



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 2024-27

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

Part 3 of 6: Amendments Related to the Definition of “Residential Real Property”

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 amendment to the definition of Residential Real Property, which will clarify or affect the use of other forms and rate rules.

The revised rates and 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>. The WFG Rate Calculator, available at <https://rates.wfgnationaltitle.com/>, will also be updated with the revised Rate Rules beginning November 1, 2024.

A. Amendments to the Definition of Residential Real Property and Related Changes

Changes:

- Revises the definition of “Residential Real Property” to include any real property with “Improvements”, which at Date of Policy consists of:
 - a lot or lots in a platted residential subdivision;
 - one or more individual residential condominium and cooperative units;
 - 10 acres or less; or
 - more than 10 acres, but not more than 200 acres, when the Insured in an Owner’s Policy or the Borrower in a Loan Policy is a natural person or persons.
- Defines “Improvements” for purposes of the rule as those designed primarily for the occupancy of 1-4 families and includes both existing improvements and those contemplated, when the cost is included in the amount of insurance.
- Revises R-16 to set the premium for the survey deletion in an owner’s policy based on the type of property rather than type of policy issued.

NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company only. Reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of establishing underwriting policies and/or procedures of WFG National Title Insurance Company.

- Redlined and clean copies of P-1.u and R-16 are on subsequent pages of this Bulletin.

Effect of the Changes:

- With the increase in the urban acreage limitations and the deletion of the agricultural production requirements for rural property in the revised definition of “residential real property,” more customers should be able to qualify for a T-1R Owner Policy.
- Because the survey deletion rate in R-16 is no longer tied to the type of Owner’s Policy being issued, an entity may now acquire “residential real property” that is 10 acres or less and purchase the survey deletion for 5% of the basic premium rate
 - The change to R-16 is also consistent with R-29, which bases the rate for a T-19 endorsement on whether the property is Residential Real Property – not the type of Owner’s Policy being issued.
- Note that P-38 (Issuance of T-1R policy) and R-29 (Premium for T-19 and T-19.1), which depend on the type of property insured, are unchanged.

Underwriting Guidelines:

- Remember that to receive a T-1R Owner’s Policy under P-38, the buyer must be a natural person – entities and trustees may not receive a T-1R.
- For rural properties of more than 10 acres but not more than 200 acres, in order to qualify as “Residential Real Property,” the owner or borrower must be a natural person.

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Redlined P-1.u:

u. Residential ~~r~~Real ~~p~~Property –

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).~~
1. For this definition, the word "Improvements" means improvements designed primarily for the occupancy of from one to four families and includes:
 - a. Improvements existing at Date of Policy; and
 - b. immediately contemplated Improvements when the cost of such Improvements is included in the Amount of Insurance.
2. Residential Real Property is any real property with Improvements which at Date of Policy consists of:
 - a. a lot or lots in a platted residential subdivision;
 - b. one or more individual residential condominium and cooperative units;
 - c. 10 acres or less; or
 - d. more than 10 acres, but not more than 200 acres, when the Insured in an Owner's Policy or the Borrower in a Loan Policy is a natural person or persons.

Clean Copy of Revised P-1.u

u. Residential Real Property –

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 - a. Improvements existing at Date of Policy; and
 - b. immediately contemplated Improvements when the cost of such Improvements is included in the Amount of Insurance.
2. Residential Real Property is any real property with Improvements which at Date of Policy consists of:
 - a. a lot or lots in a platted residential subdivision;
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Redlined R-16

RATE RULE R-16. Amendment of Exception as to Area, Boundaries, etc.

~~Applicable only as provided in Rules P-2 and P-8.a.(2) – the Exception as to area and boundaries, etc., may be amended in an Owner or Mortgagee Policy upon the payment of an additional premium (in the case only of an Owner Policy) therefore equivalent to (1) 15% of the Basic Rate in an Owner Policy (T-1), or (2) 5% of the Basic Rate in a Residential Owner Policy of Title Insurance – One to Four Family Residences (Form T-1R), with a minimum premium of \$20.00.~~

- ~~A. The premium for amending the exception as to area and boundaries, etc. in a Loan Policy (Form T-2 or Form T-2R) is \$0.~~
- ~~B. The premium for amending the exception as to area and boundaries, etc. in an Owner's Policy (Form T-1 or Form T-1R) is:
 - ~~1. 15 percent of the Basic Premium Rate on the Policy Amount when the Land is not Residential Real Property, or~~
 - ~~2. 5 percent of the Basic Premium Rate on the Policy Amount when the Land is Residential Real Property, but not less than \$20.00.~~~~

Clean Copy of Revised R-16:

RATE RULE R-16. Amendment of Exception as to Area, Boundaries, etc.

- 1. The premium for amending the exception as to area and boundaries, etc. in a Loan Policy (Form T-2 or Form T-2R) is \$0.
- 2. The premium for amending the exception as to area and boundaries, etc. in an Owner's Policy (Form T-1 or Form T-1R) is:
 - 1. 15 percent of the Basic Premium Rate on the Policy Amount when the Land is not Residential Real Property, or
 - 2. 5 percent of the Basic Premium Rate on the Policy Amount when the Land is Residential Real Property, but not less than \$20.00.

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