

Title Insurance FAQ

<https://www.tdi.texas.gov>



What is title insurance?

Title insurance insures against financial loss caused by defects in title to real estate. Title insurance companies defend against lawsuits attacking the title, or in the case of a covered loss, reimburse the insured up to the policy limit.

Is it required?

Texas does not require title insurance. The lender will require you to buy a Loan Policy of Title Insurance to protect their interest.

Is it like homeowners insurance?

No, title insurance is different from other types of insurance. It doesn't insure against fire, flood, theft, or any other type of property damage or loss. It protects against losses from ownership problems that arose before you bought the property but were not known at the time you bought the property. It doesn't guarantee that you will be able to sell your property or borrow money on it.

What types of policies are there?

There are two types of policies: **Owner's policy** and **Loan policy**.

What is my coverage?

Title policy forms in Texas are standardized. This means coverage is the same or uniform from policy to policy. Please refer to the section about the types of policies for more details.

What's the difference between a title commitment and a title policy?

The title commitment comes before closing; the title policy is issued after closing. The commitment says that a title company is willing to issue title insurance under certain conditions and if the seller fixes certain problems. The policy provides coverage for the property.

What does the title commitment do?

The title commitment lists potential issues, exclusions, or exceptions. It alerts the buyer to issues that exist and could cause problems in the future. It does not guarantee that there are no current issues or that none will arise in the future. You should discuss how to clear potential issues with the title agent. You may want to review potential issues with a lawyer. Read the title commitment carefully as these items can become exclusions or exceptions under Schedule B of your policy. Exceptions and exclusions are items not covered by the policy.

What does title insurance protect you from?

It protects you against loss due to title defects, liens, or other similar matters. Title insurance protects you from claims of ownership by other parties. It protects you against losses from problems that arose before you bought the property. The title company will defend you in court if there is a claim against your property and will pay for covered losses.

What doesn't a title policy cover?

A title policy generally won't cover mistakes or defects, financial issues, or rights issues.

- Defects that are created after the policy is issued.
- Defects that you create, or of which you had knowledge.
- Problems that arise because of your failure to pay your mortgage, or to obey applicable laws or restrictive covenants that were disclosed to you.
- Certain taxes and assessments.
- Losses resulting from rights claimed by someone else occupying the land. The title company may need to inspect the property. There may be a charge for the inspection.
- Homestead, community property, or survivorship rights of a policyholder's spouse. Texas homestead laws address the rights of a spouse or survivors of a property owner.
- Claims from other people who may have certain rights if your property is near a body of water or has a river or stream flowing through it.
- Condemned land, unless a condemnation notice appeared in the public record on the policy date or the condemnation occurred before the policy date.
- Violations of building and zoning ordinances and other laws and regulations related to land use, land improvements, land division, and environmental protection.
- Disclosed restrictive covenants limiting how you may use the property. Request copies of restrictions and have your attorney explain them.

If there's something you don't like in the policy, can you change the policy language?

Title policy forms in Texas are promulgated, or standardized. This means most of the policy language is the same regardless of which company that sells the policy. Title agents are required to use the standardized forms. The parts of the policy that may be changed are the property description in Schedule A, the Exceptions in Schedule B, and the Exclusions. You should review those sections carefully. You can request corrections if you notice an error. The agent may be able to remove an exception, if a title problem is cleared up or if you buy additional coverage.

Check the policy's legal description of the land against your survey to confirm that what is being conveyed in your contract is accurate. Title insurance does not protect against boundary disputes with your neighbor, unless you purchase additional coverage.