



UNDERWRITING BULLETIN - TEXAS

No. 33

DATE: June 25, 2013

RE: Powers of Attorney and Home Equity Loans

A recent decision of the Texas Supreme Court has called into question the practice of using powers of attorney in home equity loan transactions; the Court believed the practice violates the constitutional requirement that a HEL be closed at the office of a title company, a lender, or an attorney.

WFG will continue to insure home equity loans where a POA is used **but only if:**

- (1) the POA is between spouses,
- (2) the POA is executed in the office of a Texas title company, **and**
- (3) the POA is specific to the proposed transaction.

We will not insure on POAs signed in the office of a lender or an attorney because at a later date it may prove difficult or impossible to establish where the POA was signed; that risk is reduced when the POA is signed at a title company.

Additionally, following the Supreme Court's logic, we will not be able to give the T-42(2)(f) coverage and the T-42.1(1)(a) through (h) coverages unless the POA is signed at a title company.

We urge you to use the form of "*Specific Durable Power of Attorney for a Home Equity Transaction*" which is attached to this Bulletin.

As is true with all other powers of attorney, this POA should never be used on a routine basis or as a mere matter of convenience; there must be a legitimate justification for the inability of the grantor to appear in person at closing. When in doubt, please call Underwriting.

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