



LATHRAM POU & ASSOCIATES

Texas Endorsements for Residential Properties

Area and Boundary Exception Amendment (aka survey deletion)

Cost: No charge for amendment on a Loan Policy.

When needed: Optional coverage for lenders.

Protects: Provides coverage by amending the area and boundary exception to delete all except "shortages in area" for matters that might be disclosed by a survey.

Tax Amendment Endorsement (T-30) (Deletion regarding roll back language)

Cost: \$20.00

When needed: Generally required by lenders, but not available if assessed taxes for the current year are based on agriculture or open-space validation.

Protects: Amends the tax exception in the Loan Policy to provide coverage against rollback taxes for prior years due to a change in land use or ownership.

Tax Amendment Endorsement (T-3) (addition regarding taxes not due and payable)

Cost: \$5.00

When needed: Generally required by lenders, and available when taxes for the current year are "not due and payable".

Protects: Provides coverage that taxes for the current year are not due and payable.

Environmental Protection Lien (T-36)

Cost: \$25.00

When needed: Optional coverage generally required by lenders.

Protects: Provides coverage that there is no failure of priority of the loan due to certain recorded environmental liens.

Planned Unit Development Endorsement (T-17)

Cost: \$25.00 for the first loan policy. If additional loan policies are issued simultaneously, there is no additional charge for the endorsement on any other simultaneously issued loan policies.

When needed: When property is located in a platted subdivision or a condominium unit. This endorsement may not be issued with a Condominium Endorsement (T-28).

Protects: Provides additional coverage to the lender with regard to restrictive covenants, homeowners association charges and assessments, encroachments and the exercise of rights of first refusal.

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

Cost: 5% of the Basic Rate for a single issue policy, but with a minimum of \$50.00.

When needed: When coverage against loss resulting from violations of CCR's or against encroachment of and damage to improvements cause by surface entry for mineral development is requested.

Protects: Provides coverage to the lender against loss due to a present or future violation of CCR's affecting the property and protects against the encroachment of improvements and damage to improvements associated with the surface entry for mineral development.

Minerals and Surface Damage Endorsement (T-19.2)

Cost: No charge for endorsement on a Loan Policy

When needed: When mineral extraction or development is possible.

Protects: Provides coverage against damage to improvements (excludes lawns, shrubbery, or trees) located on the land resulting from the use of the surface for extraction or development of coal, lignite, oil, gas or other minerals.

Balloon Mortgage Endorsement (T-39)

Cost: \$25.00 when issued simultaneously with the Loan Policy of \$50.00 if issued with subsequent to the Loan Policy.

When needed: When the Loan Policy includes a balloon rider.

Protects: Provides coverage that the insured lien is not invalid or unenforceable and there is no loss of priority due to the provisions in the loan that provide for a balloon payment.

Co-Insurance Endorsement (T-48)

Cost: No rate rule specific to a charge for the T-48 Endorsement, but rather provides that the premium shall be apportioned between different companies on a pro rata basis.

When needed: When the total risk exceeds \$15,000,000.00 and a risk is apportioned among two or more underwriters.

Protects: Provides coverage that each Co-Insuring Company is liable to the Insured only for its Percentage of Liability of the total loss or damage, costs, attorneys' fees, and expenses provided in the policy Conditions.

Completion of Improvements (T-3)

Cost: No charge for endorsement on a Loan Policy.

When needed: When a Loan Policy was issued insuring a construction loan and Improvements are completed.

Protects: Brings coverage to date as a Mechanic's Lien claims. And if a satisfactory survey is made after completion of improvements, additional coverage may also be provided.

Condominium Endorsement (T-28)

Cost: No charge for endorsement on a Loan Policy.

When needed: When a condominium unit secures the loan.

Protects: Provides coverage that the condominium unit is part of a condominium regime that is compliant with Texas laws governing the creation and maintenance of condominiums. This endorsement may not be issued with the T-17 Planned Unit Development Endorsement.

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

Cost: 15% of the Basic Rate for single issue policy.

When needed: When a home equity loan is being insured, and the T-42 Equity Loan Mortgage Endorsement is also issued.

Protects: Provides coverage that the home equity lien is not invalid, unenforceable, and there is no loss of priority due to a lack of compliance with eleven constitutional requirements.

Future Advance/Revolving Credit Endorsement (T-35)

Cost: \$50.00

When needed: When a loan secures a revolving credit indebtedness that meets the criteria for the endorsement.

Protects: Provides coverage that the loan is not invalid, unenforceable and there is no loss of priority of the loan due to provisions that provide for future advances on a revolving line of credit.

Leasehold Endorsement (T-5)

Cost: No charge for endorsement on a Loan Policy.

When needed: Mandatory when a Loan Policy is to be issued on a leasehold estate.

Protects: Modifies the Loan Policy to add provisions related to how loss and damages are calculated under a policy that insures a loan secured by a leasehold estate.

Manufactured Housing Unit Endorsement (T-31)

Cost: \$20.00

When needed: When a manufactured housing unit has been designated as real property or paperwork required to designate the MHU as real property will be processed and perfected as part of the closing.

Protects: Provides coverage that a manufactured housing unit has been affixed to the land described in Schedule A so as to become part of the real property securing the loan.

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

Cost: \$50.00

When needed: When an insured loan is secured by a manufactured housing unit that has been designated as a real property or paperwork required to designate the MHU as real property will be processed and perfected as part of the closing.

Protects: Provides coverage that a manufactured housing unit has been affixed to the land, has been converted to real property taxes or personal property liens attached to the MHU.

Down Date Endorsement (T-3)

Cost: \$50.00

When needed: As construction advances are made on a construction loan insured by a Loan Policy.

Protects: Provides coverage by amending the Loan Policy liability amount include the total amount of construction disbursements made as of the effective date of the endorsement.

Equity Loan Mortgage Endorsement (T-42)

Cost: 10% of Basic Rate for a single issue policy

When needed: When a home equity loan is being insured.

Protects: Provides a coverage that the home equity loan is not invalid or unenforceable due to a failure to comply with the constitution, statutes, and regulations applicable to home equity loans.

Modification Endorsement (T-38)

Cost: \$100.00 is issued with one year of the original Loan Policy. There is an additional \$10.00 charge for each additional twelve month period thereafter, or portion thereof.

When needed: When an insured loan is modified to a) release part of the land, b) release additional collateral, c) modify the loan instrument by entering into a Modification Agreement, or d) release the borrowers from personal liability.

Protects: Provides coverage that the Insured loan has not been reduced or terminated by the modification of certain loan terms.

Reverse Mortgage Endorsement (T-43)

Cost: No charge for endorsement of a Loan Policy

When needed: When insuring a loan covering a Reverse Mortgage.

Protects: Provides coverage that a reverse mortgage is not invalid or unenforceable due to failure to comply with constitutional requirements applicable to reverse mortgages.

Variable Rate Mortgage Endorsement (T-33)

Cost: \$20.00

When needed: When an insured loan secures a variable rate mortgage note.

Protects: Provides coverage that the loan is not invalid, unenforceable, and there is no loss of priority due to provisions in the loan that provide for changes in the interest rate.

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

Cost: \$20.00

When needed: When an insured loan secures a variable rate mortgage note that provides for negative amortization terms, changes in the interest rate, or adding unpaid interest to the principal of the loan.

Protects: Provides coverage that the loan is not invalid, unenforceable, and there is no loss of priority due to negative amortization provisions in the loan.