

# LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN

The Company commits to issue a Loan Policy of Insurance to the Proposed Insured as of the Date and Time and in the Amount shown on SCHEDULE A hereof and insuring the Lien described in SCHEDULE A hereof, subject to the exceptions shown in SCHEDULE B hereof and pursuant to the requirements herein made and in the form then promulgated by the Commissioner of Insurance of the State of Texas.

Upon receipt of evidence showing compliance with and satisfaction of the requirements set forth under SCHEDULE C of this Binder, or in the event that said requirements are not complied with that proper exception is taken, and upon payment of the applicable premium therefore, the Company will issue its Loan Policy in the face amount and as of the date and time set forth and covering the lien described in SCHEDULE A hereof.

Nothing herein contained shall be construed as insurance against the effect of zoning ordinances, if any, or the consequences of the exercise and enforcement or attempted enforcement of governmental "Police Power" over the property. No inspection of the premises has been made by this company or its Agent, and this Binder is subject to any state of facts that a physical inspection would show.

This Binder is delivered and accepted upon the understanding that you have no personal knowledge or intimation of any defect, objection, lien or encumbrance affecting said premises other than those shown under SCHEDULE B hereof, and your failure to disclose any such personal information shall render this Binder and any policy issued based thereon, null and void as to such defects, objections, liens and encumbrances.

This Binder shall not be binding until it shall have been countersigned by an Officer or Agent of the Company.

This Binder is preliminary to the issuance of the Loan Policy referred to above, and in no event shall it be effective after one year from the date set forth in SCHEDULE A hereof unless extended in writing for a term or terms prescribed by the regulations of the Texas Department of Insurance and unless the premium of such extension is paid.

The Company's liability hereunder shall be determined by Exclusions from Coverage, and the terms, conditions and stipulations of the Loan Policy referred to above; provided that the Company shall have no liability unless and until payment is made of the applicable premium for the above referred to Loan Policy.

EXECUTED as of the date and hour shown on Schedule "A".

\_\_\_\_\_ TITLE INSURANCE COMPANY

By: \_\_\_\_\_ Authorized Officer or Agent

## SCHEDULE A

GF No. \_\_\_\_\_

AMOUNT:

Construction Binder Number:

Date and Time of Binder \_\_\_\_\_ at \_\_\_\_\_ a.m. / p.m.

Proposed Insured:

Proposed Borrower:

Recorded title at the date hereof appears vested in:

DESCRIPTION OF THE LIEN (must have been filed for record):

LEGAL DESCRIPTION of the property referred to in this Binder:

## **SCHEDULE B - Part 1**

Showing defects, objections, liens, exceptions and reservations, to be shown as exceptions under SCHEDULE B of the Policy:

1. The following restrictive covenants of record itemized below, but the Company insures that any such restrictive covenants have not been violated so as to affect, and that a future violation thereof will not affect, the validity or priority of the mortgage hereby insured (insert specific recording data or delete this exception):
2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or protrusions, or any overlapping of improvements.
3. Standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_\_ and subsequent years; and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year.
4. In the event a Loan Policy is issued prior to the improvements having been completed and accepted by the owner, and before satisfactory evidence that all outstanding bills have been paid or satisfied has been furnished to the Company issuing said Loan Policy, an additional exception will be inserted under Schedule B of said Loan Policy, excepting to "Mechanic's and materialmen's liens," as well as "pending disbursements" (if applicable), the wording of said exception being as promulgated by the Texas Department of Insurance and specifically set out as Rule P8b3 in the Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas.
5. (Insert here all other specific exceptions as to liens, easements, outstanding mineral and royalty interests, etc., which will be shown as exceptions under SCHEDULE B of the Loan Policy.)

## **SCHEDULE B - Part 2**

Showing matters that affect the title to the estate or interest in the land described or referred to in SCHEDULE A, but the Company commits to insure the Proposed Insured in the Loan Policy against loss, if any, sustained by said Insured under the Policy if said matters are not subordinate to the lien described in **SCHEDULE A**.

## **SCHEDULE C**

Showing requirements to be complied with; defects and objections to be removed or eliminated, and liens and encumbrances to be satisfied and discharged of record before the policy will be issued without exceptions thereto:

1. Evidence satisfactory to the Company that:
  - (a) No materials have been furnished or any labor performed in connection with the construction contemplated here under prior to the execution, acknowledgment and delivery of the lien instrument described under SCHEDULE A hereof, if the land described under SCHEDULE A forms any part of the homestead of the owner. (This item may be deleted if satisfactory evidence is furnished before binder is issued.)
  - (b) Improvements have been completed and accepted by the owner.
  - (c) All bills for labor and materials have been paid in full and no mechanic's, laborer's or materialmen's liens have attached.
  - (d) Restrictions or restrictive covenants have not been violated.
2. Payment of the full consideration to, or for the account of, the grantors or mortgagors.
3. Payment of all standby fees, taxes, charges and assessments levied or assessed against the subject estate or interest, which are currently due and payable.
4. Satisfactory evidence of legal right of access to and from the land.
5. (Here show outstanding liens or other matters which must be disposed of at or before issuance of Policy.)