

Date: February 4, 2016
To: All Texas Agents
From: Underwriting Department
RE: Insuring Transactions between Family Members

Conveyances between family members are extra-hazardous, and because of such, we set forth requirements for issuing an Owner's Policy of Title insurance (OTP) to a family-member purchaser or a Loan Policy to the purchaser's lender:

1. Compliance with one of these if the seller has or is vacating the premises:
 - a. The seller must already have established another residential-owned homestead and there is sufficient evidence supplied and to be retained in the closing file.
 - b. The seller is using the sale proceeds to purchase another residential homestead, which is closing on the same day as the sale transaction.
2. If the seller is not vacating the premises, the following exception must be included in the OTP and also the Loan Policy with the written acknowledgement by the lender of the policy exception being required. If the lender will not agree, do not close and do not issue the title insurance policy(ies).

Any claim of homestead interest that may be asserted by [name of seller(s)] and any failure of title by reason of any claim, assertion, or determination that the vesting of title in buyer by deed recorded in [insert recording information here] was not a bona fide sale, and/or any claim, assertion, or determination that the insured lien constitutes an invalid and/or unenforceable encumbrance against the homestead rights and claims of [name of seller(s)].

If there are facts or circumstances you would like us to consider, please feel free to contact any of the FNTI underwriting counsel.

Thank you for choosing First National Title Insurance Company.

This Underwriting Bulletin becomes a part of the principles and practices with which you are to comply under the terms of your Underwriting Agreement with First National Title Insurance Company. Should the content of this bulletin address the closing and escrow function, this information should be considered a directive and part of the principles and practices if non-compliance would result in liability to FNTI under either the insured closing service letter or policy of title insurance notwithstanding that the Underwriting Agreement does not include the closing and escrow functions of your agency.