

The Function of a Title Company

Title insurance means insuring, guaranteeing or indemnifying the owners or mortgagees against loss or damage suffered by reason of liens or encumbrances upon or defects in the title to the property. In Texas, the closing/escrow settlement is performed by the title company. Title insurance is purchased at settlement and, unlike other forms of insurance; the premium is paid only one time. The rates for title insurance are set by the State Board of Insurance and are identical for all title companies.

When a Contract of Sale is executed, a title company is selected and agreed upon by all parties involved in the transaction. The title company will assist in the transfer of the property and great care should be given to such a selection.

It is equally important to understand the function of the title company as well as the services rendered. Initially, the title company's area of responsibility will be to examine and abstract the public land records to investigate information surrounding title to the property one is purchasing. The facts revealed by the search of the land records will determine the following matters:

1. **That the contract seller of the property is, in fact, the legal owner and that all such owners are party to the contract.**
2. **The "estate" or degree of title which you have agreed to buy is currently and accurately vested in the seller.**
3. **The presence of open mortgages, judgments or similar liens which must be satisfied before a "clear" title can be conveyed to the purchaser.**
4. **Existing restrictions, easements, or right-of-way for roads, public utilities, etc. which may limit one's right to use the property or grant rights to others who are not owners.**
5. **The status of property taxes and other public or private assessments.**

Such matters of title will be reflected in a Preliminary Commitment of Title Insurance and issued to the

mortgage lender and purchaser prior to the time of final settlement.

Two types of title insurance are issued. The first type is the Owner's Title Insurance, which is issued for the amount of the purchase price and provides protection for as long as you own the property. The second type is the Lender's Policy, issued in the amount of the loan. In most cases, the lender will require, as a condition of the loan that a Mortgagee's Policy of Title Insurance be procured at the borrower's expense. This policy insures only the lender's interest and is extinguished when the loan is paid in full.

Acting in the fiduciary capacity, the title company will do many of the following, if required by contract or lender:

1. Order the survey.
2. Contact the new lender to schedule the closing and coordinate preparation of any required documents.
3. Contact the seller's present lender, if any, to obtain payoff or assumption figures.
4. Verify all property taxes have been paid.
5. Prepare the settlement statement.
6. Obtain the lender's check and handle the transfer of all appropriate funds between buyer, seller, lender and all other interested parties.
7. Record all legal documents with the county clerk's office.

As you can see, the title company is constantly involved in the sales transaction, mostly behind the scenes, while working in close coordination with realtors, builders, and lenders. Alamo Title Insurance strives to ensure that this complex procedure is carried out in the most expeditious manner possible and, as a result, has become one of the fastest growing title companies in the nation and now the world.

Our entire staff is dedicated to serving you to ensure that your home purchase will be a truly enjoyable experience.



ALAMO TITLE COMPANY