

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

<b>Coverage</b>	<b>Form</b>	<b>Procedural Rule</b>	<b>Rate Rule</b>	<b>Comparison/Comment</b>
Additional Advance	<u>T-2</u> (Mortgage Policy) Issue Mortgagee Policy for additional advance insuring mortgage as modified to extent it secures additional advance (except to mortgage otherwise)	None	<u>R-4</u> Issue Mortgagee Policy for amount or "loan(s) insured"	
Additional Insured	<u>T-1</u> : (Owner Policy) <u>T-1R</u> : (Texas Residential Owner Policy) <u>T-2</u> : (Mortgagee Policy) Show multiple insureds on policy (such as optionor/optionee, contract seller/buyer, lender/guarantor, collateral assignor/collateral assignee)	None. Bulletin 157 show on mortgagee allows to: "ABC Mortgage Company, 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 and Stipulations	<u>R-3</u> : "Owner policies shall be written to protect the estate or interest in the land ...." <u>R-4</u> : "All Mortgagee Policies shall be for the amount of the loan(s) insured." (Additional insured ok)	CLTA Endorsement 107.9 (Additional Insured) Not available in Texas.
Adjustable Mortgage Loan	<u>T-33</u> (Exhibit 1) Endorsement to Mortgagee Policy insures against loss of priority because of adjustments in interest rate.	<u>P-9.b(6)</u> Attach to adjustable mortgages	<u>R-11.d</u> \$20 <u>R-4</u> No charge if charges extra for mortgagee policy for 125% of loan.	ALTA Endorsements 6 (variable rate) & 6.2 (variable rate - negative amortization) not available in Texas
Apportionment Clause	Add clause to Schedule B of Owner Policy (T-1): "The liability of the Company, exclusive of the costs which the Company is obligated to pay under the Conditions and Stipulations of the Policy, shall not exceed the sum of \$_____ as to Parcel One of the land and shall not exceed the sum of \$_____ as to Parcel Two of the land."	T-1, Section 8 of Conditions and Stipulations "8. APPORTIONMENT. If the land described in Schedule A consists of two or more parcels that are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a	No additional charge	Deletion not allowed. In some states can delete or issue tie-in endorsement, so this clause will not apply.

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		pro rata basis as if the Amount of Insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy."		
Arbitration Deletion (from T-1 [Owner Policy] and T-2 [Mortgagee Policy])	Add clause to Schedule B of Owner Policy (T-1): "Section 14 of the Conditions and Stipulations of this Policy is hereby deleted." Add clause to Schedule B of Mortgagee Policy (T-2): "Section 13 of the Conditions and Stipulations of this Policy is hereby deleted."	<u>P-36</u> : Delete Arbitration Clause from Mortgagee Policy or Owner Policy (T-1) upon request before issuance of policy.	No additional charge	Arbitration not binding for Policy over \$1 million Policy or T-1R or individual.
Area and Boundary Amendment	<u>Endorsement Instruction VI</u> (or strike language) Deletes area and boundary exception, except "any shortages in area," since area is not insured.	<u>P-2</u> The company must be forwarded an acceptable current survey (no time limit or definition). Survey 7 years or less on residential refinance must be accepted	<u>R-16</u> 15 percent of basic rate for owner Policy; no charge for Mortgagee Policy or Binder.	New surveys generally not required in other states.

**Title Insurance - Current Developments in Texas,  
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		with affidavit. STGC will accept prior survey of any date and affidavit on (1) Residential loans, including purchase money, refinance, and home equity, and (2) Residential owner policy (T-1R), and (3) Commercial owner or mortgagee policy up to \$5 million.		
Assignment Endorsement	<u>Endorsement Instruction III</u> (Exhibit 2) Endorsement to Mortgagee Policy insures assignment and down dates policy and downdates tax coverage. Endorsement "shall be effective when the note or notes secured by the lien insured have been delivered to the Insured named herein."	<u>P-9.b(1)</u> Assign to FNMA, GNMA, VA, or HUD (any property) can show current owner. <u>P-9.b(2)</u> Except one-to-four family residential property, assign to other persons (cannot issue if one-to-four family)	<u>R-11.a</u> Minimum basic premium rate (\$270) or 50% of premium for original Mortgagee Policy, whichever is less.	ALTA Endorsements 10 and 10.1 (Assignment and Downdate) not available.
Balloon Mortgage Endorsement	<u>T-39</u> (Exhibit 3) Endorsement to Mortgagee Policy insures against loss because of invalidity, unenforceability, or loss of priority of insured lien because of Conditional Right to Refinance.	<u>P-9.b(10)</u> Attach if mortgage covers residential real property and contains balloon rider.	<u>R-11.h</u> \$25 \$50 if issued after policy	Similar to ALTA negotiated balloon mortgage endorsement but not limited to Fannie Mae rider.
Binder (Mortgagee Title Policy Binder on Interim Construction Loan T-13)	<u>T-13</u> Commitment on loan for construction which does not commit to insure priority over mechanic's liens or access and which is effective one year unless extended.	<u>P-16</u> Issue on interim construction loan before completion, but can include purchase and refinance advances.	<u>R-13</u> Minimum policy basic premium rate (\$270) but credit available in one year on one-to-four family (1/2 of premium paid) on full refinance or	ALTA Construction Loan Policy not available in Texas.

**Title Insurance - Current Developments in Texas,  
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			on an Owner Policy.	
Certificate of Title (U.S.A.)	<u>T-6</u> A title certificate certifying that a "thorough" search was made and that title is indefeasibly vested.	<u>R-17</u> May be issued to U.S.A. before acquisition of title in amount designated by U.S.A. Upon acquisition, a final certificate of Title may be issued to U.S.A.	<u>R-17</u> Basic rate. Final certificate is basic rate less prior rate paid.	ALTA U.S.A. Policy (1991) not available in Texas.
Certificate of Title for Easement (U.S.A.)	<u>T-9</u> A title certificate certifying that a "thorough" search was made and that insures valid title to an easement was vested of record.	<u>R-17</u> May be issued to U.S.A. before acquisition of easement in amount designated by U.S.A. Upon acquisition of easement, a final certificate of title easement may be issued to U.S.A.	<u>R-17</u> Basic rate. Final certificate is basic rate less prior rate paid.	ALTA U.S.A. Policy (1991) not available in Texas.
Coinsurance	<u>Add Clause to Schedule B:</u> "This policy is issued contemporaneously with Policy No. ____ of (Name of Title Insurance Company(ies) for \$____. The liability of the company hereunder is hereby limited to (proportion) of any loss, but said liability shall not exceed the face amount of this Policy."	<u>P-6</u> Add promulgated clause to each policy if two or more insurers. No joint liability.	<u>P-6</u> Basic charge (unless other credit applies) for each policy. If total of policies exceeds \$15,000,000, calculate as one policy charge and divide among title insurers.	"Me-too" Endorsement not available in Texas. <u>Joint</u> liability (e.g. for \$5 million) not available in Texas.
Commitment for Title Insurance	<u>T-7</u> A commitment is effective for 90 days.	<u>P-18</u> Delivery of commitment for Owner Policy on residential real property or an Owner Policy not to exceed \$300,000 is required. <u>P-15</u> Commitment to OTS or	<u>R-12</u> No charge <u>R-25</u> Commitment to FDIC or OTS if no contract is premium for \$25,000 (\$390).	In some states commitments are effective for six months.

**Title Insurance - Current Developments in Texas,  
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		FDIC must be for \$25,000 and for one year if no contract of purchase and sale. Generally commitments are issued to proposed buyer.		
Commitment for Texas Department of Transportation (TxDOT)  (Owner Title Policy Commitment for Eminent Domain Proceedings to TxDOT)	<u>T-20</u> Commitment to State of Texas has no time limit.	<u>P-14</u> Issue to TxDOT only.	<u>R-23</u> \$200 with credit for policy in three years.	
Completion Endorsement	<u>Endorsement Instruction II</u> (Exhibit 4) Endorsement to Owner Policy or Mortgagee Policy upon completion of improvements provides mechanic's lien coverage.	<u>P-8</u> Issue upon completion of improvements, owner's acceptance, and satisfactory evidence of payment of bills.	No charge.	Texas Mortgage Policies do not insure priority during construction.
Contiguity	Describe perimeters of aggregate parcels or state: "Any adverse right, claim or interest to strips, gores or tracts of land between tract ___ and tract ___. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is	<u>P-39(b)</u> Insure against possible defects by exception and express insurance.	No charge	CLTA Endorsement 116.4 (Contiguity) not available in Texas. (See Exhibit 5.)

**Title Insurance - Current Developments in Texas,  
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	brought against the Insured to enforce said rights as to the land."			
Correction Endorsement	<u>T-3</u> Use appropriate language for corrections.	<u>Endorsement Instruction IV</u> Issue to correct typographical error, omission, or addition relating to facts existing at date of policy.	No charge.	
Covenants	Describe covenants or "Rights and privileges" of document in Schedule A as insured estate or interest.	<u>R-3</u> Issue Owner Policy "to protect the estate or interest in the land... ."	<u>R-3</u> Applicable rate for Owner Policy	CLTA Endorsements 124.1, 124.2 and 124.3 (insuring covenants) not available in Texas.
Creditors' Rights	Exclusion may not be deleted for current transaction. Policy may be issued without exception or with express insurance as to prior transaction issue. Example: "Any claim that the (deed/mortgage) from _____ to _____ recorded _____ was a fraudulent transfer or conveyance. Company insures the insured against loss, if any, sustained by the insured under the terms of this policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that divests the insured of its interest as insured because of this right, claim, or interest. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to divest the insured of its interest as insured because	<u>P-39(b)</u> Insure against possible defects by exception and express insurance.	No charge.	Cannot delete Creditors' Rights Exclusion in Texas. Can be deleted in some other states.

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	of this right, claim, or interest."			
Defects in Title	<p>Insure against defects in owner or mortgage policy or binder by exception (e.g., to option, lis pendens, contract, or deed) and express insurance: "Adverse right, claim, or interest in title to the land reflected by (deed/lis pendens/ option, etc.). Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that divests the insured of its interest as insured because of this right, claim, or interest. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to divest the insured of its interest as insured because of this right, claim or interest."</p> <p><u>Or</u></p> <p>"Company insures the insured against loss, if any, by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the Insured in accordance with the terms of this Policy if suit is brought against the Insured to enforce said rights as to the land."</p>	<p><u>P-39(b)</u></p> <p>Insures against possible defects by exception and express insurance.</p>	No charge.	

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Downdate to Binder	<u>Endorsement Instruction VII</u> (Exhibit 6) Basically a record downdate.	<u>P-9.b(4)</u> May be issued upon request in connection with construction advances.	<u>R-11.c</u> \$50	
Downdate to Mortgage Policy	<u>Endorsement Instruction V</u> (Exhibit 7) Basically a record down date on a construction loan covered by a Mortgagee Policy with P-8 exceptions.	<u>P-9.b(4)</u> May be issued upon request in connection with construction advances.	<u>R-11.c</u> \$50	No general downdate in Texas on construction.
Downdate to Owner Policy	<u>Endorsement Instruction VIII</u> (Exhibit 8) Basically a record downdate during construction on Owner Policy with P-8 exceptions.	<u>P-9.a(3)</u> May be issued upon request in connection with construction costs.	<u>R-15</u> \$50	
Easements - encroachments	"Encroachment by _____ on or into that easement recorded in _____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that orders the removal of this improvement because it encroaches over or into _____. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to require the removal of this improvement because it encroaches as herein stated."	<u>P-39(a)</u> May insure against encroachment if amend area and boundary exception based on current survey.	<u>P-39(a)</u> Charge is cost of amendment of area and boundary exception (15% basic premium on owner Policy; no cost on Mortgagee Policy or Binder)	Encroachment coverage by CLTA 100 (Comprehensive) (Exhibit 9), 103.1 (Damage by Easement) (Exhibit 10), 103.3 (Removal of Easement Encroachment), 103.6 (Exhibit 11) (Easement Encroachment) (Exhibit 12) and in ALTA 9 (Exhibit 13) ALTA 9.1 (Exhibit 14), ALTA 9.2 (Exhibit 15) not available in Texas.



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Easements - insurance against enforcement	"Any right of use or maintenance of the easement referred to in paragraph ___ over or through the land. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the Insured in accordance with the terms of this Policy if suit is brought against the Insured to enforce said rights as to the land."	<u>P-39(b)</u> Insure against possible defects (such as easements not in use).	No charge	Encroachment coverage by CLTA 100 (Comprehensive) (Exhibit 9), 103.1 (Damage by Easement) (Exhibit 10), 103.3 (Removal of Easement Encroachment) (Exhibit 11), 103.6 (Easement Encroachment) (Exhibit 12) and in ALTA 9 (Exhibit 13) ALTA 9.1 (Exhibit 14), ALTA 9.2 (Exhibit 15) not available in Texas.
Easements - insurance that easement provides access to street	The policy can insure the appurtenant easement as "an easement for ingress and egress to and from a public street known as _____."	None (description of land)	No charge	CLTA Endorsements 103.4 (Exhibit 16), and 103.7 (Exhibit 17) not available in Texas.
Easements - abutter's rights	The described land may include "together with abutter's rights of access to and from the physically open street known as _____."	None (description of land)	No charge	CLTA Endorsements 103.4 (Exhibit 16), and 103.7 (Exhibit 17) not available in Texas.
Easements - lack of access	Except in Owner Policy (T-1): "Lack of right of access to and from the land. Insuring provision number 4 is hereby deleted."  Except in Mortgagee Policy (T-2): "Lack of a right of access to and from the land. Insuring provision number 3 is hereby deleted."  Except in Residential Owner	<u>P-37</u> Except to lack of access if not satisfied as to insurability	No charge	

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	<p>Policy (T-1R): "Lack of a right of access to and from the land. Company deletes the insurance of access under covered title risks."</p> <p>Binder requires "satisfactory evidence of legal right of access to and from the land."</p>			
<p>Encroachments (over private setback line; over public building line; over easement; over property line)</p>	<p>"Encroachment by _____ over the _____ (property line of the land/easement described in ____/____ building line set forth in ____). Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that orders the removal of this improvement because it encroaches over or into _____. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to require the removal of this improvement because it encroaches as herein stated."</p>	<p><u>P-39(a)</u> Insure against encroachment if amend area and boundary exception. Based on current survey.</p>	<p><u>P-39(a)</u> Charge is cost of amendment of area and boundary exception (15% basic premium on owner policy; no cost on mortgagee policy or binder).</p>	<p>CLTA Endorsement 100 (Exhibit 9), ALTA Endorsements 9 (Exhibit 13), 9.1 (Exhibit 14), 9.2 (Exhibit 15) not available in Texas.</p>
<p>Environmental Protection Lien Endorsement</p>	<p><u>T-36</u> (Exhibit 18) Unless excepted, this endorsement to the Mortgagee Policy insures against current recorded environmental</p>	<p><u>P-9.b(9)</u> May be issued on land used or to be used for primarily residential purposes and is not limited to one-to-four family land (e.g., may be</p>	<p><u>R-11.g</u> \$50</p>	<p>T-36 is same as ALTA 8.1 Endorsement, issued in all states.</p>

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	protection liens and against priority of future recorded environmental protection liens pursuant to existing state statutes (e.g., "superliens")	used on unimproved land and apartments). Cited exceptions are approved by FNMA.		
Exceptions - Special	Exceptions developed from examination, inspection, or closing.	<u>P-5</u> Special exceptions are permissible	No charge.	
Exceptions - General	<p>1. Restrictions</p> <p>2. Area and boundary (see area and boundary heading)</p> <p>3. Marital rights on Owner Policy</p> <p>4. Water, rivers, and tidelands on Owner Policy</p> <p>5. Taxes (see taxes heading)</p>	<p>1. <u>P-4, P-39(b)</u> Restrictions may be deleted or express insurance may be provided as to specific restrictions.</p> <p>2. <u>P-2</u> May be amended with current survey. P-39(a) express insurance.</p> <p>3. No authority to delete or provide express insurance on Owner Policy (P-39(b) relates to special exceptions only)</p> <p>4. No authority to delete or provide express insurance on Owner Policy.</p>	<p>1. No charge.</p> <p>2. R-16, 15% of basic premium for owner policy; no charge for binder or mortgagee policy</p> <p>3. Not applicable</p> <p>4. Not applicable</p>	See CLTA Endorsement 100 (Exhibit 9), ALTA Endorsements 9 (Exhibit 13), 9.1 (Exhibit 14), 9.2 (Exhibit 15), which are not available in Texas.
Extension of Binder	<u>Endorsement Instruction I</u> (Exhibit 19) Extends binder for six months; may be issued six times (so that	<u>P-16</u> Extensions may be issued after completion of improvements.	<u>R-13</u> \$25	

**Title Insurance - Current Developments in Texas,  
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	binder may be effective up to four years). Extension does not downdate binder.			
First Loss	Allows recovery on loan policy without required foreclosure on other land or acceleration. Not available in Texas.	None.	None.	Available on commercial transactions in many states (See Exhibit 20) but not available in Texas.
Home Equity (Equity Loan) Endorsement	<u>T-42</u> (Exhibit 21) May provide 6 insuring provisions relating to other recorded home equity mortgages, agricultural tax assessment, closing within 1 year of a prior home equity, disclosure that home equity, and closing at title company.	P-44 The T-42 Endorsement must be attached if the loan is a home equity loan. Closing must occur at title company to provide paragraph 2(f).	R-28.A 10% of basic rate.	
Home Equity (Supplemental Coverage Equity Loan Mortgage) Endorsement	<u>T-42.1</u> (Exhibit 22) Provides 11 insuring provisions relating to non-homestead collateral, home equity loans on other land, and documents executed at title company.	P-47 The T-42.1 endorsement is optional. Paragraphs 1(a)-1(h) must be deleted if note and mortgage not signed at title company.	R-28.B 15% of basic rate.	
Immediately Available Funds Procedure Agreement (Good Funds)	<u>T-37</u> Three-party agreement of financial institution (e.g., mortgage company), title company (issuing agent or direct operation), and federally insured lender that established financial institution check as good funds.	P-27 Checks issued in compliance with T-37 are good funds and disbursements can be made.	No extra charge.	
Increase Mortgagee Policy	Blank endorsement form (T-3) or new policy may be issued to include negative amortization	<u>R-4</u> Issue policy to include interest; endorse or reissue	<u>R-4</u> Basic rate for difference, but no charge if	

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	(original policy can include interest) up to 25% of principal per R-4.	to include negative amortization, up to 25% of principal.	Mortgage Policy does not exceed owner Policy.	
Increased Owner Policy	<u>T-1, T-1R</u> Reissue new Owner's Policy after improvements added		<u>R-3</u> Any title company may reissue after improvements added with credit for prior policy	
Increased Value Endorsement	<u>T-34</u> (Exhibit 23) Endorsement to Owner Policy (either T-1 or T-1R) increasing amount of insurance, but does not change policy date or insure against matters created or known by insured.	<u>P-9.a(2)</u> Title company must be "satisfied" as to current value, but discretion is left to the title company.	<u>R-3.c</u> Basic rate less prior premium paid, but no less than minimum policy basic premium rate (\$270).	
Insured Closing Service to Lender	Letter to lender protecting against settlement funds loss due to failure of named licensed agent to comply with closing instruction or loss of such funds due to fraud or dishonesty of the licensed title insurance agent.	<u>Article 9.49</u> (Insurance Code) Allows to issue promulgated form to lender. Commissioner is to promulgate a form for seller and buyer if sales price exceeds Guaranty Fund protection (\$250,000).	<u>Article 9.49</u> Allows no charge to lender; commissioner may, in his or her discretion, promulgate charge for letter to seller or buyer. No charge has been promulgated.	
Insured (Under) Owner Policy	No endorsement to extend to successors. Section 1(a) of Conditions and Stipulations of Owner Policy (T-1) and section 2 of Conditions of Residential Owner Policy (T-1R) cover some successors.	No rule	Not applicable.	Fairway Endorsement (Exhibit 24). Not available in Texas.
Insured Lender	Bulletin 157 authorizes title company to name insured as	None, except P-7 which authorizes a mortgagee	No charge.	

**Title Insurance - Current Developments in Texas,  
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	<p>"ABC mortgage Company and each successor in ownership of the indebtedness secured by the insured mortgage, except a successor who in an obligor under the provisions of Section 12(c) of the Conditions and Stipulations." Other language is not authorized except on VA and HUD loans.</p>	<p>policy to include VA or HUD as additional insureds.</p>		
<p>Insuring Around</p>	<p>Insured must consent in writing to insure around liens pursuant to P-11. P-39(c) provides: (c) <u>Liens</u></p> <p>(1) If Company intends to provide insurance against an enforceable lien, it shall comply with P-11. If Company then determines to issue without exception to a lien pursuant to P-11b(1), (4), (5), (6), (7), it may show the lien in Schedule B of the Policy and then may state: "Exception No. _____ is hereby deleted. Company provides insurance as to said lien in accordance with the terms of this Policy."</p> <p>(2) If Company then determines to issue with exception to the lien after otherwise complying with P-11, it may, pursuant to Procedural Rule P-5, show the</p>	<p>P-11 authorizes insuring around in some cases.</p> <p>P-39(c) authorizes express insurance against liens if comply with P-11.</p>	<p>No charge.</p> <p>No charge.</p>	

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Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>lien in Schedule B and may state one of the following:</p> <p>(a) If the Lien may only be foreclosed judicially: "Company insures the Insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that orders foreclosure of said lien on the land. Company agrees to provide defense to the Insured in accordance with the terms of this Policy if suit is brought against the insured to foreclose said lien on the land."</p> <p>(b) If the lien may be foreclosed nonjudicially: "Company insures the Insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a foreclosure of said lien on the land. Company agrees to provide defense to the Insured in accordance with the terms of this Policy if suit is brought against the insured to foreclose said lien on the land and to take action in accordance with the terms of the policy if the holder of the lien commences a foreclosure action based on said lien." The provisions of this Rule shall not modify or diminish the</p>			

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	requirements of P-11.			
Last Dollar (Exhibit 25)	<u>STG Form</u> Issue with Loan Policy, where loan exceeds policy amount, so coverage not end before payoff. Not available in Texas.	None	None	Issued on loan policy in some states on commercial transactions. Not available in Texas
Leasehold Mortgage Policy Endorsement (Exhibit 27)	<u>T-5</u> Defines leasehold estate (right to possession for described term or terms), subject to lease provisions limiting right of possession (e.g., default); provides computation formula and additional reimbursable moving and other expenses.	<u>P-9.b(5)</u> Must be issued on Mortgagee Policy covering leasehold estate; policy must except to "all terms, provisions, and conditions of said lease" (Schedule B presumable already does so). Not designed for timber "lease" or other interests in nature of profit a prendre.	No additional charge.	In some other states, insureds do not accept this endorsement.
Leasehold Owner Policy Endorsement (Exhibit 27)	<u>T-4</u> Defines leasehold estate (right to possession for described term or terms, subject to lease provisions limited right of possession, e.g., default); provides computation formula and additional reimbursable moving and other expenses.	<u>P-9.a(1)</u> Must be issued on (regular) Owner Policy (T-1) covering leasehold estate; policy must except to "all of the terms, provisions, and conditions of said lease" (Schedule B preamble already does so). Not designed for timber "lease" or other interest in nature of profit a prendre.	No additional charge.	In some other states, insureds do not accept this endorsement
Leasehold Endorsement to Residential Owner Policy (Residential Leasehold Endorsement) (Exhibit 28)	<u>T-4R</u> Residential Leasehold Endorsement defines leasehold estate (right to possession for described term or terms), subject to lease provisions limited right of possession (e.g., default); provides computation formula	<u>P-9.a(1)</u> Must be issued on Residential Owner Policy (T-1R) covering a leasehold estate; policy must except to "all of the terms, provisions, and conditions of said lease."	No additional charge.	



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Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	and additional reimbursable moving and other expenses.			
Location	There is no endorsement available in Texas. Paragraph 2 of Schedule B (the area and boundary exception) may be amended. Schedule A may insure fee simple in the "land" (which includes improvements). The title company also could describe any improvements thereon known as _____ (address).	Not applicable (description of land)	No charge.	The CLTA Endorsement 116 (Exhibit 29) insures as to location and improvements. It is not available in Texas.
Manufactured Housing Endorsement (Exhibit 30)	<u>T-31</u> Endorsement to Mortgagee Policy includes specific manufactured housing unit in definition of (insured) land (policy does already if a fixture or if referred to in Schedule A).	<u>P-9.b(7)</u> May be issued if it is affixed to land as part of real property (generally where title is cancelled)	<u>R-11.e</u> \$20 plus expenses of company (e.g., survey and/or inspection (P-9.b(7))).	Similar to ALTA Endorsement 7.
Mechanic's Liens	Paragraph 6 of the Mortgagee Policy insuring provisions insures against "lack of priority of the lien of the insured mortgage over any statutory or constitutional mechanic's, contractor's, or materialman's lien for labor or material having its inception on or before Date of Policy." On an Owner Policy during construction or a construction loan insured by a Mortgagee Policy, the policy must add "any and all liens arising by reason of unpaid bills or claims for work performed or materials furnished in connection	<u>P-8</u> Exception during construction.  <u>P-39</u> Express insurance not allowed, since P-39 allowed only with P-5 special exceptions.	No charge for issuance with or without exception	Insurance of priority during construction can be given in some other states, but not in Texas.

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	with improvements placed, or to be placed, upon the subject land. However, the Company does insure the Insured against loss, if any, sustained by the Insured under this Policy if such liens have been filed with the County Clerk of _____ County, Texas, prior to the date hereof."			
Minerals	(Express Insurance) "Any right to use the surface of the land for the extraction or development of the minerals shown as exception ___ in Schedule B. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the Insured in accordance with the terms of this policy if suit is brought against the Insured to enforce said rights as to the land."  The policy may be issued without exception to a mineral interest or the policy may actually insure the mineral interest with underwriter approval. There is no prohibition in Texas against insuring mineral interests although it is not commonly done.	<u>P-39(b)</u> Authorizes express insurance against defects that are special exceptions.	No charge.	In many states (but not Texas) an endorsement (such as ALTA 9 or CLTA 100.29) covers this issue.
Modification Endorsement	<u>T-38</u> (Exhibit 31)	<u>P-9.b(3)</u> Do not issue if instrument	<u>R-11b</u> \$100 plus \$10 for each	ALTA Modification Endorsement 11 and CLTA

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>Endorsement to Mortgagee Policy on partial release, release of additional collateral, modification agreement, reinstatement agreement, or release from personal liability; does not downdate policy or insure validity of described instrument; simply waives any claim of coverage termination or that coverage "reduced." Policies issued before 3/1/83 continue to contain time limit (original maturity plus statute of limitations). A policy may insure a modification of the lien by description in Schedule A.</p>	<p>grants lien or power of sale, if debt is evidenced by "new promissory note" (restated note not okay; however, extensive amendments are okay), if new principal debt except accrued interest or advances per original mortgage, or if cross collateralization (but separate mortgage okay).</p>	<p>12-month period after first year of mortgagee policy (never to exceed 50 percent of policy, but this won't occur).</p>	<p>Endorsement 110.5 are not available in Texas.</p>
<p>Mortgage Policy of Title Insurance</p>	<p><u>T-2</u> This policy is a modified ALTA Loan Policy (10/17/92) with revisions, including a different mechanic's lien insuring provision (consistent with Texas law); insurance of good and indefeasible title (instead of marketability of title, which is excluded); a definition of "access"; and incorporation of Art. 9.57 requirements relating to claims.</p>	<p><u>R-4</u> Policy shall be for amount of loan or value of land. May include additional amount (up to 25 percent) reflecting interest.</p>	<p><u>R-2</u> Pay as you go on construction loan over \$5 million. <u>R-4</u> Charge basic rate unless a special rate. <u>R-5.A</u> Simultaneous issue of Mortgagee Policy for \$100 if not greater than Owner Policy and no additional land. <u>R-5.B</u> Mortgagee Policy on construction over \$5 million and Owner Policy as simultaneous \$100 policy if Owner</p>	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

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			<p>Policy not greater and Owner Policy covers no additional land.  <u>R-6.a</u>                      50 percent credit on purchase money mortgage on prior Owner Policy.  <u>R-6.b</u>                      30 percent credit if prior Mortgagee Policy.  <u>R-6.c</u>                      50 percent credit if failed title company policy.  <u>R-7</u>                      Simultaneous Mortgagee Policies (total + \$5 each additional policy).  <u>R-8</u>                      Refinance credit if within 7 years (15 to 40 percent credits).  <u>R-9</u>                      Additional chain of title for \$270.  <u>R-18</u>                      Refinance of construction loan for \$270 if not greater amount.</p>	
Multiple Liens	The Texas Rules do not prohibit the insurance of multiple liens on one policy. A policy may insure a mortgage to the extent it secures specific indebtedness and except to that mortgage to the extent it secures other	<u>R-4</u> Recognizes that the policy may relate to multiple loans.	<u>R-9</u> Additional chains may exist (at minimum promulgated rate).	Pari Passu Endorsement sometimes issued in other states.

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	indebtedness. It may also except to a lien of equal or higher priority as well.			
Nonmerger	Mortgagee Policy may be issued. If Mortgagee Policy is issued, the policy may state "Any claim of invalidity, unenforceability or lack of priority of the lien of the insured mortgage because of that deed (the deed in lieu) from _____ to _____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of a final, nonappealable judgment of a court of competent jurisdiction that divests the insured of its interest as insured cause of this right, claim, or interest. Company agrees to provide defense to the insured in accordance with the terms of this policy if suit is brought against the insured to divest the insured of its interest as insured because of this right, claim, or interest."	<u>P-39(b)</u> Express insurance against defects in title.	No charge.	Nonmerger Endorsement sometimes issued in other states.
Option/Refusal	The exception to right of first refusal applying to subdivision sales may simply except to right of first refusal as to future transactions or separate exception may be made. For example: "Right of first refusal to purchase the unit and its common elements which was exercised or could have been exercised at	<u>P-39(b)</u> Allows express insurance against defects.	No charge.	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>Date of Policy pursuant to ____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p>			
<p>Owner Policy of Title Insurance</p>	<p><u>T-1</u> This policy is a modified ALTA Owner's Policy (10/17/92) with revisions, including an added mechanic's lien insuring provision (consistent with Texas law); insurance of good and indefeasible title (instead of marketability of title, which is excluded); a definition of "access"; and incorporation of Article 9.57 requirements relating to claims.</p>	<p><u>P-1.bb</u> Defines the T-1 and T-1R</p> <p><u>P-38</u> Only the Residential Owner Policy (T-1R) may be issued on residential real property: (if insured is natural person). The Owner Policy (T-1) shall be issued in other cases.</p> <p><u>R-3</u> Issue the Owner Policy for sales price or value; it may include cost of contemplated improvements.</p>	<p><u>R-2</u> Pay as you go on construction if policy is \$5 million or more.</p> <p><u>R-2</u> Pass through credit if simultaneous close on same land with consent.</p> <p><u>R-3</u> Owner Policy is basic premium for rentals, value, or sales price and may include contemplated improvements.</p> <p><u>R-5.A</u> Reissue credit if prior Owner Policy within four years and current policy to same owner has P-8 exceptions.</p>	<p>The Texas policies, unlike forms available in other states, do not insure against unmarketability of title. However the coverage of "good" title and against defects renders the distinction slight.</p>

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
			<p><u>R-5.B</u> Owner policy on construction for \$5 million or more is \$100 (plus higher rate for excess over Mortgagee Policy) if simultaneous issue. Credit available for prior Owner Policy without time limit.</p> <p><u>R-9</u> Additional chain charge is \$270.</p> <p><u>R-20</u> Owner Policy reissue within one year after completion of improvements if prior owner policy for \$5 million or more with P-8 exceptions.</p> <p><u>R-21</u> Simultaneous issue to seller and buyer with second policy for 30 percent of basic rate or \$270, whichever is greater.</p> <p><u>R-22</u> Simultaneous issue to owner and lessee with second policy for 30</p>	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
			percent of basic rate or \$270, whichever is greater.	
Owner Policy Rejection Form	Disclose that the mortgagee policy does not protect the owner and disclose the additional cost of the owner policy.	<u>Article 9.55 Insurance Code</u> Must be secured on improved residential real property if Mortgagee Policy issued on sale, no matter where closed.	None.	
Owner Policy U.S.A. (Policy of Title Insurance (U.S.A.))	<u>T-11</u> Insures against defects, liens or encumbrances and that title is vested as stated, subject to "matters not of record."	<u>R-17</u> Upon acquisition of title by U.S.A. an endorsement may be issued. An additional paragraph may be added (action or notice to or by Postal Service if Postal Service is insured). <u>P-33</u> Policy may add Texas Natural Research Laboratory Commission or U.S.A. as their interests may appear, until September 1, 2000; now irrelevant	<u>R-17</u> Basic rate with credit for prior policy before acquisition.	The ALTA U.S. Policy form (1991) is not available in Texas.
Pre-foreclosure (Limited Pre-foreclosure Policy)	<u>T-40</u> Insures against matters recorded after foreclosing mortgage and general liens.	<u>P-43.A</u> Issue if prior mortgage policy (can be assumed) and loan in default. No commitment or direct issue split.	<u>R-26.B</u> 40% of basic rate for amount of policy, but no less than \$270	Trustee's Sale Guarantees are available in many western states.
Pre-foreclosure Downdate (Limited Pre-Foreclosure Policy Downdate Endorsement)	<u>T-41</u> (Exhibit 32) Downdates limited pre-foreclosure policy as to subsequent recorded matters except taxes.	<u>P-43.B</u> Issue no more than 4 downdates within 24 months of Limited Pre-Foreclosure Policy.	<u>R-26.D</u> \$50	



**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
Purchaser/Seller Insured Closing Service Letter	Letter to Purchaser or Seller protecting against settlement funds lost due to fraud or dishonesty of the licensed title insurance agent to extent loss exceeds \$250,000 and only if transaction exceeds \$250,000.	<u>Article 9.49 Insurance Code</u> Provides that Commissioner is to promulgate a form for seller and buyer if sales price exceeds Guaranty Fund protection (\$250,000). Code allows to issue separate promulgated form to lender.	<u>Article 9.49</u> Authorizes Commissioner in his or her discretion to promulgate charge for letter to seller and buyer. No charge at this time. Article 9.49 allows no charge to lender.	
Proof of Loss (Texas Title Insurance Proof of Loss Form)	<u>T-40</u> Asks various questions about the claim and amount of loss; may serve as a proof of loss required under the policy, although the title insurer may require more information.	<u>Claims Handling Principles and Procedures - Section II, A.</u> Insurer must request within 15 days after notice of claim (defined, except 15 calendars days applied to residential Owner Policy), if it is required.	Irrelevant.	
Reinsurance Agreement (Facultative Reinsurance)	<u>T-18.1</u> This is the current ALTA form (9-24-94) which contains direct access provisions in favor of the insured.	<u>P-10</u> The promulgated forms (T-18.1, T-21.1, and T-21.2) must be used unless the Commissioner adopts any other form. Maximum liability is set by Article 9.19, Insurance Code.	<u>Article 9.07 Insurance Code</u> Reinsurance rates are not promulgated.	
Reinsurance Agreement - Tertiary Type I	<u>T-21.1</u> This is the current ALTA Tertiary Facultative Reinsurance Agreement (Type I) (9-24-94) (Ceder issued policy). This agreement provides three levels of liability: primary, secondary, and tertiary. The form allows direct access by the insured.	<u>P-10</u> Promulgated forms of reinsurance agreement shall be used.	<u>Article 9.07 Insurance Code</u> Reinsurance rates are not promulgated.	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
Reinsurance Agreement - Tertiary Type II	<u>T-21.2</u> This is the current ALTA Tertiary Facultative Reinsurance Agreement (Type II) (9-24-94) (Ceder did not issue policy. Ceder assumed liability under separate reinsurance agreement). This agreement provides three levels of liability: primary, secondary, and tertiary. The form allows direct access by the insured.	<u>P-10</u> Promulgated forms of reinsurance agreement shall be used.	<u>Article 9.07 Insurance Code</u> Reinsurance rates are not promulgated.	
Reinsurance Commitment	<u>T-18</u> Reinsurance Commitment a written offer disclosing "known" unusual or extrahazardous risks and rates.	<u>P-10</u> Promulgated reinsurance agreements (does not mention commitment) "shall be used," although similar letters of acceptance are a common substitute.	<u>Article 9.07 Insurance Code</u> Reinsurance rates are not promulgated.	
Residential Owner Policy of Title Insurance	<u>T-1</u> This policy is substantively the same as T-1; it contains a mechanic's lien insuring provision (consistent with Texas law); insurance of good and indefeasible title (instead of marketability of title, which is excluded); insurance of "legal access" and incorporation of Article 9.57 requirements relating to claims.	<u>P-1.bb</u> Defines the T-1 and T-1R  <u>P-38</u> Only the Residential Owner Policy (T-1R) may be issued on residential real property. (T-1 may be issued to entities upon request.) The Owner Policy (T-1) shall be issued in other cases.  <u>R-3</u> Issue the Owner Policy for sales price or value; it may include cost of contemplated improvements.	<u>R-3</u> Owner Policy is basic premium for rentals, value, or sales price and may include contemplated improvements.  <u>R-5.A</u> Reissue credit if prior Owner Policy within four years and current policy to same owner has P-8 exceptions.  <u>R-9</u> Additional chain charge	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
			<p>is \$270.</p> <p><u>R-21</u> Simultaneous issue to seller and buyer with second policy for 30 percent of basic rate or \$270, whichever is greater.</p> <p><u>R-22</u> Simultaneous issue to owner and lessee with second policy for 30 percent of basic rate or \$270, whichever is greater.</p>	
Restrictions	(Foundation Location) May amend paragraph 2 (area and boundary exception) of Schedule B of the Mortgagee Policy. In addition, an exception and affirmative insurance may be provided: "Any right to claim that the location of the foundations on the land violates the covenants, conditions or restrictions referred to in paragraph __ of Schedule B. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in	<u>P-39(b)</u> Allows express insurance against defects.	<u>No charge.</u>	Various ALTA endorsements (e.g. ALTA 9) and CLTA endorsements (e.g. CLTA 100.) provide coverage on these issues.

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>The following is a standard provision: (Mortgagee Policy) Schedule B, paragraph 1 "The following restrictive covenants of record itemized below, but 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 mortgage hereby insured."</p> <p>Add the following exception: "Any rights because of present violations on the land of the following restrictive covenants (except those relating to environmental protection) _____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any right to enforce the</p>			

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

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	<p>covenants, conditions and restrictions referred to in paragraph ___ of Schedule B (except covenants, conditions or restrictions relating to environmental protection) based upon a violation on the land prior to Date of Policy of that provision of said covenants, conditions and restrictions which provides that _____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any claim of enforcement of the covenants, conditions and restrictions referred to in paragraph __ Schedule B (except covenants, conditions or restrictions relating to environmental protection), based upon a violation thereof on the land prior to date of policy. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the</p>			

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any claim of enforcement of the covenants, conditions and restrictions referred to in paragraph __ of Schedule B (except covenants, conditions or restrictions relating to environmental protection) based upon a violation thereof on the land, present or future. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any claim of enforcement of the covenants, conditions and restrictions referred to in paragraph __ of Schedule B (except covenants, conditions and restrictions relating to</p>			

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>environmental protection) based upon a violation on the land, present or future of that provision of said covenants, conditions or restrictions which provides that _____. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>(as to Reverter) Rely upon Schedule B paragraph 1 (Mortgagee Policy). In addition or in the alternative, affirmative insurance is available: "Any reverter, right of reentry or any right or a power of termination of the estate or interest referred to in paragraph ____ of Schedule A upon breach of the covenants, conditions and restrictions referred to in paragraph ____ of Schedule B (except covenants, conditions or restrictions relating to environmental protection). Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to</p>			

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any right to exercise a reverter, right of reentry, or any right or power of termination of the estate or interest referred to in Schedule A upon breach of the covenants, conditions and restrictions referred to in paragraph ___ of Schedule B. Company insures against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any right to enforce the covenants, conditions and restrictions referred to in paragraph ___ of Schedule B (except covenants, conditions and restrictions relating to environmental protection) because of present violations on</p>			



**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	<p>the land. Company insures the insured against loss, if any, sustained by the insured under the terms of this Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."</p> <p>Add the following exception: "Any claim of violation of the covenants, conditions or restrictions (except covenants, conditions or restrictions relating to environmental protection) referred to in paragraph __ of Schedule B, based upon a violation on the land, present or future, of that provision of the covenants, conditions and restrictions which provides _____, provided that the improvements to be erected in accordance with the plans for the placement of said improvements on said land prepared by ____, dated _____, and designated _____. Company insures the insured against loss, if any, sustained by the insured under the terms of the Policy by reason of the enforcement of said rights as to the land. Company agrees to provide defense to the insured</p>			

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
	in accordance with the terms of this Policy if suit is brought against the insured to enforce said rights as to the land."			
Reverse mortgage (Texas Reverse Mortgage Endorsement)	<u>T-43</u> (Exhibit 33) Insures priority of disbursement, execution by both spouses, that one spouse is 62 or older, that written notice of basis for foreclosure, and that acknowledgement of availability of other financial alternative was executed.	<u>P-45</u> Title company must delete paragraphs (ii) through (iv) (relating to age of owners and disclosures) if note and mortgage not executed at title company.	<u>None.</u> No extra charge.	
Revolving Credit Endorsement	<u>T-35</u> (Exhibit 34 ) Provides that Mortgagee Policy includes later mortgage advances and insures priority of advances, if in good faith and without knowledge of defects or objections and subject to federal tax liens, real estate taxes, and assessments.	<u>P-9.b(8)</u> The revolving line of credit must be in a specific amount subject to fluctuation and may not cover homestead.	<u>R-11.f</u> \$50	
Special Disbursement Reconciliation (Texas Escrow Accounting Addendum in Special Disbursement Reconciliation)	<u>T-63</u> (Exhibit 35) Separate disclosure signed only by closing title company showing POC items (such as yield spread premium) disbursed by title company. (See also Bulletin 160 requiring disclosure of broker checks on addendum signed by parties, if not on HUD-1).	<u>None</u>	<u>None</u>	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
Subordinate Liens	Insurance that a maintenance lien or other lien is subordinate may be accomplished by making no specific exception on the Mortgagee Policy if paragraph 4 of Schedule B is retained or by adding the following pursuant to Procedural Rule P-11.b(8): "Company insures the insured against loss, if any, sustained by the insured under the terms of the Policy if this item is not subordinate to the lien of the insured mortgage."	<u>P-11.b(8)</u> Allows deletion of paragraph 4 of Schedule B of mortgage policy and insurance as to priority over liens and leases shown in Schedule B.	No charge.	
Tax Coverage	The Company may add the following to the tax exception on a Mortgagee Policy or Binder: "Company insures that standby fees, taxes and assessments by any taxing authority for the year _____ are not yet due and payable."	<u>P-29</u> Issue on Mortgagee Policy or binder for current or next year as to taxes.	<u>R-24</u> \$5 premium.	Tax parcel and tax deed endorsements are not available in Texas.
Tax Deletion	<u>T-30</u> (Exhibit 36) Delete rollback language from Mortgagee Policy or Binder.	<u>P-20</u> This endorsement can be issued or rollback tax language can be stricken or omitted from Mortgagee Policy or Binder; cannot be deleted from the Owner Policy. May be done though land specially assessed or value if sound underwriting is undertaken.  The current tax language is	<u>R-19</u> \$20	

**Title Insurance - Current Developments in Texas,  
Including Express Insurance; ALTA Endorsements  
Available in Other States**

Coverage	Form	Procedural Rule	Rate Rule	Comparison/Comment
		<p>"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."</p> <p>The language "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" may not be deleted.</p>		
<p>U.S.A. Endorsement (Endorsement (USA))</p>	<p><u>T-12</u> (Exhibit 37) Amends the U.S.A. Policy by insuring title in the U.S.A. and by updating.</p>	<p><u>R-17</u> Issue upon acquisition of title by the U.S.A.</p>	<p><u>R-17</u> A credit is given for the premium paid for the U.S.A. policy prior to acquisition.</p>	