

...Title commitments, that is. It is required and stated in the TREC "One to Four Family Residential Contract" that within 20 days of receiving an executed contract, a title commitment be provided by the title company to the buyer, seller, and their Realtors[®], or as otherwise specified in the contract. To ensure a smooth closing, it is imperative that the commitment is reviewed upon receipt, so that any issues requiring the attention of the buyer or seller are resolved in a timely manner. The title commitment is broken down into four parts or schedules:

Schedule

A

Schedule "A" of the title commitment reflects all of the information that identifies the specifics of the proposed transaction. This includes: the effective date of the commitment, proposed amount of insurance, type of policy to be issued, the name of the proposed insured(s), the person(s) with whom title is currently vested, the estate or interest in land to be covered, and the legal description of the property to be insured.

Schedule

B

Schedule "B" of the title 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 are in Schedule B, Items 1-9, which 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 of documents creating Insured interest**
- 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 specific exceptions from coverage affecting the proposed transaction. Some of these issues may be "fixable" (e.g., certain easements, encroachments) and with proper documentation, removed from the commitment and ultimately, the policy.

Schedule

C

Schedule "C" sets out the requirements that must be met in order for the title agent to issue the title policy(ies), or they will be placed on Schedule B as exceptions to coverage on 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.

Schedule

D

Schedule "D" discloses three categories of information to all of the parties involved in the transaction:

- 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**