

**SUBCHAPTER A. BASIC MANUAL OF RULES, RATES AND FORMS
FOR THE WRITING OF TITLE INSURANCE IN THE STATE OF TEXAS
28 TAC §9.50**

Item HB 4338-1

P-28. Requirements for Continuing Education for Title Agents and Escrow Officers and Professional Training Program for Title Agent Management Personnel

A. Continuing Education Provisions

1. Purpose and Scope. The purpose of this rule is to set forth procedures and requirements for certification of continuing education courses for title insurance agents licensed under Chapter 2651 of the Insurance Code~~[, Article 9.36]~~ and/or escrow officers licensed under Chapter 2652 of the Insurance Code, ~~[Article 9.43]~~, as authorized under §2651.204 and §2652.058 of the Insurance Code~~[, Article 9.58]~~. This rule shall not apply to a corporate agent licensee.

2. Definitions. The following words and terms, when used in this rule, shall have the following meanings, unless the context clearly indicates otherwise.

Continuing Education Coordinator - The person in the Agents License Section, Licensing Group or in the Title Division of the [Texas] Department who is delegated authority to review continuing education courses and licensee compliance and who may be addressed as follows: Texas Department of Insurance, Continuing Education Coordinator, 333 Guadalupe Street, Post Office Box 149104, Austin, Texas 78714.

Department - The Texas Department of Insurance.

Licensee - Any individual person holding a license under the authority of Chapter 2651 and/or Chapter 2652 of the Insurance Code~~[, Article 9.36 and/or Article 9.43]~~.

Provider - A statewide title insurance association, statewide title agents' association or professional association, or a local chapter of a statewide title insurance or title agents' association or professional association; an accredited college or university; a career school or college as defined by the Education Code §132.001, ~~[a proprietary school as defined in the Texas Proprietary School Act (the Education Code, Chapter 32)]~~; the State Bar of Texas; an educational publisher; a title insurance company authorized to do business in the State of

Texas; a company owning one or more title insurance companies authorized to do business in the State of Texas; a Texas public school system; or an individual accredited by an entity [~~any of the organizations~~] described in this paragraph as an instructor.

Certified Transcript – a copy of the Provider’s records issued by the Provider and certified by the custodian of the Provider’s records to be a true and correct copy of the Provider’s records evidencing completion of continuing education course(s).

Control – is the power to direct or cause the direction of the management and policies of a title agent, whether directly or indirectly. For the purposes of Procedural Rule P-28, a person is considered to control:

(A) a title agent structured as a corporation if the person, individually or acting with others, directly or indirectly, holds with the power to vote, owns, or controls, or holds proxies representing, at least 10 percent of the voting stock or voting rights of the corporate title agent; or

(B) a title agent structured as a partnership if the person through a right to vote or through any other right or power exercises rights in the management, direction, or conduct of the day to operations of the title agent.

3. Applicability of Requirements.

- (a) Title insurance agents licensed under Chapter 2651 of the Insurance Code [~~Article 9.36~~] and escrow officers licensed under Chapter 2652 of the Insurance Code [~~Article 9.43~~] shall complete the required number of hours of continuing education set forth in subparagraph (c) below for each reporting period, unless otherwise exempt.
- (b) The reporting period is from the issue date or last renewal date of the license to the expiration date or date of cancellation of the license.
- (c) A Licensee subject to relicense shall complete continuing education on a prorated schedule for each reporting period. The number of required credit hours shall be based upon the reporting period from the issue date of the original license or the most recent renewal date of the license to the relicense date: In accordance with the following schedule for all licenses renewing on or after July 1, 2004.

LICENSE PERIOD	REQUIRED HOURS
Less than 4 months	0
4 months up to and including 6 months	4
7 months up to and including 9 months	5
10 months up to and including 12 months	6

13 months up to and including 15 months	7
16 months up to and including 18 months	8
19 months up to and including 21 months	9
22 months or more	10

(INCREMENTS ARE IN FULL MONTHS - DO NOT COUNT PARTIAL MONTHS)

4. Exemption From Continuing Education.

- (a) The continuing education requirement shall not apply to title insurance agents and escrow officers who meet the criteria of illness, medical disability or circumstances beyond the control of the licensee.
- (b) A licensee shall apply for an exemption from or an extension of time for meeting the continuing education requirements by completing an application form obtained from the Texas Department of Insurance and submitting all requested documents and information. The form must be received within the reporting period for which it applies and shall include at least the following:
 - (1) Statement of the exact nature of the illness, medical disability or other extenuating circumstances beyond the control of the licensee.
 - (2) Evidence in the form of medical reports from attending physician(s) and insurance claims regarding the illness or medical disability of the licensee, or evidence of insurance claims and/or other documentation as determined regarding circumstances beyond the control of the licensee.
 - (3) Assessment of the condition of the licensee whether it is temporary, permanent or unknown.
 - (4) Statement as to whether the licensee will or will not be able to perform activities including any acts of a title agent or escrow officer.
 - (5) Estimated date when the licensee will be able to perform any activities including any acts of a title agent or escrow officer in accordance with the medical reports or other documents pertaining to circumstances beyond the control of the licensee.
 - (6) Any other information that may be requested by the Department.

5. Course Criteria.

- (a) The purpose of continuing education is to increase the licensee's professional competence with regard to title insurance coverage which can be used to assist customers in making informed decisions regarding their title insurance needs.
- (b) The course shall have a stated purpose that reflects the goal(s) or the overall intent of the course.

- (c) The course shall have specific written learning objectives which support the achievement of the purpose statement of the course. The learning objectives are the desired outcomes for the learning process and identify the knowledge, skills, or attitudes the licensee is expected to obtain.
- (d) The course shall have a method of evaluation which measures how effectively the course meets its objectives.
- (e) Persons conducting a course should be knowledgeable and well versed on the topic(s) and be able to conduct/instruct a class and provide appropriate feedback on questions.
- (f) The course content must be designed to increase the licensee's knowledge and understanding of one or more of the following: title insurance principles and coverages; applicable laws, land title search or examination; mortgage lending; closing transactions; rules and regulations promulgated by the commissioner; recent and prospective changes in coverages, law, regulations, and practices; management of the licensee's insurance business; or duties and responsibilities of the title insurance agent or escrow officer.
- (g) A State Bar of Texas course is acceptable as an approved course as long as the course includes material pertaining to the business of title insurance, real property, surveys, mortgage lending or transfer of land titles.
- (h) Each course must be reviewed every two years by the provider and updated to remain relevant to the professional development of a licensee.

6. Types of Courses. Continuing education courses shall consist of three types:

- (1) Classroom courses may include lectures, seminars, audio, video and computer-based instruction, remote classroom training, and teleconferences that take place in a classroom setting or a monitored environment that allows question and answer or discussion period. Internet, CD-Rom, DVD, or other remote computer-based presentations must have an interactive electronic component that has a means to reasonably authenticate the student's identity and attendance.
- (2) Self-study courses must be certified for continuing education and may include textbook, audio, video, computer based instruction, or any combination of these in an independent study setting with some measurement of completion of the objective of the course.

- (3) The State Bar of Texas approved credit courses which pertain to the business of title insurance, real property, surveys, mortgage lending or transfer of land titles.

7. Hours of Credit. Each provider must complete and submit a New Provider Application. The provider must complete and submit a Course Application for each course. Credit hours for continuing education courses are determined by the methods set forth in paragraphs (1) - (9) of this subsection.

- (1) Credit for classroom courses is determined by the number of minutes of actual instruction time divided by 60. Actual instruction time is considered the amount of time devoted to the actual instruction/reading of the topic, and does not include breaks, lunch or dinner, introductions of speakers, instructions, etc. No more than 10 hours of credit shall be recognized for any one course.
- (2) Credit for independent self-study courses shall be calculated by using a total of 2600 words as equal to one credit hour. Total words of a text divided by 2600 words will equal the course credit hours. No more than 4 hours of credit shall be recognized for any one course.
- (3) Credit for applicable State Bar of Texas courses is determined by the number of credit hours approved by the State Bar of Texas, but only those hours which pertain to title insurance, real property, surveys, mortgage lending or transfer of land titles. No more than 10 hours of credit shall be recognized for any one course. No self-study hours approved by the State Bar of Texas will be accepted.
- (4) Credit for accredited college or university courses is determined by the number of semester hours approved for the course by the college or university, but only those hours which pertain to title insurance, real property, surveys, mortgage lending or transfer of land titles. Each semester hour will be equal to 8 credit hours.
- (5) Credit for title insurance agents or escrow officers who teach a qualified continuing education course or a portion of a course is determined by the number of hours of course instruction or by the number of hours assigned to the full course whichever is applicable plus the actual hours of preparation for teaching the course reported by the teacher to the provider. The provider of the course is responsible for issuing a letter of certification reflecting the number of credit hours of preparation and the number of credit hours that the individual taught.

- (6) Credit for any course may be issued for less than the number of hours the course was assigned (i) to an instructor teaching a portion of the course who does not attend the full course and (ii) to a licensee for attending only a portion of the course. Providers must certify the actual number of hours taught or attended on the certificates of completion or the certified transcripts it issues to teachers or licensees.
- (7) Credit for completing the same continuing education course more than once within the same reporting period shall not be granted for compliance with the continuing education requirement. Credit for teaching the same continuing education course more than once within a three-month period shall not be granted for compliance with the continuing education requirement.
- (8) The licensee shall report to the Department on the license renewal form the course title or course number and the number of credit hours of certified continuing education courses claimed by the licensee for all license renewals.
- (9) An approved provider may request that a certified course be assigned to another provider by completing and submitting a Course Assignment Agreement to the Department.

8. Course Requirements for Successful Completion.

- (a) Providers must use attendance rosters or an assessment measurement to certify completion of all or a portion of a classroom continuing education course. Attendance of at least 90% of the course is required to complete the entire course when using attendance rosters. Attendance of at least fifty-five (55) minutes of each hour claimed for a portion of a course is required for each hour of credit issued to a licensee attending only a portion of the course. A means to ensure that the licensee attended the full or at least 90% of the course or the requisite number of minutes for a portion of the course claimed for credit must be established.
- (b) Providers must use a written examination to evaluate the licensee's competency and the effectiveness of the self-study courses and classroom courses that do not use attendance as the means of completion. Written examinations shall meet the criteria set forth in paragraphs (1) - (7) of this subsection.
 - (1) Final examination questions shall not be the same or substantially the same questions the licensee previously encountered in the course materials or review exams.
 - (2) Security measures shall be in place to maintain the security and integrity of the examination and ensure that the enrolled licensee is the individual who took the examination.

- (3) Answers to the examination shall not be given to the licensees at any time before, during or after the course.
 - (4) Examinations shall be graded by an authorized staff member.
 - (5) Licensees shall be allowed to retake an examination if a 70% passing score is not achieved. The retest shall consist of an alternate examination consisting of different questions from the original examination.
 - (6) Final examinations shall consist of three exams which are distributed alternatively to enrollees of the course, and are revised/updated every two years by the provider consistent with the course update/revision.
 - (7) The final examination shall be a comprehensive examination of the course and thoroughly test the licensee's knowledge of the content of the course.
- (c) Providers must issue certificates of completion or a certified transcript to licensees who successfully complete all or a portion of a certified course. The certificate must be issued in a manner which will ensure that the person receiving the certificate is the licensee who took the course, be issued within a reasonable period of time, and be completed to reflect the date the licensee took the course/examination. Information on the certificate of completion can be duplicated from a form obtained from the Texas Department of Insurance. A certificate of completion or a certified transcript is valid to renew multiple licenses issued under Chapter 2651 and Chapter 2652 of the Insurance Code~~[, Articles 9.36 and 9.43]~~, if such completion occurred within the renewal period of each license.

9. Course Certification.

- (a) Providers of courses must certify each continuing education course with the Texas Department of Insurance prior to offering the course using a certification form obtained from the Texas Department of Insurance. All courses filed with the Department for certification shall be deemed approved unless the Continuing Education Coordinator notifies the provider of disapproval of certification within 30 days of the date on which the certification is filed. All continuing education courses must be filed with the Department a minimum of 30 days before the courses may be offered.
- (b) Courses from the State Bar of Texas must be certified with the department to recognize the number of credit hours approved for the course.
- (c) Providers must certify within 150 days from the effective date of this rule on a form obtained from the Texas Department of

Insurance that each course offered for continuing education credit meets these requirements.

- (d) Providers must notify the department when a course is discontinued or no longer active, and when there is a change in the provider's name, address or telephone number in order for the department to maintain an up-to-date registry of courses and to prepare, if courses are to be available to the public, a list of such courses upon request.

10. Obtain Forms. Application forms for exemption, provider and course certification forms, certificate of completion forms, and the list of courses can be obtained from the Texas Department of Insurance, Continuing Education Coordinator, Agent Activity, 333 Guadalupe, P.O. Box 149104, Austin, Texas 78714-9104.

11. Appeals. A decision of the Continuing Education Coordinator to deny an application for an exemption from or extension of time for meeting continuing education requirements or a decision disapproving certification of a continuing education course may be appealed to the Director of Licensing, Agent Activity, who shall decide the appeal within 30 days following the filing of the appeal. An appeal of the Director of Licensing decision may be appealed to the Commissioner.

12. Licensee Compliance.

- (a) Licensees may choose courses from any of the courses approved for their type of license which are certified with the Texas Department of Insurance to meet their continuing education compliance requirements.
- (b) Title insurance agents and escrow officers shall attach copies of completion certificates as part of the license renewal or submit certified transcripts [~~a certified summary of completion certificates~~]. Each licensee must maintain evidence of course completion for each course for the current and next preceding renewal period which generally consists of four years.
- (c) Evidence of compliance is a certificate of completion or a certified transcript from a provider of the course which has been successfully completed.

13. Audit of Continuing Education Records.

- (a) All continuing education records and evidence of continuing education compliance of licensees must be maintained for a minimum period of four years and are subject to the review of the department at any time. Accuracy of a licensee's records is subject to verification at any time.

- (b) All continuing education records, course rosters, and all other course materials of providers must be maintained for at least four years and are subject to the review of the department at any time.
- (c) If continuing education records are audited or reviewed and the validity or completeness of same are questioned, the licensee or provider shall have 30 days to correct discrepancies or submit new documentation.

14. Failure to Comply.

- (a) Failure to comply with the continuing education requirements in the absence of a valid exemption, or falsification of records of compliance by the licensee is subject to disciplinary action after notice and hearing. Disciplinary action may include a fine, suspension, revocation or cancellation of license in accordance with the Insurance Code, Chapter 82 and any other applicable laws or statutes.
- (b) Failure to comply with the rules or falsification of any records by the provider may subject the courses of the provider to be removed from the list of certified courses.
- (c) Continuing education requirements must be completed by the licensee's renewal date. If continuing education requirements are not met by the renewal date, the license will not be renewed. The 90-day late renewal filing period cannot be used to complete continuing education requirements.

B. Provisions Pertaining to Professional Training Program for Title Agent Management Personnel

1. Definition of Management Personnel. All personnel who are designated on the Application for Texas Title Insurance Agent's License as management personnel and the Title Agent Update Form as management personnel. The term management personnel shall include but not be limited to all on site managers.

2. Notification to Department of Management Personnel On the Application for Texas Title Agent's License the Title Agent Update Form. A corporation or partnership licensed as a title agent shall file in the Application for Texas Title Insurance Agent's License and update in the Title Agent Update Form biographical information for:

(a) each executive officer, director, or partner who administers the entity's day to day operations in this state;

(b) each shareholder who is in control of the corporation or partner who has the right or ability to control the partnership; and

(c) if the corporation or partnership is owned, in whole or in part, by another entity, each individual who is in control of the parent entity.

(d) For the purposes of this subsection the term "control" shall be defined in accordance with Procedural Rule P-28 A.2.

3. Applicability of Requirements. Except as provided in subsection B4 of this procedural rule, an individual that holds a management position for a title agent shall not engage in the business of title insurance unless the individual has completed a professional training course for title agent management personnel that meets the requirements of this procedural rule within twelve months of the effective date of this rule.

4. Exemption from Professional Program. An individual is exempt from the professional training requirements of subsection B of this procedural rule if the individual has held in this state for at least five years a position as management personnel with a title insurance agent, or a comparable position.

5. Standards for Professional Training Program for Title Agent Management Personnel. The course shall:

(a) be submitted to the Texas Department of Insurance for certification in compliance with subsection A.9 of this procedural rule (pertaining to Course Certification);

(b) be at least eight hours in length;

(c) cover the subjects described in subsection B.9 of this procedural rule.

6. Continuing Education Credit. Licensees may count a professional training course for title agent management personnel toward completion of the continuing education requirements prescribed in subsection A.3 of this procedural rule (pertaining to Applicably of Requirements).

7. Proof of Course Completion. All individuals who are defined as management personnel in subsection B.1 of this procedural rule and not exempt under the provisions of subsection B.4 of this procedural rule shall maintain proof of completion of a professional training course for title agent management personnel for a period of four years from the date of completion of the course. Upon request, the individual shall provide proof of completion of the professional training course for title agent management personnel to the Department.

8. Completion Certificate. A provider issued completion certificate or a certified transcript for a professional training course for title agent management personnel must comply with the requirements of subsection A.8 of this procedural rule (pertaining to Course Requirements for Successful Completion).

9. Course Subjects. The subjects for a title agent management personnel professional training course outline must include topics that address:

(a) the basic principles and coverages related to title insurance;

- (b) recent and prospective changes in those principles and coverages;
- (c) applicable rules and laws;
- (d) proper conduct of the license holder's title insurance business;
- (e) accounting principles and practices and financial responsibilities and practices relevant to title insurance; and
- (f) the duties and responsibilities of a title insurance agent.

10. Provider Requirements. Course providers must meet all of the requirements for providers set forth in Procedural Rule P-28 before offering a professional training course for title agent management personnel to licensees or management personnel.

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G-3 FILING OF TITLE AGENT'S QUARTERLY WITHHOLDING TAX REPORT

I. In accordance with §2651.011(c) of the Insurance Code, all title insurance agents shall submit to the Department on a quarterly basis a copy of the agent's quarterly withholding tax report that the title agent filed with the United States Internal Revenue Service (IRS) and evidence that the taxes have been paid.

II. The copy of the agent's quarterly withholding tax report and evidence that the taxes have been paid (such as a cancelled check or a debit on a bank statement that clearly indicates that funds were paid to the United States Treasury for taxes) must be submitted to the Department no later than 45 days after the end of the quarter. The schedule for filing is as follows:

<u>Quarter Ending</u>	<u>TDI Due Date</u>
March 31	May 15
June 30	August 15
September 30	November 15
December 31	February 15

III. The agent's quarterly withholding tax report and evidence that the taxes have been paid should be submitted to the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701.

IV. Form Number T-G4 may be obtained from the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701, or from the Department's website www.tdi.state.tx.us.

V. A title agent that does not have employees shall certify to the Department that there has not been a material change in the agent's financial condition in accordance with the schedule specified in subsection II of this administrative rule to the address specified in subsection III of this administrative rule using Form Number T-G4.

Title Agent Certification Form of Agent's Financial Condition (T-G4)

Title Agent's Name _____

Reporting for Year _____

Calendar Quarter Ending _____

Date Report Submitted _____

TDI Agent's License Number _____

I hereby certify that for the calendar quarter and year specified above:

I did not have any employees, did not file a quarterly withholding tax report
and that there has not been a material change in the financial condition of my
title agency.

Signature: _____

Name: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Phone Number: _____ EXT _____

E-mail Address: _____

Form Number T-G4

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G-4 TITLE COMPANY REQUIREMENTS, PROCEDURES, AND FORMS FOR PROVIDING PRIVILEGED TITLE AGENT FINANCIAL SOLVENCY INFORMATION TO THE DEPARTMENT PURSUANT TO §2651.011

A title insurance company may provide information to the Department about a financial matter that would reasonably call into question the solvency of a title agent that the title insurance company appointed. The following requirements apply to a title insurance company that is providing information to the commissioner:

A. Pursuant to the Insurance Code §2651.011(b) each title insurance company shall provide annually to the Department a list of officers authorized to provide to the Department the information specified under this administrative rule. The list of authorized officers must be submitted on Form Number T-G5.

1. The initial Form Number T-G5 must be submitted to the Department within 30 days of the effective date of this rule and the subsequent annual Form Number T-G5 must be submitted annually between January 1 and January 31 of each year for the calendar year beginning in 2011.

2. Form Number T-G5 may be obtained from the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701, or from the Department's website www.tdi.state.tx.us.

3. Form Number T-G5 should be submitted to the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701.

**Annual Report of Underwriter's Officers Authorized to Provide Information On
Agent Financial Matters
(T-G5)
(Pursuant to Sec. 2651.011(b), Tex. Ins. Code)**

UNDERWRITER COMPANY NAME: _____
PRIMARY CONTACT NAME AND TITLE: _____
ADDRESS: _____
CITY STATE ZIP: _____
PHONE: _____
Email: _____
REPORTING FOR YEAR: _____ DATE REPORT IS SUBMITTED: _____

STATE OF _____

COUNTY OF _____

_____, being first duly sworn upon
his/her oath, deposes and says:

That he/she is an authorized officer of the company named below, that he/she is the primary contact authorized to make disclosures to the Texas Department of Insurance regarding financial matters that would reasonably call into question the solvency of a title agent appointed by the title company as provided for under §2651.011(b) of the Texas Insurance Code; that the following officers of the corporation are also authorized to individually make such disclosures; and that the statements contained herein are true and correct to the best of his/her knowledge and belief.

Name and Title of Officer (Type or Print)

Signature of Officer

Name and Title of Officer (Type or Print)

Signature of Officer

Name and Title of Officer (Type or Print)

Signature of Officer

Name and Title of Officer (Type or Print)

Signature of Officer

SIGNATURE OF PRIMARY CONTACT

Subscribed and sworn to before me this _____ day of _____, _____.

SIGNATURE

_____, Notary Public

PRINTED NAME

in and for the State of _____

My commission expires: _____

Form Number T-G5

B. All information provided under this administrative rule shall be submitted on the Financial Matter Disclosure Report (Form Number T-G6) and is subject to the disclosure requirements in §2651.011(b).

1. Form Number T-G6 may be obtained from the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701, or from the Department's website www.tdi.state.tx.us.

2. Form Number T-G6 should be submitted to the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701.

FINANCIAL MATTER DISCLOSURE REPORT (T-G6)

Instructions: Please use this form when submitting a financial matter that would reasonably call into question the solvency of an appointed title agent for review by the Texas Department of insurance.

In accordance with §2651.011(b) of the Texas Insurance Code, only a person authorized by the Title Insurance Company, as authorized under the "Annual Report of Underwriter's Officers Authorized to Provide Information On Agent Financial Matters" Form Number (T-G5), may submit the information below. Information provided under this form is privileged communication and may not be disclosed to the public except as evidence in an administrative hearing or proceeding. Information provided under this form is not subject to Chapter 552, Texas Government Code, except that the commissioner may release information that the commissioner received under §2651.011(b) to a title insurance company that has appointed, or that is considering appointing, the title agent. The commissioner may also release information that the commissioner receives by this form to the title agent under §2651.206 of the Texas Insurance Code if the information is evidence on which an audit report or examination report relies. A title insurance company that receives information under administrative rule G-4 may not release the information except under a subpoena issued by a court of competent jurisdiction.

Please print or type information.

Title Insurance Company:		TDI Company #:	
Address:	City:	State:	Zip:
Business Phone with Area Code:		Date of this Report:	
Name of Title Insurance Company Authorized Representative:		E-mail address:	
Signature of Title insurance Company Authorized Representative:			
Financial Matter: <input type="checkbox"/> Defalcation <input type="checkbox"/> Fraud <input type="checkbox"/> Unusual Policy Remittance Activity <input type="checkbox"/> Cessation of Business <input type="checkbox"/> Bankruptcy/Creditor Issue <input type="checkbox"/> Insolvency <input type="checkbox"/> Unusual Claims Activity <input type="checkbox"/> Other			
Title Agent Name:			
Address:	City:	State:	Zip:
Agent Company ID#:			
Brief Synopsis of the financial matter, including any detailed information that will help us identify the parties, companies, and transactions. If necessary, attach additional documentation of the financial matter.			

Item HB 4338-4

**G-5 MINIMUM CAPITALIZATION STANDARDS FOR TITLE AGENTS
PURSUANT TO §2651.012 AND CERTIFICATION AND PROCEDURE TO
DETERMINE VALUE OF ASSETS PURSUANT TO §2651.158**

I. Minimum Capitalization Standards.

A. A title insurance agent must maintain unencumbered assets with a market value in excess of liabilities , exclusive of abstract plants, as specified in the Insurance Code §2651.012(c)(1) - (c)(4).

B. In accordance with the Insurance Code §2651.012(a)(2) unencumbered assets are defined as follows:

(1) cash or cash equivalents;

(2) liquid assets that have a readily determinable market value and that do not have any lien against them;

(3) real estate, in excess of any encumbrances;

(4) investments, such as mutual funds, certificates of deposit, and stocks and bonds;

(5) a surety bond, the form and content of which shall be prescribed by the commissioner in accordance with this code;

(6) a deposit made in accordance with the Insurance Code §2651.102; and

(7) a letter of credit that meets the requirements of the Insurance Code §493.104(b)(2)(C).

II. Schedule for Compliance With Minimum Capitalization Standards.

(A) A title agent that holds a license on September 1, 2009, and that has held the license for at least three years as of that date is not required to comply with the minimum capitalization standards specified in subsection I of this administrative rule on September 1, 2009. However, the title agent shall increase the unencumbered assets held by the agent, or make and increase the required deposit, until the agent is in compliance with the required capitalization amounts in accordance with the schedule established under this subsection. The agent must hold unencumbered assets, or make a deposit in an amount, such that:

(1) if the agent has been licensed at least three years but less than four years:

(a) the agent has at least 33 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 66 percent of the required capitalization amount on September 1, 2012; and

(c) the agent has at least 100 percent of the required capitalization amount on September 1, 2013;

(2) if the agent has been licensed at least four years but less than five years:

(a) the agent has at least 25 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 50 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 75 percent of the required capitalization amount on September 1, 2013; and

(d) the agent has at least 100 percent of the required capitalization amount on September 1, 2014;

(3) if the agent has been licensed at least five years but less than six years:

(a) the agent has at least 20 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 40 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 60 percent of the required capitalization amount on September 1, 2013;

(d) the agent has at least 80 percent of the required capitalization amount on September 1, 2014; and

(e) the agent has at least 100 percent of the required capitalization amount on September 1, 2015;

(4) if the agent has been licensed at least six years but less than seven years:

(a) the agent has at least 16.66 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 33.32 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 49.98 percent of the required capitalization amount on September 1, 2013;

(d) the agent has at least 66.64 percent of the required capitalization amount on September 1, 2014;

(e) the agent has at least 83.3 percent of the required capitalization amount on September 1, 2015; and

(f) the agent has at least 100 percent of the required capitalization amount on September 1, 2016;

(5) if the agent has been licensed at least seven years but less than eight years:

(a) the agent has at least 14.29 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 28.58 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 42.87 percent of the required capitalization amount on September 1, 2013;

(d) the agent has at least 57.16 percent of the required capitalization amount on September 1, 2014;

(e) the agent has at least 71.45 percent of the required capitalization amount on September 1, 2015;

(f) the agent has at least 85.74 percent of the required capitalization amount on September 1, 2016; and

(g) the agent has at least 100 percent of the required capitalization amount on September 1, 2017;

(6) if the agent has been licensed at least eight years but less than nine years:

(a) the agent has at least 12.5 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 25 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 37.5 percent of the required capitalization amount on September 1, 2013;

(d) the agent has at least 50 percent of the required capitalization amount on September 1, 2014;

(e) the agent has at least 62.5 percent of the required capitalization amount on September 1, 2015;

(f) the agent has at least 75 percent of the required capitalization amount on September 1, 2016;

(g) the agent has at least 87.5 percent of the required capitalization amount on September 1, 2017; and

(h) the agent has at least 100 percent of the required capitalization amount on September 1, 2018; and

(7) if the agent has been licensed at least nine years:

(a) the agent has at least 11.11 percent of the required capitalization amount on September 1, 2011;

(b) the agent has at least 22.22 percent of the required capitalization amount on September 1, 2012;

(c) the agent has at least 33.33 percent of the required capitalization amount on September 1, 2013;

(d) the agent has at least 44.44 percent of the required capitalization amount on September 1, 2014;

(e) the agent has at least 55.55 percent of the required capitalization amount on September 1, 2015;

(f) the agent has at least 66.66 percent of the required capitalization amount on September 1, 2016;

(g) the agent has at least 77.77 percent of the required capitalization amount on September 1, 2017;

(h) the agent has at least 88.88 percent of the required capitalization amount on September 1, 2018; and

(i) the agent has at least 100 percent of the required capitalization amount on September 1, 2019.

(B) If the agent has been licensed less than three years as of September 1, 2009, the agent must have:

(1) at least 50 percent of the required capitalization amount required under subsection I of this administrative rule on September 1, 2011; and
(2) 100 percent of that required capitalization amount on September 1, 2012.

C. On or after the effective date of this administrative rule:

(1) A title agent that applies for a license shall be required to hold unencumbered assets or make a deposit in an amount such that the agent has 100% of the required capitalization specified in subsection I of this administrative rule as a condition precedent to the issuance of a new license.

(2) If there is change of ownership or control of a title agent as specified in The Texas Title Insurance Basic Manual, Section VI Administrative Rules, L-1 Title Insurance Agent, V. Change In Operations, B., the new owner or entity acquiring control of the title agent shall be required to hold unencumbered assets or make a deposit in an amount such that the new owner or acquiring entity has 100% of the required capitalization specified in subsection I of this administrative rule as a condition precedent to the issuance of a new license.

D. With respect to the schedule for compliance with the minimum capitalization amounts, the length of time that a title agent has been licensed as of September 1, 2009, is the start date for the current Title Agent Company Identification Number that is reflected in the Title Division's Title Escrow data base.

F. The minimum capitalization amounts specified in subsection I of this administrative rule and the schedule for attaining the required capitalization amounts specified in subsection II of this administrative rule shall take effect six months after the form, content, and procedures for the use of the surety bond authorized under the Insurance Code §2651.012(a)(2)(E) are adopted under administrative rule G-6 Surety Bond for Title Agents to Comply with Minimum Capitalization Standards.

III. Filing Requirements and Forms for Certification of Unencumbered Assets.

A. Unless a title agent has elected to make a deposit with the Department under the Insurance Code §2651.012(f), the agent shall submit to the Department with the annual audit of escrow accounts a certification by a certified public accountant that the title agent has the appropriate unencumbered assets as specified in subsection IA of this administrative rule on Form Number T-G7.

B. The initial certification Form Number T-G7 must be submitted to the Department with the title agent's annual audit of escrow accounts that is filed with the Department between September 1, 2011 and August 31, 2012.

C. The subsequent annual certification Form Number T-G7 and the title agent's annual audit of escrow accounts must be submitted annually between September 1 and September 30 of each year to the Department for the preceding calendar year beginning in 2012.

D. Form Number T-G7 may be obtained from the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin,

Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701, or from the Department's website www.tdi.state.tx.us.

E. Any certification form submitted pursuant to this subsection should be filed with the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701.

F. An agent that has made a deposit with the Department under §2651.012(f) of the Insurance Code is exempt from the certification requirement of this subsection. If an agent elects to utilize a deposit with the Department as the method of complying with the title agent's capitalization requirement, then the agent must at the time of license renewal provide written notice to the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701 that such deposit has been made and that such deposit meets the title agent's statutory capitalization requirement.

Certification Form For Title Agent's Unencumbered Assets (T-G7)

Title Agent's Name _____

Reporting for Year _____

Date Report Submitted _____

TDI Agent's License Number _____

[Name of Certified Public Accountant] has audited the Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) as of **[date of audit]**, prepared from the documents evidencing the title agent's unencumbered assets and account information maintained by **[name of title agent]**. The Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) and the documents evidencing the title agent's unencumbered assets and account information are the responsibility of the title agent including management, officers, and directors. Our responsibility is to express an opinion on this Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) based on our audit. We conducted our audit in accordance with Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statement of Title Agent's Unencumbered Assets

(Exhibit I). An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) presentation. We believe that our audit provides a reasonable basis for our opinion.

I hereby certify that for the title agent specified above:

The Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) as of **[date of audit]**, prepared by the title agent including management, officers, and directors from the documents evidencing the title agent's unencumbered assets and account information presents fairly, in all material respects, that the unencumbered assets exceed the liabilities, exclusive of the value of its abstract plants, as required by the Insurance Code §2651.012(c).

Signature: _____

Name: _____

Date: _____

Title: _____

Address: _____

City/State/Zip Code: _____

Phone Number: _____ EXT _____

E-mail Address: _____

Form Number T-G7

IV. Procedures To Determine the Value of Title Agent's Assets and Form for Financial Statement of Title Agent's Unencumbered Assets.

A. The title agent including management, officers, and directors shall prepare the Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) and shall provide supporting documents and account information with Exhibit I to a Certified Public Accountant (CPA) for audit.

B. The procedures a CPA must complete to certify that all the title agent's assets used in this computation are unencumbered and have a market value in excess of the agency's liabilities are as follows:

1. Verify that all assets are free and clear of any and all legal obligations (such as liens and mortgages).

2. Verify that the title agent is solvent which means that the market value of all the title agent's assets must exceed the book value of all liabilities. The market value of assets is the price at which a seller, under no obligation or duress to sell, is willing to accept and a buyer, under no obligation or duress to buy, is willing to pay in an arms-length transaction.

C. A CPA must use Generally Accepted Accounting Principles to verify the market value of a title agent's assets. Some examples of verified assets would include but not be limited to the following:

1. A certified expert's appraisal of the asset and the expert's authenticated signature.

2. A fully executed and paid-in-full sales contract between the buyer and the seller that shows the value of the asset.

3. An actual sales receipt that shows the asset is paid-in-full and that title lies with the buyer.

D. A CPA must attach a Certification Form For Title Agent's Unencumbered Assets (Form Number T-G7) and a copy of the Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) to the annual audit of escrow accounts certifying that the title agent has the appropriate unencumbered assets as required by §2651.012(c) of the Insurance Code.

E. Title agents shall use the form designated as Exhibit I titled "Financial Statement of Title Agent's Unencumbered Assets" when filing their annual certification of unencumbered assets in compliance with §2651.158(a) of the Insurance Code.

F. A representation of Exhibit I is as follows:

EXHIBIT I

FINANCIAL STATEMENT OF TITLE AGENT'S UNENCUMBERED ASSETS
NAME OF TITLE COMPANY
FOR THE YEAR ENDING (AGENTS FISCAL YR END)

Unencumbered Assets:

<u>Current Assets:</u>			
Cash	XX.XX		
Marketable Securities	XX.XX		
Receivables	XX.XX		
Etc.	<u>XX.XX</u>	XX.XX	
Total Unencumbered Current Assets			<u>XXXX.XX</u>
<u>Fixed Assets:</u>			
Furniture & Fixtures	XX.XX		
Autos & Equipment (No Title Plants)	XX.XX		
Computer Equipment	XX.XX		
Software	XX.XX		
Leasehold Improvements	XX.XX		
Less: Accumulated Depr. of all fixed Assets)	<u>(XX.XX)</u>	XX.XX	
Total Unencumbered Fixed Assets			<u>XXXX.XX</u>
Total Unencumbered Assets:			<u>XXXX.XX</u>
<u>Liabilities:</u>			
Accounts Payable			XX.XX
Premiums Payable - UW			XX.XX
Benefits Payable			XX.XX
Guaranty Payable			XX.XX
Update Service Payable			XX.XX
Etc.			<u>XX.XX</u>
Total Liabilities			<u>XXXX.XX</u>
<u>Total Unencumbered Assets in Excess of Liabilities</u>			<u>XXXX.XX</u>

FINANCIAL RATIO ANALYSIS

Agency:	As of:
----------------	---------------

Total stockholders equity (net worth)		
Total assets		
Less total liabilities	< >	
Total equity		

Networking capital		
Current assets		
less current liabilities	< >	
Net working capital		

Current ratio

<u>Current assets</u>		
Current liabilities		

Quick assets ratio		
<u>Cash + marketable securities</u>		
Current liabilities		

Return on investment		
<u>Net income</u>		
Total assets		

I, _____, _____ of
 (name) (title)

 (agency)

hereby certify that the Financial Statement of Title Agent's Unencumbered Assets (Exhibit I) and the supporting documents and account information have been reviewed and are correct and accurate to best of my knowledge and belief.

 Date Signed

 Signature

ITEM HB 4338-5

G-6 SURETY BOND FOR TITLE AGENTS TO COMPLY WITH MINIMUM CAPITALIZATION STANDARDS.

I. Procedures for Use of the Surety Bond.

A. Filing. A title insurance agent may file a surety bond with the Department to comply with the minimum capitalization requirements set forth in the Insurance Code §2651.012(c)(1) - (c)(4).

B. Conditions of bond. The bond shall be:

(1) in the amount that a title insurance agent requests to comply with the minimum capitalization requirements set forth in the Insurance Code §2651.012(c)(1) - (c)(4);

(2) executed by a surety company authorized to do business in the State of Texas; and

(3) payable to the Commissioner of Insurance.

C. Bond Proceeds.

(1) The commissioner makes a claim under the bond solely on behalf of: (i) a supervisor or conservator appointed by the commissioner; (ii) a court-appointed receiver, rehabilitator or liquidator; or (iii) the Texas Title Insurance Guaranty Association.

(2) Bond proceeds:

(a) shall be used, as permitted by the commissioner, by the supervisor, conservator, receiver, rehabilitator, liquidator, or the Texas Title Insurance Guaranty Association for contingencies, including the payment of administrative expenses, incurred or that may be incurred by or on behalf of a title agent that has been declared impaired, either before or after the date of impairment; and

(b) shall not be considered funds of the state.

D. Expiration or cancellation of bond. The bond shall not expire or be subject to cancellation until the 60th day after written notice of expiration or cancellation has been served on the Department either personally or by certified mail. Unless the title agent provides the Department with evidence of compliance with the Insurance Code §2651.012(c)(1) - (c)(4) on or before the expiration of the 60 day period, the title agent shall not perform the acts of a title insurance agent after notice of cancellation is issued.

E. If an agent elects to utilize surety bond as the method of complying with the title agent's capitalization requirement, then the agent must at the time of license renewal provide written notice to the Texas Department of Insurance, Title Examinations, Mail Code 106-2T, P.O. Box 149104, Austin, Texas 78714-9104 or 333 Guadalupe, Austin, Texas 78701 that such surety bond has been

purchased and that such surety bond meets the title agent's statutory capitalization requirements.

II. Form and Content of Bond. The Texas Department of Insurance prescribes the form and content of the surety bond in Section V Exhibits and Forms of the Basic Manual.

**TEXAS TITLE INSURANCE AGENT'S/DIRECT OPERATION MINIMUM
CAPITALIZATION BOND**

Bond No. _____

KNOW ALL PERSONS BY THESE PRESENTS;

That subject to the terms, conditions and limitations of this bond, _____, as Principal, whose address is _____, and _____, as Surety, being a surety company authorized to do business in the State of Texas, are held and firmly bound unto the Commissioner of Insurance in the sum of _____, (bond amount determined by §2651.012(c)(1) - (c)(4) of the Texas Insurance Code) payable to the Commissioner of Insurance, the payment of which Principal and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, by these presents.

The conditions of the above obligations are such that:

WHEREAS, the above-named Principal is licensed by the Texas Department of Insurance as a Title Insurance Agent or Direct Operation and engaged in the business of a Title Insurance Agent or Direct Operation, in accordance with the provisions of "The Texas Title Insurance Act" of the State of Texas.

NOW, THEREFORE, the conditions of this obligation are such that if the Principal shall pay to the Commissioner of Insurance any contingencies, including administrative expenses incurred or that may be incurred by a supervisor, conservator, receiver, rehabilitator, liquidator, or the Texas Title Insurance Guaranty Association as a result of the above bounden Principal being declared impaired, then this obligation shall be null and void, otherwise to remain in full force and effect, subject to the following:

1. This bond shall be effective as of the beginning of the _____ day of _____, 20_____, and shall continue until liability hereunder is terminated as provided herein below.
2. The Surety may at any time cancel this bond by giving sixty (60) days written notice to the Texas Department of insurance either personally or by certified mail; the Surety, however, remains liable under this bond for any contingencies, including administrative expenses incurred or that may be incurred, as a result of an impairment declared prior to the expiration of such sixty (60) day period.
3. In no event shall the aggregate liability of the Surety under this bond for any and all damages to one or more claimants exceed the penal sum of this bond.

IN WITNESS WHEREOF said Principal and Surety have executed this bond this _____ day of _____, 20_____, to be effective on the _____ day of _____, 20_____.

Principal

By: _____

Address: _____

Surety

By: _____

Address: _____

Item HB 4338-6

**G-7 REQUIREMENTS FOR TITLE AGENT EXAMINATION REPORTS
PURSUANT TO §2651.206**

(A) An audit, review, or examination of a title agent or direct operation conducted under Chapter 2651 or Chapter 2602 of the Insurance Code shall be conducted in accordance with the following procedures and requirements:

(1) Before the report from an examination, review, or audit becomes final, the Department shall furnish to the title agent or direct operation a copy of the report and any evidence on which the report relies;

(2) The title agent or direct operation must be provided a reasonable period of not less than 10 days after the title agent or direct operation receives the report and evidence on which the report relies from the Department for the title agent or direct operation to respond;

(3) The title agent or direct operation must be provided an opportunity for an appeal under §7.83 of Title 28 of the Texas Administrative Code (pertaining to appeal of examination reports); and

(4) The report and any evidence regarding the report are confidential and not subject to disclosure under the Insurance Code or Chapter 552 of the Government Code and may be transmitted only to designated representatives of the title agent or direct operation previously specified in writing by the title agent.

(B) The commissioner shall furnish the title agent or direct operation with a draft of the report and a copy of any evidence on which the report relies not later than the 10th day before the scheduled date of a meeting requested by the Department regarding a report.

(C) Section 2651.206 does not require the Department to turn over work papers. Work papers as specified in §2651.206(c) of the Insurance Code include work programs, analyses, memoranda, letters of confirmation and representation, abstracts of company documents and schedules, and commentaries prepared or obtained by the auditor or examiner that support the opinions of the auditor or examiner.

Item HB 4338-7

Procedural Rule P-1 Definitions

i. Abstract Plant – A geographically arranged plant, kept current, [~~currently kept to date~~] that is adequate for use in insuring titles, so as to provide for the safety and protection of the policyholders. An abstract plant as further defined in Rule P-12 and as further provided for in the Insurance Code, [~~Chapter~~] §2501.003 and Chapter 2502, must include an abstract plant for each county in which a title insurance agent or direct operation maintains an office.

z. Furnishing title evidence---Providing information regarding instruments affecting title to a tract of land, covering a period beginning not later than January 1, 1979 [~~going back not less than 25 years~~] or such greater period of time as is necessary to determine the ownership and appropriate liens, encumbrances upon or defects in the title. The information must include, at a minimum, the following:

1. Grantor of each instrument;
2. Grantee of each instrument;
3. Type of each instrument;
4. Recording information of each instrument;
5. Copy of each instrument as needed by the examiner.

It is not required that the information include:

1. Following the title to a right of way or easement, or showing instruments executed by the grantee in such right of way or easement, other than amendments to such right of way or easement;
2. Following the title to an oil, gas, or mineral lease or interest.

In considering the necessary length of time to determine ownership and search the title, the searcher may be authorized by the title insurance company to accept what it considers prior indicia of title. Prior indicia of title include, for example, a prior title policy, a final order of a court of competent jurisdiction determining the entire title, or, on subdivision tracts, the base title of the dedicated subdivision

Procedural Rule P-12 Abstract Plants

a. Definition: An abstract plant used as the basis for issuance of title insurance policies in the State of Texas shall consist of fully indexed records showing all instruments of record affecting lands within the county covering a period beginning not later than January 1, 1979 [~~for a period of at least 25 years immediately prior to the date of search~~]. An abstract plant that is fulfilling the licensing requirement for a title insurance agent's license on September 1, 2009, but does not on that date, cover a period beginning not later than January 1, 1979 as required by §2501.004 of the Insurance Code, is not required to comply with §2501.004 before January 1, 2014. The indices pertaining to land shall be arranged in geographic order (i.e.: Lot and Block for subdivided lands, and by

Survey or Section Number for acreage tracts). Miscellaneous alphabetical indices shall be maintained according to name. Said indices, land and miscellaneous, may be stored in a computer, and as to land, be subject to retrieval by reference to description of the property under search. The records of the abstract plant shall be maintained to current date, and shall include, but not be limited to, plat or map records, deeds, deeds of trust, mortgages, lis pendens, abstracts of judgment, federal tax liens, mechanic's liens, attachment liens, divorce actions, wherein real property is involved; probate records; chattel mortgages, attached to realty and financing statements relating to items which are, or are to become, attached to realty, if available for indexing from the office of the County Clerk of the county which is covered by said plant.

[~~Rule P-4.i~~]

b. Leased Abstract Plants: A lessee is not necessarily excluded from the phrase "owning and operating an abstract plant" as used in §2502.054 of the Insurance Code [~~Article 9.30 of the Texas Title Insurance Act — 1967~~], but will be so excluded unless in actual, exclusive, physical possession and control of an abstract plant meeting the requirements of paragraph "a" above, operating it under the terms of a bona fide lease agreement, which places the lessee in exclusive possession and control of such abstract plant facilities for a determinable period and for a fixed rental.

c. Joint Abstract Plants: Two or more Companies may combine their operations into a single abstract plant for the purpose of increasing the efficiency and speed of producing title evidence for examination purposes. In such event, if the base plants owned or leased by the individual participants are not merged into a single plant, then the base plants and the joint abstract plant, when considered as one, must meet all the requirements of an abstract plant as set forth under paragraph "a" above. Ownership of such joint abstract plant may be by corporate ownership, joint venture or partnership agreement, but ownership must rest with the Company participants.

(Form T-57: Agreement to Furnish Title Evidence)

AGREEMENT TO FURNISH TITLE EVIDENCE

STATE OF TEXAS

COUNTY OF

This agreement is entered into this _____ day of _____, 20____, by and between _____ hereinafter called "Title Attorney", and _____ hereinafter called "Abstracter", for the purpose of providing separate and current title evidence in connection with the preparation of a Title Attorneys' opinion and policy of title insurance.

Abstracter agrees that he will furnish separate and current title evidence in the ordinary course of business upon request from Title Attorney. In

consideration of furnishing such title evidence, Title Attorney agrees to pay Abstractor _____ percent of the title policy premium to be charged in connection with the policy before the 10th of the month following receipt of title evidence. Such title evidence shall cover a period beginning not later than January 1, 1979, ~~[at least 25 years immediately prior to the date of search]~~ and shall be sufficient in form for such Title Attorney to render a title opinion to be used in the issuance of an attorney's title insurance policy or form. Abstractor warrants that he maintains an a licensed abstract plant in full compliance with §2501.004 of the Chapter 9, Insurance Code code, ~~as amended,~~ in and for _____ County. Title Attorney is a resident of such county and this agreement is entered into in order that such Title Attorney may engage in the business of Attorney's Title Insurance in such county. This contract is subject to disapproval by the Texas Department of Insurance. Such Contract shall be deemed to be approved until the parties of this contract are notified of disapproval by the Department. The liability of the parties in connection with this contract shall be covered by the rules of law pertaining to independent contractors.

The parties hereto understand that within ten (10) days following the execution of this contract, they shall have the responsibility of filing this agreement with the Texas Department of Insurance. Abstractor and title Attorney understand that this agreement may be cancelled by either party with _____ days written notice to the other, at his usual business address, and the parties hereto shall promptly notify the Texas Department of Insurance of such cancellation.

LICENSED ABSTRACT PLANT

TITLE ATTORNEY
