

Date: October 15, 2015
To: All Texas Agents
From: David Hays, Vice President/Underwriting Counsel
RE: 2015 Increase in Homestead Exemption and Referendum

On June 15, 2015 the Texas Legislature passed Senate Bill One providing for a potential increase in the allowable homestead exemption for 2015. However, the increased exemption is subject to approval by voters of the State of Texas which is scheduled for November 3, 2015. Some counties are choosing to assess taxes based on the new higher exemption (resulting in a lower tax bill) notwithstanding the fact that should the increased exemption be repealed in November, these taxing entities may be forced to send out additional assessments to collect the difference between the two rates.

Agents should contact the local tax offices in order to determine whether the current bills reflect the new, higher homestead exemption (thus lower tax bill) or whether they reflect the original, lower homestead exemption. If the tax bill reflects the lower exemption the agent should proceed as normal. However, if the tax bill reflects the new higher exemption you must have the Seller(s)/Owner(s) and Buyer(s) execute the attached indemnity and the following exception should be included in the title commitment and Owner's Title Policy.

“Additional taxes or assessments for the tax year 2015 due to any change in the homestead exemption granted the prior owner of the property pursuant to Senate Bill 1 as passed by the 2015 Texas Legislature. In the event of any conflict between this exception and the exception set forth as Item 3 in Schedule B of the policy, this exception shall control.”

In addition to the application of this requirement in counties where property taxes are currently due and payable, agents shall follow the same requirements when prorating taxes for those counties in which the property taxes are not yet due and payable.

The exception does not need to be reflected in a Lender's Title Policy.

Please do not hesitate to contact your underwriter if you have additional questions.

2015 HOMESTEAD TAX EXEMPTION DISCLOSURE

Date:

GF No.:

Title Agent:

Seller/Owner:

Purchaser:

Property:

1. The Property qualified for a "residence homestead exemption" for ad valorem taxes for the Seller/Owner. Ad valorem taxes for the year 2015 were based on a homestead exemption computed pursuant to Senate Bill No. 1, passed in the 2015 Texas Legislature. The homestead exemption for 2015 taxes may be reduced retroactively if the referendum approving it does not pass at the November 3, 2015 election. This could result in a higher tax bill.
2. THE UNDERSIGNED SELLER/OWNER AND PURCHASER AGREE TO PAY ANY ADDITIONAL TAXES WHICH MAY BECOME DUE AS A RESULT OF ANY CHANGE IN THE "RESIDENCE HOMESTEAD EXEMPTION" AND ALSO AGREE TO HOLD THE TITLE COMPANY HARMLESS FOR ANY ADDITIONAL TAXES DUE ON SAID PROPERTY AS A RESULT OF SUCH CHANGE IN THIS EXEMPTION. THE UNDERSIGNED FURTHER AGREE THAT THE TITLE COMPANY SHALL HAVE NO OBLIGATION OR RESPONSIBILITY FOR THE COLLECTION OF ANY ADDITIONAL TAXES FROM THE PARTY RESPONSIBLE FOR SAME.
3. PURCHASER ACKNOWLEDGES THAT THE OWNER'S TITLE POLICY ISSUED TO PURCHASER WILL CONTAIN THE FOLLOWING EXCEPTION TO COVERAGE IN SCHEDULE B:

"Additional taxes or assessments for the tax year 2015 due to any change in the homestead exemption granted the prior owner of the property pursuant to Senate Bill 1 as passed by the 2015 Texas Legislature. In the event of any conflict between this exception and the exception set forth as Item 3 in Schedule B of the policy, this exception shall control."
4. IN THE EVENT TAXES ARE PAID AND/OR PRORATED BASED ON THE CURRENT EXEMPTION AMOUNT, THE TITLE COMPANY SHALL NOT BE RESPONSIBLE FOR ENSURING THE PROPERT ALLOCATION AND DISTRIBUTION OF ANY REFUNDS MADE BY THE TAXING AUTHORITY NECESSITATED BY THE PASSAGE OF THE REFERENDUM.
5. Indemnity and Hold Harmless. The undersigned Seller and Buyer hereby agree to indemnify, defend and hold and save Escrow Agent/Title Company whole and harmless of, from and against all additional taxes for the 2015 year that may be assessed due to a change in the residential homestead exemption and all attorney's fees, fines, suits, claims, demands, disputes, losses, costs, liabilities, actions, penalties, interest,

judgments and expenses of every kind and character that may be suffered by them in said connection. Escrow Agent shall not be liable for any error of judgment, or for any act done or steps taken or made by it in good faith, or for any mistake of fact or law, or for anything which it may do or refrain from doing in connection herewith, with the exception of willful misconduct or gross negligence.

6. When the context requires: (i) the singular shall include the plural; (ii) the plural shall include the singular; and (iii) the use of any gender shall include all genders.

SELLER/OWNER

PURCHASER:
