Sec. 2501.001. SHORT TITLE. This title may be cited as the Texas Title Insurance Act.
Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2501.002. PURPOSE; LEGISLATIVE INTENT. (a) The purpose of this title is to completely regulate the business of title insurance on real property and, as described by Subtitle F, on personal property, including the direct issuance of policies and the reinsurance of any assumed risks, to:

(1) protect consumers and purchasers of title insurance policies; and
(2) provide adequate and reasonable rates of return for title insurance companies and title insurance agents.

(b) It is the express legislative intent that this title accomplish the purpose described by Subsection (a).
Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005. Amended by:
Acts 2007, 80th Leg., R.S., Ch. 543 (S.B. 1153), Sec. 2, eff. September 1, 2007.

Sec. 2501.003. DEFINITIONS. In this title:
(1) "Abstract plant" means an abstract plant as defined by the department under Section 2501.004.
(2) "Attorney" means:
(A) a person who is licensed to practice law and is a member of the State Bar of Texas; or
(B) a Texas professional corporation organized to provide professional legal services.
(3) "Direct operation" means the operations of a title insurance company under a license issued to the company under Subchapter B, Chapter 2651. A reference in this title to a title insurance agent shall be construed to include a direct operation.
(4) "Escrow officer" means an attorney, a bona fide employee of an attorney licensed as an escrow officer, a bona fide employee of a direct operation, or a bona fide employee of a title insurance agent whose responsibilities include:

(A) countersigning title insurance forms;
(B) supervising the preparation and delivery of title insurance forms;
(C) signing escrow checks; or
(D) closing the transaction, as described by Section 2501.006.

(5) "Foreign title insurance company" means a title insurance company organized under the laws of a jurisdiction other than this state.

(6) "Joint abstract plant operation" means a joint abstract plant operation as defined by the department under Section 2501.004.

(7) "Person" includes an individual, corporation, association, partnership, or trust.

(8) "Premium" means the premium rates promulgated by the commissioner under Subchapters D and E, Chapter 2703, and includes a charge for:

(A) title examination and closing the transaction, regardless of whether the examination or closing is performed by an attorney; and
(B) issuing the policy.

(9) "Residential real property" means real property that is improved and is designed principally for occupancy by one to four families. The term includes an individual unit of a condominium or cooperative.

(10) "Thing of value" includes any payment, advance, funds, loan, service, or other consideration.

(11) "Title examination" means the search and examination of a title to determine the conditions of the title to be insured and to evaluate the risk to be undertaken in the issuance of a title insurance policy or other title insurance form.

(12) "Title insurance" means:
(A) insurance that insures, guarantees, or indemnifies an owner of real property, or another interested in the real property, against loss or damage resulting from:

(i) a lien or encumbrance on or defect in the title to the real property; or

(ii) the invalidity or impairment of a lien on the real property;

(B) personal property title insurance, as defined by Chapter 2751; or

(C) any business that is substantially equivalent to the insurance described by Paragraphs (A) and (B) and is conducted in a manner designed to evade the provisions of this title.

(13) "Title insurance agent" means a person owning or leasing and controlling an abstract plant or as a participant in a bona fide joint abstract plant operation and authorized in writing by a title insurance company to solicit insurance and collect premiums and to issue or countersign policies on the company's behalf.

(14) "Title insurance company" means:

(A) a domestic company organized under this title to engage in the business of title insurance, as described by Section 2501.005;

(B) a foreign title insurance company that:

(i) meets the requirements of this title; and

(ii) holds a certificate of authority to engage in business in this state; or

(C) any other domestic or foreign company that:

(i) meets the requirements of this title; and

(ii) holds a certificate of authority to insure a title to real property in this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 543 (S.B. 1153), Sec. 3, eff. September 1, 2007.
Sec. 2501.004. ABSTRACT PLANT; JOINT ABSTRACT PLANT OPERATION. (a) For purposes of this title, the department shall define "abstract plant" and "joint abstract plant operation."

(b) To provide for the safety and protection of policyholders, the department shall require that an abstract plant:

1. be geographically arranged;
2. cover a period beginning not later than January 1, 1979, and be kept current; and
3. be adequate for use in insuring titles, as determined by the department.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005. Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1025 (H.B. 4338), Sec. 1, eff. September 1, 2009.

Sec. 2501.005. BUSINESS OF TITLE INSURANCE. (a) For purposes of this title, a person engages in the business of title insurance if the person:

1. as insurer, guarantor, or surety, makes or proposes to make a contract or policy of title insurance or its equivalent;
2. transacts or proposes to transact any phase of title insurance, including:
   (A) soliciting;
   (B) title examination other than an examination conducted by an attorney;
   (C) closing the transaction other than a closing conducted by an attorney;
   (D) executing a contract of title insurance; and
   (E) insuring and transacting matters arising out of the contract after the contract is executed, including reinsurance; or
3. makes a guaranty or warranty of a title search or a title examination, or any component of a title search or title examination, if the person is not the person who performs the search or examination.
(b) A person engages in the business of title insurance if the person engages in or proposes to engage in any business that is substantially equivalent to the business of title insurance as described by this section, regardless of whether that conduct is performed in a manner designed to evade the provisions of this title.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2501.006. CLOSING THE TRANSACTION. (a) For purposes of this title, "closing the transaction" describes the investigation that is made:

(1) on behalf of a title insurance company, title insurance agent, or direct operation before the title insurance policy is issued; and

(2) to determine proper execution, acknowledgment, and delivery of all conveyances, mortgage papers, and other title instruments necessary to consummate a transaction.

(b) Closing the transaction includes a determination that:

(1) all delinquent taxes have been paid;

(2) in the case of an owner title insurance policy, all current taxes, based on the latest available information, have been properly prorated between the purchaser and seller;

(3) the consideration has been passed;

(4) all proceeds have been properly disbursed;

(5) a final search of the title has been made; and

(6) all necessary papers have been filed for record.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2501.007. REFERENCES TO TITLE. In this title, a reference to this title includes a reference to:

(1) Chapter 223;

(2) Chapter 271; and

(3) Subchapter U, Chapter 171, Tax Code.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Amended by:

Acts 2005, 79th Leg., Ch. 728 (H.B. 2018), Sec. 11.077, eff. September 1, 2005.
Sec. 2501.008. THIRD-PARTY CHARGES. A title insurance company, title insurance agent, or direct operation may charge, separate from the title insurance premium, actual costs or a reasonable estimate of costs incurred in connection with a closing and settlement, including:

(1) a charge by a third party for an electronic filing fee; or

(2) a fee of a third party for the provision of an ad valorem tax report.

Added by Acts 2009, 81st Leg., R.S., Ch. 1159 (H.B. 3073), Sec. 1, eff. January 1, 2010.

Sec. 2501.009. GIFTS, GRANTS, AND DONATIONS FOR EDUCATIONAL PURPOSES. (a) The department may accept gifts, grants, and donations to enable employees of the department to participate in educational events, and for other educational purposes, related to title insurance.

(b) The commissioner may adopt rules related to the acceptance of gifts, grants, and donations described in Subsection (a).

Added by Acts 2011, 82nd Leg., R.S., Ch. 1011 (H.B. 2408), Sec. 1, eff. September 1, 2011.