
**BLANK TITLE INSURANCE COMPANY
TEXAS RESIDENTIAL OWNER POLICY OF TITLE INSURANCE
ONE-TO-FOUR FAMILY RESIDENCES**

SCHEDULE A

Policy Number:

File Number:

Policy Date:

Policy Amount:

Premium:

1. Name of Insured
2. We insure your interest in the land covered by this Policy is:
3. Legal Description of land:

SCHEDULE B

EXCEPTIONS

We do not cover loss, costs, attorney's fees and expenses resulting from:

1. The following restrictive covenants of record itemized below (We must either insert specific recording data or delete this exception.):
 2. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.
 3. Homestead or community property or survivorship rights, if any, of any spouse of any insured.
 4. Any titles or rights asserted by anyone, including, but not limited to, persons, the public, corporations, governments or other entities,
 - a. to tidelands, or lands comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans, or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government, or
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the right of access to that area or easement along and across that area.
 5. Standby fees, taxes and assessments by any taxing authority for the year 2000 and subsequent years, and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership.
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6. The following matters and all terms of the documents creating or offering evidence of the matters (We must insert matters or delete this exception.):

EXCLUSIONS

In addition to the Exceptions in Schedule B, we do not insure you against loss, costs, attorney's fees, and expenses resulting from these Exclusions:

1. We do not cover loss caused by the exercise of governmental police power or the enforcement or violation of any law or government regulation. This includes building and zoning ordinances and laws and regulations concerning,
 - a. Land use
 - b. Improvements on the land
 - c. Land division
 - d. Environmental protection

This exclusion does not apply to notices of violations or notices of enforcement that appear in the public record at Policy Date. However, there may be an Exception in Schedule B.

2. We do not cover the right to take the land by condemning it, unless:
 - a. a notice of exercise of the right appears in the public records on the Policy Date, or
 - b. the taking happened before the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. We do not cover title risks:
 - a. that are created, allowed, or agreed to by you,
 - b. that are known to you, but not to us on the Policy Date unless they appeared in the public records,
 - c. that result in no loss to you, or
 - d. that first affect your title after the Policy Date – this does not limit the labor and material lien coverage in Item 6 of the covered Title Risks.
4. We do not cover the effect of failure to pay value for your title.
5. We do not cover lack of a right:
 - a. to any land outside the area specifically described and referred to in Item 3 Schedule A
 - b. in streets, alleys, or waterways that touch your land.

This exclusion does not limit the access coverage in the Covered Title Risks.

6. We do not cover any claim based upon allegations that your purchase of title (or acquisition of title by gift or otherwise):
 - a. was a fraudulent conveyance, fraudulent transfer, voidable distribution, or voidable dividend;
 - b. should be subordinated or recharacterized as a result of equitable subordination;
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- c. was a preferential transfer unless
 - (1) the company or its issuing agent failed to timely file for record the deed to you after delivery or
 - (2) the recordation of the deed to you is not legal record notice.

(We do cover the two types of claims described in c. (1) and c. (2) above.)
 - 7. We do not cover the refusal of any person to buy, lease or lend money on your land because of unmarketability of the title.
 - 8. We do not cover claims concerning the physical condition of your land or of the access to your land.

CONDITIONS

1. DEFINITIONS

- a. Actual Loss. This is the difference between the value of your land without the covered title risk and the value of your land with the covered title risk. These values are the respective values at the time you must furnish proof of your loss.
- b. Document. A deed or other conveyance of title to you or a prior owner.
- c. Easement. A portion of your land someone else has the right to use for a special purpose.
- d. Government Regulation. Any federal, state, or local law, constitutional provision, regulation, ordinance, or guideline.
- e. Land. The land or condominium unit described in Schedule A and any improvements on the land that are real property.
- f. Knowledge or known. Actual knowledge, not constructive knowledge or notice that may be imputed to an insured by the public records.
- g. Mortgage. A type of lien on the land such as a deed of trust or other security instrument.
- h. Public Records. Those records required by Texas law and maintained by public officials in the county where the property is located that give legal notice of matters affecting your title.
- i. Title. The ownership interest in the land, as shown in Schedule A.
- j. We, us or our. The title insurance company. This is _____, (insert name of company.)
- k. You, your. The insured.

2. CONTINUATION OF COVERAGE

We insure you as long as you:

- a. own your Title,
- b. own a mortgage from anyone who buys your Title, or
- c. are liable for any Title warranties you make.

We insure anyone who receives your title because of your death.

We do not insure your transferee or assignee.

3. YOUR DUTIES IF YOU MAKE A CLAIM

You must follow this process to make a claim:

a. You Must Give Us Notice Of Your Claim.

If anyone claims a right against your insured title, you must notify us promptly.

Send the notice to _____ or call 1-800_____ and ask for a claims attorney. If you initially notify us by phone, we recommend that you also notify us in writing. Please include the Policy number shown in Schedule A, and the county where the land is.

Our obligation to you is reduced or ended if:

- (1) you fail to give prompt notice, and
- (2) your failure affects our ability to dispose of or to defend you against the claim.

Our obligation is reduced only to the extent that your failure affects our ability to dispose of or to defend you against the claim.

b. You Must Give Us Proof of Your Loss If We Request It.

You must send to us, if we request, your signed proof of loss within 91 days of our request on a standard form supplied by us. Within 15 days after we receive your notice of claim, we must request a signed proof of loss. If not, we waive our right to require a proof of loss. This waiver will not waive our other rights under the policy. The statement must have the following information to the best of your knowledge:

- (1) the covered Title Risks which resulted in your loss,
- (2) the dollar amount of your loss, and
- (3) the method you used to compute the amount of your loss.

c. You Must Provide Papers We Request.

We may require you to show us your records, checks, letters, contracts, and other papers that relate to your claim of loss. We may make copies of these papers

If you tell us this information is confidential, we will not disclose it to anyone else unless we reasonably believe the disclosure is necessary to administer the claim.

d. You Must Answer Questions Under Oath.

We may require you to answer questions under oath.

e. Effect of Failure to Cooperate

Our obligation to you reduces or ends if you fail or refuse to:

- (1) (a) provide a statement of loss,
(b) answer our questions under oath, or
(c) show us the papers we request, and
- (2) your failure or refusal affects our ability to dispose of or to defend you against the claim.

4. OUR CHOICES WHEN YOU NOTIFY US OF A CLAIM

- a. After we receive your claim notice or in any other way learn of a matter for which we are liable, we can do one or more of the following:
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- (1) Pay the claim against your title.
- (2) Negotiate a settlement.
- (3) Prosecute or defend a court case related to the claim.
- (4) Pay you the amount required by this Policy.
- (5) Take other action under Section 4b.
- (6) Cancel this policy by paying the Policy Amount, then in force, and only those costs, attorneys' fees and expenses incurred up to that time that we are obligated to pay.

We can choose which of these to do.

- b. If you report to us that a covered title risk exists, we will promptly investigate to determine if that covered title risk is valid and not barred by law or statute. A covered title risk is a title risk that this Policy does not exclude or except.

If we conclude that your claim, or any part of your claim, is covered by the policy, we will take one or more of the following actions to the extent that it is covered:

- (1) Institute all necessary legal proceedings to clear the title to the property;
 - (2) Indemnify you pursuant to the terms of the policy.
 - (3) Issue a new title policy without making exception to the covered title risk. If another insurer issues the new title policy to your purchaser, lender or other transferee without making exception to the covered title risk, we will indemnify the other insurer.
 - (4) Secure a release of the covered title risk.
- c. If we deny your claim, or any part of your claim, not more than 15 days after we deny the claim, we will:
 - (1) notify you in writing, and
 - (2) give you the reasons for the denial of your claim in writing.

5. HANDLING A CLAIM OR COURT CASE

You must cooperate with us in handling any claim or court case and give us all relevant information.

We must repay you only for those settlement costs, attorneys' fees and expenses that we approve in advance.

When we defend or sue to clear your title, we have a right to choose the attorney. You have the right to disapprove our choice of attorney for reasonable cause. We can appeal any decision to the highest court. We do not have to pay your claim until your case is finally decided. We do not agree that the matter is a covered title risk by defending.

6. LIMITATIONS OF OUR LIABILITY

Our liability is limited by the following:

- (a) We will pay up to your actual loss or the Policy Amount in force when the claim is made – whichever is less.
- (b) If we remove the claim against your title with reasonable diligence or take other action under this policy after receiving notice of it, we will have no further liability for it.
- (c) All payments we make under this policy – except for costs, attorneys' fees and expenses – will be subtracted from your Policy Amount.
- (d) If the Covered Title Risk is an easement, we may pay an insured mortgage holder instead of paying you when

a written agreement between you and the mortgage holder allows. If the claim involves another Covered Title Risk, we may pay the mortgage holder instead of paying you. The amount paid to the mortgage holder is considered a payment to you under your policy and will be subtracted from your policy amount.

- (e) If you do anything to affect any right of recovery or defense you may have, we can subtract from our liability the amount by which you reduced the value of that right or defense. But we must add back to our liability any amount by which our expenses are reduced as a result of your action.

7. TRANSFER OF YOUR RIGHTS

When we settle a claim, we have all the rights you had against any person or property related to the claim. You must transfer these rights to us when we ask, and you must not do anything to affect these rights. You must let us use your name in enforcing these rights.

We will not be liable to you if we do not pursue these rights or if we do not recover any amount that might be recoverable.

With the money we recover from enforcing these rights, we will pay whatever part of your loss we have not paid. We have a right to keep what is left.

8. ARBITRATION

If it is permitted under Texas or federal law, you and we may agree to arbitration when you file a claim.

The arbitration may decide any matter in dispute between you and us.

Arbitration is one means of alternative dispute resolution. It may lessen the time and cost of claims settlement. You may wish to consider another form of mediation or use the court system. If you choose arbitration, you may give up some discovery rights and your right to sue.

The arbitration award may:

- a. include attorneys' fees if allowed by state law, and/ or
- b. be entered as a judgement in the proper court.

The arbitration shall be under the Title Insurance Arbitration Rules of the American Arbitration Association. You may choose current Rules or Rules in existence on Policy Date.

The Law used in the arbitration is the law of the place where the property is located.

You can get a copy of the Rules from us.

9. ENTIRE CONTRACT PROVISION

This policy and any endorsements we attach are the entire contract between you and us.

Any claim you make against us must be under this Policy and is subject to its terms.

10. COMPLAINT NOTICE

Should any dispute arise about your premium or about a claim that you have filed, contact the agent or write to us. OUR TOLL-FREE NUMBER IS _____. If we do not resolve the problem, you also may write the Texas Department of Insurance, P.O. Box 149091, Austin, Texas 78714-9091; Fax Number (512) 475-1771. THE TOLL FREE NUMBER FOR THE TEXAS DEPARTMENT OF INSURANCE IS 1-800-252-3439.

This notice of complaint procedure is for information only. It does not become a part or condition of this policy.
