

# WFG Rate and Form Bulletin



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

From: WFG Underwriting Department

Date: October 29, 2024

Bulletin No.: TX 2024-25

Subject: Rule and Form Changes to the Basic Manual Effective November 1, 2024:

Part 1 of 6 – Housekeeping Changes to the Basic Manual Effective November 1, 2024

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Effective Friday, November 1, 2024, the Texas Department of Insurance has approved multiple changes to a number of Insuring Forms, Rate Rules, and Procedural Rules in the Basic Manual. WFG is providing notice and explanation of these changes in a series of six bulletins.

This Bulletin explains the minor amendments that affect the T-1, T-1R, T-2, T-11, T-42, and other administrative forms and exhibits in Sections V – VII of the Basic Manual.

The revised forms should be available through your software vendors by November 1, 2024, as well as on WFG's Texas Underwriting website, <https://wfgunderwriting.com/texas>.

## **A. Amendments to the T-1 and T-2 to Clarify that any Survey Coverage in the “Covered Risks” is Deleted if the Amendment to Area and Boundaries Exception (“Survey Deletion”) is Not Purchased**

### Changes:

- Amends the T-1 Owner's Policy as Follows:

- Adds the following sentence at the end of Covered Risk 2(c):

*This coverage is deleted by Schedule B. Exceptions From Coverage. Paragraph 2, unless a survey of the Land acceptable to Company is timely provided and the applicable premium is paid to amend the exception to “shortages in area.”*

- Adds the following sentence at the end of the T-1 Schedule B.2 exception: “Covered Risk 2(c) is hereby deleted.”

- Schedule B.2 now reads:

*Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements. Covered Risk 2(c) is hereby deleted.*

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- Amends the T-2 Loan Policy to add the following sentence at the end of the T-2 Schedule B.2 exception: *“Covered Risk 2(c) is hereby deleted.”*
  - Schedule B.2 now reads:  
*Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements. Covered Risk 2(c) is hereby deleted.*

[ ] Item 2 of Schedule B is hereby amended to read: *“shortages in area”*.

Effect of the Changes:

- These revisions to Covered Risk 2(c) and Schedule B.2 clarify the effect of purchasing the survey deletion.
- If survey coverage is purchased, Covered Risk 2(c) in the T-1 and T-2 is not effective.

**B. Amendment to the T-1R to Delete Unnecessary Parenthetical**

Changes:

- Amends the T-1R, Sch. B.3 to delete the parenthetical *“(Applies to the Owner’s Policy only.)”*
- Exception B.3 of the T-1R now reads *“Homestead or community property or survivorship rights, if any, of any spouse of any insured.”*

Effect of the Changes:

- Removes the phrase *“Applies to Owner’s Policy only”*, because it is unnecessary in the T-1R Owner’s policy

**C. Amendment to the T-42 Equity Loan Mortgage Endorsement to Reflect the Current Version of the Texas Constitution**

Changes:

- Revises T-42 paragraph 2(b) (which insured that the collateral homestead was not used for agricultural production – a prior home equity prohibition that was subsequently repealed)<sup>1</sup> to state *“This subparagraph is intentionally deleted because of an Amendment to the Texas Constitution.”*

Effect of the Change:

- The revision deletes a coverage that has not been available since the Texas Constitution was amended effective January 1, 2018.
- Because a homestead used for agricultural production may now be used as collateral for a Texas home equity loan, the prior language was no longer relevant and frequently lined through or removed when issuing the T-42.

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<sup>1</sup> For an explanation of the constitutional change, see WFG Texas Bulletin No. TX 2018-01.

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#### **D. Amendment to T-11 Policy of Title Insurance (USA) to Add a Missing Number**

##### Changes:

- Adds the missing number “8” to the “Conditions and Stipulations – Notices, Where Sent” section of the policy.

#### **E. Revision to PC-417 – Texas Title Insurance Agent’s Minimum Capitalization Bond to Update TDI’s Addresses**

##### Changes:

- Updates TDI’s mailing address in the form to “Title Licensing, P.O. Box 12030 MC: CO-TL Austin, Texas 78711-2030”
- Adds an email option to [TDI-TitleLicensing@tdi.texas.gov](mailto:TDI-TitleLicensing@tdi.texas.gov).

#### **F. Changes to TDI’s Address in Sections V, VI, and VII of the Basic Manual**

##### Changes:

- Updates TDI’s physical address where it appears in the Basic Manual to reflect TDI’s move to the Barbara Jordan State Office Building at 1601 Congress Avenue, Austin, TX 78701. It also adds TDI’s Title Examinations email address, [TitleExaminations@tdi.texas.gov](mailto:TitleExaminations@tdi.texas.gov). These changes are found in the Basic Manual as follows:
  - Section V, Exhibit & Forms, Report forms for Audit of Trust Funds (TDI Title Forms PC 150);
  - Section VI, Administration Rules, Rule D-1: Requirements for Ceasing Operations by Agents and Direct Operations, Section I, A;
  - Section VI, Administration Rules, Rule S.1: Minimum Capitalization Standards for Title Agents Pursuant to §2651.012 and Certification and Procedure to Determine Value of Assets Pursuant to §2651.158, Section III, C, D, and E
  - Section VI, Administration Rules, Rule S.4: Title Company Requirements, Procedures, and Forms for Providing Privileged Title Agent Financial Solvency Information to the Department Pursuant to §2651.011, # A - 2 and 3, # B - 1 and 2;
  - Section VI, Administration Rules, Rule S.5: Filing of Title Agent's Quarterly Withholding Tax Report, Section III and Section IV; and
  - Section VI, Administration Rules, Rule S.7: Surety Bond for Title Agents to Comply with Minimum Capitalization Standards, Section I, # E.

If you have any questions, please contact Texas underwriting counsel at [SWLegal@wfgnationaltitle.com](mailto:SWLegal@wfgnationaltitle.com).

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