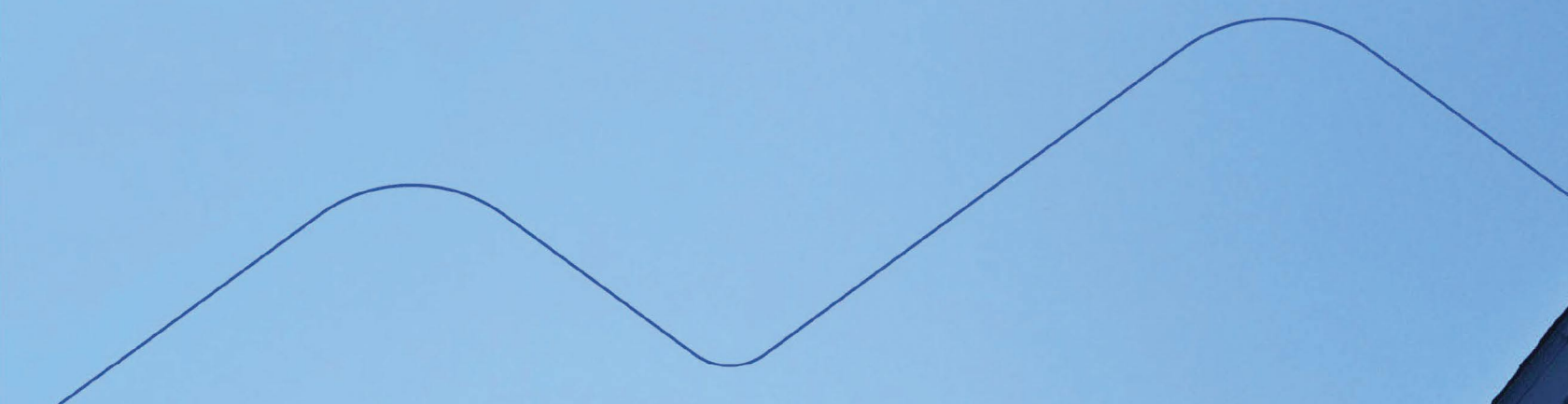


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Home Sellers Guide



Selling a property involves many moving parts, but you don't have to navigate it alone. This guide is designed to walk you through the closing process step-by-step - from contract to funding - so you know exactly what to expect and when.

At National Title Group, we bring over five decades of experience handling **every type of real estate transaction**, no matter how simple or complex. You can trust our knowledgeable team to manage the details, communicate clearly, and ensure a smooth, secure closing.

We're here to give you confidence from start to finish, because your peace of mind is our priority.





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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

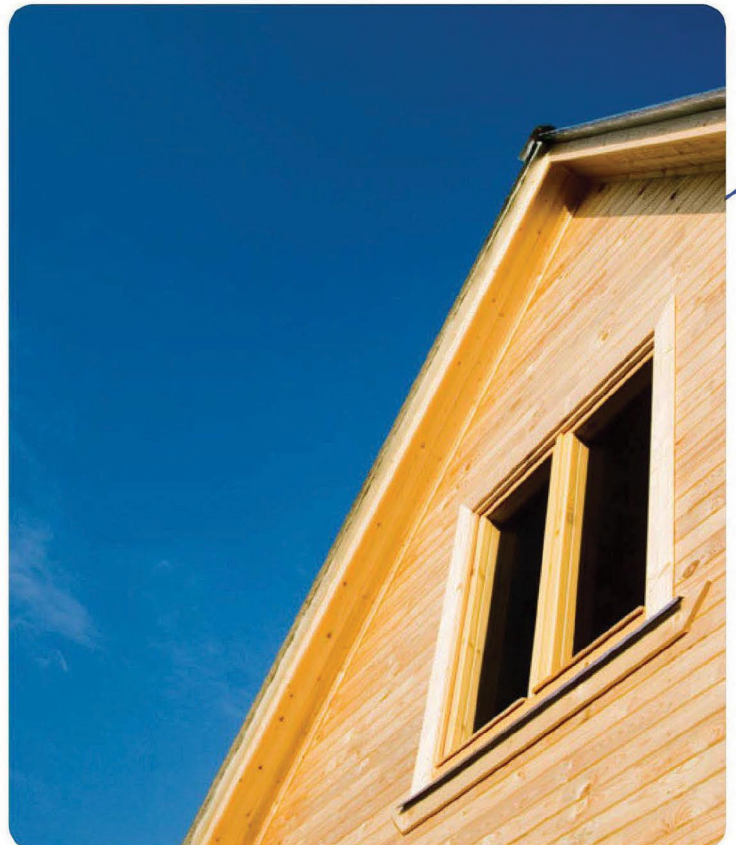
property. Personal Property includes things like a boat or car while Real Property is the raw ground (earth) and anything affixed to it (house, outbuilding, etc.). This is why, in the legal sale / purchase of real property, the title transfers to the buyer through the execution and delivery of the deed.

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.



What is an Escrow Agent in Texas?

What is an Escrow Agent?

An escrow agent is a neutral third party who plays a critical role in Texas real estate transactions by safeguarding funds and documents on behalf of the buyer, seller, lender, and other parties. In Texas, escrow agents are most often licensed title company professionals. **Title companies in Texas serve as the escrow agents, and the individuals who manage the escrow process are licensed escrow officers.**

Why Their Role Matters in Texas

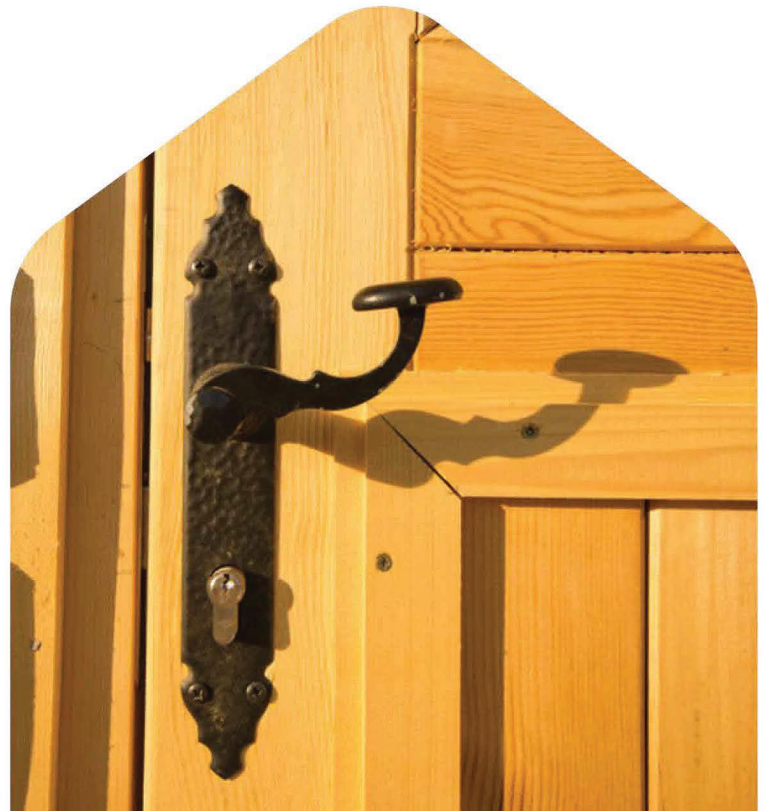
Texas is a 'title state,' meaning that title companies and licensed escrow officers—not attorneys—typically handle real estate closings. Escrow agents ensure compliance with the Texas Department of Insurance (TDI) regulations, protect all parties' funds, and serve as a neutral party to facilitate a smooth, legal transfer of property ownership.

What Does an Escrow Agent Do?

- Holds earnest money and option fee in a secure account.
- Manages legal documents related to the transaction.
- Coordinates the closing process and ensures contract compliance.
- Disburses funds to sellers, lienholders, and agents upon closing.
- Issues title insurance policies after the transaction funds.



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 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.



Seller Information Sheet

The Seller Information Sheet is a form you, as the seller, may be asked to complete to help the title company complete the title search. This form requests personal information to ensure that research performed on your property only identifies items that attach to you and other current owners.

Why is the Seller Information Sheet important?

When property is sold, the new buyer wants to ensure he or she has clear title to the property being purchased. To provide this confidence, the sale of your property will require a title search. The completion of this form will help them:

- Differentiate between people with similar names
- Rule out liens or judgments not applicable to the transaction

This information is important because it is quite common for residents within a state, and across states, to have the same or similar names. In searching the public records relating to title, title companies encounter judgments, bankruptcies, divorces, and income tax liens involving persons with similar names. The more information a title company has about you upfront, the more effective they

can be at identifying which items attach to the current owners and which do not, and the more efficient they can be at completing the title order.

What types of information are requested in a Seller Information Sheet?

You may be asked to provide your full name, social security number, year of birth, birthplace and information on citizenship, marital status, residency, and other personal information that will help the title company determine whether the lien or judgment is applicable to the transaction.

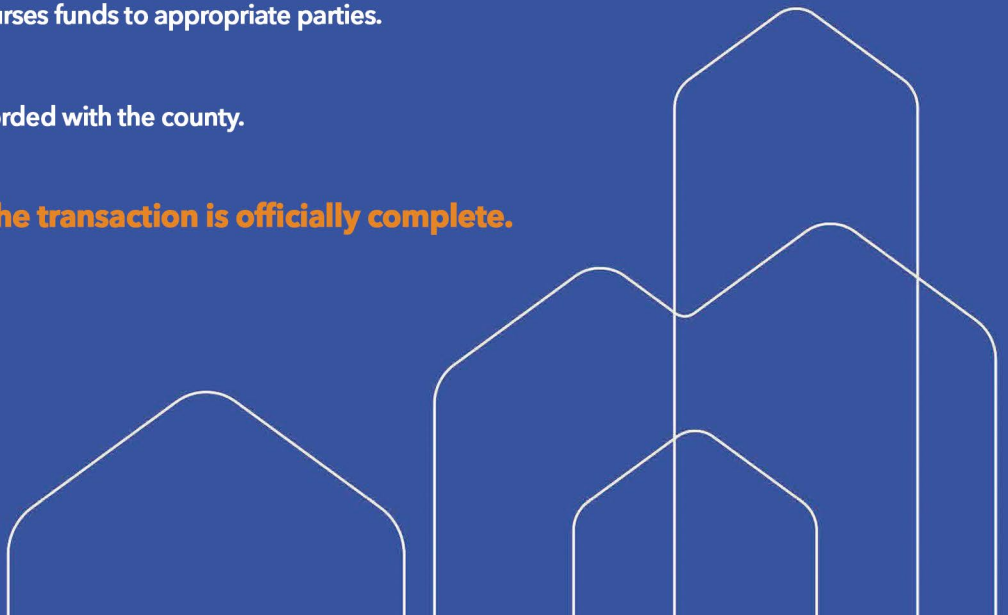




Timeline of the Closing Process

From Accepted Contract to 'IT'S FUNDED!'

- 1 Contract is executed and delivered to the title company.
- 2 Title company opens escrow and assigns an escrow officer.
- 3 Earnest money and option fee are deposited (typically within 3 days).
- 4 Title search begins - title history is reviewed and examined.
- 5 Title commitment is prepared and issued to all parties.
- 6 Survey is reviewed or ordered (if applicable).
- 7 Title company clears title issues, if any, including liens or judgments.
- 8 Closing date is scheduled with buyer, seller, agents, and lender.
- 9 Final closing disclosures are reviewed by all parties.
- 10 Buyer and seller sign closing documents.
- 11 Lender funds the transaction (if applicable).
- 12 Title company disburses funds to appropriate parties.
- 13 Documents are recorded with the county.
- 14 **IT'S FUNDED! The transaction is officially complete.**





Quick Guide: T-47 vs. T-47.1 Affidavits

T-47 Residential Real Property Affidavit

- Legal affidavit used when seller provides an existing survey.
- Verifies no changes have been made to property boundaries or improvements.
- Includes space for detailed descriptions of changes.
- Completed and notarized by the seller.
- Helps determine if a new survey is needed.

T-47.1 Residential Real Property Affidavit

- Updated version of the T-47 from TDI.
- Provides clearer instructions and improved layout.
- Includes space for detailed descriptions of changes.
- Offers more clarity for sellers and title companies.
- Does not require notarization.

Can Either Be Used?

Yes – Either the T-47 or T-47.1 is currently acceptable, but many prefer the T-47.1 for its clarity and completeness.

Quick Guide to Property Taxes

When selling your home, you're responsible for property taxes only for the portion of the year you owned the property. Since Texas property taxes are paid in arrears, the taxes for the current year typically become due on October 1st and are payable through January 31st of the following year.

Because of this delay, you won't pay your share directly to the tax office at closing. Instead, the title company will calculate your portion and credit that amount to the buyer in the closing paperwork. This is called a proration.

What is a Tax Proration?

A tax proration is a way to fairly divide property taxes between the seller and the buyer based on how long each party owned the home during the year.

Example:

- Let's say you're closing on September 30th.
- You've owned the home for 273 days.
- The buyer will own it for the remaining 92 days of the year.
- At closing, you'll be charged your 273-day share of the estimated annual property tax bill.
- That amount will be credited to the buyer, who will later be responsible for paying the full tax bill when it's due.

Important Notes for Sellers:

- If you have an escrow account with your lender, you may receive a refund of any remaining balance after your loan is paid off. This is separate from the proration.

What to Expect at Closing

What is Closing?

Closing is the final step in the home-selling process. It's when all documents are signed, funds are exchanged, and legal ownership of the property is officially transferred from you, the seller, to the buyer.

What Happens Before Closing?

- Title search and title commitment are completed by the title company.
- You may be asked to complete a T-47 affidavit if you're providing a prior survey.
- Repairs, if agreed upon, should be completed and receipts provided.
- Review and sign the seller's closing disclosure outlining costs and proceeds.
- Schedule your closing appointment with the title company.

What is Needed at Closing?

- **Valid, Unexpired, Government-issued photo ID**
- Any house keys, garage openers, or access codes
- Your banking information if proceeds will be wired
- Any remaining documents requested by the title company

What Happens at the Closing Table?

At closing, you'll review and sign final documents including the deed and settlement statement. The buyer will sign loan documents if applicable. Once everything is signed and the buyer's funds are received, you'll receive your proceeds (typically via wire or check).

Paying Off Existing Loans

If you have an existing mortgage(s) or home equity loan, the title company will request a payoff statement from your lender. At closing, these balances will be paid directly from your proceeds. You don't need to make any extra arrangements—the title company handles the full payoff process and ensures the lien is released after closing.





Helpful Tips

- Confirm wiring instructions verbally with the title company to avoid fraud.
- Don't cancel utilities until the day after closing.
- Leave the home clean and free of belongings unless otherwise agreed.

Closing Information (What You'll See and Sign)

- **Closing Disclosure (CD):** Details your final closing costs and the amount you'll receive from the sale.
- **Settlement Statement (ALTA):** A line-by-line breakdown of all financials between buyer and seller.
- **Deed:** Transfers ownership of the property to the buyer.
- **Seller's Affidavit:** Verifies ownership and that there are no undisclosed liens or legal issues.
- **Payoff Statements:** If you have a mortgage or lien, you'll sign off on those being paid at closing.
- **IRS Form 1099-S:** Reports the sale of the property to the IRS (if applicable).

The title company will explain each document and ensure you know what you're signing.

After Closing

Once funding is confirmed, the title company will record the deed with the county and distribute proceeds. Your responsibility as a seller is officially complete.





Required Reporting to the IRS

While the buyer will want to make sure their purchase is recorded with the county, sellers of real property, where real property is the land (i.e., dirt), will need to share certain information regarding the sale to the Internal Revenue Service (IRS). This required reporting of information is intended to encourage taxpayer compliance with the Internal Revenue Code and aid in audit and enforcement efforts by the IRS.

Who is required to report to the IRS?

Sellers of real property and everything that is permanently attached (i.e., house) to the land. Under guidelines established by the IRS, sellers are required to have the dollar amount of their gross proceeds from the sale reported on a Form 1099-S. When a settlement agent is used, the IRS requires the settlement agent to file the 1099-S form. In this setting, the settlement agent will generally be your escrow officer or title company.

What is an IRS form 1099-S, and what will be reported?

The Form 1099-S is the reporting form adopted by the IRS for submitting the Seller's gross proceeds information required by law. **The Form 1099-S will capture the following information about the real property seller and transaction:**

- The name, address, and taxpayer ID number (Social Security or tax identification number (TIN) of the seller(s))
- A general description of the property (and in most cases an address)
- The closing date of the transaction
- The gross proceeds of the transaction (even though gross proceeds do not correspond to taxable income)
- The name, address, and taxpayer identification number of the settlement agent
- Real estate tax paid in advance that is allocable to the buyer

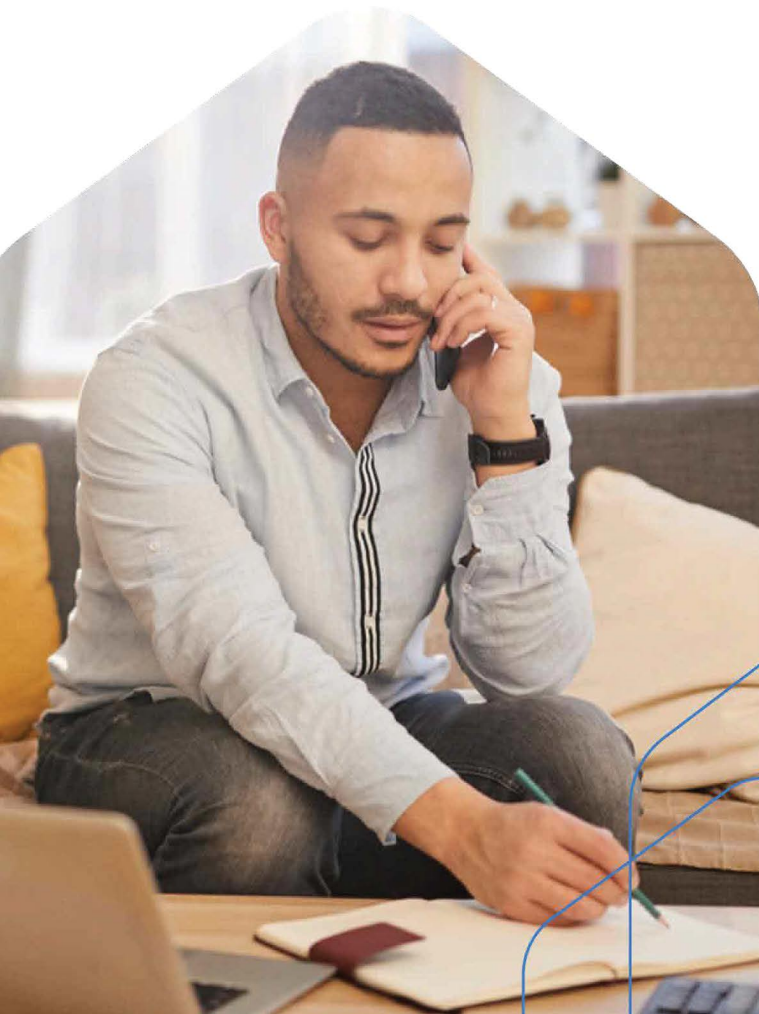
How is the sale reported when there is more than one seller involved or when multiple sellers do not own equal interests in the property?

Multiple sellers may allocate the gross proceeds among themselves for purposes of reporting. If there is no allocation, an incomplete allocation or conflicting allocations, then the entire gross proceeds will be reported for each seller.

Where can I go for further information on taxation of real property?

For more information, please visit:

www.irs.gov/forms-pubs/about-form-1099-s





After the Closing

What Happens After Closing?

Congratulations! You've officially completed the sale of your property. While your responsibilities are mostly done, there are still a few important things to be aware of after the closing takes place.

Disbursement of Funds

Once all documents are signed and the buyer's lender funds the transaction, the title company will disburse your proceeds. You may provide wiring instructions for your proceeds before or at the closing appointment. Funds are typically sent via wire transfer or a printed check, depending on your preference.

Loan Payoffs, Escrow Refunds & Lien Releases

If there was an existing mortgage or lien on your property, the title company will pay it off using the payoff statement obtained prior to closing. They will also handle the release of lien filing with the county records office.

If your mortgage included an escrow account for taxes and insurance, any remaining balance in that account will be refunded directly to you by your lender. **Be sure to provide your lender with your forwarding address so the escrow refund can be mailed to you.**

Cancel Utilities, Insurance & Services

Be sure to cancel or transfer all utilities (electricity, gas, water, trash, internet, etc.) after the closing date. **Also, contact your homeowner's insurance company to cancel your policy effective the day after closing to avoid any overlap.** If you've prepaid your insurance premium, you may be eligible for a refund of the unused portion. Confirm with your provider and make sure they have your updated mailing address for any refund checks.

Tax Documents

You may receive a 1099-S form for reporting the sale of your property to the IRS. Consult with your tax advisor about how the sale may impact your taxes, especially if the home was not your primary residence.

Forwarding Your Mail

Submit a change-of-address form with the U.S. Postal Service to ensure you continue to receive important documents, including final utility bills, insurance notices, and any correspondence from your lender or title company.

If you have any questions after the sale or need documentation in the future, don't hesitate to contact your title company. We're here for you even after your closing is complete.



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



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