The Title Office Staff recommends that the Commissioner of Insurance amend Endorsement Instructions to conform references of Owner Policy to Owner’s Policy and references to Mortgagee Policy to Loan Policy, delete obsolete verbiage and add clarifying language.

The recommended changes are as follows:

 **T-3 ENDORSEMENT INSTRUCTIONS**

**I. USE TO EXTEND ~~MORTGAGEE~~ LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN**.

 When the Company is called upon to extend the expiration date of a ~~Mortgagee~~ Loan Title Policy Binder on Interim Construction Loan, and after complying with Rules R-13 and P-16, it shall issue the T-3Endorsement inserting therein:

 “The expiration date of said Interim Construction Binder is extended for a period of six months from the expiration date of the original Binder, or the expiration date of the last T-3 Endorsement extending said Binder; but in no event beyond thirty-six months from the expiration date of the Binder.”

**II. USE UPON COMPLETION OF IMPROVEMENTS.**

 Upon the completion of improvements and after compliance with Procedural Rule P-8.a.(2) or b.(2), Procedural Rule P-50, and Rate Rules R-16 and R-29, if applicable, the following language may be inserted into the T-3 Endorsement:

 A. In ~~Owne~~r Owner’s Policies - Rule P-8.a.(2) and R-16

“1. Exceptions No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in said ~~Owner~~ Owner’s Policy are hereby deleted.”

 2. Only in the event there is a specific request that the exception as to area and boundaries, etc. be amended and when a current, acceptable survey, showing all completed improvements, is furnished to the Company, the following language contained in the applicable subdivision below may be inserted and shown as No. 2 of the T-3 Endorsement form. In the event no amendment is to take place, ~~no~~ No. 2 ~~will be included~~ should read “Survey coverage not requested.” The types of exception and the correct wording to be inserted are as follows:

 (a) Area and boundaries exception previously amended -

 “The company affirms the amendment of the exception as to area and boundaries of the above numbered policy, such amendment to be effective as of the date of this Endorsement.”

 (b) Area and boundaries exception NOT previously amended -

 “Exception as to area and boundaries of the above numbered policy is hereby eliminated save and except any shortages in area.”

 (c) In the event a review of the survey shows additional matters to be excepted from coverage –

 “The following exceptions are added to Schedule B of the policy: (List specific exceptions regarding matters shown by the survey).”

3. Only in the event there is a specific request that the T-19.1 Endorsement be issued and when the Company’s underwriting requirements have been met, the following language contained in the applicable subdivision below may be inserted and shown as No. 3 of the T-3 Endorsement form. In the event the endorsement is not to be issued or the coverage affirmed, ~~no~~ No. 3 ~~will be included~~ should read “T-19.1 not requested.” The correct wording to be inserted is as follows:

(a) T-19.1 Endorsement previously issued -

 "The company affirms the coverage provided in the T-19.1 Endorsement issued in connection with the above numbered policy, such coverage to be effective as of the date of this Endorsement."

“The following subparagraph(s) of this endorsement are deleted:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”

(b) T-19.1 Endorsement NOT previously issued –

 "T-19.1 Endorsement in the form attached hereto is made a part of the above numbered policy.”

“The following subparagraph(s) of this endorsement are deleted:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”

B. In ~~Mortgagee~~ Loan Policies - Rule P-8.b.(2)

 “1. Exception No. \_\_\_\_\_\_\_\_\_\_\_\_ of Schedule B and the Pending Disbursement Clause in said policy are hereby deleted.”

 “2. Said policy is hereby amended so that its coverage as to all loss or damage against mechanics’ and materialmen’s liens shall relate to the date of this Endorsement instead of the date of said policy.”

 3. Only in the event there is a specific request that the exception as to area and boundaries, etc., be amended and when a current, acceptable survey, showing all completed improvements is furnished to the Company, the following language contained in the applicable subdivision below may be inserted and shown as No. 3 of the T-3 Endorsement form. In the event no amendment is to take place, ~~no~~ No. 3 ~~will be included~~ should read “No survey coverage requested.” The types of exceptions and the correct wording to be inserted are as follows:

 (a) Area and boundaries exception previously amended -

 “The Company affirms the amendment of the exception as to area and boundaries of the above numbered policy, such amendment to be effective as of the date of this Endorsement.”

 (b) Area and boundaries exception NOT previously amended -

 “Exception as to area and boundaries of the above numbered policy is hereby eliminated save and except any shortages in the area.”

 (c) In the event a review of the survey shows additional matters to be excepted from coverage –

 “The following exceptions are added to Schedule B of the policy: (List specific exceptions regarding matters shown by the survey).”

4. Only in the event there is a specific request that the T-19 Endorsement be issued and when the Company’s underwriting requirements have been met, the following language contained in the applicable subdivision below may be inserted and shown as No. 4 of the T-3 Endorsement form. In the event the endorsement is not to be issued or the coverage affirmed, ~~no~~ No. 4 ~~will be included~~ should read “T-19 not requested.” The correct wording to be inserted is as follows:

(a) T-19 Endorsement previously issued -

 "The company affirms the coverage provided in the T-19 Endorsement issued in connection with the above numbered policy, such coverage to be effective as of the date of this Endorsement."

“The following subparagraph(s) of this endorsement are deleted:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”

(b) T-19 Endorsement NOT previously issued –

 "T-19 Endorsement in the form attached hereto is made a part of the above numbered policy.”

“The following subparagraph(s) of this endorsement are deleted:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_”

**III. USE UPON ASSIGNMENT OF LIEN.**

 When a lien is assigned, and upon compliance with Rules P-9.b.(1) or P-9.b.(2) and R-11, the Company may issue the T-3 Endorsement by inserting therein:

 “Said ~~Mortgagee~~ Loan Policy is hereby amended to name as the Insured: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. The lien described in Schedule A of said policy has been assigned to said named Insured by assignment dated \_\_\_\_\_ ~~day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 19 \_\_\_, at \_\_\_ \_\_.M~~ and recorded, in the Office of the County Clerk of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ County, Texas (here insert clerk’s file number or book and page of recording), and Schedule A of said policy is hereby amended to cover said assignment, and it is expressly stated that the effective date of said policy is changed to the date of this Endorsement.”

 “As of the date of this Endorsement, Company insures the insured against loss, if any, sustained by the insured under the terms of the policy if said lien is not a valid lien against the property described in Schedule A of said policy, subject to the matters set forth in Schedule B, the terms and provisions of said policy and the following:”

 (Here insert any exception necessary by reason of matters arising since the date of the Policy ~~or delete the immediately preceding words “and except"~~)

 “The Company insures that all standby fees, taxes and assessments by any taxing authority against the property described in Schedule A of said policy have been paid up to and including the year ~~19~~ \_\_\_\_\_ except subsequent taxes and assessments for prior years due to change in land usage or ownership, and except: (specify or delete the immediately preceding words “and except.”)”

 “This Endorsement shall be effective when the note or notes secured by the lien insured have been delivered to the Insured named herein.”

**IV. CORRECTION OF POLICY OR BINDER**.

 The use of Endorsement T-3 in the Basic Manual is permitted for the purpose of stating a correction in the policy or binder as to typographical error, omission or addition of materials relating to facts that existed at date of issue that clearly does not change the policy or binder as to any facts existing after date of issue nor extend its coverage beyond the point that should have been covered by the proper issue of a policy or binder.

**V. USE ONLY IN CONNECTION WITH INTERIM CONSTRUCTION ADVANCES SUBSEQUENT TO ISSUANCE OF FORM T-2 ~~MORTGAGEE~~ LOAN TITLE POLICY**.

 ~~A. As to Mortgagee Title Policies issued before October 1, 1991.~~

 ~~When a the Company is called upon to endorse a Mortgagee Title Policy at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the Endorsement by inserting the following applicable provisions therein:~~

 ~~(a) Said Policy is hereby amended so that its coverage shall relate to the date of this Endorsement instead of the date of the policy, subject to:~~

 ~~1. The exceptions shown in Schedule B of said policy,~~

 ~~2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said policy or of the last Endorsement thereto,~~

 ~~3. Any and all liens arising by reason of unpaid bills or claims for work performed or material furnished in connection with the improvements being placed upon the subject land. The Company does, however, guarantee no such liens have been filed with the County Clerk of the County in which such property is located prior to the date of this Endorsement, except: (Specify or insert “None” if applicable.),~~

 ~~4. The following additions to Schedule B of said policy: (Specify or insert “None” if applicable and include as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A, Item 3, of said policy.),~~

 ~~5. The following matters which affect the title to the estate or interest in the land described or referred to in Schedule A of said policy, but which are subordinate to the lien described in Schedule A, Item 3, of said policy: (Specify or insert “None” if applicable.).~~

 ~~(b) The coverage under said policy as of the date hereof is $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.~~

 ~~B. As to Mortgagee Title Policies issued after September 30, 1991.~~

 When a Company is called upon to endorse a ~~Mortgagee~~ Loan Title Policy at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the T-3 Endorsement by inserting the following applicable provisions therein:

 (~~a~~A) Said policy is hereby amended so that its coverage shall relate to date of this Endorsement instead of the date of the policy, subject to:

 1. The exceptions shown in Schedule B of said policy and in any prior Endorsement to said policy,

 2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said policy,

 3. Any and all liens arising by reason of unpaid bills or claims for work performed or material furnished in connection with the improvements being placed upon the subject land: The Company does, however, insure against loss, if any, sustained by the insured under the terms of the policy, if any such liens have been filed with the County Clerk of the County in which such property is located prior to the date of this Endorsement, except those liens set forth in Schedule B of said policy or in any prior Endorsement to said policy, and except: (Specify or delete immediately preceding words “and except”.),

 4. The following additions to Schedule B of said policy: (Specify or delete this paragraph and include as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A, Item 4, of said policy.),

 5. The following matters which affect the title to the estate or interest in the land described or referred to in Schedule A of said policy, but Company insures the insured against loss, if any, sustained by the insured under the terms of the policy if such matters are not subordinate to the lien described in Schedule A, Item 4, of said policy: (Specify or delete this paragraph).

(~~b~~B) The coverage under said policy as of the date hereof is $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**VI. USE TO AMEND EXCEPTION AS TO AREA AND BOUNDARIES, ETC**.

 When the Company has determined to amend the printed exception as to area and boundaries, etc., to eliminate all save and except to shortages in area (or show same on a Commitment for Title Insurance), and when there is compliance with Rules P-2 and R-16, it shall issue the T-3Endorsement, inserting therein:

 “Paragraph 2 of Schedule B ~~hereof~~ of said Policy is amended to read as follows:

1. Any shortages in area.”

**VII. USE ONLY IN CONNECTION WITH INTERIM CONSTRUCTION ADVANCES SUBSEQUENT TO ISSUANCE OF FORM T-13 ~~MORTGAGEE~~ LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN**.

1. ~~As to Mortgagee Title Policy Binders issued before October 1, 1991.~~

 ~~When a Company is called upon to endorse a Mortgagee Title Policy Binder on Interim Construction Loan at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the Endorsement by inserting the following applicable provisions therein:~~

~~Said Binder is hereby amended so that the date and time set forth in the first paragraph thereof shall be the \_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_, 19\_\_\_, at \_\_\_\_\_\_\_\_\_ o'clock \_\_\_.M., subject to:~~

* 1. ~~The exceptions shown in Schedule B of said Binder and in any prior Endorsement to said Binder,~~
	2. ~~Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said Binder.~~
	3. ~~The following additions to Schedule B-Part 1 of said Binder: (Specify or delete this paragraph and included as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A of said Binder.),~~
	4. ~~The following additions to Schedule B-Part 2 of said Binder (which affect the title to the estate or interests in the land described or referred to in Schedule A of said Binder, but Company agrees to insure the insured against loss, if any, sustained by the insured under the terms of the Policy to be issued if such matters are not subordinate to the lien described in Schedule A of said Binder): (Specify or delete this paragraph.).~~

 ~~Notwithstanding the limitation in paragraph 4 of Schedule B-Part 1 of said Binder, the Company agrees to insure against loss, if any, sustained by the insured under the terms of the policy to be issued if such liens have been filed with the County Clerk of the county in which such property is located prior to the date of this Endorsement except those liens set forth in Schedule B of said Binder or in any prior Endorsement to said Binder, and except: (Specify or delete the words "and except" immediately preceding.).~~

 ~~B. As to Mortgagee Title Policy Binders issued after September 30, 1991~~

 When a Company is called upon to endorse a ~~Mortgagee~~ Loan Title Policy Binder on Interim Construction Loan at the time of periodic construction advances in the same transaction, and upon compliance with Rule P-9.b.(4), said Company may issue the T-3Endorsement by inserting the following applicable provisions therein:

Said Binder is hereby amended so that the date and time set forth in the first paragraph thereof shall be the \_\_\_\_\_\_day of \_\_\_\_\_\_\_\_\_, ~~19~~\_\_\_, at \_\_\_\_\_\_\_\_\_ o'clock \_\_\_.M., subject to:

1. The exceptions shown in Schedule B of said Binder and in any prior Endorsement to said Binder,

2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said Binder,

3. The following additions to Schedule B-Part 1 of said Binder: (Specify or delete this paragraph and include as exceptions only those additional matters which the Company has determined are superior to the lien described in Schedule A of said Binder.),

4. The following additions to Schedule B-Part 2 of said Binder (which affect the title to the estate or interests in the land described or referred to in Schedule A of said Binder, but Company agrees to insure the insured against loss, if any, sustained by the insured under the terms of the Policy to be issued if such matters are not subordinate to the lien described in Schedule A of said Binder): (Specify or delete this paragraph.).

          “Notwithstanding the limitation in paragraph 4 of Schedule B-Part 1 of said Binder, the Company insures that no such liens have been filed with the County Clerk of the county in which such property is located prior to the date of this Endorsement except those liens set forth in Schedule B of said Binder or in any prior Endorsement to said Binder, and except: (Specify or insert "None" if applicable.)”

**VIII. USE ONLY IN CONNECTION WITH INCREASE IN COVERAGE SUBSEQUENT TO ISSUANCE OF FORM T-1 ~~OWNER~~ OWNER’S TITLE POLICY OR FORM T-1R TEXAS RESIDENTIAL OWNER’S POLICY IN THE MANNER PROVIDED IN RULE P-8.a.**

 When a Company is called upon to endorse its ~~Owner~~ Owner’s Title Policy to evidence increase in coverage thereunder, and upon compliance with Rule P-9.a.(3), said Company may issue the T-3Endorsement by inserting the following applicable provisions therein:

 (~~a~~ A) Said Policy is hereby amended so that its coverage shall relate to the date of this Endorsement instead of the date of the Policy, subject to:

 1. The exceptions shown in Schedule B of said Policy and in any prior Endorsement to said Policy,

 2. Matters which would be shown by a correct survey and inspection of the premises subsequent to the date of said Policy,

 3. Any and all liens arising by reason of unpaid bills or claims for work performed or material furnished in connection with the improvements being placed upon the subject land. The Company does, however, insure the insured against loss, if any, sustained by the insured under the terms of the policy, if any such liens have been filed with the County Clerk of the County in which such property is located prior to the date of this Endorsement except those liens set forth in Schedule B of said Policy or in any prior Endorsement to said Policy, and except: (Specify or delete the words “and except” immediately preceding.),

 4. The following additions to Schedule B of said Policy: (Specify or delete this paragraph.).

(~~b~~ B) The coverage under said Policy as of the date hereof is $\_\_\_\_\_\_\_\_\_\_\_\_.

**JUSTIFICATION**

This agenda item conforms the language to other rules and forms in the Basic Manual and deletes obsolete language.