



UNDERWRITING BULLETIN - TEXAS

No. 08

DATE: January 11, 2011

RE: Texas Limited Coverage Residential Chain of Title Policy (T-53)

Texas title companies may begin issuing the Texas Limited Coverage Residential Chain of Title Policy (T-53) on January 1, 2011; the promulgated premium is \$15.00 and coverage is fixed at \$100.00.

1. 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.



2. The policy has a “combined schedule” as follows:

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

Policy No. [Premium: \$15.00]

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] 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:

[End of Combined Schedule of Promulgated Form]

3. Underwriting Guidelines

1. Conduct a search in your plant for a time period (the “Search Period”) up to 60 months prior to your plant certification date.

2. If you locate a deed recorded within the Search Period, insert the name of the grantee(s) in No. 1 of the policy.

Note: We believe the parenthetical clause which follows Section 2 in the T-53 form applies to both Section 1 and Section 2 of the combined schedules. Therefore, you should include the recording data for the deed in No. 1; if no deed is found within the Search Period, you should insert “This item is deleted” for No. 1.

3. Insert in No. 2 of the policy all additional deeds and leases recorded during the Search Period, with recording data for each. Insert the time period of the search. If you find no deeds or leases in the Search Period, insert “This item is deleted.”



4. The land must be “residential real property”. The term is defined in Procedural Rule P-11(u) as:

(1) Any real property which has improvements thereon designed principally for the occupancy of from one to four families (including individual units of condominiums and cooperatives) and either (a) situated in a platted subdivision of record, or (b) consisting of five acres or less, or

(2) Any real property which has improvements thereon designed principally for the occupancy of from one to four families and consisting of more than five acres but not more than 200 acres used for agricultural production by individual insureds (according to the information known by the Company at the time of issuance of the policy of title insurance).

5. The insured must meet one of the definitions referenced in P-71(a)(2).

Bank

Texas Finance Code, Sec. 341.001(2) "Bank" means a person:

(A) organized as a state bank under Subtitle A, Title 3, or under similar laws of another state if the deposits of a bank from another state are insured by the Federal Deposit Insurance Corporation; or

(B) organized as a national bank under 12 U.S.C. Section 21 et seq., as subsequently amended.

Credit Union

Texas Finance Code, Sect. 341.001 (5) "**Credit union**" means a person:

(A) doing business under Subtitle D, Title 3; or

(B) organized under the Federal Credit Union Act (12 U.S.C. Section 1751 et seq.), as subsequently amended.

Savings Association

Texas Finance Code, Sect. 341.001 (11) "Savings Association" means a person:

(11) "Savings association" means a person:

(A) organized as a state savings and loan association or savings bank under Subtitle B or C, Title 3, or under similar laws of another state if the deposits of the savings association from another state are insured by the Federal Deposit Insurance Corporation; or

(B) organized as a federal savings and loan association or savings bank under the Home Owners' Loan Act (12 U.S.C. Section 1461 et seq.), as subsequently amended.

Mortgage Banker

Texas Finance Code, Sect. 157.002 (4) "Mortgage banker" means a person who:

(A) accepts an application for a residential mortgage loan or makes a residential mortgage loan; and



(B) is an approved or authorized:

- (i) mortgagee with direct endorsement underwriting authority granted by the United States Department of Housing and Urban Development;
- (ii) seller or servicer of the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; or
- (iii) issuer for the Government National Mortgage Association.

Insurer

Texas Insurance Code, Sect. 823.002(6) "Insurer" means:

(6) "Insurer" means any insurance company organized under the laws of this state, a commercially domiciled insurer, or an insurer authorized to engage in the business of insurance in this state. The term includes a capital stock company, mutual company, farm mutual insurance company, title insurance company, fraternal benefit society, local mutual aid association, statewide mutual assessment company, county mutual insurance company, Lloyd's plan, reciprocal or interinsurance exchange, stipulated premium insurance company, and group hospital service corporation. The term does not include the United States, a state, or an agency, authority, instrumentality, or political subdivision of a state.

- 6. The amount of insurance coverage will always be \$100.00.
- 7. The agent issuing the policy must be licensed in the county where the land is located. The premium (\$15.00) may not be split with another agent.

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