**Agenda Item: 2012- 55 (Amended)**

**Submitted by: Jim Gosdin and John Rothermel**

**On Behalf of: Stewart Title Guaranty Company**

**Address: 1980 Post Oak Blvd., Suite 710**

**Houston, Texas 77056**

**Telephone No.: (713) 625-8228**

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Stewart Title Guaranty Company petitions the Commissioner of Insurance to adopt the following revisions to the Loan Policy of Title Insurance P-9.b.(e) Endorsement (T-38):

Endorsement Form T-38: P-9.b.(3)

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| **LOAN [ ~~MORTGAGEE~~ ] POLICY OF TITLE INSURANCE ~~P-9.b.(3)~~ ENDORSEMENT FORM** **(T-38)** **(Pursuant to P-9.b.b(3)**  ----Partial Release, Release of Additional Collateral, Modification Agreement, Reinstatement Agreement, or Release From Personal Liability | | |
| ENDORSEMENT NUMBER: \_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | |
| Premium: $ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_                                        G. F. No.: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | |
| Attached to and made a part of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title Insurance Company ~~Mortgagee~~ Policy No. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_.  As to the above numbered loan [~~mortgagee~~] policy, the company will not claim that the policy coverage has terminated or that policy coverage has been reduced, solely by reason of the execution of:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (Here describe the instrument by stating whether it is a partial release, release of additional collateral, modification agreement, reinstatement agreement or release from personal liability and then more fully describe the instrument by filling the blanks below.)  dated the \_\_\_\_day of \_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_, filed for record on the \_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_ at \_\_\_ M. in the office of the County Clerk of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ County, Texas, under clerk's file number \_\_\_\_\_\_\_\_\_ and/or recorded in Volume /Book \_\_\_\_\_\_\_, Page \_\_\_\_\_\_\_\_ of the \_\_\_\_\_\_\_\_\_\_ Records of said County (the “Instrument”).  If, by the terms of the Instrument [~~above described instrument~~], the maturity date of the indebtedness secured by the insured lien is extended beyond the original period of limitation applicable to such indebtedness, this endorsement shall be construed to include ~~either paragraph "A" or paragraph "B" below.~~ the following: | | |
|  | ~~A)~~ | ~~As to all mortgagee policies issued before March 1, 1983: "The issuance of this endorsement shall not extend the liability hereunder (should the insured remain as a lien holder only), beyond the period of limitation applicable to the indebtedness secured by the lien described on Schedule "A" calculated from the original maturity date of such indebtedness."~~ |
|  | ~~B)~~ | ~~As to all mortgagee policies issued after February 28, 1983:~~ "The issuance of this endorsement shall maintain the liability hereunder (should this insured remain as a lien holder only), for the period of limitation applicable to the indebtedness secured by the lien described on Schedule "A" calculated from the renewed and extended maturity date of such indebtedness." |
| This endorsement, notwithstanding anything in the Instrument [~~above described instrument~~] to the contrary, does not change the original effective date of the loan [~~mortgagee]~~ policy or the face amount of insurance stated on Schedule "A" thereof, nor does it alter or increase the coverage of the policy.  This endorsement shall not be construed to include within its scope any modification agreement, reinstatement agreement or other instrument not specifically set forth above and described herein by volume/page or clerk's file number.  The Company shall have no liability by reason of: (i) the invalidity of the Instrument [~~above described instrument~~] or any part thereof; or (ii) the failure to record any renewal and/or extension agreement.  This endorsement does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses, by reason of any claim that arises out of the transaction creating the Instrument (the “Transaction”) by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws that is based on:  1. the Transaction being deemed a fraudulent conveyance or fraudulent transfer; or  2. the Transaction being deemed a preferential transfer except where the preferential transfer results from the failure  a. to timely record the Instrument; or  b. of such recordation to impart notice to a purchaser for value or to a judgment or lien creditor.  This endorsement is subject to the Schedule "B" exceptions, the Exclusions from Coverage, and the Conditions [~~conditions and stipulations~~] of the [~~above numbered Mortgagee~~] Policy.  IN WITNESS HEREOF, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_TITLE INSURANCE COMPANY has caused this Endorsement to be executed by its President under the seal of the Company, but this Endorsement is to be valid only when it bears an authorized countersignature. | | |

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title Insurance Company  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ President  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Authorized Countersignature |

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| **---NOTICE---** No title search is performed in connection with the issuance of this endorsement form. |

Endorsement Form T-38: P-9.b.(3)

Justification:

This proposal amends the Endorsement T-38 to add a creditors’ rights exception relating to the transaction. This amendment complies with the requirements of Section 2502.006, Insurance Code, which prohibits certain extra hazardous coverages.