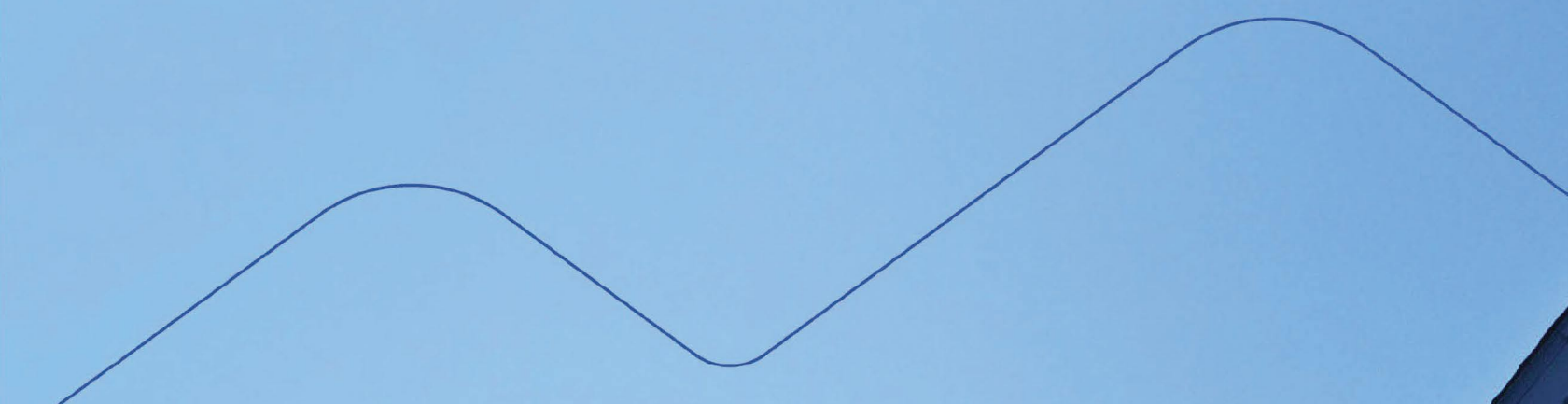


Dallas | Flower Mound | Frisco | Rockwall

Home Buyers Guide



Buying a home is one of the most exciting-and important-milestones in your life. Whether you're a first-time buyer or experienced investor, this guide will walk you through the entire closing process in Texas, step-by-step-from offer acceptance to funding and key exchange.

At National Title Group, we bring over five decades of experience managing real estate transactions of all sizes and complexities. Our expert team is here to ensure every detail is handled with care, accuracy, and clear communication.

This guide is designed to help you feel informed, prepared, and confident at every stage of your home-buying journey. Because at National Title Group, your peace of mind is our priority.





Table of Contents

What is Title and Title Insurance?.....	1
The Role of the Title Company in Texas.....	3
Why Use a Realtor?.....	4
Reading the Title Commitment.....	5
Key Information for Buyers Using a Lender.....	6
The Title Process in Texas.....	7
Quick Guide to Property Taxes.....	8
Understanding the Homestead Exemption.....	9
What to Expect at the Closing Table.....	10



What is Title and Title Insurance?

Title is evidence of lawful property ownership. By holding title, you or those whom you share title with have legal ownership rights and bear responsibility over that home. Title insurance is a form of insurance that protects lenders and homebuyers from financial loss sustained from defects in a title to a property. Title insurance is a one-time purchase, made in the closing stages of buying a home, that offers you security against any unforeseen circumstances that could impinge upon, or even revoke, your ownership rights. The causes of these title defects are numerous and wide-ranging: in the below sections we will provide several illustrative examples.

The most common type of title insurance is owner's title insurance, which may be paid for by either the buyer or the home seller to protect the buyer's ownership rights in the property and to assure the buyer that any title issues related to past events do not become problems in the future. The other type is lender's title insurance, which the borrower (usually a homebuyer) purchases to protect the lender's (the company giving the buyer the deed of trust/mortgage) equity lien position in the property. This form of title insurance is often a requirement from the lender to procure the loan.

What is the difference between a title and a deed?

They are different; however, they deal with the same concept of home ownership. The biggest difference between a deed and a title is physical: a deed is an official written document declaring a person's legal ownership of a property, while a title refers to the concept of ownership rights.

A warranty deed, which is just one type of deed, is a legal document that transfers property ownership from a seller/grantor to a buyer/grantee. Included in this transfer is a guarantee that the buyer will receive what the seller said was being sold. In a deed, you will find a legal description of the property, the name of the seller/grantor, the name of the buyer/grantee, and the seller's signatures to make the document legal.

It is important to note that there is a difference when transferring ownership between personal property and real

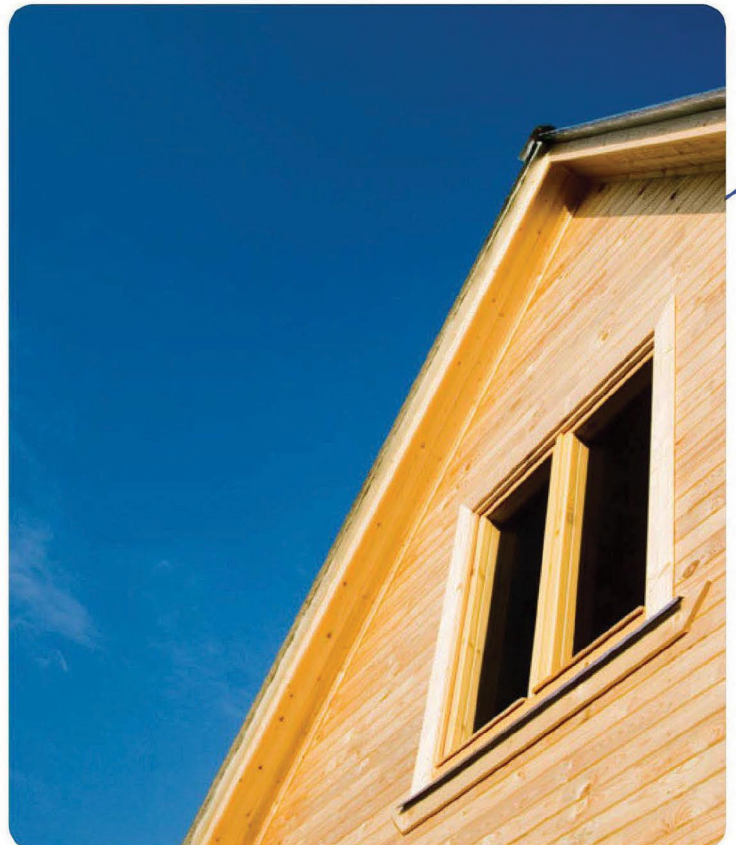
property. Personal Property includes things like a boat or car while Real Property is the raw ground (earth) and anything affixed to it (house, outbuilding, etc.). This is why, in the legal sale / purchase of real property, the title transfers to the buyer through the execution and delivery of the deed.

How is title determined?

A title search is an examination of public records to determine and confirm a property's legal ownership: it also identifies if there are any claims on the property that must be settled prior to, or potentially prohibiting, transfer to a new owner. A claim in this sense can be thought of as a statement from an entity or person that is not the current title owner declaring some type of right to the property. Claims that might come up in a title search include:

Liens: A legal right or claim against a property by a creditor.

Example: Your construction team forgot to tell the county clerk you paid off your bathroom renovation.





Ownership Rights: The ability to enforce legal rights concerning the property, including the right to possess it, use it, exclude others from it, and transfer it to someone else. In the case of married couples, most states use the “common law” where the name on the deed, registration document, or other title paper, indicates the owner(s). In community property states, money earned by either spouse during marriage and all property bought with those earnings are considered community property that is owned equally by husband and wife.

Example: You were married in a different country and didn't realize it counts in America too which means your spouse potentially has rights to, and ownership of, the property as well.

Encroachments: A neighbor builds something that's either partially or wholly on your property without an agreement.

Example: You went on vacation and while you were gone, your neighbor built a pizza oven that crosses the property line.

Forgery: Making, altering, use or possession of false writing to deceive another.

Example: Someone pretends to be you and takes a mortgage out on your property.

While the title company makes every attempt to find and remedy any potential claims, title examination is not a perfect science: it can be saddled with human error and changing legal interpretations which make 100 percent risk elimination impossible. This is why title insurance is so important. If claims arise, your title insurance provider will step in and help handle them according to the terms of your policy.



According to the Texas Land Title Association, more than one-third of all title searches reveal a problem that title professionals fix before you go to closing.



The Role of the Title Company in Texas

In Texas, the title company plays a central role in your home-buying journey. Serving as both the title insurance provider and the escrow agent, the title company ensures that your transaction is smooth, legal, and secure.

What Does the Title Company Do?

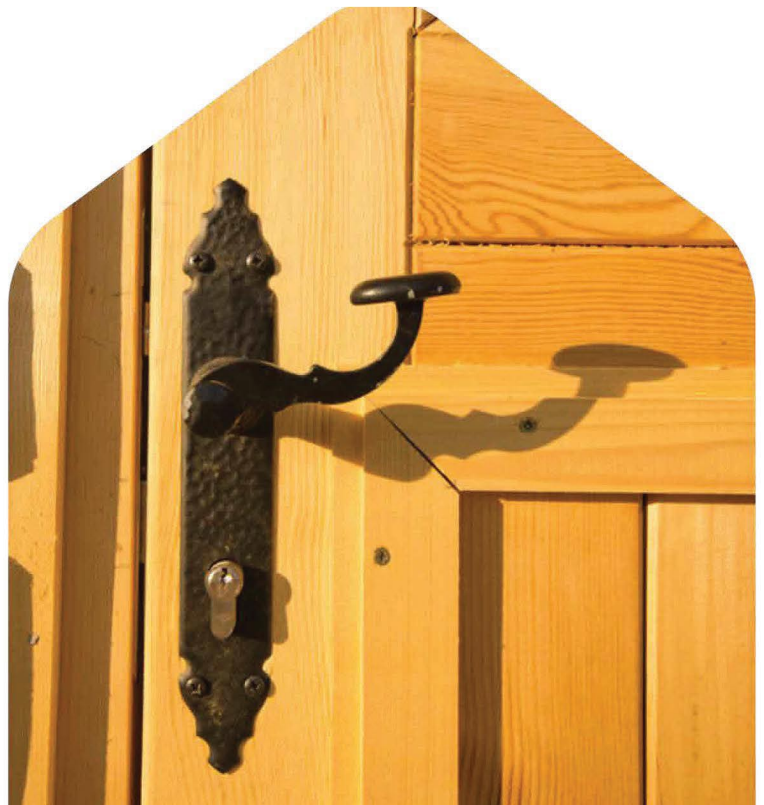
- **Acts as a Neutral Third Party:** Holds all funds and important documents during the transaction process.
- **Coordinates the Closing:** Works with all parties-including lenders, agents, and attorneys-to make sure everything is ready for closing day.
- **Ensures Contract Compliance:** Reviews and manages legal documents to verify that all terms of your contract are being met.
- **Disburses Funds:** At closing, the title company pays out funds to the appropriate parties (seller, agents, lienholders).
- **Issues Title Insurance:** After confirming that the title is clear, the title company issues title insurance to protect your ownership rights.



The most basic meaning of the word escrow is money and/or documents held in trust by an independent third party during the course of a transaction.

Why It Matters

Texas is a "title state," meaning real estate closings are not handled by attorneys, but by licensed escrow officers within title companies. This makes your title company an essential partner in protecting your financial investment and ensuring your property legally transfers into your name.





Why Use a Realtor?

An Expert Guide

When buying or selling a home, there are extensive forms, reports, disclosures and other technical documents that a real estate professional can guide you through. An expert helps prevent delays and costly mistakes.

An Objective Opinion

A real estate professional can provide you with data, facts, school ratings, zoning information, utilities, etc. to help you decide which property has everything you need, and can use this information in marketing your home, if selling.

An Advocate

Real estate professionals have a fiduciary responsibility to put their client's interests first. A realtor is bound by law to negotiate, advise and inform you of all pertinent information to help you come to an agreement that is in your best interest.

An Extensive Resource

Real estate professionals not only provide their expert knowledge, but that of their network as well—from access to information before it appears on MLS to recommending other professionals that can help get your property ready after you buy or before you sell.

Network & Connections

When you hire a real estate professional, you'll have access to their extensive network of professionals in the real estate industry, including mortgage brokers, home inspectors, appraisers, attorneys and various other vendors and trusted resources.

Post-Sale Support

This can include recommending contractors for home improvements, providing market updates, or helping with future real estate needs. This ongoing support ensures clients feel secure and supported long after the deal is closed.





Reading the Title Commitment

A Title Commitment is a formal document provided by the title company before closing. It shows the buyer, seller, and lender what the title insurance policy will look like and what requirements must be met before the policy can be issued. Think of it as a "preview" of the title insurance you're about to receive.

The Title Commitment protects buyers by identifying problems early. Reviewing it gives you a chance to resolve issues before closing and ensures you know exactly what is and isn't covered by your title insurance policy.

The Title Commitment is divided into four parts called Schedules: A, B, C, and D. Here's a breakdown in simple terms:

Schedule A - Who, What, and How Much

- Identifies the parties involved in the transaction (buyer, seller, lender).
- Shows the legal description of the property.
- Lists the proposed amount of title insurance and the type of policy (Owner's or Lender's).

Schedule B - What's Not Covered

- Lists exceptions to coverage-things that will not be insured against.
- Common examples include HOA restrictions, utility easements, and mineral rights.
- These items remain with the property after closing.

Schedule C - What Needs to Be Done Before Closing

- Lists the issues or conditions that must be resolved before title can be insured.
- Examples: loan payoffs, name corrections, unpaid taxes, or court judgments.
- This is the "to-do list" to clear title.

Schedule D - Who's Behind the Policy

- Discloses the names of the title insurance underwriter and any business relationships.
- Also shows any fees that are paid to affiliated companies.



Key Information for Buyers Using a Lender

Texas Is a Title State

- Attorneys are not required to conduct closings.
- Licensed title companies with escrow officers handle the transaction and issue title insurance.

Marital Property Considerations

- Texas is a community property state.
- Even if only one spouse is on the loan or title, the non-purchasing spouse may need to sign documents to release homestead rights or for title clearance.

Closing Disclosure (CD) Timing

- The 3-day CD delivery rule (TRID) must be observed.
- Lenders must ensure the buyer receives the final Closing Disclosure at least 3 business days before signing.

Funding Requirements

- All funds must be at the title company prior to disbursement.
- This includes both the lender's wire and the buyer's closing funds.

Hazard/Homeowners Insurance

- Proof of insurance must be received and approved before closing.
- Must include a mortgagee clause reflecting the lender's information.

Survey Requirements

- A recent survey is often required in Texas.
- If using a prior survey, the seller must provide a T-47 Residential Real Property Affidavit, which affirms no changes have been made to the property since the survey was completed.
- The survey must also be reviewed and approved by the title company.

HOA Documents (if applicable)

- Lenders should account for HOA transfer fees, resale certificates, and dues in the CD if the property is in an HOA.

Texas Homestead Protections

- Homestead laws restrict how liens can be attached to the property.
- Cash-out refinances and home equity loans require strict compliance with Texas Constitution (Article XVI, Section 50).

Escrow Holdbacks (Limited Use)

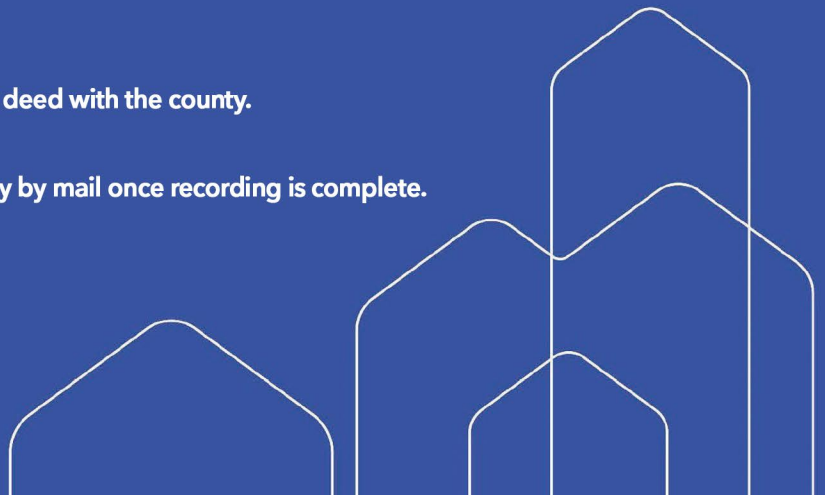
- Not commonly accepted in Texas.
- If requested, must be pre-approved, title companies require lender consent and specific written conditions.



The Title Process in Texas

From Offer Accepted to Title Insurance Policy Issued.

- 1 The executed contract is delivered to the title company.
- 2 Earnest money and, if applicable, option money are delivered to the title company (they will provide options for delivering funds).
- 3 A title search is completed to confirm ownership and check for liens or issues.
- 4 You'll receive a Title Commitment explaining what title insurance will and won't cover.
- 5 If financing, your lender provides a Closing Disclosure at least three days before closing.
- 6 You'll review the Closing Disclosure with your lender to confirm your final cash-to-close.
- 7 Once the final amount is confirmed, funds must be wired to the title company PRIOR to closing.
- 8 If using a cashier's check (only if approved), it must be delivered in advance of closing so funds have cleared before the appointment.
- 9 Either you or your Realtor will schedule your closing appointment with the title company.
- 10 Bring a valid, unexpired government-issued photo ID.
- 11 At the closing table, you'll sign all required documents.
- 12 In most instances, the executed documents from all parties must be reviewed by the lender, and funding approval must be given before the transaction can fund.
- 13 **Once all documents are signed, reviewed, and funds are approved, the transaction is funded, and you receive the keys!**
- 14 After closing, the title company records the deed with the county.
- 15 You'll receive your final title insurance policy by mail once recording is complete.



Quick Guide to Property Taxes

Congratulations on your new home! As you settle in, we want to make sure you understand a few important things about property taxes in Texas, how they're handled at closing, and what to expect moving forward. Here's a quick guide to help you:

1. Property Taxes at Closing: How They're Prorated

At closing, the property taxes are prorated between the buyer and the seller based on the number of days each party owns the home during the calendar year.

- Example: If you buy your home in August, the seller pays for the taxes from January 1 through your closing date, and you take over the remainder of the year's tax responsibility.
- The prorated amount is credited to you at closing, but you will be responsible for paying the full tax bill when it comes due later in the year.

Important Reminder:

- Your county appraisal district will value your property each year. If you disagree with the valuation, you have the right to protest it.

2. When Property Taxes Are Due

Texas property taxes are billed by the county and local taxing authorities:

- Tax bills are typically issued in October of each year.
- Taxes are considered due upon receipt and become delinquent after January 31 of the following year.
- If you have a mortgage, your lender likely collects taxes monthly and pays them on your behalf from an escrow account.



Understanding the Homestead Exemption

The Texas Homestead Exemption is a valuable property tax benefit available to homeowners on their primary residence. It can significantly reduce your property tax burden and offer legal protections under state law.

Benefits of the Texas Homestead Exemption:

1. Property Tax Savings

- Reduces the taxable value of your home by at least \$100,000 for school district taxes (as of 2023).
- Additional exemptions may apply for seniors, disabled individuals, and veterans.

2. Legal Protections

- Offers protection from forced sale by creditors in most cases (except mortgage, taxes, or HOA).
- Limits the amount of property taxes local entities can levy on your primary residence.

3. Limits on Annual Increases

- Once your homestead exemption is in place, your home's assessed value for tax purposes cannot increase by more than 10% per year, excluding improvements.

How to Apply:

1. Complete the Application for Residential Homestead Exemption (Form 50-114).

2. Submit the completed form along with:

- A copy of your Texas driver's license or state-issued ID.
- The address on the ID must match the property address.

3. The homestead exemption can be filed anytime once the buyer has a driver's license showing the property address.

Note:

- There is no fee to file a homestead exemption.



What to Expect at the Closing Table

What Happens:

1. Signing Documents

- You will sign various legal and financial documents, including:
- Lender loan documents (if applicable), which include:
- Promissory Note (your promise to repay the loan)
- Deed of Trust (secures the mortgage loan with the property)
- Closing Disclosure or Settlement Statement (outlines costs and funds needed)
- Title documents and affidavits

2. Providing Funds

- You will need to bring your portion of closing funds (down payment, closing costs, etc.).
- Funds must be sent via wire transfer or, if approved ahead of time, by cashier's check with time allowed for clearing.
- Verify wire instructions directly with your title company before wiring funds.

3. Verification of ID

- Bring a **valid, unexpired government-issued photo ID** (such as a driver's license or passport).
- Some documents may require dual ID for verification.

4. Funding & Key Exchange

- "Funding" occurs when all funds have been received and properly disbursed by the title company.
- Once funding is complete, the transaction is considered closed and the buyer will receive the keys.

5. After Closing

- The title company will record your deed with the county clerk.
- You will receive your final title insurance policy by mail.
- Keep copies of all signed documents in a safe place.

Tips for a Smooth Closing:

- Review your Closing Disclosure before the appointment.
- Verify wire instructions directly with the title company-never rely solely on email for wire details.



About National Title Group

Bringing a Personalized Approach to Every Transaction

National Title Group is a full-service title company backed by over **five decades of experience** in handling **any type of real estate transaction**. Whether the transaction is straightforward or highly complex, we bring the expertise, reliability, and personalized service you can count on.

Our seasoned team of professionals is equipped with the knowledge, tools, and resources to manage your transaction - **no matter the complexity**. We're committed to ensuring a seamless experience, offering clarity, communication, and confidence at every step of the closing process.

National Title Group is here to guide and protect your interests with precision, care, and integrity from start to finish.

To learn more, visit nationaltitlegroup.com



Dallas | Flower Mound | Frisco | Rockwall

Dallas

4131 N Central Expy Suite 450
Dallas, TX 75204
(214) 520-9999

Flower Mound

3360 Long Prairie Rd. Suite 200
Flower Mound, TX 75022
(972) 221-3521

Frisco

6801 Gaylord Pkwy Suite 200
Frisco, TX 75034
(972) 539-7762

Rockwall

2251 Ridge Rd.
Rockwall, TX 75087
(972) 853-7444



nationaltitlegroup.com