on the proposed title insurance policy.

SCHEDULE D Disclosure of ownership of the title underwriter and title agent. A listing of the Shareholders owning, controlling directly or indirectly 10% or more of the shares of the title insurance company and title insurance agent is required. This schedule will also estimate title premium to be collected in the transaction. Name of any person who is **not** a full time title insurance agent employee (for example a Fee Attorney) who receives premium and the amount of premium to be received will be disclosed.

A review sample of the promulgated Commitment for Title Insurance form can be obtained from the title agent or Texas insurance consumers can access these forms on line at www.tdi.state.tx.us The consumer may also contact the Texas Department of Insurance Consumer Helpline at 1-800-252-3439.



PATTEN LAW FIRM

A CLOSING OFFICE FOR TEXAS AMERICAN TITLE COMPANY

WWW.PATTENTITLE.COM