

TX Policy Endorsements

For Residential Properties Loan Policy (T-2 or T2R)

Area and Boundary Exception Amendment (f/k/a survey deletion)

Fee: No charge for amendment on a Loan Policy.

Needed By: Optional coverage for lenders.

Covers: Expands coverage by deleting all but "shortages in area" from the area and boundary exception for things that a survey might reveal.

Balloon Mortgage Endorsement (T-39)

Fee: \$50 if granted after the Loan Policy or \$25 if issued concurrently with the Loan Policy.

Needed By: When a balloon rider is included in the loan policy.

Covers: Offers assurance that the insured lien will not become invalid or unenforceable or lose priority as a result of the loan's terms for a balloon payment.

Co-Insurance Endorsement (T-48)

Fee: There isn't a rate rule that specifies how much the T-48 Endorsement will cost; instead, it states that the premium will be divided among the several companies on a pro rata basis.

Needed By: When the risk is split between two or more underwriters and the total risk exceeds \$15,000,000.00.

Covers: Offers insurance such that each co-insuring company is only accountable to the insured for their proportionate share of the total loss or damage, charges, legal fees and other expenses specified in the terms of the policy.

Completion of Improvements (T-3)

Fee: Endorsement on a loan policy is free.

Needed By: When a Loan Policy was issued assuring the repayment of a construction loan and the completion of upgrades.

Covers: Brings coverage for claims involving mechanic's liens up to date. Additionally, if a positive survey is conducted following the completion of renovations, more coverage might be offered.

Condominium Endorsement (T-28)

Fee: Endorsement on a loan policy is free.

Needed By: When a condo serves as the loan's security.

Covers: Assures that the condominium unit is a part of a condominium regime that complies with Texas regulations regarding the construction and upkeep of condominiums. The T-17 Planned Unit Development Endorsement may not be provided alongside this endorsement.

Down Date Endorsement (T-3)

Fee: \$50.00

Needed By: Whenever a construction loan that is protected by a loan policy makes construction advances.

Covers: By increasing the Loan Policy obligation amount to reflect the full amount of construction disbursements paid as of the endorsement's effective date, the endorsement offers coverage.

Environmental Protection Lien (T-36)

Fee: \$25.00

Needed By: Lenders frequently demand optional coverage.

Covers: Offers assurance that certain documented environmental liens won't cause the loan's priority to fail.

Equity Loan Mortgage (Supplemental Coverage) Endorsement (T-42.1)

Fee: 15% of the Basic Rate for a policy with a single problem.

Needed By: The T-42 Equity Loan Mortgage Endorsement is issued concurrently with the insurance of a home equity loan.

Covers: Ensures that the home equity lien is not rendered invalid, unenforceable, or less priority as a result of a failure to comply with eleven constitutional standards.

Equity Loan Mortgage Endorsement (T-42)

Fee: 10% of the Basic Rate for a policy with a single problem.

Needed By: Whenever an insured home equity loan is being made.

Covers: Ensures that the home equity loan is not rendered invalid or unenforceable because it did not abide by the laws, rules, and regulations that apply to home equity loans.

Future Advance/Revolving Credit Endorsement (T-35)

Fee: \$50.00

Needed By: Whenever a loan secures a revolving obligation that satisfies the requirements for the endorsement.

Covers: Ensures that clauses allowing for future advances on a revolving line of credit do not render the loan void, unenforceable, or cause it to lose priority.

Leasehold Endorsement (T-5)

Fee: There is no fee for endorsing a loan policy.

Needed By: When a Loan Policy is being issued on a leasehold estate, it is necessary.

Covers: Adds provisions to the Loan Policy that change how loss and damages are determined for an insurance policy that covers a loan that is backed by a leasehold estate.

Manufactured Housing Unit (Supplemental Coverage) Endorsement (T-31.1)

Fee: \$50.00

Needed By: A manufactured housing unit that has been designated as real property or the paperwork necessary to designate the MHU as real property will be handled and finalized as part of the closing when an insured loan is secured by one.

Covers: Covers the fact that a manufactured home has been fixed to the ground, has been turned into real property, and that the MHU is free of any personal property taxes or liens.

Manufactured Housing Unit Endorsement (T-31)

Fee: \$20.00

Needed By: A manufactured housing unit will be processed and finalized as part of the closing if the paperwork necessary to classify the MHU as real property has been completed.

Covers: Covers the fact that a prefabricated home has been attached to the property mentioned in Schedule A in order to become a component of the real estate backing the loan.

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Minerals and Surface Damage Endorsement (T-19.2)

Fee: There is no fee for endorsing a loan policy.

Needed By: When it is feasible to develop or extract minerals.

Covers: Defends against harm caused to improvements (not including grass, bushes, or trees) on the property as a result of the surface being used for the extraction or development of coal, lignite, oil, gas, or other minerals.

Modification Endorsement (T-38)

Fee: During a year following the original Loan Policy, \$100 is issued. For each subsequent 12-month period, or portion thereof, there is an extra fee of \$10.00.

Needed By: When an insured loan is changed to: a) release a portion of the land; b) release more collateral; c) change the loan instrument by signing a Modification Agreement; d) restore the loan by signing a Reinstatement Agreement; or d) relieve the borrowers from personal obligation.

Covers: Ensures that the insured loan has not been canceled or reduced due to a modification of a specific loan term.

Planned Unit Development Endorsement (T-17)

Fee: The first loan policy costs \$25. There is no additional fee for the endorsement on any subsequent loan policies that are simultaneously issued, even if more loan policies are issued.

Needed By: When a piece of property is situated in a condominium or a development with a plan. This endorsement cannot be given alongside a condo recommendation (T-28).

Covers: Gives the lender greater protection against restrictive covenants, homeowners association fees and assessments, encroachments, and the use of first refusal rights.

Restrictions, Encroachments, and Minerals Endorsement (T-19)

Fee: \$5.00 as a minimum, but 5% of the Basic Charge for a single issue policy.

Needed By: When protection from losses brought on by CCR violations or from encroachment and damage to improvements brought on by surface entrance for mineral exploitation is desired.

Covers: Gives the lender protection from loss resulting from a current or impending violation of CCRs affecting the property and guards against improvements encroaching on the surface and harm to improvements brought on by surface entry for mineral exploitation.

Reverse Mortgage Endorsement (T-43)

Fee: There is no fee for endorsing a loan policy.

Needed By: Whenever a loan with a reverse mortgage is insured.

Covers: Ensures that a reverse mortgage is not rendered void or unenforceable for failing to meet the relevant constitutional standards.

Tax Amendment Endorsement (T-3)

[addition regarding taxes not yet due and payable]

Fee: \$5.00

Needed By: While taxes for the current year are "not yet due and payable," they are typically available and demanded by lenders.

Covers: Ensures that the current year's taxes are not yet due and payable.

Tax Amendment Endorsement (T-30)

[deletion regarding roll back language]

Fee: \$20.00

Needed By: Lenders typically demand this, but it is unavailable if the current year's assessed taxes are based on an agricultural or open-space assessment.

Covers: Provides protection against rollback taxes for previous years as a result of a change in land use or ownership by amending the tax exemption in the Loan Policy.

Variable Rate Mortgage Endorsement (T-33)

Fee: \$20.00

Needed By: When a variable rate mortgage note is secured by an insured loan.

Covers: Provide assurance that the loan's provisions for changing the interest rate do not render it void, unenforceable, or cause a loss of priority.

Variable Rate Mortgage - Negative Amortization Endorsement (T-33.1)

Fee: \$20.00

When Needed: When an insured loan is secured by a mortgage note with a variable interest rate that allows for negative amortization terms, changes in the interest rate, or adding accumulated interest to the loan's principal.

Protects: Provide assurance that the loan's negative amortization clauses do not render it void, unenforceable, or lose its priority.



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