

## **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>

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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>

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<b>CESP</b>	<b>CAEP</b>	<b>Topic/Issue</b>
		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

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		(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>

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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>

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<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