

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new higher exemption (resulting in a lower tax bill) notwithstanding the fact that should the increased exemption be repealed in November, these taxing entities may be forced to send out additional assessments to collect the difference between the two rates.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.