



The Title Professional's Credential

## Core Knowledge Areas

The CESP, CAEP and CTIP exams include 28 core knowledge areas. For ease, the core knowledge areas have been grouped into four study domains: Title, General, Regulatory and Escrow & Closing.

## **ABSTRACTING AND EXAMINATION**

CESP	CAEP	Topic/Issue
		<b>ABSTRACT/TITLE PLANT</b>
X	X	• Definition
	X	• Different types of Plants
X	X	• Minimum requirements set for Texas Title Plants by TDI
		<b>ABSTRACT OF TITLE</b>
	X	• Definition
	X	• Continuation/Abstract Extension or Supplemental Abstract
		<b>LEGAL DESCRIPTIONS</b>
		• Metes and bounds
X	X	○ Base of Location/Point of Beginning
X	X	○ Monuments
	X	○ Proper Closure
X	X	○ Computation of Area –“More or Less” Disclaimer
	X	• Government or rectangular survey system – Section, Township, Range
X	X	• Recorded Plat – Lot, Block, Subdivision, Recording Data
		<b>TITLE RESEARCH/PURPOSE</b>
X	X	• Definition of “title” as it relates to the title insurance industry
X	X	• Chain of Title
		• Methods of Search
X	X	○ Direct Examination – Courthouse Search
X	X	○ Abstract/Title Examination – Title Plant Search
	X	○ Combined Method
		<b>EXAMINATION GOALS/PURPOSE</b>
X	X	• Definition of “title examination”
		• Insurable Interests in the land - determination of current record holder(s)
X	X	○ Fee simple
X	X	○ Easement
X	X	○ Leasehold
	X	○ Excluding “mineral interests” from coverage
X	X	• Insurable legal description
X	X	• Identification of burdens and encumbrances
X	X	• Effect of recorded documents

## ABSTRACTING AND EXAMINATION

CESP	CAEP	Topic/Issue
		<b>UNDERWRITING AND COMMITTING TO INSURE</b>
		• SCHEDULE B MATTERS/TITLE EXCEPTIONS
X	X	○ Restrictions – Promulgated exception #1
X	X	• Separate instrument or in conveyance documents
X	X	• Exception #1 must be completed with recording data for restrictions
X	X	○ Exceptions to Other Matters – for example
	X	• Outstanding interest in land (life estate, undivided interest, etc.)
	X	• Mineral reservations, conveyances or oil/gas leases
	X	• Leases
	X	• Right-of-ways
	X	• Easements
X	X	• Matters disclosed by survey
X	X	• Lack of Right of Access – add exception deleting coverage
		• SCHEDULE C ITEMS/REQUIREMENTS
		○ Encumbrances/Pending Matters
X	X	• Involuntary Liens
X	X	• Voluntary Liens
		○ Pending Matters
X	X	• Probate, Divorce, Guardianship, Lis Pendens, Bankruptcy, Contracts, etc.
X	X	○ Authority to Act
X	X	• Additional Requirements.
		○ Note: General Issues such as Marital, Identity Affidavits; Underwriter/Agency Standard Requirements other than Specific Curative Issues

## AD VALOREM TAXES

CESP	CAEP	Topic/Issue
		<b>THE BASICS</b>
X	X	<ul style="list-style-type: none"> <li>Laws governing real property taxation in Texas</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Definition of Ad Valorem</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Property Taxes and obligations of the property owner beginning January 1 of the tax year</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Property taxes on real property and the automatic lien on the land on January 1 of the tax year</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Personal Property vs. Real Property</li> </ul>
		<b>THE PROCESS</b>
X		<ul style="list-style-type: none"> <li>Role of the Appraisal District – sets the value</li> </ul>
X		<ul style="list-style-type: none"> <li>Role of the Taxing Unit – sets the tax rate</li> </ul>
X		<ul style="list-style-type: none"> <li>Role of the Tax Assessor/Collector – collects the tax</li> </ul>
		<b>TIMELINES</b>
X	X	<ul style="list-style-type: none"> <li>January 1<sup>st</sup> – Property appraised/taxes based on value as of January 1</li> </ul>
X	X	<ul style="list-style-type: none"> <li>October 1<sup>st</sup> – Statements available for payment</li> </ul>
X	X	<ul style="list-style-type: none"> <li>January 31<sup>st</sup> – Deadline for payment without penalty</li> </ul>
X	X	<ul style="list-style-type: none"> <li>February 1<sup>st</sup> – Taxes become delinquent</li> </ul>
		<b>LIEN PRIORITY</b>
X	X	<ul style="list-style-type: none"> <li>Tax lien attaches on all properties on January 1<sup>st</sup> of the tax year</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Tax lien superior to all other liens</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Tax lien is automatic without recordation in the real property records</li> </ul>
X		<ul style="list-style-type: none"> <li>Tax lien is not subject to a homestead defense</li> </ul>
		<b>EXEMPTIONS</b>
X		<ul style="list-style-type: none"> <li>Homestead</li> </ul>
X		<ul style="list-style-type: none"> <li>Over 65</li> </ul>
X		<ul style="list-style-type: none"> <li>Disabled</li> </ul>
X		<ul style="list-style-type: none"> <li>Government</li> </ul>
X		<ul style="list-style-type: none"> <li>Charitable and Religious Organizations</li> </ul>
X		<ul style="list-style-type: none"> <li>School Property</li> </ul>
		<b>SPECIAL USE VALUATION</b>
X		<ul style="list-style-type: none"> <li>Agricultural</li> </ul>
X		<ul style="list-style-type: none"> <li>Open Space</li> </ul>
	X	<ul style="list-style-type: none"> <li>Timber</li> </ul>

## AD VALOREM TAXES

CESP	CAEP	Topic/Issue
		<b>TAXES AND TITLE INSURANCE</b>
X	X	<ul style="list-style-type: none"> <li>Title Policy Coverages and Exceptions</li> </ul>
X		<ul style="list-style-type: none"> <li>Personal Property Taxes - not covered by title insurance</li> </ul>
X		<ul style="list-style-type: none"> <li>Methods of obtaining tax information: official Tax Certificate (from tax collector) or private certificate (from third-party provider)</li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Benefits and drawbacks of each</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>Procedural Rule P-20, Rate Rule R-19, Rate Rule R-24</li> </ul>
		<b>PAYMENT OF TAXES</b>
X		<ul style="list-style-type: none"> <li>Delinquent taxes generally include both penalty and interest</li> </ul>
X		<ul style="list-style-type: none"> <li>If a tax suit has been filed, court costs must also be determined and paid</li> </ul>
X	X	<ul style="list-style-type: none"> <li>If a tax suit has been filed the taxes and costs of the suit must be paid, and the suit must be released of record</li> </ul>
X		<ul style="list-style-type: none"> <li>Supplemental tax bills for missed improvements or disallowed exemptions</li> </ul>
		<b>CLOSING AND ESCROW ISSUES</b>
X		<ul style="list-style-type: none"> <li>Procedural Rule P-1f – definition of closing the transaction – duties related to taxes</li> </ul>
X		<ul style="list-style-type: none"> <li>Terms of Contract may require proration of personal property taxes</li> </ul>
X		<ul style="list-style-type: none"> <li>Terms of Contract or lender instructions and Special Use valuations</li> </ul>

## **BANKRUPTCY**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	DEFINITIONS
X	X	• Bankruptcy
X	X	• Abandonment
X	X	• Debtor
X	X	• Debtor in Possession
X	X	• Creditor
X	X	• Creditor Matrix
X	X	• Trustee
X	X	• Automatic Stay
X	X	• Bankruptcy Estate
X	X	• Exempt Property
X	X	• Discharge
X	X	• Dismissal
X	X	• Schedules
X	X	<b>TYPES OF BANKRUPTCY PROCEEDINGS</b>
X	X	• Chapter 7 - Liquidation
X	X	• Chapter 11 - Reorganization
X	X	• Chapter 13 – Wage Earner
X	X	<b>TEXAS HOMESTEAD ISSUES</b>
X	X	<b>CREDITOR RIGHTS ISSUES</b>
X	X	• Fraudulent Transfer
X	X	• Preferential Transfer
X	X	<b>BANKRUPTCY'S EFFECT ON REAL ESTATE TRANSACTIONS</b>
X	X	• Order to Sell Free and Clear
X	X	• Sale of Non-exempt Property
X	X	• Sale of Exempt Property
X	X	• Secured Liens and Title Insurance
X	X	• New Loan By Debtor

## CFPB, TRID & RESPA – General

CESP	CAEP	Topic/Issue
		<b>INTRODUCTION AND AUTHORITY</b>
X	X	o Purpose
X	X	o Goals of regulation
X	X	o Definition and History
X		o Federal Statute
X		o Regulations promulgated by CFPB and HUD
X		o Dodd Frank Act of 2008
X		o Affiliated Businesses
X	X	o RESPA
X		o Appendix A
X		• Relation to state law
		<b>COVERED TRANSACTIONS</b>
X		o All federally regulated mortgage loans covered by RESPA/TRID
		<b>EXEMPT TRANSACTIONS</b>
X		• Transactions Exempted from RESPA/TRID
		<b>DISCLOSURE REQUIREMENTS</b>
X		o Loan Estimate
X		o Closing Disclosure
X		o Use of Closing Disclosure
X		o Loan policy
X		o Owner's Policy
X		o Use of Texas Disclosure Form T-64
X		o Use of HUD-1 and/or HUD-1a Uniform Settlement Statement Form
		<b>PROHIBITED ACTS</b>
X		o Kickbacks/referrals
X		o Giving or receiving a "thing of value"
X		o Unearned fees
X		o Prohibits sellers from requiring, as condition of sale, specific title company
		<b>ENFORCEMENT</b>
X		o Remedies/penalties

## CLAIMS

CESP	CAEP	Topic/Issue
X	X	<b>BASIC CONCEPTS OF TITLE INSURANCE</b>
X	X	• Contract of Indemnity
X	X	• Insurance versus guaranty or warranty
X	X	<b>POLICY TERMS - CLAIMS</b>
X	X	• If the Company concludes that the claim is valid, the Company shall take one of the following actions:
X	X	○ Review the Policy Options for resolving valid claims
X	X	<b>INSURED CLOSING SERVICE LETTERS</b>
X	X	<b>EXTRACONTRACTUAL LIABILITY</b>
X	X	• Liability for matters outside the title insurance policy
X	X	• Deceptive Trade Practices Act Issues (DTPA)
X	X	• Verbal representations of title matters
X		• Errors in the Escrow Process
X	X	<b>CLAIMS HANDLING PROCEDURES - AGENT RESPONSIBILITIES</b>
X		• If notified of a claim or potential claim orally
X		○ Tell the claimant that they should report the claim in writing and give address of underwriter's claim office
X		○ Get as much information as possible
X		○ Follow procedure for sending claim to underwriter
X		• If notice is received in writing
X		○ Immediately notify underwriter's claims counsel
X		○ Locate all in-house files or documents which may be relevant
X		○ Review this documentation for relevance
X		○ Send copies of appropriate documents to claims counsel
X		• Create a separate "Claim" file or folder
X	X	• Remind other employees not to discuss the claim with anyone without approval of the office manager
X	X	• Direct all inquiries to the underwriting claims counsel
X	X	• Stand ready to assist underwriter in any way requested
X	X	<b>CLAIMS HANDLING PROCEDURES - UNDERWRITER RESPONSIBILITIES</b>
X		• Promulgated deadlines
X	X	• Proof of Loss form
X	X	• Claims Handling Procedure by a Direct Operation
X	X	• Employee Directives regarding "Responses" to insureds re handling claims. Example: Do not say "we will take care of it" and other similar statements

# CLOSING PROCEDURES

CESP	CAEP	Topic/Issue
X	X	ORDER RECEIVED IN CLOSING OFFICE
X	X	• Types of Orders
X		• Open Order Process
X	X	• Necessary Information
X	X	ORDER OPENED IN THE CLOSING OFFICE
X		• Data entered into closing system
X		• New Order transmitted to Title Plant/Production Center
X		• Earnest money receipted
X		○ Bank deposit
X		○ Copies for accounting
X		○ Handling of NSF Checks
X		• Payoff/assumption/other lien information ordered
X		• Acknowledgment letters to clients – including Privacy Act Notice
X		• Survey letter to refinance borrower, if applicable
X	X	• Privacy Education: Employee guidelines throughout the transaction.
X	X	COMPLIANCE WITH MINIMUM ESCROW ACCOUNTING PROCEDURES AND INTERNAL CONTROLS
X	X	TAX INFORMATION RECEIVED
X	X	• Required for title insurance and proration at settlement
X	X	• Compared with order information; differences resolved
X		○ Address Exemptions, if necessary
X	X	TITLE WORK RECEIVED FROM TITLE PLANT/PRODUCTION CENTER
X	X	• Required from title plant licensed in the county of the property
X	X	• Compared with order information; differences resolved
X	X	• Curative work initiated, if applicable
X	X	CONTRACT (for buy/sell transactions) AND/OR LENDER PRELIMINARY INSTRUCTIONS (for Loan Only Transactions) REVIEWED
X	X	• Information from proposed insured(s) required before Commitment is issued
X	X	• Compared with order information; differences resolved
X	X	COMMITMENT PREPARATION
X		• Mailed to buyer, seller, realtors, lender with appropriate transmittal letters

## CLOSING PROCEDURES

CESP	CAEP	Topic/Issue
X	X	REQUIRED ITEMS REQUESTED AND/OR ADDED TO FILE (AS APPROPRIATE, ACCORDING TO TITLE WORK, CONTRACT, LENDER INSTRUCTIONS, ETC.)
X	X	<ul style="list-style-type: none"> <li>• Survey               <ul style="list-style-type: none"> <li>○ If required by terms of Contract or by lender</li> <li>○ Ordered by seller, buyer, lender or by settlement agent at direction of party assuming obligation for payment</li> <li>○ Requirements for use of an existing survey</li> <li>○ Use of T-47</li> <li>○ Compared with title work, contract and lender instructions; differences resolved</li> <li>○ Sent to title plant/production center for review, if applicable</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Insurance information/policy               <ul style="list-style-type: none"> <li>○ New insurance required for purchase money loans; may be required for refinances</li> <li>○ Endorsement required for assumptions; may be required for refinances</li> <li>○ Compared with contract and lender instructions; differences resolved</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Loan payoff information – Required if existing loan is to be paid in full or in part in current transaction               <ul style="list-style-type: none"> <li>○ "Borrower" and address compared with file information; differences resolved</li> <li>○ "Good to/through" date compared with anticipated loan funding; differences resolved</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Loan assumption information – Required if existing loan will not be paid in full or in part in current transaction and will be an exception in policy(ies)               <ul style="list-style-type: none"> <li>○ "Borrower," property address and loan number compared with file information; differences resolved</li> <li>○ Compare Contract terms with assumption information                   <ul style="list-style-type: none"> <li>○ Loan balance, interest rate and transfer fee – are they within allowable variances?</li> <li>○ If Seller is not "relieved of personal liability," is Deed of Trust to Secure Assumption required?</li> </ul> </li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Release of lien or indemnity – Required if existing loan will not be paid in full or in part in current transaction and will not be exception in policy(ies)               <ul style="list-style-type: none"> <li>○ Compared with title work; differences resolved</li> <li>○ Release of lien – verify authenticity / validate – conveniently provided release is a "red flag" of a possible forged document</li> <li>○ Indemnity – Management approval required prior to closing</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Termite certificate, if required by contract or lender</li> </ul>
X		<ul style="list-style-type: none"> <li>• Invoices (bills) for all items to be collected and paid at closing</li> </ul>

## CLOSING PROCEDURES

CESP	CAEP	Topic/Issue
X	X	<ul style="list-style-type: none"> <li>• Curative information and/or documents to meet requirements according to title work               <ul style="list-style-type: none"> <li>○ NOTE: All curative items must be reviewed by title plant personnel, office manager, or designated experienced employee. If appropriate, additional requirements are made.</li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Marital status information, divorce proceedings</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Probate proceedings, heirship information</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Bankruptcy proceedings, foreclosure documentation</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Evidence of corporate standing, corporate resolutions</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Partnership agreements, trust agreements, assumed name               <ul style="list-style-type: none"> <li>▪ certificates</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• Lender Instructions – Required for all new loan closings</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Must be in writing</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Must be clear and unambiguous</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Reviewed carefully</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compared with file information</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Compared with Texas regulations</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Lender called; differences/questions resolved</li> </ul>
X		<ul style="list-style-type: none"> <li>• Legal Documents</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Ordered from attorney or supplied by Lender</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Received and reviewed – compared with Commitment and terms of transaction, including Contract terms</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Add legal description, if required</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Additional documents prepared or requested, if necessary</li> </ul>
X	X	<b>FINAL COMMITMENT PREPARATION</b>
X	X	<ul style="list-style-type: none"> <li>• Current title work (down-date, up-date, bring to date) ordered and reviewed</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Exceptions added: current title work, survey, transaction details, etc.</li> </ul>
X		<b>CLOSING DATE/TIME AND ESTIMATED FUNDING DATE DETERMINED</b>
X		<ul style="list-style-type: none"> <li>• Closing scheduled with appropriate parties</li> </ul>
X		<ul style="list-style-type: none"> <li>• Closing instructions reviewed to determine funding procedure</li> </ul>
X		<b>CLOSING DISCLOSURE AND HUD-1 STATEMENT PREPARED</b>
X		<ul style="list-style-type: none"> <li>• Order Entry</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Order entry data compared with current information</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Necessary amendments made</li> </ul>
X		<ul style="list-style-type: none"> <li>• Closing Disclosure and HUD - All pertinent information entered – Review contract to determine the party responsible for specific expenses</li> </ul>
X		<ul style="list-style-type: none"> <li>• Notify lender of “breach of tolerance” if applicable</li> </ul>

## CLOSING PROCEDURES

CESP	CAEP	Topic/Issue
X		<ul style="list-style-type: none"> <li>• Deposits/Checks/Disbursements – Reviewed, errors discovered and corrected</li> </ul>
X		<ul style="list-style-type: none"> <li>• Print Settlement Statements</li> </ul>
X		<b>FILE ORGANIZED FOR A SMOOTH CLOSING</b>
X	X	<b>CLOSING OF THE TRANSACTION</b>
X	X	<ul style="list-style-type: none"> <li>• Buyer/Seller/Borrower execute all required documents</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Buyer/Seller/Borrower place all required funds in escrow</li> </ul>
X		<b>ESCROWED FUNDS RECEIVED FROM BUYER/SELLER/BORROWER ARE</b>
X		<ul style="list-style-type: none"> <li>• Funds are verified as being "good funds" – Procedural Rule P-27</li> </ul>
X		<ul style="list-style-type: none"> <li>• Funds deposited to closing system</li> </ul>
X		<ul style="list-style-type: none"> <li>• Bank deposit prepared</li> </ul>
X		<ul style="list-style-type: none"> <li>• Copies for accounting</li> </ul>
X	X	<b>LENDER'S FUNDS RECEIVED AND VERIFIED AS BEING "GOOD FUNDS"</b>
X		<ul style="list-style-type: none"> <li>• Wire confirmation received</li> </ul>
X		<ul style="list-style-type: none"> <li>○ From accounting or in writing/on line from bank</li> </ul>
X		<ul style="list-style-type: none"> <li>• Cashier's check received and funding number</li> </ul>
X		<ul style="list-style-type: none"> <li>• T-37 check received and</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Verify that you have a proper, fully executed T-37 Agreement</li> </ul>
X		<ul style="list-style-type: none"> <li>• Funding number received from lender</li> </ul>
X		<ul style="list-style-type: none"> <li>• Transaction code received from bank</li> </ul>
X		<ul style="list-style-type: none"> <li>• Funding authority received</li> </ul>
X		<ul style="list-style-type: none"> <li>• Entries made for lender's over/under funding, if</li> </ul>
X		<ul style="list-style-type: none"> <li>• Funds deposited to closing system</li> </ul>
X		<ul style="list-style-type: none"> <li>• Bank deposit prepared</li> </ul>
X		<ul style="list-style-type: none"> <li>• Copies for accounting</li> </ul>
X		<b>VERIFY THAT ACTUAL RECEIPTS AND ANTICIPATED DISBURSEMENTS</b>
X		<ul style="list-style-type: none"> <li>• Prepare Form T-63 if any POC items are to be included in funding</li> </ul>
X		<b>FUNDS DISBURSED</b>
X		<ul style="list-style-type: none"> <li>• Checks/Disbursements (including wires out)</li> </ul>
X		<ul style="list-style-type: none"> <li>• Proper escrow check instructions entered for grouping/splitting/wiring, etc.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Add appropriate data for mailing, memo and stub notations</li> </ul>

## **CLOSING PROCEDURES**

CESP	CAEP	Topic/Issue
X		<ul style="list-style-type: none"> <li>• Print Closing Checks and initiate outgoing wires</li> </ul>
X		<ul style="list-style-type: none"> <li>• Verify zero balance for the file; locate and resolve errors</li> </ul>
X		<ul style="list-style-type: none"> <li>• Print Disbursement Sheet/Ledger for file</li> </ul>
X		Documents organized, copies made, file organized into "packages"
X		<ul style="list-style-type: none"> <li>• Loan package</li> </ul>
X		<ul style="list-style-type: none"> <li>• Disbursement package – including documents to be recorded</li> </ul>
X		<ul style="list-style-type: none"> <li>• Policy package, if applicable</li> </ul>
X		If not previously sent, loan package delivered to lender within prescribed time period according to loan closing instructions
X	X	Prepare and record documents with appropriate county clerk
X	X	<ul style="list-style-type: none"> <li>• Review each document, using a recording checklist</li> </ul>
X		<ul style="list-style-type: none"> <li>• Deliver for recording within 48 hours of funding</li> </ul>
X		File placed in policy department or post closing department
X	X	Policy production and closed file
X		<ul style="list-style-type: none"> <li>• Evidence of recording (recorder's receipts) received from County Clerk</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Policy(ies) produced and mailed within 90 days – Procedural Rule P-61</li> </ul>
X		<ul style="list-style-type: none"> <li>• File monitored until closed file matters are complete                             <ul style="list-style-type: none"> <li>○ Releases/assignments received, recorded, originals returned</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li>• If release not received, copy of follow-up demand letter in file</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Paid tax receipts received</li> </ul>
X		<ul style="list-style-type: none"> <li>○ All other appropriate recorded documents returned by county clerk</li> </ul>

# CONDOMINIUMS

CESP	CAEP	Topic/Issue
X	X	<b>NATURE OF CONDOMINIUM OWNERSHIP</b>
X	X	• Individual ownership
X	X	• Common ownership (undivided interest)
	X	<b>CREATION OF CONDOMINIUM REGIME</b>
	X	• Contents of Declaration, amendment, termination must meet statutory guidelines
	X	• Declaration recorded in Condominium Records or Real Property Records
X	X	<b>ELEMENTS OF PROPERTY DESCRIPTION</b>
X	X	• Interest in the common area
X	X	• Unit
X	X	• Reference to the recorded condominium plat
	X	• Insurability of specific percentage interest in common area
X	X	• Insurability of specific parking spaces, storage areas, etc. associated with Unit
X	X	<b>SPECIAL ISSUES</b>
X		• Survey Amendment for Condominium Unit
X		• Owner Association - Liens for unpaid assessments
X		• Closing Issues - Hazard insurance requirements
X	X	<b>Condominium Endorsement Issues</b>

## CONSTRUCTION LIEN LAW

CESP	CAEP	Topic/Issue
X	X	Mechanic's Lien
X	X	Statute of limitations
X	X	• Persons entitled to lien
X	X	• Property to which lien extends
X	X	• Title insurance risk in regard to this type of lien
X	X	• Title considerations
X	X	○ Interim construction
X	X	○ Rate Rule R-18
X	X	Statutory Mechanic's, Contractor's and Materialman's Lien
X	X	• Persons entitled to lien – distinction between requirements for an “original contractor” and “sub-contractors”
X	X	• Property to which lien extends –
	X	• Procedure for perfecting lien
X	X	• Affidavits of commencement and completion
	X	• Foreclosure of lien
	X	• Termination of lien by operation of law
X	X	Statutory Lien on “Residential Construction Projects”
X	X	• Definition of “residential construction project”
X	X	• Notices from derivative claimant to owner and original contractor
X		• Disclosure Mechanic's Lien Contract to owner
X		• List of subcontractors and suppliers
X		• Final “all bills paid” affidavit
X	X	• Contractor may not require conveyance
X	X	• Article 16
X	X	Voluntary Liens for Construction
X	X	• Creating a valid lien on homestead property
X	X	○ Written contract signed by owner (and spouse, if married) before any materials delivered or work performed
X	X	○ Lien document must include required statutory language
X	X	• Protecting priority of construction lien over involuntary mechanic's and materialman's liens
X	X	○ Recording considerations
X	X	Properly insuring construction liens
X	X	• Rules

## CONVEYANCE

CESP	CAEP	Topic/Issue
X	X	<b>Deeds</b>
X	X	• Requirements of a Deed – both by statute and by underwriting standards
X	X	• Types of Deeds and appropriate use
X	X	○ General Warranty Deed
X	X	○ Special Warranty Deed
X	X	○ Deed without Warranty
X	X	○ Quitclaim (not really a Deed at all)
X	X	○ Owelty Deed
X	X	○ Partition Deed
X	X	○ Gift Deed
X	X	○ Right-of-way Deed
X	X	○ Mineral Deed
X	X	○ Sheriff's Deed / Constable's Deed
X	X	○ Trustee or Substitute Trustee Deed
X	X	○ Deed in Lieu of Foreclosure
X	X	○ Transfer on Death Deed
X	X	• Deeds with Blanks to be Filled-in Later
X	X	<b>Government Conveyances</b>
X	X	• Deed of Acquittance
X	X	• Patent & Land Awards
X	X	<b>Contract For Deed (Executory Contract)</b>
X	X	• Requirements for validity
	X	• Termination
X	X	<b>Leases</b>
X	X	• Requirements
X	X	• Transfer of Interest
	X	• Termination
	X	• Mineral Lease
X	X	<b>Judgments And Court Decrees</b>
X	X	• Eminent Domain
X	X	• Divorce Decree (properly worded?)
	X	• Partition
X	X	• Receivership

**CONVEYANCE**

CESP	CAEP	Topic/Issue
	X	• Boundary Dispute
X	X	• Probate (see separate topic)

## ***CURATIVE ISSUES***

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	<b>CURATIVE ACTIONS</b>
X	X	• Purpose
X	X	• Curative Statutes
X	X	• Correction Documents
X	X	• T-29 Master Indemnity
X	X	• Affidavit of heirship
X	X	<b>STATUTE OF LIMITATIONS</b>
X	X	• What is the limitation period for each type of involuntary lien?
X	X	• For each type of involuntary lien, can the lien be renewed to extend the period of validity?
X	X	<b>JUDGMENT LIEN - ABSTRACT OF JUDGMENT</b>
X	X	• Attachment of Abstract of Judgment Liens
X	X	○ Affidavit of Identity
X	X	○ Release or Partial Release from Creditor
X	X	▪ Homestead
X	X	▪ Bankruptcy
X	X	▪ Absent Creditor
X	X	<b>FEDERAL TAX LIEN</b>
X	X	• Attachment of Federal Tax Liens
X	X	○ Affidavit of Identity
X	X	○ Release or Partial Release from IRS
X	X	▪ Homestead
X	X	▪ Bankruptcy
X	X	▪ IRS Repayment Agreement
X	X	<b>STATE TAX LIEN</b>
X	X	• Attachment of State Tax Liens
X	X	○ Affidavit of Identity
X	X	○ Release or Partial Release from State
X	X	▪ Homestead
X	X	▪ Bankruptcy
X	X	<b>ASSIGNMENTS OF LIEN</b>
X	X	• Missing Assignments
X	X	• MERS

## DECEDENTS' ESTATES

CESP	CAEP	Topic/Issue
X	X	Testate - Will Admitted To Probate
X	X	• General
X	X	○ Title to property passes to heir(s) immediately upon death of Decedent, subject to administration of the estate (probate of the will)
	X	○ Deadline to file probate after Decedent's death
X	X	○ Purpose of Probate
	X	• Requirements for Probate
	X	○ Application
	X	○ Order Admitting Will to Probate
	X	○ Letters Testamentary Issued
	X	○ Inventory and Appraisal
X	X	• Types of Probate
X	X	○ Small Estate Affidavit
X	X	○ Independent Administration
X	X	• Execution of Deed by Independent Executor or Executor and Devises dependent upon circumstances
X	X	○ Power of sale
X	X	○ Sale to pay debts
X	X	○ Status of Probate
X	X	○ Dependent Administration
	X	• Requirements for Sale of a Property:
	X	○ Application to Sell
	X	○ Order to Sell
	X	○ Report of Sale
	X	○ Order Confirming Sale
	X	○ Execution of Deed by Administrator, including the information from the Confirmation
X	X	○ Will admitted to probate as a Muniment of Title
	X	• Requirements
	X	• Authority of Executor to act

## **DECEDENTS' ESTATES**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	• Foreign Probate – Will probated in another county or another state
X	X	○ Will probated in another county in Texas
	X	○ Will probated in a state other than Texas or in a foreign country
X	X	<b>Intestate - No Will Or Will Not Admitted To Probate</b>
X	X	• Property passes at death to heirs of Decedent
X	X	• Affidavit containing the facts necessary to determine heirship to be recorded in the county where the property is located
X	X	<b>Federal Estate Taxes</b>
X	X	• A lien for any taxes which may be owed by the estate
X	X	○ Attaches immediately upon death to all property of the estate
X	X	○ No requirement for filing of lien
X	X	○ Statute of limitations

## **DIVORCE**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
		<b>Divorce/Dissolution Of Marriage</b>
		• Valid Decree (either Texas or “foreign”)
	<b>X</b>	○ Proper jurisdiction
	<b>X</b>	○ Personal Service
	<b>X</b>	○ Final, non-appealable Order
		<b>Title To Property Determined By Decree</b>
		• Title effectively transferred by Decree
	<b>X</b>	○ Proper vesting and divesting language
	<b>X</b>	○ Valid legal description (address not sufficient)
	<b>X</b>	○ May be included in a Property Settlement Agreement
	<b>X</b>	• Title not effectively transferred – require execution of Deed
		<b>Title To Property Not Determined By Decree</b>
		• Ownership
	<b>X</b>	○ Joint ownership of community property as tenants in common
	<b>X</b>	○ Ownership of separate property – poses a question
		• Determination of Marital Property Rights
	<b>X</b>	○ Presumed to be Community
	<b>X</b>	• Property acquired during marriage
	<b>X</b>	○ Presumed to be Separate
	<b>X</b>	• Property acquired prior to marriage
	<b>X</b>	• Gift or inheritance
	<b>X</b>	• Separate Property by Written Agreement
		<b>Lien Imposed Against Property By Decree</b>
<b>X</b>	<b>X</b>	• Proper disposition of lien
		<b>Owely Transactions</b>
		• Creation of owely
<b>X</b>	<b>X</b>	○ Owners as co-tenants – may create owely by written agreement
<b>X</b>	<b>X</b>	○ Lien for owely may be created by Decree
<b>X</b>	<b>X</b>	• Insurance of an owely lien requires an acceptable Owely Deed, as well as appropriate lien documents

## EASEMENTS

CESP	CAEP	Topic/Issue
	X	General
	X	• Broad classification of easements – “in gross” or “appurtenant”
	X	○ Elements of an Easement Appurtenant
	X	• Identifying Dominant and Servient Estates
	X	• Exclusive versus Non-exclusive
X	X	Creation Of Easements
X	X	• General Elements
X	X	○ Requisites
X	X	○ Duration
X	X	• Ways to create an easement
X	X	○ Express Grant
	X	○ Express Reservation
	X	○ Plat
	X	○ Statute
	X	• Eminent Domain and Condemnation
	X	○ Implication
	X	○ Prescription
	X	○ Estoppel
	X	○ Necessity
X	X	Types Of Easement
X	X	• Specific
X	X	• Blanket
X	X	○ Unlocatable
X	X	• Expansive (Centerline)
X	X	• Unrecorded Easement
X	X	Transfer of Easement Rights
X	X	• Authority to Transfer
X	X	• Limitations
X	X	Termination of Easements
	X	• Terms of Easement
X	X	• Release
	X	• Merger
	X	• Failure of Purpose
	X	• Abandonment
X	X	Insuring Easement Estates

## **ENTITIES, INDIVIDUALS AND TRUSTS**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	<b>INDIVIDUALS</b>
X	X	• Natural Persons
X	X	○ Community versus Separate Property
X	X	• Capacity- Legal and otherwise
X	X	○ Mental competence
X	X	○ Age
X	X	○ Physical challenges
X	X	○ Language barriers
X	X	○ Literacy issues
X	X	• Assumed Name – Sole Proprietor
X	X	• Power of Attorney (Agent and Attorney in Fact)
X	X	<b>UNDERSTANDING TRUSTS, GROUPS AND STATUTORY ENTITIES</b>
	X	• Methods of Creation
X	X	• Governing Statutes
X	X	<b>CLOSING/INSURING ISSUES</b>
X	X	• Good Standing
X	X	• Authority of Signatories
X	X	• Defunct Entities – Voluntary and Involuntary
X	X	• Requirements
X	X	• Foreign Entities
X	X	<b>TRUSTS</b>
X	X	• Individual as a Trustee
X	X	• Blind Trust
X	X	• REIT
X	X	<b>GROUPS</b>
X	X	• General Partnership
X	X	• Joint Venture
X	X	• Associations and Clubs
X	X	• Churches
X	X	• Texas Unincorporated Non-Profit Association Act (TUNA)

## ***ENTITIES, INDIVIDUALS AND TRUSTS***

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
<b>X</b>	<b>X</b>	<b>STATUTORY ENTITIES</b>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Corporation</li></ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Limited Partnership</li></ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Texas Registered Limited Liability Partnership</li></ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Limited Liability Company</li></ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Professional Limited Liability Company</li></ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"><li>• Non-Profit Corporations and Cooperatives</li></ul>

## ESCROW PROCEDURES

CESP	CAEP	Topic/Issue
		<b>ESCROW DEFINED</b>
X		<ul style="list-style-type: none"> <li>Two or more owners of valuable things (money and documents) deposit them with a third party “fiduciary” together with written instructions regarding holding and disbursing</li> </ul>
X		<ul style="list-style-type: none"> <li>Definition of “fiduciary”</li> </ul>
		<b>GENERALLY ACCEPTED ESCROW PRINCIPLES</b>
X		<ul style="list-style-type: none"> <li>Escrow Funds must be kept separate from operating funds – not comingled</li> </ul>
X		<ul style="list-style-type: none"> <li>Each escrow transaction must be accounted for separately</li> </ul>
X		<ul style="list-style-type: none"> <li>An overdraft of an escrow account creates an escrow receivable, a situation prohibited by State law</li> </ul>
X		<ul style="list-style-type: none"> <li>Escrow accounts must be reconciled timely and – on a regular basis</li> </ul>
X		<ul style="list-style-type: none"> <li>3-Way Reconciliation</li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A reconciled bank balance,</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A checkbook (or cash ledger) balance and</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A trial balance listing all open individual escrow ledger record balance</li> </ul> </li> </ul>
		<b>TYPES OF ESCROW ACCOUNTS</b>
		<ul style="list-style-type: none"> <li>Standard Escrow Account</li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Should be established in a federally insured institution</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Must be established in the name of the agent with Escrow, Trust or Settlement Account included in the style of the account and preprinted on all forms</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>Investment Account (Interest-bearing)</li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>May be established at the specific request of a party to the escrow</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Specific signed authorization from all parties is required</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Instructions must be explicit as to the type of investment and the party for whom interest is to accrue</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A signed Form W-9 Payers Request for Taxpayer Identification Number and Certification should be obtained and retained in the escrow file for the party for whose benefit the interest will accrue.</li> </ul> </li> </ul>
		<b>MINIMUM ESCROW ACCOUNTING PROCEDURES IN TEXAS</b>
		<ul style="list-style-type: none"> <li>Monthly Trial Balances and Reconciliation</li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A monthly escrow trial balance for each individual escrow bank account must be prepared which, at a minimum, lists all open escrow balances. Each month’s escrow trial balance must be completed no later than the end of the next month.</li> </ul> </li> </ul>
X		<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>A three-way reconciliation of bank balance, book balance and escrow trial balance for each individual escrow bank account shall be performed monthly. Each three-way reconciliation must be completed within forty-five (45) days from the closing date of the bank statement of the account.</li> </ul> </li> </ul>

## ESCROW PROCEDURES

CESP	CAEP	Topic/Issue
X		<ul style="list-style-type: none"> <li>○ Each reconciliation should be approved by a manager or supervisor. If this is not possible or practical, each reconciliation shall be reviewed by another employee.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Each reconciliation should be prepared by someone not associated with the receipt and disbursement function. Where size does not permit this, each reconciliation shall be reviewed by the manager or owner.</li> </ul>
		<ul style="list-style-type: none"> <li>• Escrow Bank Account Requirements</li> </ul>
X		<ul style="list-style-type: none"> <li>○ All accounts must be styled as "Escrow" or "Trust". "Escrow account" or "trust account" must appear on the bank statement, the signed bank agreement, disbursement checks and deposit tickets.</li> </ul>
		<ul style="list-style-type: none"> <li>• Individual Escrow Account Management</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Accounts open for longer than six months should be thoroughly investigated. Disbursements from these accounts should not be allowed without management approval.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Management approval should be required for any transfers of funds between guaranty files or escrow accounts and transfers between guaranty files must be documented in both files.</li> </ul>
		<ul style="list-style-type: none"> <li>• GF Number Requirements</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Each guaranty file must be assigned a unique number. Name identification is not acceptable.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ All escrow checks and deposit tickets must display related guaranty file numbers directly on the document to provide a clear and direct connection between the document and related guaranty file.</li> </ul>
		<ul style="list-style-type: none"> <li>• Check Requirements</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Two signatures are required on all escrow checks. Only one signature must be that of a licensed escrow officer. This requirement is waived if the escrow agent has four or fewer employees or if the escrow agent is a sole proprietorship and the owner signs the escrow checks.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Voided checks should have their signature blocks removed or otherwise rendered ineffective.</li> </ul>
		<ul style="list-style-type: none"> <li>• Guaranty File Requirements</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Each guaranty file must contain a complete current disbursement sheet which lists the date, source and type of all receipts; date, check number, item description, payee and amount of all checks; date, amount, and type of any other disbursements (i.e.: outgoing wire-transfers) and any remaining balance. Voided checks which have been canceled where funds have been credited back to the account shall be shown on the disbursement sheet.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Invoices substantiating or sufficient evidence to support all disbursements shall be kept in the guaranty files.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ If a settlement statement requires changes, a new statement must be prepared or pen-and-ink changes must be initialed by all parties affected by the changes, or sufficient evidence to support the changes must be maintained in the guaranty file.</li> </ul>
		<ul style="list-style-type: none"> <li>• Earnest Money "Hot" Checks. If after the escrow agent has received and deposited an earnest money check, and the check is returned to the escrow agent by a financial institution due to insufficient funds, the escrow agent shall</li> </ul>

## ESCROW PROCEDURES

CESP	CAEP	Topic/Issue
X		<ul style="list-style-type: none"> <li>○ Notify the seller by written notice deposited in the mail and addressed to the seller's address as shown in the escrow agent's file relating to the transaction within seven business days after the returned check is received by the escrow agent unless the check is replaced by collected funds within the seven-day time period.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ The escrow agent shall retain copies of written notices</li> </ul>
X		<ul style="list-style-type: none"> <li>• Cash Receipts - A signed, pre-numbered receipt must be issued for any escrow funds received in cash.</li> </ul>
X		<ul style="list-style-type: none"> <li>• Defalcation</li> </ul>
		<b>"GOOD FUNDS" - P-27</b>
		<ul style="list-style-type: none"> <li>• Definitions -</li> </ul>
X		<ul style="list-style-type: none"> <li>○ "Good funds" means</li> <li>- Types</li> </ul>
X		<ul style="list-style-type: none"> <li>○ "Received and deposited" means</li> </ul>
		<ul style="list-style-type: none"> <li>• General Provisions</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Good funds in an amount equal to all disbursements must be received and deposited before any disbursement may be made. Partial disbursements, prior to the receipt and deposit of good funds, are not permitted. If a party to the transaction submits too much money, that overage which will not ultimately be a part of the transaction may be refunded at or prior to settlement.</li> </ul>
X		<ul style="list-style-type: none"> <li>○ An Immediately Available Funds Procedure Agreement (Form T-37 or T-37A) must be fully executed by the Financial Institution, the Federally-insured Lender (and "Agent," if applicable) and the title agent prior to issuance of checks intended to qualify as "good funds."</li> </ul>
		<b>FORM 8300 CASH IN EXCESS OF \$10,000 - IRS REPORTING REQUIREMENTS</b>
		<ul style="list-style-type: none"> <li>• What Is Cash?</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Currency</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Cash equivalents, such as cashier's checks, traveler's checks, money orders in amounts less than \$10,000, but which aggregate more than \$10,000 in the same or related transactions</li> </ul>
		<b>UNCLAIMED PROPERTY</b>
X		<ul style="list-style-type: none"> <li>• "Dormant" Definition</li> </ul>
X		<ul style="list-style-type: none"> <li>• Requirements for reporting to the State</li> </ul>

## FORECLOSURE

CESP	CAEP	Topic/Issue
X	X	DEFINITIONS
X	X	• Deed of Trust
	X	• Mortgage
X	X	• Trustee
X	X	• Grantor/Debtor
X	X	• Beneficiary
X	X	• Default
X	X	TYPES
X	X	• Non judicial Foreclosure
X	X	○ Texas Property Code requirements
X	X	○ Deed of Trust requirements
	X	• Judicial Foreclosure
	X	○ Rule 736 Home Equity Foreclosure
	X	○ Vendor's Lien Foreclosure
X	X	SPECIAL ISSUES
X	X	• Home Equity
X	X	• Contract for Deed
X	X	• Servicemembers' Civil Relief Act
X	X	• Deceased Debtor
X	X	• Liens
X	X	○ Mechanic's lien with removables
X	X	○ Federal Tax Liens
X	X	○ Federal Liens
X	X	○ Homeowner's Association Liens
X	X	○ Texas Workforce Commission Payday Lien - Section 61.0825 Texas Labor Code
X	X	○ Property Tax Liens/Tax suits
X	X	• Bankruptcy



## **HOME EQUITY AND REVERSE MORTGAGE LOANS**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	<b>AUTHORITY</b>
X	X	• Texas Constitution
X	X	<b>DEFINITIONS</b>
X	X	• Homestead
X	X	• Home Equity
X	X	• Reverse Mortgage
X	X	<b>HOME EQUITY LOAN REQUIREMENTS</b>
X	X	• Article 16, Section 50, (a) (6) (A-Q)
X	X	○ Home Equity Line of Credit
X	X	<b>REVERSE MORTGAGE ARTICLE</b>
X	X	• Article 16, Section 50, (a) (7) and (k) (1-11)
X	X	<b>INSURANCE FORMS AND RULES</b>
X	X	• T-42: Equity Loan Mortgage Endorsement
X		○ P-44
X		○ R-28.A.
X	X	• T-42.1: Supplemental Coverage Equity Loan Mortgage Endorsement
X		○ P-47
X		○ R-28.B.
X	X	• T-43: Texas Reverse Mortgage Endorsement
X		○ P-45
X	X	<b>FORECLOSURE</b>
X	X	• Authority
	X	○ Texas Rules of Civil Procedure 735 and 736
	X	• Order to Proceed with Notice of Sale and Sale

## HOMESTEAD

CESP	CAEP	Topic/Issue
		<b>INTRODUCTION AND AUTHORITY</b>
		<ul style="list-style-type: none"> <li>• History – Purpose and evolution</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Liberal interpretation in favor of property owner</li> </ul>
		<ul style="list-style-type: none"> <li>• Texas Constitution - Article 16, Section 50</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Content</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Changed only by constitutional amendment</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Rights associated with a Texas Homestead.</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Protects homestead property from forced sale for debts</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Texas Property Code</li> </ul>
		<b>"HOMESTEAD" CRITERIA FOR DIFFERENT PURPOSES</b>
X	X	<ul style="list-style-type: none"> <li>• For tax purposes</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• For protection against forced sale</li> </ul>
		<b>TYPES OF HOMESTEAD</b>
X	X	<ul style="list-style-type: none"> <li>• Urban – includes "business"</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Rural – 100 or 200 acres</li> </ul>
		<b>VALID LIENS</b>
X	X	<ul style="list-style-type: none"> <li>• Purchase Money</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Construction (with appropriate mechanic's lien documentation)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Ad Valorem Taxes</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Federal Tax Liens</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Owelty Liens</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Home Equity</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Reverse Mortgage</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Manufactured Housing Refinance</li> </ul>
		<b>CREATING INSURABLE LIENS</b>
		<ul style="list-style-type: none"> <li>• Loan documents</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Original liens</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Refinance of an existing lien</li> </ul>
		<ul style="list-style-type: none"> <li>• Corroborating Homestead Affidavits</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ "Abandoning the homestead"</li> </ul>
		<b>UNDERWRITING ISSUES</b>
X	X	<ul style="list-style-type: none"> <li>• Homestead rights of spouse – possession versus ownership</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Attachment of involuntary liens</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Clearing title</li> </ul>

## **INSURING AND OTHER PROMULGATED FORMS**

CESP	CAEP	Topic/Issue
		<b>Definition</b>
X	X	• Insuring Forms
X	X	• Promulgated Forms
		<b>Statutory Requirements - Title XI - Texas Title Insurance Act</b>
		• Chapter 2703 Policy Forms and Premium Rates
X	X	○ Section 2703.001 Compliance with Title and Rules
X	X	○ Section 2703.002 Use of Forms in General
X		○ Section 2703.003 Payment of Premiums
X		○ Section 2703.051 Certain Provisions Required
X	X	○ Section 2703.101 Policy Forms for Residential Real Property
X		○ Section 2703.151 Fixing and Promulgating Premium Rates
		• Chapter 2704 Issuance of Policy or Contract; Determination of Insurability
X	X	○ Section 2704.001 Issuance of Policy or Contract
X	X	○ Section 2704.002 Direct Issuance of Policy or Contract
X	X	○ Section 2704.003 Copy of Policy or Contract to Agent or Direct Operation
X	X	○ Section 2704.051 Issuance of Owner's and Loan Policies for Residential Real Property
X	X	○ Section 2704.052 Rejection of Issuance of Owner's Policy
X	X	○ Section 2704.101 Definition (Area and Boundary Coverage)
X	X	○ Section 2704.102 Rules Authorizing Acceptance of Existing Survey
		<b>Commitment - Form T-7</b>
X	X	• Definition
X	X	• Purpose
X	X	• Rules applicable to the Commitment
		<b>Policies</b>
		• Owner's Policy of Title Insurance
X	X	○ Definition
X	X	○ Types
X	X	• T-1 Owner's Policy of Title Insurance
X	X	• T-1R Residential Owner's Policy of Title Insurance
X	X	○ Covered Risks
X	X	○ Exclusions from Coverage
		○ Conditions
X	X	• Definitions

## **INSURING AND OTHER PROMULGATED FORMS**

CESP	CAEP	Topic/Issue
X	X	• Continuation of insurance
X	X	○ Complaint Notice
X	X	○ Rules applicable to the owner policies
		• Loan Policy of Title Insurance
X	X	○ Definition
X	X	• Types
X	X	• T-2 Loan Policy of Title Insurance
X	X	• T-2R Texas Short Form Residential Loan Policy 1-4 Family
X	X	○ Covered Risks
X	X	○ Exclusions from Coverage
X	X	○ Conditions
X	X	• Definitions
X		• Continuation of insurance
X	X	○ Complaint Notice
X	X	○ Rules applicable to loan policies
		• Loan Title Policy Binder on Interim Construction Loan – Form T-13
X	X	○ Definition
X	X	○ Rules applicable to the interim construction binder
		<b>Endorsements</b>
X	X	• Purpose
		• Application
X	X	○ Residential Real Property
X	X	○ Property that is not Residential Real Property
X	X	• Rules applicable to specific endorsements
		<b>Other Promulgated Forms</b>
X	X	• T-00 Verification of Services Rendered
X		• T-37 and T-37A Immediately Available Funds Procedure Agreement
X	X	• T-47 Residential Real Property Affidavit
X		• T-50 and T-51 Insured Closing Service
X		• T-56 Owner Policy Rejection Form
X		• T-60 Borrower's Statement
X		• T-61 Purchaser's Statement
X		• T-62 Seller's Statement
X		• T-63 Texas Escrow Accounting Addendum: Special Disbursement Reconciliation

## INVOLUNTARY LIENS

CESP	CAEP	Topic/Issue
X	X	<b>DEFINITION OF LIEN</b>
X	X	A claim or charge on the property of an individual to provide security for the payment of a debt, obligation, or duty.
X	X	<b>TYPES OF LIENS</b>
X	X	Voluntary – Definition of voluntary versus involuntary
X	X	Involuntary
X	X	○ Affecting Specific Property
X	X	Mechanic's Lien Claim for Unpaid Work or Materials
X	X	Lien for Ad Valorem Taxes
X	X	Municipal and County Liens
X	X	○ Affecting Specific Person/Entity – Attaching to Land They Own
X	X	Judgment Lien – Abstract of Judgment
X	X	Federal Tax Lien
X	X	State Tax Lien
X	X	Child Support Lien
X	X	Other Less Common Statutory Liens
X	X	<b>Statute of Limitations</b>
	X	What is the limitations period for each type of involuntary lien?
	X	For each type of involuntary lien, can the lien be renewed to extend the period of validity?
X	X	<b>JUDGMENT LIEN- ABSTRACT OF JUDGEMENT</b>
X	X	Definition
X	X	A Judgment becomes a lien on real property when
X	X	○ Certified Abstract of the Judgment – required elements or contents of the Abstract
X	X	○ Recorded and indexed in county where property is located
X	X	Indexed by name of Defendant (Debtor) and Plaintiff
X	X	May be recorded in more than one county
X	X	○ The judgment attaches to the debtor's property, both that owned at the time of recording and property acquired after recording.
X	X	Rights of the Judgment Creditor in regard to real property
X	X	○ Writ of execution issued
X	X	○ Property posted for sale (Only Creditor is notified, not current owner of the property)
X	X	○ Sheriff's / Constable's Sale of the property

## INVOLUNTARY LIENS

CESP	CAEP	Topic/Issue
X	X	Duration
X	X	○ Abstract of Judgment in favor of the U.S. Government or government agencies – 20 years
X	X	○ Abstract of Judgment in favor of the State of Texas or State agency – 20 years
X	X	○ Abstract of Judgment – all others – 10 years
X	X	Curative Issues
X	X	○ Verification that owner is not the same as debtor and Affidavit of Identity
X	X	○ Release or Partial Release from Creditor
X	X	Homestead
X	X	Bankruptcy (see separate topic)
X	X	○ Absent Creditor – court procedure for payment
X	X	<b>Federal Tax Lien</b>
X	X	What is a Federal Tax Lien?
X	X	What does it take for a Federal Tax Lien to become a lien on real property?
	X	○ Recorded and indexed in county where property is located
	X	How is the Federal Tax Lien indexed?
	X	Can the Federal Tax Lien be recorded in more than one county?
X	X	○ The Federal Tax Lien becomes a lien on the taxpayer's property, both that owned at the time of recording and property acquired after recording.
X	X	What does the IRS have the right to do in regard to real property?
	X	○ Seize the property and sell it to recover the unpaid taxes
	X	○ Who is notified about this sale? – only the taxpayer, not the current owner of the property
X	X	For how long does Federal Tax Lien affect the property?
		Curative Issues
X	X	○ Verification that owner is not the same as debtor and Affidavit of Identity
X	X	○ Release or Partial Release from IRS
X	X	Homestead
X	X	Bankruptcy (see separate topic)
X	X	IRS Repayment Agreement
X	X	<b>State Tax Lien</b>
X	X	What is a State Tax Lien?
X	X	What does it take for a State Tax Lien to become a lien on real property?
	X	○ Recorded and indexed in county where property is located

## INVOLUNTARY LIENS

CESP	CAEP	Topic/Issue
	X	How is the State Tax Lien indexed?
	X	Can the State Tax Lien be recorded in more than one county?
X	X	<ul style="list-style-type: none"> <li>○ The State Tax Lien becomes a lien on the taxpayer's property, both that owned at the time of recording and property acquired after recording.</li> </ul>
X	X	What does the State have the right to do in regard to real property?
	X	<ul style="list-style-type: none"> <li>○ Seize the property and sell it to recover the unpaid taxes</li> </ul>
	X	Who is notified about this sale? – only the taxpayer, not the current owner of the property
X	X	For how long does State Tax Lien affect the property?
X	X	Curative Issues
X	X	<ul style="list-style-type: none"> <li>○ Verification that owner is not the same as debtor and Affidavit of Identity</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Release or Partial Release from State</li> </ul>
X	X	Homestead
X	X	Bankruptcy (see separate topic)
X	X	<b>Child Support Lien</b>
X	X	What is a Child Support Lien?
	X	What does it take for a Child Support Lien to become a lien on real property?
	X	<ul style="list-style-type: none"> <li>○ Recorded and indexed in county where property is located</li> </ul>
	X	How is the Child Support Lien indexed?
	X	Can the Child Support Lien be recorded in more than one county?

## MANUFACTURED HOUSING

CESP	CAEP	Topic/Issue
		<b>DEFINITION</b>
X	X	• Definition of “Manufactured Home” – HUD Home- Mobile Home – What is & what isn’t?
X	X	• Texas Department of Housing and Community Affairs (TDHCA) governs MHU in Texas
X	X	• Difference between Real vs. Personal Property
		<b>FORMS</b>
X		• Sale of New MHU
X		• Sale of Used – being moved MHU
X		• Sale of Used – not being moved MHU
X	X	• Election to treat MHU as real property
		<b>UNDERWRITING</b>
		• Status of MHU
X	X	○ Permanently Affixed – Inspection and/or Survey
X	X	○ Titling issues
X	X	• Status of Statement of Ownership and Location (SOL)
X	X	• Certificate of Attachment – previously recorded
X	X	• Title to MHU – previously surrendered (nothing appearing of
X	X	• Ownership of MHU versus ownership of insured property
X		• Personal Property Taxes
		• Status of liens on MHU
X	X	○ UCC's and Financing Statements
X	X	• Available Endorsements
X		• Status of taxes when personal property MHU is being converted to real property

## NOTARY REGULATIONS

CESP	CAEP	Topic/Issue
X	X	<b>AUTHORITY</b>
X		• Secretary of State-Governing Body
X	X	<b>NOTARY APPOINTMENT:</b>
X		• Eligibility
X		• Requirements
X		• Term
X	X	• Jurisdiction
X		<b>DUTY AND PURPOSE</b>
X	X	<b>SEAL</b>
X	X	• Contents
X	X	• States in which seal is required
X		<b>RECORD BOOK</b>
X		• Purpose
X		• Recordkeeping Requirements
X		○ Date of each instrument notarized
X		○ Date of the notarization
X		○ Name of signer, grantor or maker
X		○ Signer's, grantor's or maker's residence or alleged residence
X		○ Signer, grantor or maker is personally known by the Notary Public
X		<i>f</i> Method of Identification
X		... I.D. card issued by government agency or US Passport
X		... Personal Knowledge or Introduction to Notary Public
X		○ Name and resident of any witness, if required by the document
X		○ Name and residence of grantee
X		○ Name of original grantee if the land is being conveyed and county where the land is located
X		○ Brief description of the instrument
X	X	• Disposition upon Death
X	X	<b>AUTHORITY OF NOTARY</b>
X	X	• Scope of Notary Public Authority in the Title Industry
X	X	○ Take acknowledgments and/or jurats
X	X	<b>REJECTION, SUSPENSION OR REVOCATION</b>
X	X	• Prohibited Acts by a Notary Public resulting in a Class A Misdemeanor
X		○ Unauthorized Practice of Law
X		○ Prepare, draft, select or give advice concerning legal documents

## NOTARY REGULATIONS

CESP	CAEP	Topic/Issue
X		<ul style="list-style-type: none"> <li>○ Translate the term “Notary Public” in Spanish “Notario Publico”</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Overcharge for notary public services</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Notarizes a document without the signer being present</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Notarize one’s own signature</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Signs a notarial certificate under any other name than the one under which the notary was commissioned</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Fail to attach a notary seal to any document a notary notarizes</li> </ul>
X		<b>FEES</b>
X		<ul style="list-style-type: none"> <li>• Maximum Fees established by Tex. Gov’t. Code 406.024</li> </ul>
X		<b>REAPPOINTMENT</b>
X		<ul style="list-style-type: none"> <li>• Not earlier than 90 days prior to expiration of current notary term</li> </ul>
X		<ul style="list-style-type: none"> <li>• New qualification required if term expires</li> </ul>
X		<b>SECTION 406.017 OFFENSES</b>
X		<ul style="list-style-type: none"> <li>• A final conviction for crime involving moral turpitude</li> </ul>
X		<ul style="list-style-type: none"> <li>• A false statement knowingly made in an application</li> </ul>
X		<ul style="list-style-type: none"> <li>• The failure to comply with Section 406.017</li> </ul>
X		<ul style="list-style-type: none"> <li>• A final conviction for a violation of a law concerning the regulation of the conduct of notaries public in this or another state</li> </ul>
X		<ul style="list-style-type: none"> <li>• The failure to fully and faithfully discharge any of the duties or responsibilities of a Notary Public</li> </ul>
X	X	<b>CHANGE OF ADDRESS</b>
X		<ul style="list-style-type: none"> <li>• Time Limit</li> </ul>
X		<ul style="list-style-type: none"> <li>• Who to Notify</li> </ul>

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

CESP	CAEP	Topic/Issue
		<b>TYPES OF RULES</b>
X	X	<ul style="list-style-type: none"> <li>• Rate Rules – Section III of Basic Manual</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Procedural Rules – Section IV of Basic Manual</li> </ul>
		<b>Interpretation and Enforcement of Rules</b>
X	X	<ul style="list-style-type: none"> <li>○ Texas Department of Insurance</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Bulletins – Appendix of Basic Manual</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Quality Assurance Reviews by Underwriters</li> </ul>
		<b>Rules and Bulletins Relating to Insurance Coverage and Issuance of Owner's &amp; Loan Policies</b>
		<ul style="list-style-type: none"> <li>• Bulletin 152</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Date of Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Instruction to not issue prior to recordation of the instrument creating the estate or interest to be insured</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Instruction to not issue prior to payment of full consideration (“funding”)</li> </ul>
		<ul style="list-style-type: none"> <li>• Amount of Coverage (Liability Amount)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-66 A Owner’s Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-66 B Loan Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-27 Premium for Texas Residential Limited Coverage Junior Mortgagee Policy</li> </ul>
		<ul style="list-style-type: none"> <li>• Named Insured</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-7 Loan Policy or Commitment for Loan Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-63 Qualified intermediary under Internal Revenue Code §1031 takes title on behalf of the ultimate owners</li> </ul>
		<ul style="list-style-type: none"> <li>• Estate or Interest</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-66 A Owner’s Policy – fee simple, leasehold, easement</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Bulletin 138 – Prohibition against insuring future estates</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-2 Amendment of Exception to Areas and Boundaries</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-16 Premium for amendment of Exception to Areas and Boundaries</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-4 Restrictive Covenants Exception</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-20 Exception to Taxes and Amendment of Standard Exception</li> </ul>
X		<ul style="list-style-type: none"> <li>▪ R-19 Premium for amendment to delete exception to “rollback taxes”</li> </ul>
X		<ul style="list-style-type: none"> <li>▪ R-24 Premium for amendment to add “not yet due” language</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-3 Exception to “RIGHTS OF PARTIES IN POSSESSION”</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-5 Special Exceptions [“shall not be general in nature”]</li> </ul>

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	<ul style="list-style-type: none"> <li>○ P-5.1 General exceptions allowed in regard to mineral interests</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-64 Subordinate Liens and Liens (deletion of standard exception)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-39 Express Insurance</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-8 Issuing Policies Prior to Completion of Improvements</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-19 "Pending Disbursement" clause for Loan Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-36 Arbitration Provisions</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-37 Lack of Right of Access</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-6 Co-Insurance</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-6b – Calculation of premium for aggregate amount of \$15,000,000 or more</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-11 Insuring Around</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-13 Truth-in-Lending</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-38 Residential Owner's Policy of Title Insurance - One to Four Family Residence (T-1R)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-51 Texas Short Form Residential Loan Policy (T-2R)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-43 Limited Pre-Foreclosure Policy (T-98)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-26 Premium for Limited Pre-Foreclosure Policy</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-61 Timely Provision of Title Policies</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-65 Issuance of Owner's Policy or Rejection</li> </ul>
		<b>Rules Relating to Insurance Coverage and Issuance of Endorsements</b>
		<ul style="list-style-type: none"> <li>● P-9 Endorsement of Owner's or Loan Policies</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-9a.1 Owner's Policy on Leasehold – endorsement must be attached (T-4, T-4R)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-9a.2 Owner's Policy - Increased Value (T-34)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9a.3 Down date to "jumbo" owner's policy during construction (T-3, Instruction VIII)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9a.4 Owner's Policy – Supplemental Coverage MHU (T-31.1)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9b.1 A/L to governmental entities on residential property (T-3, Instruction III)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9b.2 A/L to others on non-residential property (T-3, Instruction III)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9b.3 Modification, partial release, release of personal liability, etc. (T-38)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ P-9b.4 Down Date to Loan Policy during construction (T-3, Instruction V)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-9b.5 Loan Policy on Leasehold – endorsement must be attached (T-5)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ P-9b.6 Variable Rate Mortgage Loan and Variable Rate Mortgage</li> </ul>

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

CESP	CAEP	Topic/Issue
		Loan, Negative Amortization (T-33, T-33.1)
X	X	○ P-9b.7 Manufactured Housing and Supplemental Coverage (T-31, T-31.1)
X		○ P-9b.8 Future Advance/Revolving Credit (T-35)
X		○ P-9b.9 Environmental Lien (T-36)
X		○ P-9b.10 Balloon Mortgage (T-39)
X		○ P-9b.11 First Loss (T-14)
X		○ P-9b.13 Mortgage Policy Aggregation (T-16)
X	X	○ P-9b.14 Planned Unit Development – PUD (T-17)
X	X	○ P-9b.15 Condominium (T-28)
X		• R-11 Premiums for endorsements to loan policies (from P-9)
X		• R-15 Premiums for endorsements to owner’s policies (from P-9)
X		• P-16 Extension of Interim Construction Binder (T-3, Instruction I)
X		○ R-13 Premium for extension of Interim Construction Binder
X	X	• P-43 Limited Pre-Foreclosure Downdate Endorsement (T-99)
X		○ R-26 Premium for Limited Pre-Foreclosure Limited Downdate Endorsement
X	X	• P-44 Home Equity Loan Mortgage Endorsement (T-42)
X		○ R-28 Premium for Equity Loan Mortgage Endorsement
X	X	• P-47 Home Equity Loan Mortgage Endorsement (T-42.1)
X		○ R-28 Premium for Supplemental Coverage Equity Loan Mortgage Endorsement
X	X	• P-46 Texas Limited Coverage Junior Loan Policy Down Date Endorsement (T-45) and Texas Limited Coverage Junior Mortgagee Policy Variable Rate Endorsement (T-46) and Texas Limited Coverage Junior Mortgagee Policy Additional Coverage Endorsement (T-44)
X		○ R-27 Texas Residential Limited Coverage Junior Loan Policy endorsements
X		• P-45 Reverse Mortgage Endorsement (T-45)
X	X	• P-50 Restrictions, Encroachments, Minerals Endorsement (T-19) (T-19.1)
X		○ R-29 Premium for Restrictions, Encroachments, Minerals Endorsements
X	X	• P-50.1 Minerals and Surface Damage Endorsement (T-19.2) (T-19.3)
X		○ R-29.1 Premium for Minerals and Surface Damage Endorsements
X	X	• P-54 Access Endorsement (T-23)
X		○ R-30 Premium for Access Endorsement
X		• P-55 Non-Imputation Endorsement and Non-Imputation Endorsement

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

CESP	CAEP	Topic/Issue
		(Mezzanine Financing) (T-24 and T-24.1)
X		<ul style="list-style-type: none"> <li>○ R-31 Premium for Non-Imputation Endorsements</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-56 Contiguity Endorsement (T-25, T-25.1)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-32 Premium for Contiguity Endorsement (T-25)</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-57 Additional Insured Endorsement (T-26)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-33 Premium for Additional Insured Endorsement</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-17 Electronically Produced Endorsement Forms</li> </ul>
		<b>Rules and Bulletins Relating to Insurance Coverage and Issuance of Other Insuring Forms</b>
X		<ul style="list-style-type: none"> <li>● P-52 Delivery of Pro Forma Policies and Promulgated Forms</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-18 Commitment for Title Insurance (T-7)</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-21 Contents of Schedule D to Commitment for Title Insurance</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-14 Owner's Title Policy Commitment to the Texas Department of Transportation (T-20)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ R-23 Commitment Fee</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-15 Commitment - FDIC, OTS, RTC</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-25 Premium for Commitment for Title Insurance to the Federal Deposit Insurance Corporation, Resolution Trust Corporation, Office of Thrift Supervision</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-16 Loan Title Policy Binder on Interim Construction Loan (T-13)</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-13 Premium for Binder on Interim Construction Loan</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Bulletin 136 – Prohibition against issuing on “development” loans</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-33 Policy of Title Insurance (USA) (T-11)</li> </ul>
		<b>Procedural Rules Relating to Underwriter Activities</b>
X		<ul style="list-style-type: none"> <li>● P-10 Facultative Reinsurance</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-11.c. Texas Master Indemnity Agreement (T-29)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-31 Authorized Execution of a Directly Issued Policy (Home Office Issue)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>● P-58 Report on Directly Issued Policy</li> </ul>
X		<ul style="list-style-type: none"> <li>● P-69 Issuance of Insured Closing Letters</li> </ul>
		<ul style="list-style-type: none"> <li>● P-68 Consumer Notice (must be included with policies)</li> </ul>
		<b>Rules and Bulletins Affecting the Operation of Title Agents and Underwriters</b>
	X	<ul style="list-style-type: none"> <li>● P-12 Abstract Plants</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Bulletin 145 – Definition of “joint plant”</li> </ul>
		<ul style="list-style-type: none"> <li>● P-62 Licensing and Location of Title Agents and Direct Operations</li> </ul>

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X	X	<ul style="list-style-type: none"> <li>• P-22 Payment of a Fee for Examination and/or Closing</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-23 Division of Premiums between Title Insurance Agents and Underwriters</li> </ul>
X		<ul style="list-style-type: none"> <li>○ R-2 Rebates and Discounts – Date by which premium must be remitted to underwriter</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-24 Payment for Services Rendered</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-70 Cancellation Fees; Fees for Services Rendered</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• P-25 Reasonable Time for Furnishing Title Evidence</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-26 Copies of Policies Provided to Agents</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-28 General Requirements for Continuing Education</li> </ul>
		<ul style="list-style-type: none"> <li>○ Bulletin 161 – Application of requirements to parties with no active involvement</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-30 Guaranty Assessment Recoupment Charge</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-32 Document Retention</li> </ul>
		<ul style="list-style-type: none"> <li>• P-53 Rebates and Discounts Prohibited</li> </ul>
		<b>Rules and Bulletins Relating to Closing and Settlement</b>
X	X	<ul style="list-style-type: none"> <li>• P-27 Disbursement from Trust Fund Accounts [Good Funds]</li> </ul>
X		<ul style="list-style-type: none"> <li>• P-35 Prohibition Against Guaranties, Affirmations, Indemnifications, Certifications</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Bulletin 155 – FHA Certifications and Initial Escrow Account Statements</li> </ul>
		<ul style="list-style-type: none"> <li>• R-2 Rebates and Discounts</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Prohibition against issuing or delivering any insuring form prior to collecting full premium</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Must issue policy(ies) if premium(s) collected</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Requirements for allowing premium to “pass through” to issuance of policy in subsequent transaction</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Method of calculating and requirements for allowing premium to be paid in “installments”</li> </ul>
X		<ul style="list-style-type: none"> <li>• Bulletin 160 – Disclosure of disbursement of real estate commission</li> </ul>
X		<ul style="list-style-type: none"> <li>• Form T-63 – Texas Escrow Accounting Addendum – Special Disbursement Reconciliation (for disbursement of POC items through escrow)</li> </ul>
		<b>Additional Rate Rules and Bulletins for Calculating Premium Charges</b>
X		<ul style="list-style-type: none"> <li>• R-1 Schedule of Basic Premium Rates</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Shall apply unless another rule specified</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Prohibition against combining Rate Rules</li> </ul>
X		<ul style="list-style-type: none"> <li>• R-3 Owner’s Policy</li> </ul>

## **RATE AND PROCEDURAL RULES (and Selected Bulletins)**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
X		○ Surrender “credit” if improvements subsequently added
X		• R-4 Loan Policy
X		○ Additional 25% coverage – initially or subsequently issued
		• R-5 Simultaneous Owner’s and Loan Policy(ies)
X		○ Requirements and standard rate
X		○ Loan Policy(ies) exceed Owner’s Policy
X		○ Including the cost of contemplated improvements and combined with Owner’s Policy “surrender credit”
X		○ Premium paid in “installments”
X		• R-6 Subsequently issued Loan Policy
X		• R-7 Simultaneous First and Subordinate Lien Loan Policies
X		• R-8 Loan Policy “Refinance credit”
X		○ Requirements and chart of credits
X		○ Additional chain(s) of title
X		○ Two or more loans satisfying one existing loan
X		○ Prohibition against including “additional” land
X		○ Limitation on amount of “written payoff balance” used to calculate credit
X	X	• R-9 Additional Chain(s) of Title
X		• R-13 “Binder credit”
X		○ Owner’s Policy – upon subsequent sale
X		○ Loan Policy – upon subsequent refinance
X		• R-18 Loan Policy – Refinance of Construction Loan Covered by Loan Policy
X		• Bulletin 120 – Multiple full premiums when multiple Sales/Purchases aggregated into a single Owner’s Policy

## **RESPA, HUD, CFPB, TRID AND CLOSING DISCLOSURE**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
<b>X</b>		<b>INTRODUCTION</b>
<b>X</b>		<ul style="list-style-type: none"> <li>• RESPA, CFPB and TRID</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>○ Good Faith Estimate and HUD-1</li> <li>○ Loan Estimate and Closing Disclosure</li> <li>○ Texas Disclosure (T-64)</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>• Permissible to use HUD-1 Settlement Statement on other types of loans at the option of the parties to the transaction</li> </ul>
<b>X</b>		<b>LENDER ESCROW INSTRUCTIONS</b>
<b>X</b>		<ul style="list-style-type: none"> <li>• General Requirements</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>○ Closing in accordance with Lender's Closing Instructions.</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>○ Title Agent responsibility when lender instructions conflict with any regulatory guidelines.</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>• Amendment of Lender Escrow Instructions</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>○ Requirements of Title Agent if Lender refuses to amend instructions</li> </ul>
<b>X</b>		<b>CLOSING DISCLOSURE, TEXAS DISCLOSURE AND HUD-1, ACCOUNTABILITY AND DISBURSEMENT</b>
<b>X</b>		<ul style="list-style-type: none"> <li>• HUD-1, Closing Disclosure and Texas Disclosure and actual receipts and disbursements</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>• How to handle changes to HUD-1 Settlement Statement, Closing Disclosure and Texas Disclosure</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>○ TDI Minimum Escrow Accounting Procedures and Internal Controls</li> </ul>
<b>X</b>		<b>COMPLETION OF CLOSING DISCLOSURE, TEXAS DISCLOSURE and HUD-1</b>
<b>X</b>		<ul style="list-style-type: none"> <li>• Must be completed according to applicable regulations</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>• Compliance with TDI audit guidelines</li> </ul>
<b>X</b>		<ul style="list-style-type: none"> <li>• Commission payments to real estate brokers and other payees</li> </ul>

# SURVEYS

CESP	CAEP	Topic/Issue
		<b>TYPES OF SURVEYS</b>
X	X	<ul style="list-style-type: none"> <li>• Insurable categories of surveys</li> </ul>
		<b>ELEMENTS OF AN ACCEPTABLE SURVEY</b>
		<ul style="list-style-type: none"> <li>• All surveys accepted for title insuring purposes should meet this criteria</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Should be legible</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ The scale should be appropriate – to allow proper review</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ North Arrow Shown</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Legend included</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Proper Certificate including language approved by underwriter and</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Date</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• Name, Number, Seal and original Signature of Registered Professional Land Surveyor</li> </ul>
		<ul style="list-style-type: none"> <li>• Additionally, to be acceptable for title insuring purposes, the survey should include or depict the following</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Legal description</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Permanent Monuments</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Easements and Building Lines</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Improvements</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Encroachments and/or Protrusions</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Street address, if applicable</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Verification of public access (street designation, curb cut, etc.)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>○ Other visible matters (waterways, cemeteries, RR tracks, apparent roads or paths, manholes, etc.)</li> </ul>
	X	<ul style="list-style-type: none"> <li>• Additional requirements for – Unplatted Property</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Point of Beginning (and when necessary, Point of Commencement)</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Distances and calls</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Closure</li> </ul>
	X	<ul style="list-style-type: none"> <li>○ Adjoinder properties</li> </ul>
	X	<ul style="list-style-type: none"> <li>• Specific – Transaction Requirements</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Flood Hazard Area Certification</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Number and size of parking spaces</li> </ul>
X		<ul style="list-style-type: none"> <li>○ Elevation details</li> </ul>
		<b>TITLE POLICY ENDORSEMENTS/AMENDMENTS</b>
X	X	<ul style="list-style-type: none"> <li>• Amendment of “area and boundary” exception</li> </ul>
X	X	<ul style="list-style-type: none"> <li>• T-17: Planned Unit Development</li> </ul>

**SURVEYS**

CESP	CAEP	Topic/Issue
X	X	• T-19, T-19.1: Restrictions, Encroachments, Minerals
X	X	• T-23: Access
X	X	• T-25: Contiguity
		<b>UNDERWRITING CONSIDERATIONS</b>
X	X	• Compliance with Procedural Rule P-2
X	X	○ Use of an “existing survey”
X	X	○ T-47 for residential or non-residential real property

**TITLE INSURANCE REGULATION AND THE TEXAS DEPARTMENT OF INSURANCE**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
		<b>DEFINITIONS</b>
X	X	• Abstract Plant
X	X	• Attorney
X	X	• Business of title insurance
X	X	• Closing the transaction
X	X	• Direct operation
X	X	• Escrow Officer
X	X	• Person
X	X	• Premium
X	X	• Title examination
X	X	• Title insurance
X	X	• Title insurance agent
X	X	• Title insurance company
		<b>PROHIBITED CONDUCT</b>
		• Engaging in the business of other lines of insurance
X	X	• Insuring against unmarketability of title
X	X	• Insuring around known liens
		• Guaranteeing payment of mortgage on real property
		<b>REBATES AND DISCOUNTS</b>
X	X	• Prohibited - Giving or receiving a thing of value in return for referral of business
X		• Not prohibited
X		○ Certain compensatory payments
X		○ Certain divisions of premium
X		○ Certain promotional and educational activities
		<b>BACKGROUND AND HISTORY</b>
X	X	• Regulation of title insurance in Texas dates back to 1876, when an insurance agency was first authorized by the Texas Constitution.
X	X	• Current statutory regulations are found in Title 11, Texas Insurance Code Added by Acts 2003, 78th Leg., ch. 1274, § 6, eff. April 1, 2005. (Chapter 9 was repealed at that time.)
X	X	• The Texas Department of Insurance (TDI) enforces insurance laws and promulgates regulations and forms for all lines of insurance in Texas
X	X	○ The regulations and forms for title insurance (including Title 11) are contained in The Basic Manual of Rules, Rates and Forms for the Writing of Title Insurance in the State of Texas adopted by TDI.

**TITLE INSURANCE REGULATION AND THE TEXAS DEPARTMENT OF INSURANCE**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
		<b>PURPOSE OF REGULATION</b>
		<ul style="list-style-type: none"> <li>• Purpose of Title 11 is to completely regulate the business of title insurance, including the direct issuance of policies and the reinsurance of any assumed risks, in order to:               <ul style="list-style-type: none"> <li>○ Protect consumers and purchasers of title insurance policies</li> <li>○ Provide adequate and reasonable rates of return for title insurance companies and title insurance agents</li> </ul> </li> </ul>
<b>X</b>	<b>X</b>	○ Protect consumers and purchasers of title insurance policies
<b>X</b>	<b>X</b>	○ Provide adequate and reasonable rates of return for title insurance companies and title insurance agents
		<b>THE PROCESS OF REGULATION</b>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>• Title 11 requires the commissioner to hold a biennial public hearing               <ul style="list-style-type: none"> <li>○ Purpose                   <ul style="list-style-type: none"> <li>▪ To consider adoption of premium rates and other matters relating to regulating the business of title insurance</li> <li>▪ That an association, title insurance company, title insurance agent, or member of the public requests to be considered or</li> <li>▪ That the commissioner determines necessary to consider</li> </ul> </li> <li>○ Stipulated time                   <ul style="list-style-type: none"> <li>▪ Not earlier than July 1 of each even-numbered year</li> </ul> </li> <li>○ Phases                   <ul style="list-style-type: none"> <li>▪ Rulemaking phase to consider rules, forms, endorsements, and related matters that do not have rate implications</li> <li>▪ Ratemaking phase to consider fixing of premium rates and other matters that have rate implications</li> </ul> </li> <li>○ Special Hearings                   <ul style="list-style-type: none"> <li>▪ At any time, the commissioner may order a public hearing to consider adoption of premium rates and other matters relating to regulating the business of title insurance as the commissioner determines necessary or proper</li> </ul> </li> <li>○ Notice Requirements                   <ul style="list-style-type: none"> <li>▪ Notice shall be given not later than the 60th day before the date of a hearing</li> <li>▪ Notice shall be                       <ul style="list-style-type: none"> <li>□ sent directly to all title insurance companies and title insurance agents; and</li> <li>□ provided to the public in a manner that gives fair notice concerning the hearing.</li> </ul> </li> </ul> </li> </ul> </li> <li>• Results of Hearings – decisions reached by Commissioner of Insurance               <ul style="list-style-type: none"> <li>○ May be proposed and adopted by reference by publishing notice of the proposal or adoption by reference in the Texas Register.</li> <li>○ An addition or amendment to the Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas – notice</li> </ul> </li> </ul>
<b>X</b>	<b>X</b>	• Title 11 requires the commissioner to hold a biennial public hearing
<b>X</b>	<b>X</b>	○ Purpose
<b>X</b>	<b>X</b>	▪ To consider adoption of premium rates and other matters relating to regulating the business of title insurance
		▪ That an association, title insurance company, title insurance agent, or member of the public requests to be considered or
		▪ That the commissioner determines necessary to consider
		○ Stipulated time
		▪ Not earlier than July 1 of each even-numbered year
<b>X</b>	<b>X</b>	○ Phases
<b>X</b>	<b>X</b>	▪ Rulemaking phase to consider rules, forms, endorsements, and related matters that do not have rate implications
<b>X</b>	<b>X</b>	▪ Ratemaking phase to consider fixing of premium rates and other matters that have rate implications
		○ Special Hearings
		▪ At any time, the commissioner may order a public hearing to consider adoption of premium rates and other matters relating to regulating the business of title insurance as the commissioner determines necessary or proper
		○ Notice Requirements
		▪ Notice shall be given not later than the 60th day before the date of a hearing
		▪ Notice shall be
		□ sent directly to all title insurance companies and title insurance agents; and
		□ provided to the public in a manner that gives fair notice concerning the hearing.
		• Results of Hearings – decisions reached by Commissioner of Insurance
		○ May be proposed and adopted by reference by publishing notice of the proposal or adoption by reference in the Texas Register.
		○ An addition or amendment to the Basic Manual of Rules, Rates, and Forms for the Writing of Title Insurance in the State of Texas – notice

**TITLE INSURANCE REGULATION AND THE TEXAS DEPARTMENT OF INSURANCE**

<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
		must include:
		<ul style="list-style-type: none"> <li>▪ summary of the substance of the matter to be added or amended</li> </ul>
		<ul style="list-style-type: none"> <li>▪ a statement that the full text of the matter is available for review in the office of the chief clerk of the department</li> </ul>
		<b>TEXAS DEPARTMENT OF INSURANCE CHAIN OF COMMAND</b>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>• <u>Chief Executive Officer is Commissioner of Insurance</u>. Presides over hearings and ultimately signs orders for adoption of rules rates and forms as well as all disciplinary orders and bulletins issued by TDI.</li> </ul>
		<ul style="list-style-type: none"> <li>• <u>General Counsel &amp; Chief Clerk</u> (Reports to Commissioner). Advises the Commissioner on legal matters, prepares notices and order for Commissioner's signature and accepts filings for amendments to the Basic Manual</li> </ul>
		<ul style="list-style-type: none"> <li>• <u>Property &amp; Casualty Senior Associate Commissioner</u> (Reports to Commissioner). Advises the Commissioner on matters involving title insurance and other lines of insurance</li> </ul>
		<ul style="list-style-type: none"> <li>• <u>Deputy Commissioner of Title Division</u> (Reports to Senior Association Commissioner) Responsible for day-to-day operations of the Title Division</li> </ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>○ <u>Director of Title Examinations</u> (Reports to Deputy Commissioner)</li> </ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>▪ Auditors review escrow audits submitted to TDI and perform on-site audits of title agents</li> </ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>○ <u>Title Insurance Section</u> (Reports to Deputy Commissioner)</li> </ul>
<b>X</b>	<b>X</b>	<ul style="list-style-type: none"> <li>▪ Responsible for agent &amp; escrow officer licensing, consumer complaints, continuing education registration. The Title Insurance Section also does research for Deputy Commissioner and for Legislators.</li> </ul>
		<b>LEGAL &amp; ENFORCEMENT</b>
		<ul style="list-style-type: none"> <li>• Program attorneys advise the Deputy Commissioner and the Commissioner on matters requiring a legal opinion or rule interpretation and assist in preparation of orders for submission to the General Counsel for the Commissioner's approval.</li> </ul>
		<ul style="list-style-type: none"> <li>• The enforcement attorneys handle all administrative enforcement actions, not involving civil litigation. Civil litigation is handled by the Attorney General's office.</li> </ul>
		<ul style="list-style-type: none"> <li>○ The enforcement attorneys are a party to the Rate Phase of the Biennial Title Hearing.</li> </ul>
		<b>DATA SERVICES</b>
		<ul style="list-style-type: none"> <li>• The data services group is a part of Property &amp; Casualty.</li> </ul>
		<ul style="list-style-type: none"> <li>○ Prepares the annual Statistical Calls for agents and underwriters and assembles the information from the reports filed by all title agents and underwriters in Texas.</li> </ul>
		<b>FINANCIAL DIVISION</b>

**TITLE INSURANCE REGULATION AND THE TEXAS DEPARTMENT OF INSURANCE**

CESP	CAEP	Topic/Issue
		<ul style="list-style-type: none"> <li>The Financial Division approves new admissions of both domestic and foreign underwriters. This group does on-site audits of underwriters, handles letters of credit and cash deposits put with TDI in lieu of bonds. The NAIC forms for the Annual Report of Underwriters (Form 9) are reviewed and maintained by this group.</li> </ul>
		<p><b>TEXAS TITLE INSURANCE GUARANTY ASSOCIATION</b></p>
X		<ul style="list-style-type: none"> <li>The Guaranty Association is a safety net for insureds holding policies issued by agents and underwriters declared to be insolvent.</li> </ul>
X		<ul style="list-style-type: none"> <li>The Guaranty Association is not funded in the State budget process, but instead is funded by assessments made through title agents and underwriters as an added fee to the policy premiums.</li> </ul>
X		<ul style="list-style-type: none"> <li>Funds managed by the Guaranty Association are used in any Liquidation action involving insolvency of agents or underwriters and to pay the salaries of Title Examination staff.</li> </ul>
		<p><b>CONSUMER PROTECTION</b></p>
		<ul style="list-style-type: none"> <li>Consumer Protection compiles an annual report from all underwriters in Texas detailing how many policies have been issued through each underwriter for the previous five years.</li> </ul>
		<ul style="list-style-type: none"> <li>Consumer Protection also tracks consumer complaint statistics and publishes a report that gives the ratio between the number of policies issued and the number of consumer complaints filed on an annual basis.</li> </ul>

## VOLUNTARY LIENS

CESP	CAEP	Topic/Issue
X	X	<b>DEFINITION OF LIEN</b>
X	X	<ul style="list-style-type: none"> <li>A claim or charge on the property of an individual to provide security for the payment of a debt, obligation, or duty.</li> </ul>
X	X	<b>TITLE AND LIENS</b>
	X	<ul style="list-style-type: none"> <li>Texas is a Lien Theory state as opposed to a Title Theory state</li> </ul>
X	X	<ul style="list-style-type: none"> <li>A lien secures an obligation</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Note = Evidence of a promise to pay – the obligation</li> </ul>
X	X	<b>VOLUNTARY LIENS</b>
X	X	<ul style="list-style-type: none"> <li>Voluntary liens defined (contractual lien)</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Types of Voluntary Liens</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Deed of Trust/Mortgage</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Mechanic's Lien Contract</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Deed of Trust to Secure Assumption</li> </ul>
X	X	<ul style="list-style-type: none"> <li>UCC Financing Statement</li> </ul>
X	X	<b>LIEN PRIORITY</b>
X	X	<ul style="list-style-type: none"> <li>Established by</li> </ul>
	X	<ul style="list-style-type: none"> <li>Recording</li> </ul>
	X	<ul style="list-style-type: none"> <li>Statutory or constitutional mandate</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Contractual</li> </ul>
X	X	<ul style="list-style-type: none"> <li><i>f</i> By terms of the lien document itself</li> </ul>
X	X	<ul style="list-style-type: none"> <li><i>f</i> By separate or subsequent document(s) or events</li> </ul>
X	X	<ul style="list-style-type: none"> <li>... Vendor's Lien</li> </ul>
X	X	<ul style="list-style-type: none"> <li>... Homeowner Association Lien for Unpaid Assessments</li> </ul>
X	X	<ul style="list-style-type: none"> <li>... Subordination Agreement</li> </ul>
X	X	<ul style="list-style-type: none"> <li>... Subrogation to rights of a prior lienholder</li> </ul>
X	X	<b>VALID LIENS ON HOMESTEAD PROPERTY</b>
X	X	<ul style="list-style-type: none"> <li>Purchase</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Improvements</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Refinance of lien for ad valorem taxes</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Owely</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Refinance of Federal Tax Lien</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Home Equity</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Reverse Mortgage</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Conversion of personal property lien on manufactured housing unit</li> </ul>

## VOLUNTARY LIENS

X	X	<b>SATISFACTION OF DEBT</b>
X	X	<ul style="list-style-type: none"> <li>In a lien theory state, when the debt is satisfied, it is released by a Release of Lien</li> </ul>
	X	<ul style="list-style-type: none"> <li>In a title theory state, when the debt is satisfied, the property is reconveyed by a Reconveyance document</li> </ul>
X	X	<ul style="list-style-type: none"> <li>If the debt is satisfied by another lender, the lien may be transferred to the new lender by an Assignment or Transfer of Lien</li> </ul>
X	X	<b>Curative Actions</b>
X	X	<ul style="list-style-type: none"> <li>Full or Partial Release</li> </ul>
X	X	<ul style="list-style-type: none"> <li>Assignment</li> </ul>
X	X	<ul style="list-style-type: none"> <li> <ul style="list-style-type: none"> <li>Missing Assignments</li> </ul> </li> </ul>
X	X	<ul style="list-style-type: none"> <li>MERS</li> </ul>