

**Item 2008-1**

**T-47 Residential Real Property Affidavit  
(May be Modified as Appropriate for Commercial Transactions)**

Date: \_\_\_\_\_

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

Name of Affiant(s): \_\_\_\_\_

Address of Affiant: \_\_\_\_\_

Description of Property: \_\_\_\_\_

County \_\_\_\_\_, Texas

"Title Company" as used herein is the Title Insurance Company whose policy of title insurance is issued in reliance upon the statements contained herein.

Before me, the undersigned notary for the State of \_\_\_\_\_, personally appeared Affiant(s) who after by me being sworn, stated:

1. We are the owners of the Property. (Or state other basis for knowledge by Affiant(s) of the Property, such as lease, management, neighbor, etc. For example, "Affiant is the manager of the Property for the record title owners.")

2. We are familiar with the property and the improvements located on the Property.

3. We are closing a transaction requiring title insurance and the proposed insured owner or lender has requested area and boundary coverage in the title insurance policy(ies) to be issued in this transaction. We understand that the Title Company may make exceptions to the coverage of the title insurance as Title Company may deem appropriate. We understand that the owner of the property, if the current transaction is a sale, may request a similar amendment to the area and boundary coverage in the Owner's Policy of Title Insurance upon payment of the promulgated premium.

4. To the best of our actual knowledge and belief, since \_\_\_\_\_ there have been no:

a. construction projects such as new structures, additional buildings, rooms, garages, swimming pools or other permanent improvements or fixtures;

b. changes in the location of boundary fences or boundary walls;

c. construction projects on immediately adjoining property(ies) which encroach on the Property;

d. conveyances, replattings, easement grants and/or easement dedications (such as a utility line) by any party affecting the Property.

EXCEPT for the following (If None, Insert "None" Below:)

5. We understand that Title Company is relying on the truthfulness of the statements made in this affidavit to provide the area and boundary coverage and upon the evidence of the existing real property survey of the Property. This Affidavit is not made for the benefit of any other parties and this Affidavit does not constitute a warranty or guarantee of the location of improvements.

6. We understand that we have no liability to Title Company that will issue the policy(ies) should the information in this Affidavit be incorrect other than information that we personally know to be incorrect and which we do not disclose to the Title Company.

\_\_\_\_\_  
\_\_\_\_\_

SWORN AND SUBSCRIBED this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public

**Item 2008-2**

**P-36. Arbitration Provisions.**

A Company shall notify its proposed insured under a Loan Policy (Form T-2 or T-2R) or an Owner's Policy (Form T-1) of the insured's right to delete the arbitration provision [§13 of the Conditions and Stipulations of the Loan and §14 of the Conditions and Stipulations of the Owner's Policy (Form T-1) from the policy at no additional charge to the insured.

A. A Company shall, upon specific request of the proposed insured under a Loan Policy (Form T-2 or T-2R), delete Section 13 of the Conditions relating to arbitration from that policy by

1. Typing in Schedule B of the policy the following language:  
"Section 13 of the Conditions of this Policy is hereby deleted."
2. Selecting the appropriate option in Schedule A of the policy to "delete Section 13."

B. A Company shall, upon specific request of the proposed insured under an Owner's Policy (Form T-1), delete Section 14 of the Conditions relating to arbitration from that policy by typing in Schedule B of the policy the following language:

"Section 14 of the Conditions of this Policy is hereby deleted."

C. If a Company does not issue a commitment prior to issuance of the Owner's Policy (Form T-1) or Loan Policy (Form T-2 or T-2R), it shall provide the promulgated Deletion of Arbitration form to the insured before issuance of the policy or shall delete the arbitration provision as provided above.

Any request made under this procedural rule must be made prior to the issuance of the policy.

The Deletion of Arbitration Provision form shall read as follows:

**DELETION OF ARBITRATION PROVISION**  
(Not applicable to the Texas Residential Owner Policy)

Arbitration is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

**Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the**

**Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.**

**The arbitration provision in the Policy is as follows:**

“Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association (“Rules”). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.”

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SIGNATURE

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DATE

### Item 2008-3

**P-21. Contents of Schedule D to Commitment for Title Insurance**---Each Title Insurance Company and each Title Insurance Agent, licensed to do business in Texas, shall, in connection with the issuance of each Commitment for Title Insurance whereby a commitment is made to issue either a binder or policy of title insurance (insuring either a lien or the title to real property), add to the promulgated Commitment for Title Insurance form an additional schedule (which schedule shall be designated "Schedule D") setting forth the following:

1. As to each Commitment for Title Insurance, the issuing Title Insurance Company shall disclose:

(a) A listing of each shareholder owning or controlling, directly or indirectly, ten percent (10%) or more of the shares of the Title Insurance Company; there shall also be disclosed all individuals, partnerships, corporations, trusts or other entities owning ten percent (10%) or more, of those entities directly owning ten percent (10%), or more, of the Title Insurance Company. Such additional disclosure requirement shall not, however, apply to a publicly held company whose stock is traded on a stock exchange or in the over-the-counter market or is a part of an insurance holding company system the parent of which is so publicly held;

(b) The names of the directors of the Title Insurance Company;  
and

(c) The names of the president, the executive or senior vice-president, the secretary and the treasurer of the Title Insurance Company.

In connection with such disclosure, each Title Insurance Company (i) may use in such listing the officers and directors so holding each such respective office on the December 31st immediately preceding the date of such Commitment for Title Insurance, and (ii) shall furnish to each of its appointed Title Insurance Agents the above required information for such Title Insurance Agent to comply with this Paragraph 1 of this Rule P-21; and (iii) each Title Insurance Agent shall be entitled to rely upon and use the information furnished to the Title Insurance Agent by its appointing Title Insurance Company.

2. As to each Commitment for Title Insurance issued by (i) a Title Insurance Agent, or (ii) a Title Insurance Company, where not issued by a Title Insurance Agent, the issuing Title Insurance Agent or Title Insurance Company shall disclose:

(a) A listing of each shareholder, owner, partner, or other person having, owning or controlling one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium.

(b) A listing of each shareholder, owner, partner, or other person having, owning or controlling 10 percent (10%) or more of an entity that has, owns or controls one percent (1%) or more of the Title Insurance Agent that will receive a portion of the premium.

(c) If the Agent is a corporation: (i) the name of each director of the Title Insurance Agent, and (ii) the name of the President, the Executive or Senior Vice-President, the Secretary and the Treasurer of the Title Insurance Agent.

(d) The name of any person who is not a full-time employee of the Title Insurance Agent and who receives any portion of the title insurance premium for services performed on behalf of the Title Insurance Agent in connection with the issuance of a title insurance form; and, the amount of premium that any such person shall receive.

(e) For purposes of this paragraph 2, "having, owning or controlling" includes the right to receipt of a percentage of net income, gross income, or cash flow of the Agent or entity in the percentage stated in subparagraphs (a) or (b).

3. As to each Commitment for Title Insurance, the following additional language shall be included in each Schedule D, together with all required information included within the blanks contained below:

You are entitled to receive advance disclosure of settlement charges in connection with the proposed transaction, to which this commitment relates. Upon your request, such disclosure will be made to you. Additionally, the name of any person, firm or corporation receiving a portion of the premium from the settlement of this transaction will be disclosed on the closing or settlement statement.

You are further advised that the estimated title premium\* is:

Owner's Policy	\$_____
Loan Policy	\$_____
Endorsement Charges	\$_____
Other	\$_____
Total	\$_____

Of this total amount: \$\_\_\_\_\_ (or %) will be paid to the policy issuing Title Insurance Company; \$\_\_\_\_\_ (or %) will be retained by the issuing Title Insurance Agent; and the remainder of the estimated premium will be paid to other parties as follows:

Amount	To Whom	For Services
\$_____(or%)_____	_____	_____
\$_____(or%)_____	_____	_____
\$_____(or%)_____	_____	_____

\*The estimated premium is based upon information furnished to us as of the date of this Commitment for Title Insurance. Final determination of the amount of

the premium will be made at closing in accordance with the Rules and Regulations adopted by the Commissioner of Insurance."

Each Title Insurance Company and each Title Insurance Agent shall, prior to usage, file its proposed Schedule D form with the Texas Department of Insurance; in like manner each Title Insurance Company and each Title Insurance Agent shall file all amended Schedule D forms with the Texas Department of Insurance prior to usage.

Nothing contained in this Rule P-21 shall ever be deemed or considered to require the issuance of a Commitment for Title Insurance prior to the issuance of any policy or binder for title insurance.

Each Title Insurance Agent and Title Insurance company may, in preparing its Schedule D, use whatever reasonable format it elects, provided that such format does not alter or delete the furnishing of the disclosures hereby required. It is the express intent of this paragraph to enable usage of electronic equipment in preparation of the required Schedule D.

**Item 2008-4**

**P-9.b(8) Endorsement of Owner's or Loan Policies**

(8) **Future Advance/Revolving Credit (T-35).** When a Loan Policy of Title Insurance is to be issued to insure the validity and priority of a lien created by a mortgage or deed of trust which secures a revolving credit promissory note or other such indebtedness where:

- (1) a line of credit of a specific amount is extended to a borrower for the term of indebtedness,
- (2) the amount of indebtedness actually outstanding at any particular time is subject to fluctuations up or down due to future disbursements of loan proceeds and/or future repayments thereof from time to time over the term of the indebtedness (which disbursements and repayments are contemplated by the parties at the time the indebtedness is created), and
- (3) repayments by the borrower neither reduce nor increase the original line of credit extended nor affect the borrower's liability to repay the principal sum of all outstanding disbursements plus all accrued interest thereon, the Company upon request and compliance with Rule R-11.f shall attach to said Loan Policy of Title Insurance the Future Advance/Revolving Credit Endorsement.

The Future Advance/Revolving Credit Endorsement shall be available only where the mortgage or deed of trust creating the lien to be insured discloses to the satisfaction of the Company that the indebtedness secured thereby is a revolving type of indebtedness as set forth above.

**Item 2008-5**

**P-9.b(6) Endorsement of Owner's or Loan Policies**

(6) Variable Rate Mortgage Loan Instruments - For purposes of this rule a "variable rate mortgage loan" shall be one which permits adjustments of the interest rate, with such adjustments being implemented through changes in the payment amount and/or in the outstanding principal loan balance or in the loan term. When a Loan Policy of Title Insurance is to be issued insuring the lien securing a variable rate mortgage loan note, the company may attach to the Loan Policy the Endorsement T-33 or T-33.1.

A T-33 Endorsement or T-33.1 Endorsement may be issued and attached to a previously issued Loan Policy insuring a variable rate mortgage loan upon the payment of any applicable premium charge and compliance with the underwriting requirements of the Company.

**Item 2008-6**

**TEXAS LIMITED COVERAGE RESIDENTIAL CHAIN OF TITLE POLICY  
COMBINED SCHEDULE (T-53)**

Policy No.

[Premium: \$\_\_\_\_\_.]

Amount of Insurance: \$100.00

Date of Policy:

Name of Insured:

1. Grantee (on the latest deed recorded if any in the public records not more than 60 months immediately preceding Date of Policy, purporting to vest the title):
  
2. Additional deeds and leases recorded in the public records within [insert number of months, not to exceed 60] months immediately preceding the Date of Policy:

[Insert recording information of deeds and leases or state: "This item is hereby deleted."]

3. The land referred to in this policy is described as follows:

## EXCEPTIONS

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of the following exceptions. By excepting to any matter, the Company does not represent the priority or validity of the matter:

1. Documents other than deeds or leases vesting or purporting to vest title to the land.
2. Documents creating or purporting to create any lien, reservation or other encumbrance affecting the land.

Authorized Countersignature

Printed Name:

\_\_\_\_\_

(Agent or Direct Operation or Title Insurance Company)

By \_\_\_\_\_

**TEXAS RESIDENTIAL LIMITED COVERAGE CHAIN OF TITLE POLICY (T-53)**

Issued By

BLANK TITLE INSURANCE COMPANY

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS AND THE CONDITIONS AND STIPULATIONS HEREOF, and provided that the land is a one-to-four family residence or condominium unit, Blank Title Insurance Company, a corporation, herein called the Company, insures, as of Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. The Grantee shown on the Combined Schedule not being the named grantee on the most current deed recorded in the public records purporting to vest the title to the fee estate in the land, as of Date of Policy, or the description of the land in this policy not being the same as that contained in said deed.
2. At Date of Policy, the listed additional deeds and leases not being the only deeds and leases recorded in the public records during the twelve months immediately preceding Date of Policy.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the Insured, but only to the extent provided in the Conditions and Stipulations.

[Witness Clause]

BLANK TITLE INSURANCE COMPANY

By: \_\_\_\_\_

PRESIDENT

By: \_\_\_\_\_

SECRETARY

## **EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. Any invalidity, unenforceability, lack of priority, or ineffectiveness of any mortgage held by the insured.
2. Any invalidity, unenforceability, lack of priority or ineffectiveness of any of the instruments or other matters shown in the Exceptions in this Policy.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) created, suffered, assumed or agreed to by the Insured Claimant;
  - (b) known to the Insured Claimant whether or not disclosed in the public records;
  - (c) resulting in no loss or damage to the Insured Claimant; or
  - (d) recorded or filed in the public records subsequent to Date of Policy.
4. The land not being owned by the Grantee.
5. Claims of:
  - a. usury,
  - b. any consumer credit protection law (including, but not limited to Subsections (a)(6) and (g) of Section 50, Article XVI, Texas Constitution and any statutory or regulatory requirements); or
  - c. bankruptcy or insolvency proceedings of Grantee.

## **CONDITIONS AND STIPULATIONS**

### **1. DEFINITION OF TERMS**

The following terms when used in this policy mean:

- (a) "insured": the insured named herein. The term also includes the owner of the indebtedness secured by the insured's mortgage. The Company reserves all rights and defenses against any insured acquiring an interest in the insured's

mortgage subsequent to Date of Policy which the Company would have had against the insured named herein or any subsequent insured.

- (b) "insured claimant": an insured claiming loss or damage hereunder.
- (c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of any public records.
- (d) "land": the land described herein and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to herein, nor any right, title, interest, estate or easement in abutting streets, roads, alleys, avenues, lanes, ways or waterways.
- (e) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.

## 2. DEFENSE AND PROSECUTION OF ACTIONS - NOTICE OF CLAIM TO BE GIVEN BY AN INSURED CLAIMANT

- (a) Upon written request by the Insured and subject to the options contained in Section 4 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim which may cause loss or damage, but only as to those stated causes of action alleging a matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defense of those causes of action which allege matters not insured against by this policy.
- (b) The Insured shall notify the Company promptly in writing in case: (i) of any litigation as set forth in (a) above, or (ii) knowledge shall come to an Insured hereunder of any adverse claim which might cause loss or damage for which the Company may be liable by virtue of this policy.

If prompt notice shall not be given to the Company, then all liability of the Company shall cease and terminate in regard to the matter or matters for which prompt notice is required; provided, however, the failure to notify shall in no case prejudice the rights of the Insured under this policy unless and except to the extent that the Company shall be prejudiced by such failure.

- (c) The Company shall have the right at its own cost to institute and prosecute any action or proceeding or to do any other act which in its opinion may be

necessary or desirable to prevent or reduce loss or damage insured against by this policy; and the Company may take any appropriate action, whether or not it shall be liable under the terms of this policy, and shall not thereby concede liability or waive any provisions of this policy.

- (d) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination in a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.
- (e) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the Insured hereunder shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the Insured for such purpose. Whenever requested by the Company, the Insured shall give the Company, at the Company's expense, all reasonable aid (i) in any action or proceeding in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending the action or proceeding, and (ii) in any other act which in the opinion of the Company may be necessary or desirable to prevent or reduce loss or damage insured against by this policy, including but not limited to executing corrective or other documents.

### 3. PROOF OF LOSS OR DAMAGE - LIMITATION OF ACTION

In addition to the notices required under Section 2 of these Conditions and Stipulations, a proof of loss or damage, signed and sworn to by the Insured Claimant shall be furnished to the Company within 91 days after the Insured Claimant shall ascertain or determine the facts giving rise to loss or damage. The proof of loss or damage shall describe the matter insured against by this policy which constitutes the basis of loss or damage, and, when appropriate, state the basis of calculating the amount of the loss or damage.

Should the proof of loss or damage fail to state facts sufficient to enable the Company to determine its liability hereunder, Insured Claimant, at the written request of Company, shall furnish such additional information as may reasonably be necessary to make such determination.

Failure to furnish the proof of loss or damage shall terminate any liability of the Company under this policy as to such loss or damage.

### 4. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the right to exercise the following additional options at any time:

- (a) To pay or tender payment of the amount of insurance or to purchase the indebtedness:
  - (i) to pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or
  - (ii) to purchase the indebtedness secured by the Insured's Mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay.

If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the Insured's Mortgage, together with any collateral security, to the Company upon payment therefor.

Upon the exercise by the Company of either of the options provided for in paragraphs (a)(i) or (a)(ii), all liability and obligations to the Insured under this policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

- (b) To pay or otherwise settle with parties other than the Insured or with the Insured Claimant:
  - (i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or
  - (ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (b)(ii), the Company's obligations to the Insured under this policy

for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

## 5. DETERMINATION AND PAYMENT OF LOSS

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

- (a) The liability of the Company under this policy shall not exceed the least of:
  - (i) the Amount of Insurance stated in the Combined Schedule;
  - (ii) the amount of the unpaid principal indebtedness secured by the Insured's Mortgage at the time the loss or damage insured against by this policy occurs, together with unpaid interest thereon; or
  - (iii) the difference between the value of the equity in the estate or interest in the land without the Monetary Lien or other matter insured against and the value of the equity in that estate or interest subject to the Monetary Lien or other matter insured against by this policy.
- (b) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 2 of these Conditions and Stipulations.
- (c) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

## 6. LIMITATION OF LIABILITY

- (a) If the Company removes an alleged matter insured against by this policy, or takes action in accordance with Section 2 or Section 4, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the Insured with respect to matters insured against by this policy.

- (c) The Company shall not be liable for loss or damage to any Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

## 7. REDUCTION OF INSURANCE; TERMINATION OF LIABILITY

All payments under this policy, except payment made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

## 8. SUBROGATION UPON PAYMENT OR SETTLEMENT

Whenever the Company shall have paid or settled a claim under this policy, it shall be subrogated to the rights of the Insured Claimant unaffected by any act of the Insured Claimant, limited only by the amount paid by the Company. The Insured Claimant shall cooperate with the Company in enforcing these subrogation rights.

## 9. ARBITRATION

Unless prohibited by applicable law, either the Company or the Insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters SHALL BE arbitrated at the option of either the Company or the Insured. Arbitration pursuant to this policy and under the Rules in effect on the date of the demand for arbitration is made or, at the option of the Insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the law of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrators may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules. A copy of the Rules may be obtained from the Company upon request.

## 10. LIABILITY LIMITED TO THIS POLICY

This policy together with all Endorsements, attached hereto by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

Any claim of loss or damage whether or not based on negligence, or any action asserting any claim, shall be restricted to the terms and provisions of this policy.

No amendment of or Endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, validating officer or authorized signatory of the Company.

No payment shall be made without producing this policy for Endorsement of the payment unless the policy is lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company.

#### 11. SEVERABILITY

In the event any provision of this policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision, and all other provisions shall remain in full force and effect.

#### 12. NOTICES WHERE SENT

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to the Company, Attention: Claims Department.

**Item 2008-7**

**P-71. Texas Limited Coverage Residential Chain of Title Policy**

- a. A Company may issue the Texas Limited Coverage Residential Chain of Title Policy (T-53) upon request on or after the date Rate Rule R-35 is effective, if its underwriting requirements are met and it is paid the premium, if any, as prescribed by Rate Rule R-35, provided that:
  - 1. The land is residential real property; and
  - 2. The proposed insured is an entity which is an institutional lender including a Bank, Credit Union, or Savings Association as defined in § 341.001, Texas Finance Code, or a Mortgage Banker as defined in §157.002, Texas Finance Code, or an Insurer as defined in §823.002, Texas Insurance Code.
  
- b. A Texas Limited Coverage Residential Chain of Title Policy (T-53) may be issued only by an agent licensed in the county in which the land is located; and no other party may receive any portion of the premium, other than the promulgated division of premium between agent and underwriter.
  
- c. The Texas Limited Coverage Residential Chain of Title Policy (T-53) shall not be issued with respect to deeds and leases recorded in the public records more than sixty (60) months immediately preceding the Date of Policy.

**Item 2008-8**

**Assignment of Rents/Leases Endorsement (T-27)**

The Company hereby insures the insured against loss which the insured shall sustain by reason of:

(a) any defect in the execution of the document entitled \_\_\_\_\_ referred to in paragraph \_\_\_\_\_ of Schedule B; and

(b) the existence, as shown by the public records, of any prior assignment of the lessor's interest in the lease or leases specified in such document, including any assignments of rents thereunder, other than as set forth in Schedule B.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

[Witness clause optional]

BLANK TITLE INSURANCE COMPANY

By: \_\_\_\_\_

**Item 2008-9**

**Forms T-1R, T-2R, and T-13**

Form T-1R: TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE ONE-TO-FOUR FAMILY RESIDENCES

Form T-2R: TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE INSURANCE

Form T-13: LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN

**BLANK TITLE INSURANCE COMPANY  
TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE ONE-TO-FOUR FAMILY  
RESIDENCES (T-1R)  
OWNER'S INFORMATION SHEET**

<p>Your Title Insurance Policy is a legal contract between you and _____ Title Insurance Company. This policy is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or to take other action if you have a loss resulting from a covered title risk.</p> <p>It applies only to an improved one to-four family residential property or condominium unit. If your land is not either of these, contact us immediately.</p>	<p>Su Póliza de Seguro de Título es un contrato legal entre usted y _____ Title Insurance Company. Esta póliza no es una opinión o reporte en relación a su título de propiedad. Es un contrato de indemnificación, esto es, la promesa de reembolsarle o de tomar cualquier otro tipo de acción si usted sufre una pérdida como resultado de cualquier riesgo cubierto por la póliza.</p> <p>Esta forma de póliza ha sido designada para ser utilizada exclusivamente en los casos de propiedades en las cuales hay construidas viviendas para no más de cuatro familias o en los casos de unidades en condominios. Si su propiedad no es ninguna de las anteriores, por favor, notifíquenos inmediatamente.</p>
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We insure you against certain risks to your land title. We list these risks on page \_\_\_\_\_. The following limit your coverage:

- Exclusions on page \_\_\_\_\_.
- Exceptions on Schedule B.
- Conditions on pages \_\_\_\_\_.

You should keep the policy even if you transfer the title to your land. If you want to make a claim, see Section 3 under Conditions on page \_\_\_\_\_.

You do not owe any more premiums for the Policy.

This sheet is not your insurance Policy. It is only a brief outline of some of the important Policy features.

The Policy explains in detail your rights and obligations and our rights and obligations. The Policy -- and not this sheet -- is the legal document. **YOU SHOULD READ THE POLICY VERY CAREFULLY.**

THE TOLL-FREE NUMBER OF \_\_\_\_\_ TITLE INSURANCE COMPANY IS 1-800-\_\_\_\_-\_\_\_\_. YOU MAY CALL THIS NUMBER TO DISCUSS THIS POLICY OR TO MAKE A COMPLAINT. YOU MAY WRITE TO \_\_\_\_\_ TITLE INSURANCE COMPANY AT THE ADDRESS IN SECTION 3 UNDER CONDITIONS ON PAGE \_\_\_\_\_.

**BLANK TITLE INSURANCE COMPANY  
TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE ONE-TO-FOUR FAMILY  
RESIDENCES  
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## OWNER'S COVERAGE STATEMENT

This Policy insures your title to the land described in Schedule A -- if that land is a one-to-four family residential property or condominium unit.

Your insurance, as described in this Coverage Statement, is effective on the Policy Date shown in Schedule A.

This document is title insurance. It is not an opinion or report of your title. It is a contract of indemnity, meaning a promise to pay you or take other action if you have a loss resulting from a covered title risk.

- Exclusions on page \_\_\_\_.
- Exceptions on Schedule B, page \_\_\_\_.
- Conditions on pages \_\_\_\_.

We insure you against actual loss resulting from:

- Any title risks covered by this Policy -- up to the Policy Amount, and
- Any costs, attorneys' fees and expenses we have to pay under this Policy. We must approve the attorney before the attorney begins to work. You have the right to disapprove our choice of attorney for reasonable cause.

### COVERED TITLE RISKS

This Policy covers the following title risks subject to the Exceptions (p.\_\_\_\_) and Exclusions (p.\_\_\_\_), if they affect your title to the land on the Policy Date. We do not promise that there are no covered risks. We do insure you if there are covered title risks.

1. Someone else owns an interest in your title.
2. A document is invalid because of improper signature, acknowledgment, delivery, or recording.
3. A document is invalid because of forgery, fraud, duress, incompetency, incapacity or impersonation.
4. Restrictive covenants apply to your title.
5. There is a lien on your title because of:
  - a mortgage or deed of trust,
  - a judgment, tax, or special assessment, or
  - charge by a homeowner's or condominium association.
6. There are liens on your title for labor and material which have their inception before the policy date. However, we will not cover liens for labor and material that you agreed to pay for.
7. Others have rights in your title arising out of leases, contracts or options.
8. Someone else has an easement on your land.
9. You do not have good and indefeasible title.
10. There are other defects in your title.
11. There are other liens or encumbrances on your title.

### **This Policy also covers the following title risk:**

You do not have any legal right of access to and from the land.

**OUR DUTY TO DEFEND AGAINST COURT CASES**

We will defend your title in the part or parts of a court case involving a Title Risk covered by this Policy. We will pay the costs, attorneys' fees, and expenses that we incur in that defense. We will not pay for the parts of a case not involving a covered title risk. You may disapprove our choice of attorney for reasonable cause. We can end this duty to defend your title by exercising any of our options listed in Item 4 of the Conditions, see page \_\_\_\_.

This Policy is not complete without Schedules A and B.

**BLANK TITLE INSURANCE COMPANY**

BY: \_\_\_\_\_  
President

An authorized party also must countersign this Policy.  
[Witness clause optional]

\_\_\_\_\_  
(Authorized Signature)  
BY: \_\_\_\_\_  
Secretary  
\_\_\_\_\_  
(Authorized Signature)

**SCHEDULE A**

Policy Number:  
Policy Date:  
Policy Amount:  
Premium:

File Number:

- 1. Name of Insured:
- 2. We insure your interest in the land covered by this Policy is:
- 3. Legal Description of land:

**SCHEDULE B  
EXCEPTIONS**

We do not cover loss, costs, attorneys' fees and expenses resulting from:

- 1. The following restrictive covenants of record itemized below (We must either 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. Homestead or community property or survivorship rights, if any, of any spouse of any insured. (Applies to the Owner's Policy only.)
- 4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
  - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
  - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
  - c. to filled-in lands, or artificial islands, or
  - d. to statutory water rights, including riparian rights, or
  - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.
- 5. 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.
- 6. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

## EXCLUSIONS

In addition to the Exception in Schedule B, we do not insure you against loss, costs, attorneys' fees, and expenses resulting from these Exclusions:

1. We do not cover loss caused by the exercise of governmental police power or the enforcement or violation of any law or government regulation. This includes building and zoning ordinances and laws and regulations concerning:
  - a. Land use
  - b. Improvements on the land
  - c. Land division
  - d. Environmental protectionThis exclusion does not apply to notices of violations or notices of enforcement that appear in the public records at Policy Date. However, there may be an Exception in Schedule B.
2. We do not cover the right to take the land by condemning it, unless:
  - a. a notice of exercise of the right appears in the public records on the Policy Date, or
  - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. We do not cover title risks:
  - a. that are created, allowed, or agreed to by you,
  - b. that are known to you, but not to us on the Policy Date unless they appeared in the public records,
  - c. that result in no loss to you, or
  - d. that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 6 of the Covered Title Risks.
4. We do not cover the effect of failure to pay value for your title.
5. We do not cover lack of a right:
  - a. to any land outside the area specifically described and referred to in item 3 of Schedule A,
  - b. in streets, alleys, or waterways that touch your land.This exclusion does not limit the access coverage in the Covered Title Risks.
6. We do not cover any claim based upon allegations that your purchase of title (or acquisition of title by gift or otherwise):
  - a. was a fraudulent conveyance, fraudulent transfer, voidable distribution, or voidable dividend;
  - b. should be subordinated or recharacterized as a result of equitable subordination;
  - c. was a preferential transfer unless
    - (1) the Company or its issuing agent failed to timely file for record the deed to you after delivery or
    - (2) the recordation of the deed to you is not legal record notice.(We do cover the two types of claims described in c. (1) and c. (2) above.)
7. We do not cover the refusal of any person to buy, lease or lend money on your land because of unmarketability of the title.
8. We do not cover claims concerning the physical condition of your land or of the access to your land.

## CONDITIONS

### 1. DEFINITIONS

- a. **Actual Loss.** This is the difference between the value of your land without the covered title risk and the value of your land with the covered title risk. These values are the respective values at the time you must furnish proof of your loss.
- b. **Document.** A deed or other conveyance of title to you or a prior owner.
- c. **Easement.** A portion of your land someone else has the right to use for a special purpose.
- d. **Government Regulation.** Any federal, state, or local law, constitutional provision, regulation, ordinance, or guideline.
- e. **Land.** The land or condominium unit described in Schedule A and any improvements on the land that are real property.
- f. **Knowledge or known.** Actual knowledge, not constructive knowledge or notice that may be imputed to an insured by the public records.
- g. **Mortgage.** A type of lien on the land such as a deed of trust or other security instrument.
- h. **Public Records.** Those records required by Texas law and maintained by public officials in the county where the property is located that give legal notice of matters affecting your title.
- i. **Title.** The ownership interest in the land, as shown in Schedule A.
- j. **We, us or our.** The title insurance company. This is \_\_\_\_\_. (Insert name of company.)
- k. **You, your.** The insured.

### 2. CONTINUATION OF COVERAGE

We insure you as long as you:

- a. own your Title,
- b. own a mortgage from anyone who buys your Title, or
- c. are liable for any Title warranties you make.

We insure anyone who receives your title because of your death.

We do not insure your transferee or assignee.

### 3. YOUR DUTIES IF YOU MAKE A CLAIM

You must follow this process to make a claim:

#### a. You Must Give Us Notice Of Your Claim

If anyone claims a right against your insured title, you must notify us promptly.

Send the notice to \_\_\_\_\_ or call 1-800-\_\_\_\_\_ and ask for a claims attorney. If you initially notify us by phone, we recommend that you also notify us in writing. Please include the Policy number shown in Schedule A, and the county where the land is.

Our obligation to you is reduced or ended if:

- (1) you fail to give prompt notice, and
- (2) your failure affects our ability to dispose of or to defend you against the claim.

Our obligation is reduced only to the extent that your failure affects our ability to dispose of or to defend you against the claim.

#### b. You Must Give Us Proof of Your Loss if We Request It

You must send to us, if we request, your signed proof of loss within 91 days of our request on a standard form supplied by us. Within 15 days after we receive your notice of claim, we must request a signed proof of loss. If not, we waive outright to require a proof of loss. This waiver will not waive our other rights under the policy. The statement must have the following information to the best of your knowledge:

- (1) the Covered Title Risks which resulted in your loss,
- (2) the dollar amount of your loss, and
- (3) the method you used to compute the amount of your loss.

#### c. You Must Provide Papers We Request.

We may require you to show us your records, checks, letters, contracts, and other papers that relate to your claim of loss. We may make copies of these papers.

If you tell us this information is confidential, we will not disclose it to anyone else unless we reasonably believe the disclosure is necessary to administer the claim.

#### d. You Must Answer Questions Under Oath.

We may require you to answer questions under oath.

- e. Effect of Failure to Cooperate.  
Our obligation to you reduces or ends if you fail or refuse to:
  - (1) (a) provide a statement of loss,
  - (b) answer our questions under oath, or
  - (c) show us the papers we request, and
- (2) your failure or refusal affects our ability to dispose of or to defend you against the claim.

4. OUR CHOICES WHEN YOU NOTIFY US OF A CLAIM

- a. After we receive your claim notice or in any other way learn of a matter for which we are liable, we can do one or more of the following:
  - (1) Pay the claim against your title.
  - (2) Negotiate a settlement.
  - (3) Prosecute or defend a court case related to the claim.
  - (4) Pay you the amount required by this Policy.
  - (5) Take other action under Section 4b.
  - (6) Cancel this policy by paying the Policy Amount, then in force, and only those costs, attorneys' fees and expenses incurred up to that time that we are obligated to pay.

We can choose which of these to do.

- b. If you report to us that a covered title risk exists, we will promptly investigate to determine if that covered title risk is valid and not barred by law or statute. A covered title risk is a title risk that this Policy does not exclude or except.  
If we conclude that your claim, or any part of your claim, is covered by the policy, we will take one or more of the following actions to the extent that it is covered:
  - (1) Institute all necessary legal proceedings to clear the title to the property;
  - (2) Indemnify you pursuant to the terms of the policy;
  - (3) Issue a new title policy without making exception to the covered title risk. If another insurer issues the new title policy to your purchaser, lender or other transferee without making exception to the covered title risk, we will indemnify the other insurer.
  - (4) Secure a release of the covered title risk.
- c. If we deny your claim, or any part of your claim, not more than 15 days after we deny the claim, we will:
  - (1) notify you in writing, and
  - (2) give you the reasons for denial of your claim in writing.

5. HANDLING A CLAIM OR COURT CASE

You must cooperate with us in handling any claim or court case and give us all relevant information. We must repay you only for those settlement costs, attorneys' fees and expenses that we approve in advance.

When we defend or sue to clear your title, we have a right to choose the attorney. You have the right to disapprove our choice of attorney for reasonable cause. We can appeal any decision to the highest court. We do not have to pay your claim until your case is finally decided. We do not agree that the matter is a covered title risk by defending.

6. LIMITATIONS OF OUR LIABILITY

Our liability is limited by the following:

- a. We will pay up to your actual loss or the Policy Amount in force when the claim is made -- whichever is less.
- b. If we remove the claim against your title with reasonable diligence or take other action under this policy after receiving notice of it, we will have no further liability for it.
- c. All payments we make under this policy -- except for costs, attorneys' fees and expenses -- will be subtracted from your Policy Amount.
- d. If the Covered Title Risk is an easement, we may pay an insured mortgage holder instead of paying you when a written agreement between you and the mortgage holder allows. If the claim involves another Covered Title Risk, we may pay the mortgage holder instead of paying you. The amount paid to the mortgage holder is considered a payment to you under your policy and will be subtracted from your policy amount.
- e. If you do anything to affect any right of recovery or defense you may have, we can subtract from our liability the amount by which you reduced the value of that right or defense. But we must add back to our liability any amount by which our expenses are reduced as a result of your action.

7. TRANSFER OF YOUR RIGHTS

When we settle a claim, we have all the rights you had against any person or property related to the claim. You must transfer these rights to us when we ask, and you must not do anything to affect these rights. You must let us use your name in enforcing these rights.

We will not be liable to you if we do not pursue these rights or if we do not recover any amount that might be recoverable.

With the money we recover from enforcing these rights, we will pay whatever part of your loss we have not paid. We have a right to keep what is left.

8. ARBITRATION

If it is permitted under Texas or federal law, you and we may agree to arbitration when you file a claim.

The arbitration may decide any matter in dispute between you and us.

Arbitration is one means of alternative dispute resolution. It may lessen the time and cost of claims settlement. You may wish to consider another form of mediation or use the court system. If you choose arbitration, you may give up some discovery rights and your right to sue.

The arbitration award may:

- a. include attorneys' fees if allowed by state law, and/or
- b. be entered as a judgment in the proper court.

The arbitration shall be under the Title Insurance Arbitration Rules of the American Arbitration Association. You may choose current Rules or Rules in existence on Policy Date.

The law used in the arbitration is the law of the place where the property is located.

You can get a copy of the Rules from us.

9. ENTIRE CONTRACT PROVISION

This policy and any endorsements we attach are the entire contract between you and us.

Any claim you make against us must be under this Policy and is subject to its terms.

**Texas Short Form Residential Loan Policy of Title Insurance (T-2R) and Addendum (T-2R Addendum)**

TEXAS SHORT FORM RESIDENTIAL  
LOAN POLICY ONE-TO-FOUR FAMILY  
Issued by  
BLANK TITLE INSURANCE COMPANY  
SCHEDULE A

Amount of Insurance:

[Premium: \_\_\_\_\_]

[File Number: \_\_\_\_\_]

Loan Number:

Mortgage Amount:

Mortgage Date:

Policy Number:

Date of Policy: \_\_\_\_\_ or date of recording of insured mortgage, whichever is later.

Name of Insured:

Name of Borrower(s):

Property Address, as shown on the insured mortgage:

County and State:

The estate or interest in the land identified in this Schedule A and which is encumbered by the insured mortgage is fee simple and is at Date of Policy insured as vested in the borrower(s) shown in the insured mortgage and named above.

The land referred to in this policy is described as set forth in the insured mortgage and is identified as the property address shown above.

This policy consists of [one] page, [including the reverse side hereof,] unless an addendum is attached and indicated below:

\_\_\_\_\_ Addendum attached

\_\_\_\_\_ Section 13 of the Conditions and Stipulations of this policy, which relates to Arbitration, is hereby deleted.

The endorsements marked below are incorporated herein:

\_\_\_\_\_ ENDORSEMENT T-30 (Tax Deletion)

\_\_\_\_\_ AMENDMENT OF EXCEPTION 3, SCHEDULE B: Company insures that standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_\_ are not yet due and payable.

\_\_\_\_\_ ENDORSEMENT T-33 (Variable Rate Mortgage)

\_\_\_\_\_ ENDORSEMENT T-33.1 (Variable Rate Mortgage-Negative Amortization)

\_\_\_\_\_ ENDORSEMENT T-28 (Condominium)

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

\_\_\_\_\_ ENDORSEMENT T-39 (Balloon Mortgage)

\_\_\_\_\_ ENDORSEMENT T-17 (Planned Unit Development)

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

\_\_\_\_\_ ENDORSEMENT T-19 (Restrictions, Encroachments, and Minerals Endorsement)

\_\_\_\_\_ ENDORSEMENT T-19.2 (Minerals and Surface Damage)

\_\_\_\_\_ ENDORSEMENT T-19.3 (Minerals and Surface Damage)

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

\_\_\_\_\_ ENDORSEMENT T-31 (Manufactured Housing) referring to manufactured housing unit serial number:

\_\_\_\_\_ ENDORSEMENT T-31.1 (Supplemental Coverage Manufactured Housing Unit)

\_\_\_\_\_ ENDORSEMENT T-36 (Environmental Protection Lien) referring to the following state statute(s):

(state statutes may be pre-printed) \_\_\_\_\_

\_\_\_\_\_ ENDORSEMENT T-42 (Equity Loan Mortgage) and subparagraph 2(f) of the Equity Loan Mortgage Endorsement set forth in Procedural Rule P-44.C(2) \_\_\_\_ is \_\_\_\_ is not added.

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

\_\_\_\_\_ ENDORSEMENT T-42.1 (Supplemental Coverage Equity Loan Mortgage)

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

\_\_\_\_\_ ENDORSEMENT T-43 (Texas Reverse Mortgage)

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

[Witness clause optional]

SUBJECT TO THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B BELOW, AND ANY ADDENDUM ATTACHED HERETO, BLANK TITLE INSURANCE COMPANY, A BLANK CORPORATION, HEREIN CALLED THE "COMPANY," HEREBY INSURES THE INSURED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, EXCLUSIONS, CONDITIONS AND STIPULATIONS SET FORTH IN THE LOAN POLICY OF TITLE INSURANCE (FORM T-2) PRESCRIBED BY THE TEXAS COMMISSIONER OF INSURANCE AND IN EFFECT AT DATE OF POLICY, ALL OF WHICH ARE INCORPORATED HEREIN. ALL REFERENCES TO SCHEDULES A AND B SHALL REFER TO SCHEDULES A AND B OF THIS POLICY. ALL NOTICES REQUIRED TO BE GIVEN TO THE COMPANY AND ANY STATEMENT IN WRITING REQUIRED TO BE FURNISHED THE COMPANY SHALL INCLUDE THE NUMBER OF THIS POLICY AND SHALL BE ADDRESSED TO THE COMPANY AT \_\_\_\_\_.

SCHEDULE B  
EXCEPTIONS FROM COVERAGE  
EXPRESS INSURANCE

Except to the extent of the express insurance set forth below, this policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of those matters contained in any addendum attached hereto or which arise by reason of:

1. Covenants, conditions and restrictions, if any, appearing in the public records; however, this policy insures against loss or damage arising from:
  - a. the violation of any covenants, conditions and restrictions on or prior to Date of Policy, except that this express insurance does not extend to covenants, conditions and restrictions relating to environmental protection, unless a notice of violation thereof has been recorded or filed in the public records and is not referenced in an addendum attached to this policy.
  - b. forfeiture or reversion of title from a future violation of any covenants, conditions and restrictions appearing in the public records, including any relating to environmental protection; and
  - c. any provisions in any covenants, conditions and restrictions under which the lien of the insured mortgage can be extinguished, subordinated or impaired.
2. Any shortages in area. This policy insures against loss or damage arising from any encroachments or protrusions, or any overlapping of existing improvements located on the land onto adjoining land, and encroachments onto the land of existing improvements located on adjoining land.
3. Standby fees, taxes and assessments by any taxing authority which become due and payable subsequent to Date of Policy; 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. (The Company may add or pre-print promulgated language of P-29, subject to compliance with the terms thereof and payment of the premium set forth in R-24)
4. Any easements or servitudes appearing in the public records; however, this policy insures against loss or damage arising from (a) the encroachment, at Date of Policy, of the improvements on any easement; or (b) any interference with or damage to existing improvements, including lawn, shrubbery or trees, resulting from the use of the easements for the purposes granted or reserved.
5. Any lease, grant, exception or reservation of minerals or mineral rights appearing in the public records; however, this policy insures against loss or damage arising from: (a) any effect on or impairment of the use of the land for residential one-to-four family dwelling purposes by reason of such lease, grant, exception or reservation of minerals or mineral rights appearing in the public records; and (b) any damage to existing improvements, including lawn, shrubbery and trees, resulting from the future exercise of any right to use the surface of the land for the extraction or development of the minerals or mineral rights so leased, granted, excepted or reserved. Nothing herein shall insure against loss or damage resulting from subsidence.

Texas Short Form Residential Loan Policy of Title Insurance  
(T-2R Addendum)

ADDENDUM TO TEXAS SHORT FORM  
RESIDENTIAL LOAN POLICY

[File Number: \_\_\_\_\_]

Addendum to Policy Number:

SCHEDULE B (Continued)

IN ADDITION TO THE MATTERS SET FORTH ON SCHEDULE B OF THE POLICY TO WHICH THIS  
ADDENDUM IS ATTACHED, THIS POLICY DOES NOT INSURE AGAINST LOSS OR DAMAGE BY REASON  
OF, AND THE EXPRESS INSURANCE SET FORTH IN PARAGRAPHS 1-5 OF SCHEDULE B SHALL NOT  
APPLY TO, THE FOLLOWING: (Here add exceptions pursuant to Rule P-2, P-5, P-8, or P-37)

Texas Short Form Residential Loan Policy of Title Insurance (T-2R Addendum)

**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.)

**Item 2008-10**

**P-7. Name of Insured on Loan Policy of Title Insurance or Proposed Insured on Commitment for Loan Policy of Title Insurance**

- A. When the Department of Housing and Urban Development, the Federal Housing Administration or the Veterans' Administration, or as their names may be changed from time to time, is guaranteeing the payment of loans, or portions thereof, the Secretary of Housing and Urban Development or the Administrator of Veterans' Affairs, or as their names may be changed from time to time, may be included as one of the Insureds.
- B. At the request of the proposed insured, the following may be included when describing the Proposed Insured (in the case of a Commitment) or Name of Insured (in the case of a Loan Policy):
  - “, and each successor in ownership of the indebtedness secured by the insured mortgage, except a successor who is an obligor under the provisions of Section 12(c) of the Conditions”
- C. No words may be added to, deleted from or substituted for the language allowed by Section B of this rule. Section B language may not be added by or to any endorsement nor may it be inserted in an Owner's Policy of Title Insurance or a Loan Title Policy Binder on Interim Construction Loan.

**Item 2008-11**

**Loan Policy of Title Insurance Form (T-2)  
SCHEDULE B**

[File No. ]

Policy No.

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of the terms and conditions of leases and easements, if any, shown in Schedule A, and the following matters:

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 future violation thereof will not affect, the validity or priority of the Insured Mortgage (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.  
 Item 2 of Schedule B is hereby amended to read: "shortages in area".
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.  
 Item 3 of Schedule B is hereby amended to delete: "and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership,"  
 Item 3 of Schedule B is hereby amended to add the following: "Company insures that standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_ are not yet due and payable."
4. Liens and leases that affect the Title, but that are subordinate to the lien of the Insured Mortgage.
5. (Insert here all other specific exceptions as to superior liens, easements, outstanding mineral and royalty interests, etc.)

[The Company may substitute lines for boxes or delete the boxes and incorporate any applicable change to the exception above in the exception.]

**Item 2008-12**

**Loan Policy of Title Insurance Form (T-2)**

**SCHEDULE A**

Name and Address of Title Insurance Company:

[File No.: ]

Policy No.:

Loan No.:

[Address for Reference only:]

Amount of Insurance: \$

[Premium: \$ ]

Date of Policy: [at a.m./p.m.]

1. Name of Insured:
2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:
3. Title is insured as vested in:
4. The Insured Mortgage, and its assignments, if any, are described as follows:
5. The Land referred to in this policy is described as follows:
6. This policy incorporates by reference those endorsements selected below:

- T-5 (Leasehold Mortgagee Policy Endorsement)
- T-17 (Planned Unit Development)
- T-19 (Restrictions, Encroachments, Minerals)
- T-19.2 (Minerals and Surface Damage)
- T-19.3 (Minerals and Surface Damage)
- T-28 (Condominium)
- T-31 (Manufactured Housing) referring to manufactured housing unit serial number \_\_\_\_\_
- T-31.1 (Supplemental Coverage Manufactured Housing Unit)
- T-33 (Variable Rate)
- T-33.1 (Variable Rate--Negative Amortization)
- T-35 (Revolving Credit/Future Advance)
- T-36 (Environmental Protection Lien) Paragraph b refers to the following state statute(s):
- T-39 (Balloon Mortgage)
- T-42 (Equity Loan Mortgage) and subparagraph 2(f) of the Equity Loan Mortgage Endorsement set forth in Procedural Rule P-44.C(2) \_\_\_ is \_\_\_ is not added.
- T-42.1 (Supplemental Coverage Equity Loan Mortgage)
- T-43 (Texas Reverse Mortgage)
- Section 13 of the Conditions of this policy, which relates to Arbitration, is hereby deleted.

[The Company may insert or preprint all or part of paragraph 6 as applicable and may delete boxes or substitute lines for boxes. The Company also may substitute the following at the beginning of paragraph 6: "This policy incorporates by reference those endorsements shown below:"]

**Item 2008-13**

**Commitment for Title Insurance Form (T-7)**

**DELETION OF ARBITRATION PROVISION**

(Not applicable to the Texas Residential Owner Policy)

Arbitration is a common form of alternative dispute resolution. It can be a quicker and cheaper means to settle a dispute with your Title Insurance Company. However, if you agree to arbitrate, you give up your right to take the Title Company to court and your rights to discovery of evidence may be limited in the arbitration process. In addition, you cannot usually appeal an arbitrator's award.

**Your policy contains an arbitration provision (shown below). It allows you or the Company to require arbitration if the amount of insurance is \$2,000,000 or less. If you want to retain your right to sue the Company in case of a dispute over a claim, you must request deletion of the arbitration provision before the policy is issued. You can do this by signing this form and returning it to the Company at or before the closing of your real estate transaction or by writing to the Company.**

**The arbitration provision in the Policy is as follows:**

“Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association (“Rules”). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.”

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SIGNATURE

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DATE

**Item 2008-14**

**P-17 Electronically Produced, Filed or Recorded Forms, Instruments or Documents**

(g) Due to the higher level of security and expedited recording time afforded by electronically filing or recording instruments, promulgated forms or other documents incident to real or personal property transactions, the actual charges or a reasonable estimate of charges, including actual charges or a reasonable estimate of charges by a trusted third-party provider to an authorized filer, for electronically filing or recording (e-filing) such instruments, forms or documents may be passed through to the consumer. Such actual charges or a reasonable estimate of charges may not be marked up.

**Item 2008–15**

**Minimum Standards, Specific Instructions and Report Forms for Audit of Trust Funds Required of Texas Title Insurance Agents, Direct Operations, Title Attorneys and Attorneys Licensed as Escrow Officers**

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**SPECIFIC AREAS AND PROCEDURES**

Several areas require particular attention and thorough investigation on the part of the auditor. Some of these areas are discussed below.

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5. Some support for each disbursement must be in the guaranty file, and it shall be determined that the disbursements were to logical payees. If there are charges shown on the closing statement for overnight mail service, messenger service, copies of documents, recording fees or tax certificates, whether purchased from a governmental or non-governmental entity, it must be determined that these charges are actual expenses or reasonable estimates of charges that must be made prior to closing and not arbitrary or uniformly charged amounts for these items on all closing statements. Charges for general overhead expenses such as in-house labor, utilities, taxes, business supplies and equipment are already covered by the title insurance premium and are prohibited. If actual charges for products or services provided by third party vendors are known at or prior to closing, the charges may not be marked up. If actual charges for such products or services are not known by the time of closing, only reasonable estimates of such charges should be shown on closing statements and charged. The actual charge for an absentee notary sign-up fee may be passed through, if the notary is a third party, not affiliated with the licensee that is closing the transaction, and that licensee, prior to closing the transaction, receives a written request signed by the borrower, buyer or seller making the request and agreeing to pay for an absentee sign up by a notary as an accommodation to the requester after the licensee provides the requester with written notice of the amount of the notary fee or a reasonable estimate of the fee, if not known by the licensee. If there is evidence of a prior lien in the file, such as a payoff statement from a lending institution, it must be determined that a check or other written evidence such as a wire transfer confirmation, reflects the payoff of said loan and a release was received or a written demand for a release was made. There must be a closing statement in the file, and entries on the closing statement should be traced to the escrow accounting records. Company records must also include copies of all invoices, receipt items and disbursement checks.

**Item 2008-16**  
**Commitment for Title Insurance Form (T-7)**

**SCHEDULE A**

Effective Date: \_\_\_\_\_ GF No. \_\_\_\_\_

Commitment No. \_\_\_\_\_, issued \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_m.

1. The policy or policies to be issued are:

(a) OWNER'S POLICY OF TITLE INSURANCE (Form T-1)  
(Not applicable for improved one-to-four family residential real estate)  
Policy Amount: \$  
PROPOSED INSURED:

(b) TEXAS RESIDENTIAL OWNER'S POLICY OF TITLE INSURANCE  
– ONE-TO-FOUR FAMILY RESIDENCES (Form T-1R)  
Policy Amount: \$  
PROPOSED INSURED:

(c) LOAN POLICY OF TITLE INSURANCE (Form T-2)  
Policy Amount: \$  
PROPOSED INSURED:  
Proposed Borrower:

(d) TEXAS SHORT FORM RESIDENTIAL LOAN POLICY OF TITLE  
INSURANCE (Form T-2R)  
Policy Amount: \$  
PROPOSED INSURED:  
Proposed Borrower:

(e) LOAN TITLE POLICY BINDER ON INTERIM CONSTRUCTION LOAN (Form  
T-13)  
Binder Amount: \$  
PROPOSED INSURED:  
Proposed Borrower:

(f) OTHER  
Policy Amount: \$  
PROPOSED INSURED:

2. The interest in the land covered by this Commitment is:

3. Record title to the land on the Effective Date appears to be vested in:

4. Legal description of land:

**Item 2008–19**

**OWNER’S POLICY OF TITLE INSURANCE (T-1)**

Issued by

*Blank Title Insurance Company*

**Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.**

**COVERED RISKS**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, BLANK TITLE INSURANCE COMPANY, a Blank corporation (the “Company”) insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
  - (a) A defect in the Title caused by:
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired or otherwise invalid power of attorney;

(vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or

(vii) a defective judicial or administrative proceeding.

(b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.

(c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.

(d) Any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or materials having its inception on or before Date of Policy.

3. Lack of good and indefeasible Title.

4. No right of access to and from the Land.

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:

(a) the occupancy, use or enjoyment of the Land;

(b) the character, dimensions or location of any improvement erected on the Land;

(c) subdivision of land; or

(d) environmental protection

if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.

9. Title being vested other than as stated in Schedule A or being defective:

(a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or

(b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws by reason of the failure of its recording in the Public Records:

(i) to be timely, or

(ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.

10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

[Witness clause optional]

**BLANK TITLE INSURANCE COMPANY**

**BY: \_\_\_\_\_ PRESIDENT**

**BY: \_\_\_\_\_ SECRETARY**

## EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:

(i) the occupancy, use, or enjoyment of the Land;

(ii) the character, dimensions or location of any improvement erected on the Land;

(iii) subdivision of land; or

(iv) environmental protection;

or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims or other matters:

(a) created, suffered, assumed or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is:

(a) a fraudulent conveyance or fraudulent transfer; or

(b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

6. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

#### SCHEDULE A

Name and Address of Title Insurance Company:

[File No.: ] Policy No.:

[Address for Reference only:]

Amount of Insurance: \$ [Premium: \$ ]

Date of Policy: [at a.m./p.m.]

1. Name of Insured:

2. The estate or interest in the Land that is insured by this policy is:

3. Title is insured as vested in:

4. The Land referred to in this policy is described as follows:

#### SCHEDULE B

[File No. ] Policy No.

#### EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of the terms and conditions of the leases and easements, if any, shown in Schedule A, and the following matters:

1. The following restrictive covenants of record itemized below (the Company must either 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. Homestead or community property or survivorship rights, if any, of any spouse of any Insured.
4. Any titles or rights asserted by anyone, including but not limited to, persons, the public, corporations, governments or other entities,
  - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
  - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
  - c. to filled-in lands, or artificial islands, or
  - d. to statutory water rights, including riparian rights, or
  - e. to the area extending from the line of mean low tide to the line of vegetation, or the right of access to that area or easement along and across that area.
5. 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.
6. The following matters and all terms of the documents creating or offering evidence of the matters (The Company must insert matters or delete this exception):.

## CONDITIONS

### 1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

- (a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.
- (b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company or other similar legal entity.

(d) "Insured": the Insured named in Schedule A.

(i) The term "Insured" also includes:

(A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives or next of kin;

(B) successors to an Insured by dissolution, merger, consolidation, distribution or reorganization;

(C) successors to an Insured by its conversion to another kind of Entity;

(D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title;

(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) If the grantee wholly owns the named Insured,

(3) If the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or

(4) If the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.

(ii) With regard to (A), (B), (C) and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": an Insured claiming loss or damage.

(f) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this does not

modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": the estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

## **2. CONTINUATION OF INSURANCE.**

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

## **3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) below, or (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

When, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company

concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefore, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a mortgagee policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

#### **4. PROOF OF LOSS.**

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

#### **5. DEFENSE AND PROSECUTION OF ACTIONS.**

(a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver

of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

## **6. DUTY OF INSURED CLAIMANT TO COOPERATE.**

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

## **7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay. Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

## **8. DETERMINATION AND EXTENT OF LIABILITY.**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of:

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

#### **9. LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

#### **10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment.

#### **11. LIABILITY NONCUMULATIVE.**

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

## **12. PAYMENT OF LOSS.**

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

## **13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

## **14. ARBITRATION.**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

## **15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim, shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

## **16. SEVERABILITY.**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid and all other provisions shall remain in full force and effect.

## **17. CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured, and in interpreting and enforcing the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**18. NOTICES, WHERE SENT.**

Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at [fill in].

NOTE: Bracketed [ ] material optional

**Item 2008-20**

**LOAN POLICY OF TITLE INSURANCE (T-2)**

Issued by

*Blank Title Insurance Company*

**Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at the address shown in Section 17 of the Conditions.**

**COVERED RISKS**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS, BLANK TITLE INSURANCE COMPANY, a Blank corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 11, 13 and 14, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from:
  - (a) A defect in the Title caused by:
    - (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
    - (ii) failure of any person or Entity to have authorized a transfer or conveyance;
    - (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;
    - (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
    - (v) a document executed under a falsified, expired or otherwise invalid power of attorney;

(vi) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or

(vii) a defective judicial or administrative proceeding.

(b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.

(c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.

3. Lack of good and indefeasible Title.

4. No right of access to and from the Land.

5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:

(a) the occupancy, use or enjoyment of the Land;

(b) the character, dimensions or location of any improvement erected on the Land;

(c) subdivision of land; or

(d) environmental protection

if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.

9. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title. This Covered Risk includes but is not limited to insurance against loss from any of the following impairing the lien of the Insured Mortgage:

(a) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;

(b) failure of any person or Entity to have authorized a transfer or conveyance;

(c) the Insured Mortgage not being properly created, executed, witnessed, sealed, acknowledged, notarized or delivered;

(d) failure to perform those acts necessary to create a document by electronic means authorized by law;

(e) a document executed under a falsified, expired or otherwise invalid power of attorney;

(f) a document not properly filed, recorded or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or

(g) a defective judicial or administrative proceeding.

10. The lack of priority of the lien of the Insured Mortgage over any other lien or encumbrance.

11. The lack of priority of the lien of the Insured Mortgage

(a) as security for each and every advance of proceeds of the loan secured by the Insured Mortgage over any statutory or constitutional mechanic's, contractor's, or materialman's lien for services, labor or material having its inception on or before Date of Policy ; and

(b) over the lien of any assessments for street improvements under construction or completed at Date of Policy.

12. The invalidity or unenforceability of any assignment of the Insured Mortgage, provided the assignment is shown in Schedule A, or the failure of the assignment shown in Schedule A to vest title to the Insured Mortgage in the named Insured assignee free and clear of all liens.

13. The invalidity, unenforceability, lack of priority or avoidance of the lien of the Insured Mortgage:

(a) resulting from the avoidance in whole or in part, or from a court order providing an alternative remedy, of any transfer of all or any part of the title to or any

interest in the Land occurring prior to the transaction creating the lien of the Insured Mortgage because that prior

transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws; or

(b) because the Insured Mortgage constitutes a preferential transfer under federal bankruptcy, state insolvency or similar creditors' rights laws by reason of the failure of its recording in the Public Records:

(i) to be timely, or

(ii) to impart notice of its existence to a purchaser for value or a judgment or lien creditor.

14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the Insured Mortgage in the Public Records.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

[Witness clause optional]

**BLANK TITLE INSURANCE COMPANY**

**BY: \_\_\_\_\_ PRESIDENT**

**BY: \_\_\_\_\_ SECRETARY**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to:

(i) the occupancy, use, or enjoyment of the Land;

(ii) the character, dimensions or location of any improvement erected on the Land;

(iii) subdivision of land; or

(iv) environmental protection;

or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims or other matters:

(a) created, suffered, assumed or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth in lending law.

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is:

(a) a fraudulent conveyance or fraudulent transfer; or

(b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

8. The refusal of any person to purchase, lease or lend money on the estate or interest covered hereby in the land described in Schedule A because of Unmarketable Title.

#### SCHEDULE A

Name and Address of Title Insurance Company:

[File No.: ] Policy No.:

Loan No.:

[Address for Reference only:]

Amount of Insurance: \$ [Premium: \$ ]

Date of Policy: [at a.m./p.m.]

1. Name of Insured:

2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:

3. Title is insured as vested in:

4. The Insured Mortgage, and its assignments, if any, are described as follows:

5. The Land referred to in this policy is described as follows:

6. This policy incorporates by reference those endorsements selected below:

o T-5 (Leasehold Mortgagee Policy Endorsement)

o T-17 (Planned Unit Development) The following subparagraphs of this endorsement are deleted:

o T-19 (Restrictions, Encroachments, Minerals) The following subparagraph(s) of this endorsement are deleted:

- o T-28 (Condominium) The following subparagraph(s) of this endorsement are deleted:  
\_\_\_\_\_
- o T-30 (Tax Deletion)
- o T-31 (Manufactured Housing) referring to manufactured housing unit serial number
- o T-31.1 (Supplemental Coverage Manufactured Housing Unit)
- o T-33 (Variable Rate)
- o T-33.1 (Variable Rate--Negative Amortization)
- o T-35 (Revolving Credit/Future Advance)
- o T-36 (Environmental Protection Lien) Paragraph b refers to the following state statute(s):
- o T-39 (Balloon Mortgage)
- o T-42 (Equity Loan Mortgage) and subparagraph 2(f) of the Equity Loan Mortgage Endorsement set forth in Procedural Rule P-44.C(2) \_\_ is \_\_ is not added. The following subparagraph(s) of this endorsement are deleted: \_\_\_\_\_
- o T-42.1 (Supplemental Coverage Equity Loan Mortgage) The following subparagraph(s) of this endorsement are deleted: \_\_\_\_\_
- o T-43 (Texas Reverse Mortgage) The following subparagraph(s) of this endorsement are deleted: \_\_\_\_\_
- o Section 13 of the Conditions of this policy, which relates to Arbitration, is hereby deleted.

The Company may insert or preprint all or part of paragraph 6 as applicable and may delete boxes or substitute lines for boxes. The Company also may substitute the following at the beginning of paragraph 6: "This policy incorporates by reference those endorsements shown below:"

## SCHEDULE B

[File No. ] Policy No.

## EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of the terms and conditions of

leases and easements, if any, shown in Schedule A, and the following matters:

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 future violation thereof will not affect, the validity or priority of the Insured Mortgage (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.

o Item 2 of Schedule B is hereby amended to read: "shortages in area".

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.

o Item 3 of Schedule B is hereby amended to delete: "and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership,"

o Item 3 of Schedule B is hereby to add the following: "Company insures that standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_ are not yet due and payable."

4. Liens and leases that affect the Title, but that are subordinate to the lien of the Insured Mortgage.

5. (Insert here all other specific exceptions as to superior liens, easements, outstanding mineral and royalty interests, etc.)

[The Company may substitute lines for boxes or delete the boxes and incorporate any applicable change to the exception above in the exception.]

## CONDITIONS

### 1. DEFINITION OF TERMS.

(a) "Amount of Insurance": the amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Section 10 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company or other similar legal entity.

(d) "Indebtedness": The obligation secured by the Insured Mortgage including one evidenced by electronic means authorized by law, and if that obligation is the payment of a debt, the Indebtedness is the sum of:

(i) the amount of the principal disbursed as of Date of Policy;

(ii) the amount of the principal disbursed subsequent to Date of Policy;

(iii) construction loan advances made subsequent to Date of Policy for the purpose of financing in whole or in part the construction of an improvement to the Land or related to the Land that the Insured was and continued to be obligated to advance at Date of Policy and at the date of the advance;

(iv) interest on the loan;

(v) prepayment premiums, exit fees and other similar fees or penalties allowed by law;

(vi) expenses of foreclosure and any other costs of enforcement;

(vii) amounts advanced to assure compliance with laws or to protect the lien or the priority of the lien of the Insured Mortgage before the acquisition of the estate or interest in the Title;

(viii) amounts to pay taxes and insurance; and,

(ix) reasonable amounts expended to prevent deterioration of improvements;

but reduced by the total of all payments and by any amount forgiven by an Insured.

(e) "Insured": the Insured named in Schedule A.

(i) The term "Insured" also includes:

(A) the owner of the Indebtedness and each successor in ownership of the Indebtedness, whether the owner or successor owns the Indebtedness for its own account or as a trustee or other fiduciary, except a successor

who is an obligor under the provisions of Section 12(c) of these Conditions;

(B) if the Indebtedness is evidenced by a “transferable record,” the person or Entity who has “control” of the “transferable record,” as these terms are defined by applicable electronic transactions law;

(C) successors to an Insured by dissolution, merger, consolidation, distribution or reorganization;

(D) successors to an Insured by its conversion to another kind of Entity;

(E) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title:

(1) If the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,

(2) If the grantee wholly owns the named Insured, or

(3) If the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity;

(F) any government agency or instrumentality that is an insurer or guarantor under an insurance contract or guaranty insuring or guaranteeing the Indebtedness secured by the Insured Mortgage, or any part of it, whether named as an Insured or not;

(ii) With regard to (A), (B), (C), (D) and (E) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured, unless the successor acquired the Indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance or other matter insured against by this policy.

(f) "Insured Claimant": an Insured claiming loss or damage.

(g) "Insured Mortgage": the Mortgage described in paragraph 4 of Schedule A.

(h) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(i) "Land": the land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but this

does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(j) "Mortgage": mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(k) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(l) "Title": the estate or interest described in Schedule A.

(m) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title or a prospective purchaser of the Insured Mortgage to be released from the obligation to purchase, lease or lend if there is a contractual condition requiring the delivery of marketable title.

## **2. CONTINUATION OF INSURANCE.**

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured after acquisition of the Title by an Insured or after conveyance by an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

## **3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.**

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) below, or (ii) in case Knowledge shall come to an Insured of any claim of title or interest that is adverse to the Title or the lien of the Insured Mortgage, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

Subject to the provisions of this policy, upon acquisition of all or any part of the Title pursuant to the provisions of Section 2 of these Conditions, when, after the Date of the Policy, the Insured notifies the Company as required herein of a lien, encumbrance, adverse claim or other defect in Title insured by this policy that is not excluded or excepted from the coverage of this policy, the Company shall promptly investigate the

charge to determine whether the lien, encumbrance, adverse claim or defect or other matter is valid and not barred by law or statute. The Company shall notify the Insured in writing, within a reasonable time, of its determination as to the validity or invalidity of the Insured's claim or charge under the policy. If the Company concludes that the lien, encumbrance, adverse claim or defect is not covered by this policy, or was otherwise addressed in the closing of the transaction in connection with which this policy was issued, the Company shall specifically advise the Insured of the reasons for its determination. If the Company concludes that the lien, encumbrance, adverse claim or defect is valid, the Company shall take one of the following actions: (i) institute the necessary proceedings to clear the lien, encumbrance, adverse claim or defect from the Title as insured; (ii) indemnify the Insured as provided in this policy; (iii) upon payment of appropriate premium and charges therefor, issue to the Insured Claimant or to a subsequent owner, mortgagee or holder of the estate or interest in the Land insured by this policy, a policy of title insurance without exception for the lien, encumbrance, adverse claim or defect, said policy to be in an amount equal to the current value of the Land or, if a mortgagee policy, the amount of the loan; (iv) indemnify another title insurance company in connection with its issuance of a policy(ies) of title insurance without exception for the lien, encumbrance, adverse claim or defect; (v) secure a release or other document discharging the lien, encumbrance, adverse claim or defect; or (vi) undertake a combination of (i) through (v) herein.

#### **4. PROOF OF LOSS.**

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

#### **5. DEFENSE AND PROSECUTION OF ACTIONS.**

(a) Upon written request by the Insured, and subject to the options contained in Sections 3 and 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the Insured in the defense of those causes of action that allege matters not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Sections 3 and 7, at its own cost, to institute and prosecute any action or proceeding or to do any

other act that in its opinion may be necessary or desirable to establish the Title or the lien of the Insured Mortgage, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction and it expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

## **6. DUTY OF INSURED CLAIMANT TO COOPERATE.**

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title, the lien of the Insured Mortgage, or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

## **7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.**

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.

(i) to pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay; or

(ii) to purchase the Indebtedness for the amount of the Indebtedness on the date of purchase, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of purchase and that the Company is obligated to pay.

When the Company purchases the Indebtedness, the Insured shall transfer, assign, and convey to the Company the Indebtedness and the Insured Mortgage, together with any collateral security.

Upon the exercise by the Company of either of the options provided for in subsections (a)(i) or (ii), all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in those subsections, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

## **8. DETERMINATION AND EXTENT OF LIABILITY.**

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the least of:

(i) the Amount of Insurance;

(ii) the Indebtedness;

(iii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy; or

(iv) if a government agency or instrumentality is the Insured Claimant, the amount it paid in the acquisition of the Title or the Insured Mortgage in satisfaction of its insurance contract or guaranty.

(b) If the Company pursues its rights under Section 3 or 5 and is unsuccessful in establishing the Title or the lien of the Insured Mortgage, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In the event the Insured has acquired the Title in the manner described in Section 2 of these Conditions or has conveyed the Title, then the extent of liability of the Company shall continue as set forth in Section 8(a) of these Conditions.

(d) In addition to the extent of liability under (a), (b) and (c), the Company will also pay those costs, attorneys' fees and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

## **9. LIMITATION OF LIABILITY.**

(a) If the Company establishes the Title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the Land, or establishes the lien of the Insured Mortgage, all as insured, or takes action in accordance with Section 3 or 7, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title or to the lien of the Insured Mortgage, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

#### **10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.**

(a) All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance by the amount of the payment. However, any payments made prior to the acquisition of Title as provided in Section 2 of these Conditions shall not reduce the Amount of Insurance afforded under this policy except to the extent that the payments reduce the Indebtedness.

(b) The voluntary satisfaction or release of the Insured Mortgage shall terminate all liability of the Company except as provided in Section 2 of these Conditions.

#### **11. PAYMENT OF LOSS.**

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

#### **12. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT.**

(a) The Company's Right to Recover.

Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title or Insured Mortgage and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Insured's Rights and Limitations.

(i) The owner of the Indebtedness may release or substitute the personal liability of any debtor or guarantor, extend or otherwise modify the terms of payment, release a portion of the Title from the lien of the Insured Mortgage, or release any collateral security for the Indebtedness, if it does not affect the enforceability or priority of the lien of the Insured Mortgage.

(ii) If the Insured exercises a right provided in (b)(i), but has Knowledge of any claim adverse to the Title or the lien of the Insured Mortgage insured against by this policy, the Company shall be required to pay only that part of any losses insured against by this policy that shall exceed the amount, if any, lost to the Company by reason of the impairment by the Insured Claimant of the Company's right of subrogation.

(c) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation includes the Insured's rights against non-insured obligors including the rights of the Insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights. The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor (except an obligor described in Section 1(e)(i)(F) of these Conditions) who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance, or bond and the obligor will not be an Insured under this policy.

### **13. ARBITRATION.**

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured, unless the Insured is an individual person (as distinguished from an Entity). All arbitrable matters when the Amount of Insurance is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

### **14. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.**

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or lien of the Insured Mortgage or by any action asserting such claim, shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. Each Commitment, endorsement or other form, or provision in the Schedules to this policy that refers to a term defined in Section 1 of the Conditions shall be deemed to refer to the term regardless of whether the term is capitalized in the Commitment, endorsement or other form, or Schedule. Each

Commitment, endorsement or other form, or provision in the Schedules that refers to the Conditions and Stipulations shall be deemed to refer to the Conditions of this policy.

#### **15. SEVERABILITY.**

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid and all other provisions shall remain in full force and effect.

#### **16. CHOICE OF LAW; FORUM.**

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefore in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies or enforcement of policies of title insurance of the jurisdiction where the Land is located.

Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title or the lien of the Insured Mortgage that are adverse to the Insured, and in interpreting and enforcing the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of laws principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

**17. NOTICES, WHERE SENT.** Any notice of claim and any other notice or statement in writing required to be given the Company under this Policy must be given to the Company at [fill in].

NOTE: Bracketed [ ] material optional

(Form T-2: Loan Policy of Title Insurance)

**Item 2008-21**

**NON-IMPUTATION ENDORSEMENT (MEZZANINE FINANCING) (T-24.1)**

Attached to and Forming a Part of

\_\_\_\_\_ Policy of Title Insurance No. \_\_\_\_\_

Issued by

BLANK TITLE INSURANCE COMPANY

HEREIN THE COMPANY

1. The Mezzanine Lender is: \_\_\_\_\_  
and each successor in ownership of its loan ("Mezzanine Loan") reserving, however, all rights and defenses as to any successor that the Company would have had against the Mezzanine Lender, unless the successor acquired the indebtedness as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, adverse claim, or other matter insured against by this policy as affecting Title.
2. The Insured
  - a. assigns to the Mezzanine Lender the right to receive any amounts otherwise payable to the Insured under this policy, not to exceed the outstanding indebtedness under the Mezzanine Loan; and
  - b. agrees that no amendment of or endorsement to this policy can be made without the written consent of the Mezzanine Lender.
3. The Company does not waive any defenses that it may have against the Insured, except as expressly stated in this endorsement.
4. In the event of a loss under the policy, the Company agrees that it will not assert the provisions of Exclusions from Coverage 3(a), (b) or (e) to refuse payment to the Mezzanine Lender solely by reason of the action or inaction or Knowledge, as of Date of Policy, of the Insured, provided
  - a. the Mezzanine Lender had no Knowledge of the defect, lien, encumbrance or other matter creating or causing loss on Date of Policy.
  - b. this limitation on the application of Exclusions from Coverage 3(a), (b) and (e) shall
    - i. apply whether or not the Mezzanine Lender has acquired an interest (direct or indirect) in the Insured either on or after Date of Policy, and
    - ii. benefit the Mezzanine Lender only without benefiting any other individual or entity that holds an interest (direct or indirect) in the Insured or the Land.
5. In the event of a loss under the Policy, the Company also agrees that it will not deny liability to the Mezzanine Lender on the ground that any or all of the ownership

interests (direct or indirect) in the Insured have been transferred to or acquired by the Mezzanine Lender, either on or after the Date of Policy.

6. The Mezzanine Lender acknowledges
  - a. that the Amount of Insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is hereafter executed by an Insured and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment under this policy; and
  - b. that the Company shall have the right to insure mortgages or other conveyances of an interest in the Land, without the consent of the Mezzanine Lender.
7. If the Insured, the Mezzanine Lender or others have conflicting claims to all or part of the loss payable under the Policy, the Company may interplead the amount of the loss into Court. The Insured and the Mezzanine Lender shall be jointly and severally liable for the Company's reasonable cost for the interpleader and subsequent proceedings, including attorneys' fees. The Company shall be entitled to payment of the sums for which the Insured and Mezzanine Lender are liable under the preceding sentence from the funds deposited into Court, and it may apply to the Court for their payment.
8. Whenever the Company has settled a claim and paid the Mezzanine Lender pursuant to this endorsement, the Company shall be subrogated and entitled to all rights and remedies that the Mezzanine Lender may have against any person or property arising from the Mezzanine Loan. However, the Company agrees with the Mezzanine Lender that it shall only exercise these rights, or any right of the Company to indemnification, against the Insured, the Mezzanine Loan borrower, or any guarantors of the Mezzanine Loan after the Mezzanine Lender has recovered its principal, interest, and costs of collection.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

AGREED AND CONSENTED TO:

(Insert name of Insured)

(Insert name of Mezzanine Lender)

By: \_\_\_\_\_

By: \_\_\_\_\_

[Witness clause optional]

BLANK TITLE INSURANCE COMPANY

-

By: \_\_\_\_\_  
Authorized Signatory

FORM T-24.1: Non-Imputation Endorsement (Mezzanine Financing)

**Item 2008-22**

**P-69 Issuance of Insured Closing Letters (T - 50 of T – 51)**

(a) An insured closing letter shall only be issued when the related transaction is closed by a title insurance agent, direct operation, or licensed escrow officer acting on a title insurance agent's or direct operation's behalf.

(b) An insured closing letter shall not be issued when the related transaction is closed by an attorney that is not licensed as an escrow officer and not acting on a title insurance agent's or direct operation's behalf.

(c) This rule applies specifically to attorneys closing the transaction under P-1f and P-22.

**Item 2008-23**

**P-70 Cancellation Fees; Fees for Services Rendered**

(a) A cancellation fee is defined as a fee charged by a title insurance agent, direct operation, title insurance company, or escrow officer, hereinafter "licensee" to a person or entity who is not a licensee for work done by the licensee in connection with a bona fide order for title insurance which fails to close or for which a policy is not issued. Cancellation fees are prohibited.

(b) As long as an agreement complies with Procedural Rule P-24 with respect to transactions that close and a policy is issued, title insurance agents and direct operations may agree in writing to a fee for furnishing title evidence and examination that is a set amount of money instead of a percentage of the title insurance premium to be paid if the order for title insurance does not close and a policy is not issued. Payment under this subsection shall not be considered a cancellation fee and the payment, charge, or fee shall not be passed on or charged to the consumer.

(c) A refusal to agree to set a fee under this rule shall not be considered a refusal to provide title evidence under Procedural Rule P-24 or P-25.

**Item 2008-24**

**INSURED CLOSING SERVICE (T – 50)**

**BLANK TITLE INSURANCE COMPANY**

Name and Address of Addressee:

Date:

Name of Issuing Agent (hereafter, "Issuing Agent"):

*[Identity of Issuing Agent appears here.]*

Re: Insured Closing Service

Dear

Blank Title Insurance Company (the "Company") agrees, subject to the Conditions and Exclusions set forth below, to reimburse you for actual loss incurred by you in connection with closings of real estate transactions conducted by the Issuing Agent, provided:

- (A) title insurance of the Company is specified for your protection in connection with the closing;
- (B) you are to be the lender secured by a mortgage (including any other security instrument) of an interest in land, its assignees or a warehouse lender; and
- (C) provided the loss arises out of:
  - 1. Failure of the Issuing Agent to comply with your written closing instructions to the extent that they relate to (a) the status of the title to that interest in land or the validity, enforceability and priority of the lien of the mortgage on that interest in land, including the obtaining of documents and the disbursement of funds necessary to establish the status of title or lien, or (b) the obtaining of any other document, specifically required by you, but only to the extent the failure to obtain the other document affects the status of the title to that interest in land or the validity, enforceability and priority of the lien of the mortgage on that interest in land, and not to the extent that your instructions require a determination of the validity, enforceability or the effectiveness of the other document, or
  - 2. Fraud or dishonesty of the Issuing Agent in handling your funds or documents in connection with the closings to the extent that fraud or dishonesty relates to the

status of the title to that interest in land or to the validity, enforceability, and priority of the lien of the mortgage on that interest in land.

If you are a lender protected under the foregoing paragraph, your assignee and your warehouse lender in connection with a loan secured by a mortgage shall be protected as if this letter were addressed to them.

#### Conditions and Exclusions

1. The Company will not be liable to you for loss arising out of:
  - A. Failure of the Issuing Agent to comply with your closing instructions which require title insurance protection inconsistent with that set forth in the title insurance binder or commitment issued by the Company. Instructions which require the removal of specific exceptions to title or compliance with the requirements contained in the binder or commitment shall not be deemed to be inconsistent.
  - B. Loss or impairment of your funds in the course of collection or while on deposit with a bank due to bank failure, insolvency or suspension, except as shall result from failure of the Issuing Agent to comply with your written closing instructions to deposit the funds in a bank which you designated by name.
  - C. Defects, liens, encumbrances or other matters in connection with your loan transactions except to the extent that protection against those defects, liens, encumbrances or other matters is afforded by a policy of title insurance not inconsistent with your closing instructions.
  - D. Fraud, dishonesty or negligence of your employee, agent, attorney or broker.
  - E. Your settlement or release of any claim without the written consent of the Company.
  - F. Any matters created, suffered, assumed or agreed to by you or known to you.
2. When the Company shall have reimbursed you pursuant to this letter, it shall be subrogated to all rights and remedies which you would have had against any person or property had you not been so reimbursed. Liability of the Company for reimbursement shall be reduced to the extent that you have knowingly and voluntarily impaired the value of this right of subrogation.
3. The Issuing Agent is the Company's agent only for the limited purpose of issuing title insurance policies. The Issuing Agent is not the Company's agent for the purpose of providing other closing or settlement services. The Company's

liability for your losses arising from those other closing or settlement services is strictly limited to the protection expressly provided in this letter. Any liability of the Company for loss does not include liability for loss resulting from the negligence, fraud or bad faith of any party to a real estate transaction other than an Issuing Agent, the lack of creditworthiness of any borrower connected with a real estate transaction, or the failure of any collateral to adequately secure a loan connected with a real estate transaction. However, this letter does not affect the Company's liability with respect to its title insurance binders, commitments or policies.

4. Either the Company or you may demand that any claim arising under this letter be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association, unless you have a policy of title insurance for the applicable transaction with an Amount of Insurance greater than \$2,000,000. If you have a policy of title insurance for the applicable transaction with an Amount of Insurance greater than \$2,000,000, a claim arising under this letter may be submitted to arbitration only when agreed to by both the Company and you.
5. You must promptly send written notice of a claim under this letter to the Company \_\_\_\_\_ at \_\_\_\_\_ its \_\_\_\_\_ principal \_\_\_\_\_ office \_\_\_\_\_ at \_\_\_\_\_ . The Company is not liable for a loss if the written notice is not received within two years from the date of the closing.
6. The protection herein offered extends only to real property transactions in Texas.

Any previous closing protection letter or similar agreement is hereby cancelled, except for closings of your real estate transactions for which you have previously sent (or within 30 days hereafter send) written closing instructions to the Issuing Agent.

**BLANK TITLE INSURANCE COMPANY**

**By:** \_\_\_\_\_

**Item 2008-25**

**CO-INSURANCE ENDORSEMENT FORM (T-48)**

Attached to Policy No.

Issued by  
BLANK TITLE INSURANCE COMPANY  
("Co-Insurer")

**CO-INSURANCE ENDORSEMENT**

Attached to and made a part of Issuing Co-Insurer's Policy No. \_\_\_\_\_ ("Co-Insurance Policy"). Each title insurance company executing this Co-Insurance Endorsement, other than the Issuing Co-Insurer, shall be referred to as a "Co-Insurer." Issuing Co-Insurer and any other co-insurers are collectively referred to as "Co-Insuring Companies."

1. Co-Insurer issues this endorsement as evidence of Co-Insurer's liability under Co-Insurance Policy and directs that this endorsement be attached to the Co-Insurance Policy adopting its Covered Risks, Exclusions, Conditions, Schedules and Endorsements, as follows:

Amount of Insurance, Percentage of Liability and Aggregate Amount of Insurance under the Co-Insurance Policy:

<b>Co-Insuring Companies</b>	<b>Name and Address</b>	<b>Policy Number [File Number]</b>	<b>Amount of Insurance</b>	<b>Percentage of Liability</b>
Issuing Co-Insurer			\$	
Co-Insurer			\$	
Co-Insurer			\$	
Co-Insurer			\$	
Aggregate Policy Amount			\$	

2. Each of the Co-Insuring Companies shall be liable to the Insured only for its Percentage of Liability of: (a) the total of the loss or damage under the Co-Insurance

Policy, but in no event greater than its respective Amount of Insurance set forth in this endorsement; and (b) costs, attorneys' fees and expenses provided for in the Conditions.

3. Any notice of claim and any other notice or statement in writing required to be given under the Co-Insurance Policy must be given to each of the Co-Insuring Companies at its address set forth above.
4. Any endorsement to the Co-Insurance Policy issued after the date of this Co-Insurance Endorsement must be signed by each of the Co-Insuring Companies by its authorized officer or agent.
5. This Co-Insurance Endorsement is effective as of the Date of Policy of the Co-Insurance Policy. This Co-Insurance Endorsement may be executed in counterparts.

This endorsement is issued as part of the Coinsurance Policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**DATED:** \_\_\_\_\_

Issuing Co-Insurer:

Blank Title Insurance Company

By: \_\_\_\_\_

Co-Insurer:

Issuing Co-Insurer:

Blank Title Insurance Company

By: \_\_\_\_\_

Co-Insurer:

Issuing Co-Insurer:

Blank Title Insurance Company

By: \_\_\_\_\_

Co-Insurer:

Additional Co-Insurer signatures may be added if needed.

**Item 2008-26**

**~~[Last Dollar Endorsement (T-15)]~~**

~~[ENDORSEMENT TO TITLE POLICY  
SERIAL NUMBER  
ISSUED BY  
No.  
BLANK TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY]~~

~~[The liability of the Company under this policy will not be reduced under Section 9(b) of the Conditions and Stipulations as the result of payment on the indebtedness secured by the insured mortgage, except to the extent such payments reduce the total indebtedness secured by the insured mortgage below the Amount of Insurance stated in Schedule A.]~~

~~[The total liability of the Company under said Policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said Policy and costs which the Company is obligated under the conditions and stipulations thereof to pay.]~~

~~[This Endorsement is made a part of said Policy and is subject to the terms thereof, except as modified by the provisions of this endorsement. This Endorsement is made a part of the policy and is subject to all the terms and provisions thereof and of any prior endorsement thereto. Except to the extent expressly stated, this Endorsement neither modifies any of the terms and provisions of the policy and prior endorsements, nor does it increase the face amount thereof.]~~

**~~[Form T-15: Last Dollar Endorsement]~~**

The Last Dollar Endorsement (T-15) has been deleted as of January 1, 2010 because the endorsement refers to a provision that is no longer contained in the Loan Policy (T-2) and therefore it is no longer necessary or appropriate.

## Item 2008-27

### **P-9 Endorsement of Owner's [Owner] or Loan [Mortgagee] Policies**

~~P-9.b\*\*\* [(12) A Company may issue its Last Dollar Endorsement (T-15) to a Mortgagee Policy (T-2), if (1) its underwriting requirements are met, (2) other property not described in the Mortgagee Policy is encumbered to secure payment of the indebtedness secured by the insured mortgage, and (3) the Company is paid the premium prescribed in Rate Rule R-11.j. The Company may not issue the Last Dollar Endorsement (T-15) if the land covered by the policy is residential real property.~~

Subsection b(12) of Procedural Rule P-9, relating to the issuance of the Last Dollar Endorsement (T-15) is deleted because the Last Dollar Endorsement has been deleted as of January 1, 2010 due to obsolescence.

## **Item 2008-28**

### **P-55. NON-IMPUTATION ENDORSEMENT (T-24, T-24.1)**

A Company may issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) to a concurrently issued Owner's Policy (T-1) on land which is not residential real property, if its underwriting requirements are met and if it is paid the premium, if any, prescribed in Rate Rule R-31. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate. Any matter covered in the Non-Imputation Endorsement (T-24) or the Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) may be insured only by the use of the applicable Non-Imputation Endorsement. A Company may not issue its Non-Imputation Endorsement (T-24) or its Non-Imputation Endorsement (Mezzanine Financing) (T-24.1) on residential real property.

**Item 2008-30**

**Section VI, Title Insurance Basic Manual  
ADMINISTRATIVE RULES\*\*\***

**L-1. TITLE INSURANCE AGENT...**

**III. CANCELLATION**

A. To cancel a Title Agent from acting as Agent for a Title Insurance Company, advance notice of 30 days must be given to said Agent unless the Agent is cancelled for cause as defined in the agency agreement, and the appropriate procedures must be followed, and the following must be submitted to the Department simultaneously:

1. Completed Notification of Appointment Cancellation (reverse side of Certificate of License).
2. The current Title Insurance Agent's license or a sworn statement from the Agent stating that the license has been lost or misplaced or a sworn statement from the Title Insurance Company stating they have been unable to obtain the current Title Insurance Agent's license from the Agent.
3. A transmittal letter indicating the reason for cancellation and the date the cancellation is to become effective.
4. The company's plan for an orderly winding down of agency operations and compliance with Administrative Rule D-1 if the company is the sole underwriter at the time of cancellation.

B. Any Title Insurance Agent may voluntarily surrender his license at any time. Advance notice of 30 days must be given by the Agent to the Title Insurance Company concerned, and the following must be submitted:

1. Completed Notification of Appointment Cancellation (reverse side of Certificate of License).
2. The current Title Insurance Agent's license or a sworn statement from the Agent stating that the license has been lost or misplaced.

C. Such forms, as listed above, must be submitted to the Department immediately upon termination of business operations between an Agent and a Title Insurance Company.

**Item 2008-31**

**Future Advance/Revolving Credit Form (T-35)**

**FUTURE ADVANCE /REVOLVING CREDIT ENDORSEMENT (T-35)**

**ISSUED BY**

\_\_\_\_\_ TITLE

INSURANCE COMPANY

File No. \_\_\_\_\_

Attached to and made a part of \_\_\_\_\_ Title Insurance Company  
Loan Policy Number \_\_\_\_\_ dated the \_\_\_\_\_ day of \_\_\_\_\_,  
20 \_\_\_\_\_.

1. The insurance for Advances added by Section 2 of this endorsement is subject to the exclusions in Section 3 of this endorsement and the Exclusions from Coverage in the Policy, except Exclusion 3(d), the provisions of the Conditions, and the exceptions contained in Schedule B.
  - a. "Agreement," as used in this endorsement, shall mean the note or loan agreement secured by the Insured Mortgage or the Insured Mortgage.
  - b. "Advances," as used in this endorsement, shall mean only those advances of principal indebtedness made after the Date of Policy as provided in the Agreement, including expenses of foreclosure, amounts advanced pursuant to the Insured Mortgage to pay taxes and insurance, assure compliance with laws, or to protect the lien of the Insured Mortgage before the time of acquisition of the Title, and reasonable amounts expended to prevent deterioration of improvements, together with interest on those advances.
2. The Company insures against loss or damage sustained by the Insured by reason

of:

- a. The invalidity or unenforceability of the lien of the Insured Mortgage as security for each Advance.
  - b. The lack of priority of the lien of the Insured Mortgage as security for each Advance over any lien or encumbrance on the Title.
  - c. The invalidity or unenforceability or loss of priority of the lien of the Insured Mortgage as security for the Indebtedness and Advances resulting from (i) re-Advances and repayments of Indebtedness, (ii) lack of outstanding Indebtedness before an Advance, or (iii) the failure of the Insured Mortgage to comply with the requirements of state law of the state in which the Land is located to secure Advances.
3. This endorsement does not insure against loss or damage (and the Company will not pay costs, attorneys' fees, or expenses) resulting from:
- a. Advances made after a Petition for Relief under the Bankruptcy Code (11 U.S.C.) has been filed by or on behalf of the mortgagor.
  - b. The loss of priority of the lien of the Insured Mortgage, as security for Advances, to the lien of real estate taxes or assessments on the Title imposed by governmental authority arising after Date of Policy.
  - c. The loss of priority of the lien of the Insured Mortgage as security for any Advance, to a federal tax lien, which Advance is made after the earlier of (i) actual knowledge of the Insured that a federal tax lien was filed against the mortgagor, or (ii) the expiration of more than forty-five days after notice of a federal tax lien filed against the mortgagor.
  - d. The loss of priority of the lien of the Insured Mortgage as security for Advances to any federal or state environmental protection lien.
  - e. Usury, or any consumer credit protection or truth-in-lending law.
4. The Amount of Insurance shall include Advances.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

[Witness clause optional]

***BLANK TITLE INSURANCE COMPANY***

By: \_\_\_\_\_  
Authorized Signatory

(Endorsement Form T-35: Future Advance/Revolving Credit)

**Item 2008-32**

**Leasehold Loan Policy Endorsement Form (T-5)**

ENDORSEMENT ATTACHED TO AND MADE A PART  
OF LOAN POLICY OF TITLE INSURANCE  
SERIAL NUMBER  
ISSUED BY

\_\_\_\_\_ TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY

File No. \_\_\_\_\_

Attached to and made a part of

\_\_\_\_\_ Title Insurance  
Company Loan Policy Number \_\_\_\_\_, dated the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

1. As used in this endorsement, the following terms shall mean:

- a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the Land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a matter covered by this policy.
- b. "Lease": the lease agreement described in Schedule A.
- c. "Leasehold Estate": the right of possession for the Lease Term.
- d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.
- e. "Personal Property": chattels located on the Land and property that, because of their character and manner of affixation to the Land, can be severed from the Land without causing appreciable damage to themselves or to the Land to which they are affixed.
- f. "Remaining Lease Term": the portion of the Lease Term remaining after the Insured has been Evicted as a result of a matter covered by this policy.
- g. "Tenant": the tenant under the Lease and, after acquisition of all or any part of the Title in accordance with the provisions of Section 2 of the Conditions of this policy, the Insured Claimant.

- h. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the Land by the Lease that have been built at the Insured's expense or in which the Insured has an interest greater than the right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured:

If in computing loss or damage it becomes necessary to value the Title as the result of a covered matter that results in an Eviction of the Tenant, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The Insured Claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement:

If the Insured acquires all or any part of the Title in accordance with the provisions of Section 2 of the Conditions of this policy and thereafter is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the Insured, but not to the extent that the same are included in the valuation of the Title.

- a. The reasonable cost of removing and relocating any Personal Property that the Insured has the right to remove and relocate, situated on the Land at the time of Eviction the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.
- b. Rent or damages for use and occupancy of the Land prior to the Eviction that the Insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.
- c. The amount of rent that, by the terms of the Lease, the Insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the Insured has been Evicted.
- d. The fair market value, at the time of the Eviction, of the estate or interest of the Insured in any lease or sublease made by Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.
- e. Damages that the Insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction.

- f. Reasonable costs incurred by the Insured to secure a replacement leasehold equivalent to the Leasehold Estate.
- g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the Insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, and landscaping costs.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

[Witness clause optional]

***BLANK TITLE INSURANCE COMPANY***

By: \_\_\_\_\_  
Authorized Signatory

Form T-5: Leasehold Loan Policy Endorsement

**Item 2008-33**  
**Leasehold Owner's Policy Endorsement Form (T- 4)**

Leasehold Owner's Policy Endorsement T-4  
ENDORSEMENT ATTACHED TO AND MADE A PART  
OF POLICY OF TITLE INSURANCE  
SERIAL NUMBER  
ISSUED BY

\_\_\_\_\_ TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY

File No. \_\_\_\_\_

Attached to and made a part of

\_\_\_\_\_  
Title Insurance Company Owner Policy Number  
\_\_\_\_\_, dated the \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_.

1. As used in this endorsement, the following terms shall mean:
  - a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the Land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case as a result of a matter covered by this policy.
  - b. "Lease": the lease agreement described in Schedule A.
  - c. "Leasehold Estate": the right of possession for the Lease Term.
  - d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.
  - e. "Personal Property": chattels located on the Land and property that, because of their character and manner of affixation to the Land, can be severed from the Land without causing appreciable damage to themselves or to the Land to which they are affixed.
  - f. "Remaining Lease Term": the portion of the Lease Term remaining after the Insured has been Evicted as a result of a matter covered by this policy.

- g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the Land by the Lease that have been built at the Insured's expense or in which the Insured has an interest greater than the right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured:

If in computing loss or damage it becomes necessary to value the Title as the result of a covered matter that results in an Eviction of the Tenant, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The Insured Claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement:

If the Insured is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the Insured, but not to the extent that the same are included in the valuation of the Title.

- a. The reasonable cost of removing and relocating any Personal Property that the Insured has the right to remove and relocate, situated on the Land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.
- b. Rent or damages for use and occupancy of the Land prior to the Eviction that the Insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.
- c. The amount of rent that, by the terms of the Lease, the Insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the Insured has been Evicted.
- d. The fair market value, at the time of the Eviction, of the estate or interest of the Insured in any lease or sublease made by Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.
- e. Damages that the Insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction.

- f. Reasonable costs incurred by the Insured to secure a replacement leasehold equivalent to the Leasehold Estate.
- g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the Insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, and landscaping costs.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

[Witness clause optional]

***BLANK TITLE INSURANCE COMPANY***

By: \_\_\_\_\_

**Authorized Signatory**  
Form T-4: Leasehold Owner's Policy Endorsement

**Item 2008-37**

**P-54. Access Endorsement (T-23)**

A Company may issue its Access Endorsement (T-23) on or after the date Rate Rule R-30 is effective to a Loan Policy (T-2) or Owner's Policy (T-1) on land which contains improvements and which is not residential real property, if its underwriting requirements are met and if it is paid the premium, if any, prescribed in Rate Rule R-30. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate. The Company shall delete any insuring provision or portion thereof if it does not consider that risk acceptable. Any insured matter covered in the Access Endorsement (T-23) may be insured only by the use of this endorsement.

**Item 2008-38**

**P-56. Contiguity Endorsement (T-25, T-25.1)**

A. A Company may issue its Contiguity Endorsement (T-25 or T-25.1) to a concurrently issued Loan Policy (T-2) or Owner's Policy (T-1) on land which is not residential real property:

1. If title to each tract described in the Contiguity Endorsement (T-25) is insured by the policy; and
2. if the Company receives a survey acceptable to it; and
3. if its underwriting requirements are met and it is paid the premium prescribed in Rate Rule R-32.

B. The Company may add any exception to the endorsement that it considers, in its sole discretion, to be appropriate.

C. Any matter covered in the Contiguity Endorsement (T-25) may be insured only by the use of this endorsement.

D. If the insured non-residential land is composed of four or more parcels, or if the insured non-residential land is composed of irregularly shaped parcels, a Company may, in its discretion, issue the Contiguity Endorsement (T-25.1).

**Item 2008-39**

**Contiguity Endorsement Form (T-25.1)**

**CONTIGUITY ENDORSEMENT T-25.1**

Attached to Policy No. \_\_\_\_\_

Issued by

**BLANK TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY**

The Company insures against loss or damage sustained by the insured by reason of the presence of any gaps, strips, or gores lying between [**describe contiguous parcels**].

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

**BLANK TITLE INSURANCE COMPANY**

By: \_\_\_\_\_  
President  
(ATTEST IS OPTIONAL)

Authorized Countersignature

\_\_\_\_\_  
Printed Name of Title Insurance Agent  
or Direct Operation

**Item 2008-40**

**Reorganization of Procedural Rule P-29 for Inclusion in Procedural Rule P-20 and Additional Amendments to Procedural Rule P-20 and a Conforming Change to Rate Rule R-24**

**P-20 Standard Exception Relating to Taxes**

**A. Taxes for the Current Year**

1. In connection with the issuance or amendment (after issuance) of any Owner's Policy, Loan Policy, or of any Loan Title Policy Binder on Interim Construction Loan (Interim Binder), an exception must be shown on Schedule B to taxes and assessments for the current tax year by any taxing authority, and the Company may not insure that taxes for the current tax year are paid, unless:
  - a. **Taxes are Paid or Collected at Closing.** A company may insure that taxes for the current tax year are paid if:
    - (1) All of the taxes for the current tax year have been assessed by the taxing authorities;
    - (2) The Company has satisfactory evidence in its file that the assessed taxes for the current year have been paid by the owner or
    - (3) If all of the taxes for the current year have not been paid:
      - (i) The unpaid taxes are collected at closing by the Company; and
      - (ii) The Company will pay the taxes in the ordinary course of business.
  - b. **Owner's Tax Reserve/Escrow Account With Payoff Lender.** A Company may insure that taxes are paid for the current tax year if:
    - (1) The Company has satisfactory evidence in its file that the assessed taxes for the current year have been paid by the current lender from the owner's Reserve/Escrow Account held by lender, or
    - (2) In the absence of satisfactory evidence in (1) above, a Company may accept:
      - (i) A sufficient Indemnity executed by a responsible party,
      - (ii) Together with a deposit of funds in an amount sufficient to pay the assessed taxes.
    - (3) When following provision (2) above, the Company shall:
      - (i) Pay the assessed taxes according to the terms of the Indemnity and before they become delinquent, or
      - (ii) Upon receipt of satisfactory evidence that the assessed taxes for the current year have been paid, promptly pay the escrowed funds to the proper party.
2. If all taxes for the current year have not been assessed by the taxing authorities, the Company may not insure that taxes for the current year are paid.

**B. ROLLBACK TAXES**

1. In connection with the issuance or amendment (after issuance) of any Loan Policy or of any Loan Title Policy Binder on Interim Construction Loan (Interim Binder), and upon payment of the premium required under Rate Rule R-19, the words: "and subsequent taxes and assessments by any taxing authority for prior years due to

change in land usage or ownership", as contained in the standard tax exception may be deleted by:

- (a) Deletion of such words upon the policy or binder form, either by checking the appropriate box on a Form T-2 or T-2R or by lining through the words or by producing an electronic form with the words; or
- (b) By attachment to the policy or binder of endorsement form T-30.

The deletion of the above phrase from the standard tax exception is hereafter referred to as "insure or insuring against rollback taxes".

2. A Company may not insure against rollback taxes unless:
  - a. The Company has satisfactory evidence in its file that the assessed taxes for the current year are not based on an agriculture or open-space valuation; or
  - b.
    - (i) The rollback taxes have been assessed by all of the taxing authorities;
    - (ii) The rollback taxes are collected at closing by the Company, and
    - (iii) The Company will pay the roll back taxes in the ordinary course of business.

### **C. TAXES NOT YET DUE AND PAYABLE**

In connection with the issuance of a Loan Policy or Loan Title Policy on Interim Construction Loan (Interim Binder), upon payment of the premium in R-24, a Company may:

1. If satisfied that all taxes, standby fees and assessments by any taxing authority for the year of the issuance of the Loan Policy or Interim Binder are not yet due and payable, add the following after the standard tax exception: "Company insures that standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_\_ are not yet due and payable." The addition may be made either by checking the appropriate box on a Form T-2 or by otherwise inserting the additional words into the form.
2. If a Company determines that some, but not all of the taxes are not yet due and payable, the Company may add the following after the standard tax exception: "Company insures that standby fees, taxes and assessments by any taxing authority for the year \_\_\_\_\_ are not yet due and payable, as to [insert name of applicable taxing authority/authorities] only."

Procedural Rule P-29 has been repealed and the language has been reintroduced in P-20 C 1. The current reference to P-29 in Rate Rule R-24 has been conformed to reflect the proper reference to P-20 to read as follows:

R-24 Applicable only as provided in Procedural Rule **P-20**-a premium of \$5.00 shall be charged for addition of the language "Company insures that standby fees, taxes, and assessments by any taxing authority for the year \_\_\_\_\_ are not yet due and payable."

**Item 2008-41**

**Section VI, Title Insurance Basic Manual  
ADMINISTRATIVE RULES\*\*\***

**L-1. TITLE INSURANCE AGENT...**

**IV. RENEWAL**

A. Agent licenses shall, on the date of expiration, be renewed pursuant to Texas Insurance Code §4003.002. Agent licenses shall be renewed for a period not to exceed two years and expire on the date designated by the Title Division of the Department. If an agent holds two or more licenses, each license held by the agent shall, on the date of expiration, be renewed with an expiration date to coincide with the expiration date of the initial license issued to the Title Agent or renewed by the Title Agent pursuant to this paragraph. Unless revoked, terminated, cancelled or previously surrendered by the holder, the department shall send written notice of renewal to each agent at least 45 days prior to the expiration date of such license. In the event that the license is not renewed by the agent by the expiration date, the department shall, within 45 days after the license expires, send written notice of expiration to the agent. Failure of the department to send written notice of renewal or expiration shall not, in any event, toll the expiration date of the agent license nor prejudice any enforcement action brought by the department.

B. To renew any license, on or before the expiration date of the license, the Title Agent must submit to the Department the following:

1. The original application for renewal of Title Insurance Agent's license provided by the Department.
2. Non-refundable renewal fee of \$35.00
3. A Certificate of Account Status issued by the Franchise Tax Division of the Texas State Comptroller's Office if the Title Agent is a corporate Agent and has not previously submitted a Certificate of Account Status to the Department.

C. Failure of a Title Agent to submit any of the above forms on or before the expiration date of the license, results in automatic expiration of the respective license.

D. If a Title Agent's license is expired for not longer than 90 days, the license may be renewed by submitting the renewal form and paying the required non-refundable renewal fee and a fee of one half (1/2) of the initial license fee.

E. If a Title Agent's license is expired for more than 90 days, the license may not be renewed.

F. If the amount of the Bond or other security required in Texas Insurance Code §§2651.101-104, has increased from the Bond or other security on file with the Department, a new Bond, Rider, Endorsement, increase in cash, or an amended letter of credit in the amount required by §§2651.101-104 shall be filed.

**Item 2008-42**

**G.2 AUDIT AND REVIEW OF AGENT/DIRECT OPERATION ESCROW AND TRUST ACCOUNTS**

**I. Definitions**

A. "Audit and review of Agent/Direct Operation escrow and trust accounts" includes auditing of escrow and trust accounts, auditing of statistical reports, auditing of all other accounting records and review of complaints relating to Agents/Direct Operations.

B. "Escrow and trust accounts" includes those accounts which are subject to annual audit pursuant to Texas Insurance Code §§2651.151-157.

**II. Procedures**

Upon the request of the Commissioner of Insurance, the Board will authorize expenditure of funds from the guaranty fee account to retain, compensate and reimburse for reasonable and necessary expenses persons who will audit and review Agent/Direct Operation escrow and trust accounts. Such persons shall act solely under the direction of the Commissioner of Insurance, or his designee and make such reports as are required.

**Item 2008-43**

**Policy Guarantee Fee Remittance Form (T-G1)**

**POLICY GUARANTY FEE REMITTANCE FORM (T-G1)**

By: \_\_\_\_\_  
(Name of Reporting Entity) (Phone Number)  
\_\_\_\_\_  
(Address) (Fax Number)  
\_\_\_\_\_  
(City, State, and Zip) (e-mail address)

TDI Agency/Direct Operation Company ID Number as shown on the Agent/Direct Operation License: \_\_\_\_\_

\_\_\_ Check here if any of the information above has changed since your last report.

\_\_\_ Check here if you are ceasing operations and this is a final disbursement of funds to the Texas Title Insurance Guaranty Association.

**For the Quarter:**

Beginning: \_\_\_\_\_, 20\_\_\_ Ending: \_\_\_\_\_, 20\_\_\_

Owner's and Loan Policies collected for: \_\_\_\_\_ X (insert current amount in effect by Texas Title Insurance Guaranty Association) = \$\_\_\_\_\_

If you had no closings during the quarter and no policy guaranty fees were received, please enter "0" and mail this form.

Total Remittance of Policy Guaranty Fee Payable to:  
Texas Title Insurance Guaranty Association = \$\_\_\_\_\_

I, \_\_\_\_\_ of \_\_\_\_\_  
do hereby certify that the above and foregoing is correct in all respect and correctly reflects all owner's and loan policies of title insurance required to be reported and counted in determining the quarterly policy guaranty fees due by \_\_\_\_\_ pursuant to Texas Insurance Code §2602.151.

\_\_\_\_\_  
Signature  
Printed Name & Position \_\_\_\_\_  
Contact Number

\_\_\_\_\_  
SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, this the

\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for the State of Texas

\_\_\_\_\_  
Printed Name of Notary

REMIT TO:

Texas Title Insurance Guaranty Association  
c/o Mitchell Williams Selig Gates &  
Woodyard, P.L.L.C.  
P.O. Box 2212  
Austin, Texas 78768-2212

FOR OVERNIGHT DELIVERY:

Texas Title Insurance Guaranty Association  
c/o Mitchell Williams Selig Gates &  
Woodyard, P.L.L.C.  
106 East 6th Street, Suite 300  
Austin, Texas 78701

Note: This report and remittance is due as follows:

Calendar Quarter Ending

March 31  
June 30  
September 30  
December 31

Remittance Due Dates

May 1  
August 1  
November 1  
February 1

**Item 2008-44**

**Section VI, Title Insurance Basic Manual  
ADMINISTRATIVE RULES\*\*\***

**D-1. Requirements for Ceasing Operations by Agents and Direct Operations...**

**D.1 REQUIREMENTS FOR CEASING OPERATIONS BY AGENTS AND DIRECT OPERATIONS**

Any Title Insurance Agent or Direct Operation that intends to cease operations in the business of title insurance pursuant to a surrender, forfeiture or revocation of license, pursuant to Texas Insurance Code §§2651.201, 2651.301, or 2651.302, must comply with the following mandatory requirements:

**I. NOTICE REQUIREMENTS**

The Agent/Direct Operation must provide written notice of its intent to cease operations no later than forty-five (45) days prior to its final date of operation to:

1. the Department, addressed to the Texas Department of Insurance, Title Division, Post Office Box 149104, Austin, Texas 78714-9104;
2. all Title Insurance Companies for which the Title Agent/Direct Operation holds an appointment and is currently licensed; and
3. the Public, by public announcement in a local publication of general circulation.

**II. AUDIT AND ACCOUNTING REQUIREMENTS**

A. The Agent/Direct Operation and Company must conduct a final audit of the Agent's/Direct Operation's trust fund accounts, the records pertaining thereto and the unused forms in Agent's/Direct Operation's possession, pursuant to the requirements of

Texas Insurance Code §§2651.151-157 and 2651.251-253.

B. The Agent/Direct Operation must provide a final accounting of all funds held in its escrow account for the State of Texas Policy Guaranty Fees and Recoupment Charge funds. Such final accounting together with a final disbursement of any due funds shall be made to the Texas Title Insurance Guaranty Association c/o General Counsel for the Texas Title Insurance Guaranty Association, 301 Congress, Suite 800, Austin, Texas 78701.

C. The final audit and final accounting required by this section must be delivered to the Department within 90 days after an Agent's/Direct Operation's surrender of its license. If an Agent/Direct Operation fails to complete and submit such audit and accounting, it shall be the responsibility of the respective Companies to use their best efforts to complete and submit such final audits and accountings to the Department. A copy of the final audit shall also be sent to each title insurance company that the agent represents. If a title insurance company fails to receive a final audit report within 90 days of the date of the license surrender, the company shall (1) report that failure to the Department not later than the 100th day after the date of the license surrender and (2) use its best efforts to complete and submit a final audit and/or accounting to the Department within 150 days of the date of surrender of the license.

A Company must provide written explanation and justification to the Department documenting those portions of the final audit and/or accounting that the Company was not able to complete; including the records and personnel available to the company and the efforts the Company used in its attempt to fully complete the final audit and/or final accounting as required under this section.

Each title insurance agent operating in Texas shall prepare a plan for winding down the title agent's operations by the Company should the title insurance agent fail to wind down its own operations, including the title insurance agent's immediate cessation of business due to title insurance agent or Company action. The title insurance agent's plan must provide at a minimum the following:

(1) The storage of each Company's guaranty files in one location for a period of at least ninety (90) days so that a final audit and final accounting may be conducted. Each Company shall have access to its own guaranty files and the independent auditors shall have access to all guaranty files. After the final audit and final accounting are conducted under this section, each Company shall obtain and store its own guaranty files.

(2) Authorization to each Company to obtain all books, bank statements, associated accounting files and bank records relative to the Company's trust accounts.

(3) Authorization to each Company to access its trust accounts.

The title insurance agent's plan and authorization must be furnished to each Company and the Department. The title insurance agent's plan must be reviewed by the title insurance agent annually and updated as necessary. The title insurance agent's plan shall be implemented by the Company immediately upon receipt of written notification

by the Department that the Department has determined that the title agent has failed to wind down its own operations.

D. The expenses of such final audit and accounting shall be borne by the respective Company(ies) in proportion to their share of premiums for the twelve month period immediately preceding the date of final audit and accounting.

### **III. TRANSFER OF FILES AND ACCOUNTS**

A. The Agent/Direct Operation must surrender all files, together with a list of all pending files and outstanding commitments, to the appropriate Companies. The Agent/Direct Operation must send written notice to all interested parties in pending transactions that the appropriate Companies have custody and control of such files. Such notice to interested parties shall be provided on a Notice of Cessation Form Ti-100, no later than forty-five (45) days prior to its final date of operation, with a copy sent to the appropriate Company and a copy retained in the appropriate guaranty file.

B. The Agent/Direct Operation shall transfer all escrow accounts and investment accounts, which have not been fully disbursed, to the appropriate Companies for the benefit of the parties to pending transactions and the general public. Such transfer shall include a listing of the sources of all transferred funds, and a list of pending transactions. A copy of such list of pending transactions shall be provided to the Department.

### **IV. ESCROW LICENSES AUTOMATICALLY FORFEITED**

Pursuant to Texas Insurance Code §§2652.201-202 the licenses of any Escrow Officers employed by an Agent/Direct Operation ceasing business shall be automatically cancelled.

### **V. OTHER NOTICE REQUIREMENTS**

The provisions of this Administrative Rule shall be in addition to and cumulative of any other notice provisions found in Sec. VI Administrative Rules of the *Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas*.

**Item 2008-46**

**P-25. Reasonable Time for Furnishing Title Evidence.**

Pursuant to Texas Insurance Code Chapter 2704, a reasonable time for furnishing title evidence is determined to be as follows:

- (1) With Prior Title Evidence Satisfactory to the Title Insurance company:
  - (a) On Acreage Tracts---15 days.
  - (b) On Subdivision Tracts---10 days.
  
- (2) Without Prior Title Evidence Satisfactory to the Title Insurance Company:
  - (a) On Acreage Tracts---30 days.
  - (b) On Subdivision Tracts---21 days.

These time periods shall begin on the date the order for title evidence is received. If all title insurance agents and direct operations for the county refuse to provide title evidence within such time and for the payments provided in Rule P-24, a title insurance company may directly issue its policy if the title insurance company obtains the best evidence available.

Title agents and direct operations who request that title evidence be provided by another title agent or direct operation shall maintain auditable records and documents demonstrating compliance with this rule. Such auditable records include, but are not limited to, letters, faxes, e-mails, fax confirmations, and certified mail receipts.

**Item 2008-47**

**Statement of Assessment Received From and Recoupments Distributed to Title Insurance Company (Form T-G3)**

**TEXAS TITLE INSURANCE GUARANTY ASSOCIATION**

**STATEMENT OF ASSESSMENT RECEIVED FROM  
AND RECOUPMENTS DISTRIBUTED TO TITLE INSURANCE COMPANY**

**RE: ASSESSMENT ORDERED ON \_\_\_\_\_, 20 \_\_\_\_**

The Texas Title Insurance Guaranty Association (the "Association") does hereby state that it received from

\_\_\_\_\_  
(Name of Title Insurance Company)

during the calendar year 20 \_\_\_\_\_, the amount of \$ \_\_\_\_\_  
in payment of the above referenced assessment made by the Commissioner of Insurance of the State of Texas upon title insurance companies pursuant to Title 11, Subchapter E, Insurance Code.

The Association further states that it has distributed to the above-named title insurance company in the preceding two calendar years a total of \$ \_\_\_\_\_ in payments from the Guaranty Assessment Recoupment Charge pertaining to such assessment.

Signed this \_\_\_\_\_ day of January, 20 \_\_\_\_\_.

TEXAS TITLE INSURANCE GUARANTY  
ASSOCIATION

By:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Type or printed name)

\_\_\_\_\_  
(Title)]

**Item 2008-48**

**Guaranty Assessment Recoupment Charge Remittance Form (T-G2)**

**GUARANTY ASSESSMENT RECOUPMENT CHARGE REMITTANCE FORM**

By:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Phone Number

For the Quarter:

Beginning: \_\_\_\_\_, 20 \_\_\_\_\_,  
\_\_\_\_\_, 20 \_\_\_\_\_

Ending:

1. Total Premiums Charged and Collected for All Policies and Other Insuring Forms During the Quarter: \$ \_\_\_\_\_

2. Total Guaranty Assessment Recoupment Charges Remitted Herewith (Multiply the amount shown above by .01): \$ \_\_\_\_\_

**Certification of Remitter**

I,

\_\_\_\_\_, \_\_\_\_\_,  
(Name) (Office or position)

of \_\_\_\_\_ do hereby certify that the above and foregoing is  
(Reporting Entity) correct in all

respects and correctly reflects all premiums charged and collected for the issuance of title insurance policies and other insuring forms during the pertinent quarter.

\_\_\_\_\_  
Signature

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, this the \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

\_\_\_\_\_  
Notary Public, State of Texas  
Print Name of Notary:

My commission expires:

Printed Name of Notary:

---

Remit to:

FOR OVERNIGHT MAIL:

Texas Title Insurance Guaranty Association Texas Title Insurance Guaranty Association

c/o Mitchell Williams Selig Gates &  
Woodyard, P.L.L.C.  
Post Office Box 2212  
Austin, Texas 78768-2212

c/o Mitchell Williams Selig Gates &  
Woodyard, P.L.L.C.  
106 East 6<sup>th</sup> Street, Suite 300  
Austin, Texas 78701

Note: This report and remittance is due as follows:

Calendar Quarter Ending

Remittance Due Date

March 31

May 1

June 30

August 1

September 30

November 1

December 31

February 1

**Item: 2008-49**

**Supplemental Coverage Manufactured Housing Unit Endorsement Form (T-31.1)**

SUPPLEMENTAL COVERAGE MANUFACTURED HOUSING UNIT ENDORSEMENT  
(T-31.1) ATTACHED TO AND MADE A PART OF POLICY OF TITLE INSURANCE  
POLICY NUMBER \_\_\_\_\_

ISSUED BY

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

HEREIN CALLED THE COMPANY

Order No.:

1. The term "Land" as defined in this policy includes the manufactured housing unit located on the land at Date of Policy.

2. Unless excepted in Schedule B, the Company insures against loss or damage, sustained by the insured if,

(a) A manufactured housing unit is not located on the land.

(b) The manufactured housing unit located on the land is not real property under the law of the state where the land is located.

(c) The owner of the land is not the owner of the manufactured housing unit.

(d) Any lien is attached to the manufactured housing unit as personal property, including

(i) a federal, state, or other governmental tax lien,

(ii) UCC security interest,

(iii) a motor vehicular lien, or

(iv) other personal property lien.

(e) The lien of the insured mortgage is not valid and enforceable against the land in a single foreclosure procedure (loan title policy only).

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Authorized Countersignature

\_\_\_\_\_  
(Printed Name of Title Insurance Company)

By: \_\_\_\_\_  
(Signature)  
Title: President

Printed Name: \_\_\_\_\_  
(ATTEST IS OPTIONAL)

\_\_\_\_\_  
(Printed Name of Title Insurance Agent or  
Direct Operation)

By \_\_\_\_\_  
(Signature)

Title: \_\_\_\_\_

Printed Name: \_\_\_\_\_  
(ATTEST IS OPTIONAL)

**Item 2008-50**

**Leasehold Loan Policy Endorsement Form (T-5)**

Leasehold Loan Policy Endorsement T-5

ENDORSEMENT ATTACHED TO AND MADE A PART  
OF THE LOAN POLICY OF TITLE INSURANCE  
ISSUED BY

\_\_\_\_\_ TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY

File No. \_\_\_\_\_

Attached to and made a part of

\_\_\_\_\_ Title Insurance  
Company Loan Policy Number \_\_\_\_\_, dated the  
\_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

1. As used in this endorsement, the following terms shall mean:

a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a matter covered by this policy.

b. "Lease": the lease agreement described in Schedule A.

c. "Leasehold Estate": the right of possession for the Lease Term.

d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.

e. "Personal Property": chattels located on the land and property which, because of their character and manner of affixation to the land, can be severed from the land without causing appreciable damage to themselves or to the land to which they are affixed.

f. "Remaining Lease Term": the portion of the Lease Term remaining after the insured has been Evicted as a result of a matter covered by this policy.

g. "Tenant": the tenant under the Lease and, after acquisition of all or any part of the estate or interest in the land described in Schedule A in accordance with the provisions of Section 2(a) of the Conditions and Stipulations of this policy, the insured claimant.

h. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the land by the Lease that have been built at the insured's expense or in which the insured has an interest greater than the

right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured

If, in computing loss or damage, it becomes necessary to value the estates or interests insured by this policy as the result of a covered matter that results in an Eviction of the Tenant, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The insured claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement:

If the insured acquires all or any part of the estate or interest in the land described in Schedule A in accordance with the provisions of Section 2(a) of the Conditions and Stipulations of this policy and thereafter is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estates or interests insured by this policy.

a. The reasonable cost of removing and relocating any Personal Property that the insured has the right to remove and relocate, situated on the land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.

b. Rent or damages for use and occupancy of the land prior to the Eviction which the insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

c. The amount of rent that, by the terms of the Lease, the insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the insured has been Evicted.

d. The fair market value, at the time of the Eviction, of the estate or interest of the insured in any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.

e. Damages that the insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction.

f. Reasonable costs incurred by the insured to secure a replacement leasehold equivalent to the Leasehold Estate.

g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and

engineering fees, construction management fees, costs of environmental testing and reviews, and landscaping costs.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

[Witness clause optional]

BLANK TITLE INSURANCE COMPANY

By: \_\_\_\_\_

**Item 2008-51**

**Leasehold Owner's Policy Endorsement Form (T-4)**

Leasehold Owner's Policy Endorsement T-4  
ENDORSEMENT ATTACHED TO AND MADE A PART  
OF POLICY OF TITLE INSURANCE  
ISSUED BY

\_\_\_\_\_ TITLE INSURANCE COMPANY  
HEREIN CALLED THE COMPANY

File No. \_\_\_\_\_

Attached to and made a part of

\_\_\_\_\_  
Title Insurance Company Owner's Policy Number \_\_\_\_\_,  
dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

1. As used in this endorsement, the following terms shall mean:

a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a matter covered by this policy.

b. "Lease": the lease agreement described in Schedule A.

c. "Leasehold Estate": the right of possession for the Lease Term.

d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.

e. "Personal Property": chattels located on the land and property which, because of their character and manner of affixation to the land, can be severed from the land without causing appreciable damage to themselves or to the land to which they are affixed.

f. "Remaining Lease Term": the portion of the Lease Term remaining after the insured has been Evicted as a result of a matter covered by this policy.

g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the land by the Lease that have been built at the insured's expense or in which the insured has an interest greater than the right to possession during the Lease Term.

2. The provisions of subsection (b) of Section 7 of the Conditions and Stipulations shall not apply to any Leasehold Estate covered by this policy.

### 3. Valuation of Estate or Interest Insured

If, in computing loss or damage, it becomes necessary to value the estates or interests of the insured as the result of a covered matter that results in an Eviction, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The insured claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

### 4. Additional items of loss covered by this endorsement:

If the insured is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the insured, but not to the extent that the same are included in the valuation of the estates or interests insured by this policy.

a. The reasonable cost of removing and relocating any Personal Property that the insured has the right to remove and relocate, situated on the land at the time of Eviction, the cost of transportation of that Personal Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.

b. Rent or damages for use and occupancy of the land prior to the Eviction which the insured as owner of the Leasehold Estate is obligated to pay to any person having paramount title to that of the lessor in the Lease.

c. The amount of rent that, by the terms of the Lease, the insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the insured has been Evicted.

d. The fair market value, at the time of the Eviction, of the estate or interest of the insured in any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.

e. Damages that the insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the insured as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction.

f. Reasonable costs incurred by the insured to secure a replacement leasehold equivalent to the Leasehold Estate.

g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, landscaping costs and fees, costs and interest on loans for the acquisition and construction.

This endorsement is made a part of the policy and is subject to all of the terms and

provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

[Witness clause optional]

BLANK TITLE INSURANCE COMPANY

By: \_\_\_\_\_

**Item: 2008-52**

**Section VI, Title Insurance Basic Manual**

**ADMINISTRATIVE RULES\*\*\***

**G-1. Policy Guarantee Fee**

**G.1. POLICY GUARANTY FEE**

**I. Definitions**

- A. "Association" means the Texas Title Insurance Guaranty Association.
- B. "Board" means the Board of Directors of the Association.
- C. "Policy Guaranty Fee" means that sum of money established by the Board pursuant to Texas Insurance Code §§2602.151-154, which is required to be remitted to the Association upon the issuance of each owner's policy and each loan policy of title insurance issued in the State of Texas in accordance with the procedures as set forth in these administrative rules.

**II. Remittance Procedures**

A. Each policy guaranty fee shall be collected directly from the purchaser of each owner's and loan policy at the closing of the transaction and such itemized charge shall be disclosed on the settlement statement and designated thereon "State of Texas Policy Guaranty Fee." Upon collection of the premium for each owner's and loan policy of title insurance, the issuing Title Insurance Agent/Direct Operation, or if no Agent/Direct Operation actually issues, the issuing Title Insurance Company shall forthwith deposit all policy guaranty fees in the amount determined by the Board into an audited escrow or trust account.

Each issuing Agent/Direct Operation or issuing Company is responsible for the actual remittance of these fees to the Association.

B. No Title Insurance Agent/Direct Operation or Title Insurance Company may utilize the policy guaranty fees so maintained for any purpose other than the actual payment of all policy guaranty fees to the Association quarterly. The schedule of remittance is as follows:

Calendar Quarter Ending	Remittance Due Date
March 31	May 1
June 30	August 1
September 30	November 1
December 31	February 1

C. Each Title Insurance Agent/Direct Operation shall report and remit the fees for all of its offices on a single remittance form and payment. Permissible methods of payment include check, wire transfer, certified check, cashier's check, or money order.

D. The remitting Title Insurance Agent/Direct Operation or Title Insurance Company shall maintain records reflecting the quarterly policy count. No policy guaranty fee shall be reported to the Texas Department of Insurance as an expense of operation for the purpose of establishing title insurance rates.

E. All remittances shall be addressed to the designated address of the Association and shall be accompanied by a completed Policy Guaranty Fee Remittance Form. If no closings occurred during the quarter and no policy guaranty fees were received, the form must be sent in with the amount of "0." All remittances must be postmarked on or before the remittance due date.

**Item: 2008-53.**

**Section VI, Title Insurance Basic Manual  
ADMINISTRATIVE RULES\*\*\***

**L-2. Title Insurance Escrow Officer**

**L-2. TITLE INSURANCE ESCROW OFFICER**

All of the forms referred to herein are available upon request from the Title Division of the Department.

**I. PERSONS REQUIRED TO BE LICENSED**

A. The Texas Title Insurance Act defines "Escrow Officer" as an attorney, or bona fide employee of either (i) an attorney licensed as an Escrow Officer, (ii) a Direct Operation, or (iii) a Title Insurance Agent, whose duties include any or all of the following:

1. countersigning title insurance forms;
2. supervising the preparation and supervising the delivery of title insurance forms;
3. signing escrow checks;
4. closing the transaction.

B. No person shall act in the capacity of Escrow Officer without being licensed by the Department, and obtaining and maintaining a surety bond as required by Texas Insurance Code Chapter 2652 Subchapter C; and no Title Insurance Agent or Direct Operation shall employ any person as Escrow Officer who is not licensed and bonded in accordance with the provisions of the Texas Title Insurance Act.

C. No attorney shall be required to be licensed as an Escrow Officer in order to perform the duties of an Escrow Officer as defined in Texas Insurance Code § 2501.003(4). All non-attorney employees of an attorney who perform any or all of the duties of an Escrow Officer are required to be licensed. Notwithstanding the foregoing a Direct Operation or Title Insurance Agent shall NOT permit an attorney to conduct the attorney's business in the name of the Direct Operation or Title Insurance Agent unless the attorney and all of the bona fide employees of the attorney who perform any or all of the duties of an Escrow Officer are licensed as Escrow Officers.

D. An attorney may become licensed as an Escrow Officer, in which case the attorney shall comply with all requirements of the Texas Insurance Code with regard to Escrow Officers and trust funds, as if the attorney were a Title Insurance Agent. All escrow accounts utilized by licensed Escrow Officers for closing transactions shall be subject to the audit requirements contained in Texas Insurance Code Chapter 2651 Subchapter D. An attorney licensed as an escrow officer must use a title agency escrow account to close title insurance transactions. The transaction must be closed in the title agent's name.

E. Neither the sole owner nor individual partners of a Title Insurance Agent, doing business as an Individual or Partnership, are required to be licensed as an Escrow Officer, only the employees of such Agents who perform any or all of the duties of an Escrow Officer. Each corporate officer and employee of a Title Agent, doing business as an Entity, who performs any or all of the duties of an Escrow Officer must obtain an Escrow Officer's license.

## **II. ISSUANCE**

To appoint an individual to act as Escrow Officer for any Title Insurance Agent/Direct Operation, the following forms must be filed with the Title Division of the Department:

A. An original application for Escrow Officer's license (Sections A and B).

1. Each application shall be completed in full before it is submitted to the Department.

2. The signature appearing on Section B of the application must be the signature of the Title Insurance Agent/Direct Operation.

B. Non-refundable license fee of \$35.00.

C. The proper Texas Escrow Officer's Schedule Bond or in lieu thereof a cash deposit or irrevocable letter of credit issued by a financial institution in this state insured by an agency of the United States Government (or securities approved by the Department), procured at the expense of the Title Insurance Agent/Direct Operation.

1.(a) The aggregate amount is to be determined by multiplying the number of Escrow Officers by \$5,000 but not exceeding \$50,000.

2.(b) The bond form will provide that the entire penal sum shall be applicable for losses caused by any one or all of the Escrow Officers covered by the obligation.

### **III. ADDITIONAL APPOINTMENTS**

The Department must be notified immediately whenever a Title Insurance Agent/Direct Operation or attorney licensed as an Escrow Officer employs an additional individual to act as Escrow Officer, and the following forms are required by the Department:

A. An original application for Escrow Officer's license having the same specifications as listed under ISSUANCE.

B. Non-refundable license fee of \$35.00.

C. An original rider or endorsement to the Texas Escrow Officer's Schedule Bond adding the individual to the schedule and increasing the penalty thereof by \$5,000 if necessary.

### **IV. CANCELLATION**

A. Whenever an individual ceases to act as Escrow Officer for any Title Insurance Agent/Direct Operation written notice shall be sent immediately to the Escrow Officer and to the Department with the following:

1. Completed notification of cancellation (reverse side of Certificate of License), or a sworn statement that the Certificate of License has been lost or misplaced and a written statement indicating the reason for cancellation and the date the cancellation is effective.

2. An original rider to the Texas Escrow Officer's Schedule Bond deleting the individual from the schedule and decreasing the penalty thereof by \$5,000, if necessary.

B. An escrow officer may voluntarily surrender his license at any time by giving notice to the Department and submitting their current, original escrow officer license or a sworn statement that the license has been lost or misplaced or he has been unable to obtain the original license from the Title Agent/Direct Operation.

C. The license will be cancelled by the Department upon receipt of the items in A.1 or B notwithstanding the receipt of an original rider to the Escrow Officer's Schedule Bond.

### **V. RENEWAL**

A. Escrow Officer licenses shall, on the date of expiration, be renewed pursuant to Texas Insurance Code §4003.002. Escrow Officer Licenses will be renewed with an expiration date to coincide with the expiration date of the license of the Title Agent/Direct Operation for which the Escrow Officer is licensed.

B. For all Escrow Officer Licenses renewed: Escrow Officer Licenses expire on the same date as the Title Insurance Agent /Direct Operation for which the Escrow Officer is licensed. To renew any license, on or before the expiration date of the license, the Title Insurance Agent/Direct Operation must submit the following to the Department on behalf of each Escrow Officer whose license is expiring:

1. The original Title Insurance Escrow Officer's License renewal form provided by the Department.

2. Non-refundable renewal fee of \$35.00. If a license is renewed for less than two (2) years the non-refundable renewal fee shall be prorated on a monthly basis.

C. Failure of a Title Insurance Agent/Direct Operation to submit any of the required renewal forms for any Escrow Officer on or before the expiration date of the license, results in automatic expiration of the respective license, and the proper rider to the Texas Escrow Officer's Bond will then be required.

D. If an Escrow Officer's License is expired for not longer than 90 days, the license may be renewed by submitting the renewal form and paying the required non-refundable renewal fee and a fee of one half (1/2) of the initial license fee.

E. If the Escrow Officer's License is expired for more than 90 days, the license may not be renewed. An original application for Escrow Officer's license must be submitted with the same requirements as listed under ISSUANCE.

## **VI. CHANGE IN EMPLOYMENT STATUS OF AN ESCROW OFFICER WHO REMAINS LICENSED WITH THE SAME TITLE AGENT OR DIRECT OPERATION**

Upon a change in the employment status of a licensed escrow officer with the same title agent or direct operation, joint written notification must be made to the Title Division of the Texas Department of Insurance by the licensed escrow officer, the title agent or direct operation and the employer attorney, if applicable, within fifteen (15) calendar days of the change in employment status. The written notification must be acknowledged and sworn to by the escrow officer, the title agent or direct operation and the employer attorney, if applicable.

## **VII. CHANGE OF RESIDENCE ADDRESS OF A LICENSED ESCROW OFFICER**

Upon a change in the residence address of a licensed escrow officer, written notification must be made to the Title Division of the Texas Department of Insurance by the

licensed escrow officer. Written notification may be by letter, fax, or e-mail and must include the new residence address as well as new residence phone number if applicable.

#### **VIII. CHANGE OF NAME OF A LICENSED ESCROW OFFICER**

Upon a change in the name of a licensed escrow officer, written notification must be made to the Title Division of the Texas Department of Insurance by the title insurance agent/direct operation. Written notification must be by letter and must include the new name and the reason for the name change, such as marriage or divorce. The written notification must be accompanied by the escrow officer's current, original license and an original rider for the Texas Escrow Officers Schedule Bond on file with this Department for the title agent/direct operation changing the escrow officer's name on the bond.

**Item 2008-54**

Amend the Texas Title Insurance Statistical Plan as follows:

1. Provide a Rate Code for the new Co-Insurance Endorsement (T-48).
2. Add reporting codes for the new personal property title insurance forms and endorsements and add a Note 6 to Table 1 concerning personal property title insurance transactions.
3. Add reporting codes for the new Texas Limited Coverage Residential Chain of Title Policy Form (T-53).
4. Add reporting codes for the new Minerals and Surface Damage Endorsements (T-19.2 and T-19.3).
5. Add new reporting codes for the Restrictions, Encroachments, Minerals Endorsement-Owner's Policies (T-19.1).
6. Add new reporting codes for Non-Imputation Endorsement (Mezzanine Financing) (T-24.1).
7. Add new reporting codes for Contiguity Endorsement (T-25.1).

The adopted changes are set forth in the Texas Title Insurance Statistical Plan attached hereto.

# TEXAS TITLE INSURANCE STATISTICAL PLAN

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# TEXAS TITLE INSURANCE STATISTICAL PLAN

## INTRODUCTION

The Texas Title Insurance Statistical Plan consists of six reporting schedules:

- Schedule S-1: A Transaction Report, which summarizes the revenues generated by each type of policy.
- Schedule S-2: A Reconciliation Report, which compares the revenues reported through the Statistical Plan with those reported through the Texas Title Insurance Income Exhibit.
- Schedule S-3: A Liability Distribution Report, which presents the distribution of numbers of policies written and total revenue raised according to the liability assumed in the underlying transaction.
- Schedule S-4: An Endorsement Report, which summarizes the revenues generated through each endorsement.
- Schedule S-5: A Special Charges and Credits Report, which gives an overview of the revenue impact of each special charge or credit.
- Schedule S-6: A Co-Insurance Report, which lists, for each risk co-insured by the reporting company, the transaction code, the name of each co-insuring company, the policy number of each co-insuring company, the liability assumed by each co-insuring company and the total liability assumed by all co-insuring companies.

In order to complete these reporting schedules, underwriting companies will maintain a Basic Statistical Record (BSR) for each Texas transaction, and will develop procedures for summarization of the BSR's according to the formats of Schedules S-1 through S-6.

The data items included in a BSR are set forth in Table 1 and its accompanying notes. Standard Texas codes for Transaction Type (BSR data item #4), Special Charge and Credit Types (BSR item #8), Endorsement Types (BSR item #10), and County of Property (BSR item #13) are presented in Tables 2 through 7. Numbers in square brackets ([ ]) on the Reporting Schedules refer to BSR data item #'s.

Co-insurance transactions included on schedules S-1 through S-5 should reflect experience of the reporting company only. A co-insurance policy is considered to be one transaction.



**TEXAS TITLE INSURANCE STATISTICAL PLAN**

**SCHEDULE S-2**

Company \_\_\_\_\_

Experience Period \_\_\_\_\_

RECONCILIATION REPORT

1.	Gross Revenue per Statistical Plan ([7] + [9] + [11])	
2.	Adjustments (itemize)	
3.	Gross Revenue per Texas Title Insurance Income Exhibit (sum of line 7 column G and line 20, columns A, B and D)	

**TEXAS TITLE INSURANCE STATISTICAL PLAN**

**SCHEDULE S-3**

Company \_\_\_\_\_

Experience Period \_\_\_\_\_

**LIABILITY DISTRIBUTION REPORT**

Note: Prepare a separate sheet for each transaction type and one sheet for all transaction types combined.

Transaction Type \_\_\_\_\_

Liability Range (\$000) [5]		Number of Transactions	Gross Revenue Excluding Special Charges and Credits And Endorsements [7]
More Than	But No More Than		
	0		
0 -	4.5		
4.5 -	10		
10 -	20		
20 -	30		
30 -	40		
40 -	50		
50 -	60		
60 -	70		
70 -	80		
80 -	90		
90 -	100		
100 -	200		
200 -	300		
300 -	400		
400 -	500		
500 -	1,000		
1,000 -	2,000		
2,000 -	3,000		
3,000 -	4,000		
4,000 -	5,000		
5,000 -	15,000		
15,000 -	25,000		
25,000 -	50,000		
50,000 -	75,000		
75,000 -	100,000		
Over 100,000			
ALL			



**TEXAS TITLE INSURANCE STATISTICAL PLAN**

**SCHEDULE S-5**

Company \_\_\_\_\_

Experience Period \_\_\_\_\_

**SPECIAL CHARGES AND CREDITS REPORT**

Special Charge Type [8]	Number of Charges	Revenue Received [9]
<b>TOTAL</b>		

Special Credit Type [8]	Number of Credits	Revenue Foregone [9]
<b>TOTAL</b>		



**TEXAS TITLE INSURANCE STATISTICAL PLAN**

**TABLE 1**

Minimum Acceptable Content of Basic Statistical Record

1. Transaction Identifier (See Note 1)
2. Date of income recognition
3. Effective Date of Liability
4. Transaction Type (See Note 2)
5. Total Liability
6. Amount of Liability on which rate other than basic rate charged (e.g., prior indebtedness on mortgage extensions)
7. Gross rate charged (excluding special charges or credits (See Note 3) and endorsements (See Note 4))
8. Special charge or credit type (repeat as needed)
9. Special charge or credit amount (repeat as needed)
10. Endorsement Type (repeat as needed)
11. Endorsement charge (repeat as needed)
12. State of property
13. County of Property (See Note 6)
14. Mode of issue (See Note 7)
15. Agent's or underwritten company's commission/retention amount
16. On Co-insurance policies:
  - (a) Name of each co-insuring company
  - (b) Policy number of each co-insuring company
  - (c) Liability assumed by each co-insuring company.

## TEXAS TITLE INSURANCE STATISTICAL PLAN

### NOTES TO TABLE 1

- Note 1: For the case of insurance policies, use your internal policy number; for other transactions, use the title order number or any other equivalent notation sufficient to identify this transaction to your files.
- Note 2: The transaction type designation must contain sufficient information to differentiate among different rates charged. Standard transaction codes for Texas operations are set forth in Table 2. Companies electing to use different codes for their internal purposes must convert them to this format for purposes of Statistical Plan reporting.
- Note 3: The Basic Statistical Record must record each special charge or credit separately. The special charge or credit type designation must contain sufficient information to identify all distinct charge and credit types. Standard codes for Texas operations are set forth in Table 3.
- Note 4: The Basic Statistical Record must record each endorsement separately, whether the modification of coverage is by an endorsement form attached to the policy or by a change on, or deletion in, the policy itself. Standard codes for Texas operations are set forth in Table 4.
- Note 5: The Basic Statistical Record must record each Insured Closing Service letter separately with sufficient information to identify the type of Insured Closing Service letter issued. (i.e. Lender or Purchaser/Seller) Standard codes for Texas operations are set forth in Table 5.
- Note 6: The Basic Statistical Record must record each policy, endorsement, or discount separately, relative to Personal Property Title Insurance Transactions. Standard Codes for Texas operations are set forth in Table 6.
- Note 7: Standard county codes for Texas operations are set forth in Table 7.
- Note 8: Transactions must be classified into one of the following five categories as to the source of business:
- a. Through a direct operation of the underwriter;
  - b. Through an owned or controlled agent or underwritten company;
  - c. Through an independent non-attorney agent or underwritten company;
  - d. Through an independent attorney agent;
  - e. Through an approved attorney.

**TEXAS TITLE INSURANCE STATISTICAL PLAN**

**TABLE 2**

Standard Transaction Codes for Texas Operations

Description of Transaction	Rate Rule Reference	Code
<i>Owner's Policies</i>		
Single Issue	R-3	1000
Single Issue (per S.B.I. Bulletin #120)		1001
Single Issue Pay-As-You-Go	R-2c	1005
Single Issue with Subsequent Improvements	R-3	1100
Single Issue at Contract Rate	R-10	1110
Single Issue Following Construction	R-20	1190
Single Issue U.S.A. (Forms T-6 or T-9)	R-17	7000
Single Issue U.S.A. (Form T-11)	R-3d	7050
<hr/>		
Simultaneous with Loan Policy (per S.B.I. Bulletin #120)		1002
Simultaneous with Loan Policy	R-5a	1200
Simultaneous with Loan that Exceeds Owner's	R-5a	1201
Simultaneous with Loan Pay-As-You-Go	R-5b	1205
Simultaneous with Loan that Exceeds Owner's Pay-As-You-Go	R-5b	1215
Simultaneous with Loan with Credit for Previous Owner's	R-5a or R-5b or R-5c	1230
Simultaneous with Warrantor's Policy	R-21	1250
Simultaneous with Loan Following Construction	R-20	1290
<hr/>		
Leasehold (Single Issue)	R-3a	1300
Leasehold Simultaneous with Owner's Policy	R-22	1350
Leasehold Pay As-You-Go (Single Issue)	R-2c	1305
Leasehold (Simultaneous Issue)	R-5a	1400
Leasehold Pay-As-You-Go (Simultaneous Issue)	R-5b	1405
Leasehold (Simultaneous Issue) Loan Exceeds Owner's	R-5a	1500
Leasehold Pay-As-You-Go (Simultaneous Issue Loan Exceeds Owner's)	R-5b	1505

**TABLE 2 (Continued)**

Standard Transaction Codes for Texas Operations

Description of Transaction	Rate Rule Reference	Code
<i>Loan Policies</i>		
Single Issue	R-4	3000
Single Issue Pay-As-You-Go	R-2a	3005
Single Issue Construction Loan (First Policy)	R-18	3010
Single Issue Construction Loan (Final Policy)	R-18	3011
Single Issue First Lien Policy	R-7	3200
Simultaneous with Owner's Policy	R-5a	3210
Simultaneous with Owner's Policy Pay-As-You-Go	R-5b	3215
Simultaneous with First Lien Policy	R-7	3220
Simultaneous when Loan Exceeds Owner's	R-5a	3250
Simultaneous when Loan Exceeds Owner's Pay-As-You-Go	R-5b	3255
Simultaneous with Owner's with Credit for Owner's	R-5a	3280
Simultaneous with Owner's Following Construction	R-20	3290
Limited Pre-Foreclosure Policy (T-98)	R-26	3295
Limited Coverage Junior Loan Policy (T-44)	R-27	3297
Leasehold (Single Issue)	R-4	3300
Leasehold Pay-As-You-Go (Single Issue)	R-2a	3305
Leasehold (Simultaneous Issue)	R-5a	3320
Leasehold Pay-As-You-Go (Simultaneous Issue)	R-5b	3325
Leasehold (Simultaneous Issue) Loan Exceeds Owner's	R-5a	3340
Leasehold Pay-As-You-Go (Simultaneous Issue) Loan Exceeds Owner's	R-5b	3345
Subsequent to Owner's Policy Excepting to Lien	R-6a	3230
Subsequent to Loan Policy	R-6b	3240
Insolvent Insurer Replacement Policy	R-6c	3241

**TABLE 2 (Continued)**

## Standard Transaction Codes for Texas Operations

Description of Transaction	Rate Rule Reference	Code
Substitution of Loan within One Year	R-8a	4001
Substitution of Loan within Two Years	R-8a	4002
Substitution of Loan within Three Years	R-8b	4003
Substitution of Loan within Four Years	R-8c	4004
Substitution of Loan within Five Years	R-8d	4005
Substitution of Loan within Six Years	R-8e	4006
Substitution of Loan within Seven Years	R-8f	4007
<b>Limited Coverage Policies</b>		
Texas Limited Coverage Residential Chain of Title Policy Combined Schedule (T-53) platted subdivision	R-35(1)	6000
Texas Limited Coverage Residential Chain of Title Policy Combined Schedule (T-53) not a recorded, platted subdivision	R-35(2)	6005
Texas Limited Coverage Residential Chain of Title Policy Combined Schedule (T-53) each additional 12-month period	R-35(3)	6010
<i>Non-Policy Transactions</i>		
<b>Interim Construction Loan Binder</b>		
Credit on Loan	R-13B(1)	0030
Credit on Owner's	R-13B(2)	0040
Original Year	R-13	8020
Each Subsequent Extension	R-13	8021

**TABLE 3**

## Standard Special Charge and Credit Codes for Texas Operations

Description of Transaction	Rate Rule Reference	Code
Charge for Additional Chains of Title	R-9	0010
Foreclosure Credit	R-14	0020
Credit for Commitment Premium	R-23	0050
Commitment to Texas Department of Transportation	R-23	8041
Commitment, Issued to F.D.I.C., O.T.S. and R.T.C.	R-25	8042

**TABLE 4**

## Standard Endorsement Codes for Texas Operations

Description of Endorsement	Rate Rule Reference	Code
<i>Endorsements which do not affect amount of Liability stated in policy</i>		
Down Date of Interim Construction Loan Binder (T-3)	R-11c	0100
Variable Rate Mortgage Endorsement (T-33)	R-11d	0140
Variable Rate Mortgage Endorsement for which there is no Charge	R-4	0141
Variable Rate Mortgage – Negative Amortization Endorsement (T-33.1)	R-11d	0142
Variable Rate Mortgage – Negative Amortization Endorsement for which there is no Charge	R-4	0143
<i>Endorsements which do not affect amount of Liability stated in Policy</i>		
Manufactured Housing (T-31)	R-11e	0150
Supplemental Coverage Manufactured Housing Unit Endorsement for Loan Policy (T-31.1)	R-11e	0151
Supplemental Coverage Manufactured Housing Unit Endorsement for Owner's Policy (T-31.1)	R-15	0152
Assignment of Mortgage (T-3)	R-11a	0211
Partial Release, Modification, etc. (T-38)	R-11b	0311
Balloon Mortgage Endorsement, Issued at same as Policy (T-39)	R-11h	0411
Correction - Other than Policy Amount (T-3)	No Charge	0400
Balloon Mortgage Endorsement, Issued subsequent to Policy (T-39)	R-11h	0412
Amendment of Survey Exception for T-1 (T-3 or deletion)	R-16	0500
Amendment of Survey Exception for T-1R (T-3 or deletion)	R-16	0501
Completion of Improvements and Survey (T-3)	R-15	0550
U.S.A. Policy Acquisition of Title (T-12)	R-17	0600
Amendment of Tax Exception (T-30, T-3 or deletion)	R-19	0700
Not Yet Due and Payable Tax Amendment	R-24	0710
Revolving Credit	R-11f	0800
EPA Endorsement (T-36)	R-11g	0810
Leasehold Owner's Policy Endorsement (T-4)	No Charge	0820
Residential Leasehold Endorsement (T-4R)	No Charge	0821
Leasehold Loan Policy Endorsement (T-5)	No Charge	0822
Limited Pre-Foreclosure Policy Down Date Endorsement (T-99)	R-26	0850

Equity Loan Mortgage Endorsement (T-42)	R-28	0875
Supplemental Coverage Equity Loan Mortgage Endorsement (T-42.1)	R-28	0876
Texas Reverse Mortgage Endorsement (T-43)	No Charge	0877
Limited Coverage Junior Loan Home Equity Line of Credit/ Variable Rate (T-46)	R-27	0878
Limited Coverage Junior Loan Down Date (T-45)	R-27	0879
Limited Coverage Junior Loan Additional Coverage (T-3)	R-27	0880
First Loss Endorsement (T-14)	R-11i	0881
Last Dollar Endorsement (T-15) (withdrawn from use January 1, 2010)	R-11j	0882
Loan Policy Aggregation Endorsement (T-16)	R-11k	0883
Planned Unit Development Endorsement (T-17)	R-11l	0884
Planned Unit Development Endorsement (T-17) issued on two or more policies issued simultaneously on the same land	R-11l	0887
Condominium Endorsement (T-28)	R-11m	0888
Restrictions, Encroachments, Minerals Endorsement on residential real property (T-19)	R-29A	0885
Restrictions, Encroachments, Minerals Endorsement on land which is not residential real property (T-19)	R-29B	0886
Restrictions, Encroachments, Minerals Endorsement - Owner's Policy (T-19.1) for a single issue policy on land which is residential property and no amendment of exception to area and boundaries is made	R-29C (new)	0897
Restrictions, Encroachments, Minerals Endorsement - Owner's Policy (T-19.1) for single issue policy on land which is residential and an amendment of exception to area and boundaries is made	R-29C (new)	0898
Restrictions, Encroachments, Minerals Endorsement - Owner's Policy (T-19.1) for a single issue policy on land which is not residential property and no amendment of exception to area and boundaries is made	R-29D (was R-29C)	0889
Restrictions, Encroachments, Minerals Endorsement - Owner's Policy (T-19.1) for a single issue policy on land which is not residential property and an amendment of exception to area and boundaries is made	R-29D (was R-29C)	0895
Minerals and Surface Damage Endorsement (T-19.2) for Owner's Policy on land which is for one-to-four family residential use of less than one acre or office, industrial, retail, mixed use retail/residential or multifamily purposes	R-29.1	0801
Minerals and Surface Damage Endorsement (T-19.2) for Loan Policy on land which is for one-to-four family residential use of less than one acre or office, industrial, retail, mixed use retail/residential or multifamily purposes	R-29.1	0802
Minerals and Surface Damage Endorsement (T-19.3) for Owner's Policy on land which is not for one-to-four family residential use of less than one acre or office, industrial, retail, mixed use retail/residential or multifamily purposes	R-29.1	0803

Minerals and Surface Damage Endorsement (T-19.3) for Loan Policy on land which is not for one-to-four family residential use of less than one acre or office, industrial, retail, mixed use retail/residential or multifamily purposes	R-29.1	0804
Access Endorsement (T-23)	R-30	0890
Non-Imputation Endorsement (T-24)	R-31	0891
Non-Imputation Endorsement (Mezzanine Financing) (T-24.1)	R-31	0805
Contiguity Endorsement (T-25)	R-32	0892
Contiguity Endorsement (T-25.1)	No Charge	0806
Additional Insured Endorsement (T-26)	R-33	0893
Assignment of Rents/Leases (T-27)	R-34	0894
Co-Insurance Endorsement (T-48)	No Charge	0896

<i>Endorsements which affect amount of Liability stated in policy</i>		
Correction of Policy Amount (T-3)	No Charge	0900
Down Date of Construction Loan Policy (T-3)	R-11c	0920
Down Date of Owner's Policy During Construction (T-3)	R-15	0940
Increased Value Endorsement (T-34)	R-3c	0960

## TABLE 5

Standard Insured Closing Service Codes for Texas Operations

Description of Transaction	Rate Rule Reference	Code
Lender Insured Closing Service (T-50)	No Charge	5000
Purchaser/Seller Insured Closing Service (T-51)	No Charge	5005

## TABLE 6

### *Standard Personal Property Title Insurance Transaction Codes for Texas Operations*

Description of Transaction	Rate Rule Reference	Code
Personal Property Title Insurance Owner's Policy (PPT-1)	PPT R-1	2000
Personal Property Title Insurance Lender's Policy (PPT-2)	PPT R-1	2001
Aggregation Endorsement (PPT-2.1)	PPT R-2	2002
Gap Endorsement (PPT-2.2)	PPT R-3	2003
Increase in Liability Endorsement (PPT-2.3)	PPT R-4	2004
Datedown Endorsement (PPT-2.4)	PPT R-5	2005
Change in Location of Debtor Endorsement (PPT-2.5)	PPT R-6	2006
Mezzanine Endorsement (PPT-2.6)	PPT R-7	2007
Assignment Endorsement (PPT-2.7)	PPT R-8	2008
Co-Insurance Endorsement (PPT-1.8/2.8)	PPT R-9	2009
Personal Property Title Insurance Search Policy (PPT-5)	PPT R-10	2010
Personal Property Title Insurance Filing Policy (PPT-6)	PPT R-11	2011
Personal Property Title Insurance Combined Search Policy (PPT-7)	PPT R-12	2012
Personal Property Title Insurance Lender's Policy (PPT-8)	PPT R-13	2013
Personal Property Title Insurance Owner's Policy (PPT-9)	PPT R-14	2014
Seller's Lien Endorsement (PPT-8.1)	PPT R-15	2015
Tax Lien Endorsement (PPT-8.2)	PPT R-16	2016
Mezzanine Endorsement (PPT-8.3)	PPT R-17	2017
Pledged Equity Endorsement (PPT-8.4)	PPT R-18	2018
Change of Name of Insured Endorsement (PPT-8.5)	PPT R-19	2019
Lender's Aggregation Endorsement (PPT-8.6)	PPT R-20	2020
Renewal Endorsement (PPT-8.7)	PPT R-21	2021
Waiver of Attorney Subrogation Rights Endorsement (PPT-8.8)	PPT R-22	2022
Springing Control Endorsement (PPT 8.9)	PPT R-23	2023
Post Policy Tax Lien Endorsement (PPT-8.10)	PPT R-24	2024
Borrower's Status Endorsement (PPT-8.11)	PPT R-25	2025
Post Policy Judgment Lien Endorsement (PPT-8.12)	PPT R-26	2026
Buyer's Aggregation Endorsement (PPT-9.1)	PPT R-27	2027
Pending Suites and Judgments Endorsement (PPT-9.2)	PPT R-28	2028
Increase in Tax Lien Coverage Endorsement (PPT-9.3)	PPT R-29	2029
Owner's Equity Ownership Endorsement (PPT-9.4)	PPT R-30	2030
Owner's Policy Insuring Clauses Endorsement (PPT-9.5)	PPT R-31	2031
Personal Property Title Insurance Owner's Policy (PPT-10)	PPT R-32	2032
Personal Property Title Insurance Lender's Policy (PPT-12)	PPT R-32	2033
Landlord's Lien Endorsement (PPT-12.1)	PPT R-34	2034
Lapse Endorsement (PPT-12.2)	PPT R-35	2035
Mezzanine Financing Endorsement (PPT-12.5)	PPT R-36	2036
Prior Owner's Endorsement (PPT-12.3)	PPT R-37	2037
Tie-in Endorsement (PPT-12.6)	PPT R-38	2038
Federal Tax Lien Endorsement (PPT-12.4)	PPT R-39	2039
Mixed Collateral Transactions Discount	PPT	2040

	R-33(a)	
Simultaneous Issue Discount	PPT R-33(c)	2041
Simultaneous Issue Discount	PPT R-14	2042
Simultaneous Rate Discount	PPT R-1	2043
Mixed Collateral Discount	PPT R-13	2044
Project or Portfolio Rate Discount	PPT R-13	2045
Mixed Collateral Discount	PPT R-1	2046

## TABLE 7

Standard County Codes for Texas

Anderson	001
Andrews	003
Angelina	005
Aransas	007
Archer	009
Armstrong	011
Atascosa	013
Austin	015
Bailey	017
Bandera	019
Bastrop	021
Baylor	023
Bee	025
Bell	027
Bexar	029
Blanco	031
Borden	033
Bosque	035
Bowie	037
Brazoria	039
Brazos	041
Brewster	043
Briscoe	045
Brooks	047
Brown	049
Burleson	051
Burnet	053
Caldwell	055

Calhoun	057
Callahan	059
Cameron	061
Camp	063
Carson	065
Cass	067
Castro	069
Chambers	071
Cherokee	073
Childress	075
Clay	077
Cochran	079
Coke	081
Coleman	083
Collin	085
Collingsworth	087
Colorado	089
Comal	091
Comanche	093
Concho	095
Cooke	097
Coryell	099
Cottle	101
Crane	103
Crockett	105
Crosby	107
Culberson	109
Dallam	111

Dallas	113
Dawson	115
Deaf Smith	117
Delta	119
Denton	121
De Witt	123
Dickens	125
Dimmit	127
Donley	129
Duval	131
Eastland	133
Ector	135
Edwards	137
Ellis	139
El Paso	141
Erath	143
Falls	145
Fannin	147
Fayette	149
Fisher	151
Floyd	153
Foard	155
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Jasper	241
Jeff Davis	243
Jefferson	245
Jim Hogg	247
Jim Wells	249
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Kenedy	261
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Stonewall	433
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Taylor	441
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Upshur	459
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Webb	479
Wharton	481
Wheeler	483
Wichita	485
Wilbarger	487
Willacy	489
Williamson	491
Wilson	493
Winkler	495
Wise	497
Wood	499
Yoakum	501
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