OLD REPUBLIC TITLE

THE ABCs of TITLE COMMITMENT TEXAS

The Commitment for Title Insurance ("Commitment") is an important part of the home selling process. The Texas Real Estate Commission's One-to-Four Family Residential Contract ("Contract") requires the seller to furnish a Commitment to the buyer within 20 days of the title company receiving an executed Contract. The Commitment is the title company's promise to issue a title insurance policy to the buyer or lender once the requirements listed in the Commitment are satisfied, and closing and funding have occured. It shows what the title company found of record after searching the chain of title on the subject property. There are four schedules to a Commitment – A, B, C and D.

A **Schedule A** includes: the effective date of the Commitment, proposed amount of insurance, type of policy(ies) to be issued, the name of the proposed insured(s), the estate or interest in land to be covered, the party with whom title is currently vested, and the legal description of the property to be insured.

B **Schedule B** of the Commitment sets out the proposed exceptions from coverage. There are two types of exceptions – standard exceptions and special exceptions. Standard exceptions appear in every Commitment, because they are part of the form promulgated by the Texas Department of Insurance. Special exceptions appear in Commitments on an individual basis, indicating specific matters that affect the particular property. Standard exceptions, shown below, include:

B-1: Restrictive Covenants
B-2: Area and Boundaries
B-3: Community Property
B-4: Water Rights
B-5: Ad Valorem Taxes
B-6: Terms and conditions of the documents creating the insured's interest in the land
B-7: Homestead Construction
B-8: Subordinate Liens & Leases
B-9: Exceptions applicable to Short Form Mortgagee policy

Schedule B, Item 10, sets out the exceptions from coverage that are specific to the proposed transaction. Some of these items may be fixable (e.g., certain easements, encroachments) and with proper documentation, removed from the Commitment, and ultimately, the policy.

C **Schedule C** outlines requirements that must be cleared, prior to closing, in order for the title agent to issue the title policy(ies). There are two types of requirements – standard requirements that are a part of the policy promulgated by the Texas Department of Insurance, and any additional requirements specifically added by the title company in order to insure the transaction.

D **Schedule D** is for disclosure purposes. It lists title company officers, and shows the estimated title premium as of the date of the Commitment:

- Disclosure of ownership and officers of the underwriter and agent
- Disclosure of the estimated premium charges
- Disclosure of any party receiving a portion of the premium for furnishing title evidence, examination and/or closing the transaction

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