

The Title Process



The title company's process starts when a fully executed contract is submitted to the company by a buyer, a seller, a real estate agent representing the buyer or seller, or a lender. A "fully executed contract" is one in which the buyer and seller have agreed to all of the terms in writing and where the buyer has proffered a good faith earnest money check. The party who brings the contract and earnest money check to the title company "opens title", or orders a title commitment for the subject property.

The title company's role as escrow agent begins at this time. They will receipt the earnest money check and hold all earnest money or deposit checks in an escrow account where they will remain until closing.

The title company will simultaneously start the title search process, using the resources available through their abstract plant and the public records. Once the title search is completed, the title will be examined by a qualified examiner.

If there are no defects or clouds on the title, a title commitment will be issued to the buyer and the seller. It is very important for the both parties to review the commitment and become familiar with any exceptions.

If there are defects or clouds on the title, these must be "cured" before closing. **East Texas Title Companies has attorneys on staff skilled at handling title curative.**

In addition to producing the title commitment, the title company also:

- ◆Orders payoff figures from the existing lender, or orders an assumption package if the loan is being assumed
- ◆Notifies the appropriate parties of any problems or discrepancies
- ◆Prepares the HUD-1 Settlement Statement (subject to change with implementation of Truth-in-Lending/RESPA Integrated Disclosures in October 2015)
- ◆Orders tax certificates and other tax information
- ◆Orders updated information required prior to closing
- ◆Orders documents for closing - Deeds, Deeds of Trust, Releases, etc.
- ◆Confirms date, time and location of the closing and coordinates the details with all parties involved

You can see from the above list that title companies perform a range of duties *on behalf of other entities*. Many people think that, because they are "the messenger", the title companies have control over these areas, when they in fact do not. But title companies do have responsibility for coordinating them between the buyer, seller, lender(s), real estate agents and other parties involved.