

WFG Underwriting Bulletin



To: All Texas Policy Issuing Agents of WFG National Title Insurance Company

From: WFG Underwriting Department

Date: August 30, 2023

Bulletin No.: TX 2023-29

Subject: Revisions to MUD and Water District Notices Effective June 18, 2023

This summer, Governor Abbott signed into law HB 2815 and HB 2816. These two bills substantially revise the **content and substance** of the Municipal Utility District (“MUD”) and water district notices required under Texas Water Code § 49.452 that must be delivered to and executed by the purchaser prior to final execution of the contract and executed by the seller and purchaser at closing, acknowledged, and recorded (“NTPs”).

THE NEW NOTICES TO PURCHASERS

HB 2815 and 2816 repealed the former statutory language of the NTPs found in Texas Water Code § 49.452 and replaced it with new NTP language (including alternative paragraph choices, as applicable) found in new Texas Water Code § 49.4521. Therefore, each district may have its own NTP with information that is only applicable to that specific district.

Because the NTPs may vary for each district, you must obtain the correct NTP for the district in which the subject property is located.

EFFECTIVE DATE OF NEW NOTICES

There is some confusion among water districts as to when the new NTPs go into effect. HB 2815 became effective on June 18, 2023, while HB 2816 becomes effective on September 1, 2023. However, both bills make identical changes to the substance of the NTPs. As a result, some districts believe that they do not need to use the new NTPs until September 1, 2023. WFG believes the earlier date, June 18, 2023 controls, and we need to use the new NTPs whenever possible.

THERE ARE 3 WAYS TO OBTAIN THE CORRECT NTP

1. From the specific district website.

- a. The name of the district(s) should be listed in the seller’s tax bill and/or your tax certificate.
- b. You can also search for the district’s contact information on TCEQ’s website:
<https://www14.tceq.texas.gov/iwud/index.cfm>

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company’s Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.

2. *From the real property records.*

- a. Each district that is subject to Texas Water Code § 49.452 is required to record an information form in each county in which the district is located. TEX. WATER CODE § 49.455.

3. *From the district itself.*

- a. The district is allowed to charge a “reasonable fee” for a copy of the NTP, but not more than \$10.00. TEX. WATER CODE § 49.453.

YOUR ROLE AT CLOSING

Your role and liability as the title company with respect to water district NTPs **HAVE NOT CHANGED.**

You must continue to have the correct NTP executed by the seller and purchaser at closing, acknowledged, and recorded, pursuant to Texas Water Code § 49.452(h): “At the closing of purchase and sale, a separate copy of such notice with current information **shall** be executed by the seller and purchaser, acknowledged, and thereafter recorded in the deed records of the county in which the property is located.”

Notably, the language for the new NTP does not include an option to reference the legal description of the subject property. You cannot change any of the language in the new NTP, but you may add the legal description as the last page of the NTP when it is recorded.

FREQUENTLY ASKED QUESTIONS

1. *The Listing Agent Cannot Find the Correct NTP*

Listing agents may reach out to you for information on the new NTPs. Try directing them first to the district’s website, as there is no charge for obtaining the correct NTP from the website.

2. *The NTP Does Not Contain Signature Blanks*

You are permitted to add those signature blanks and notary blocks (if not included in the NTP) in order to enable the seller and purchase to execute the NTP and have it notarized for closing and recording.

3. *The District Does Not Know What a NTP Is, Says it Does Not Have One, or Has Not Prepared the New NTP*

If you have questions regarding the form of the NTP or communications with the district, please feel free to reach out to Texas Underwriting Counsel at SWLegal@wfgtitle.com. While the NTP is not a title issue, we can offer guidance in this area.

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