

WFG Underwriting Bulletin



To: All Texas Agents and Direct Operations
From: Southwest Underwriting
Date: July 18, 2016
Bulletin No. TX2016-57
Subject: Transfer on Death Deeds; Schedule B Exception

We discussed Transfer on Death Deeds (TODD) in our Bulletin No. 50 which covered legislation enacted by the 84th Session of the Texas Legislature.

1. When the grantor of a TODD dies, the property does not constitute property of the estate but instead title passes pursuant to the terms of the TODD. However, in the circumstances discussed in this Bulletin, certain claims against the estate of the grantor will attach to the title.
2. Please observe the following Underwriting requirement which applies when (1) there is a TODD in the chain of title, (2) the grantor of the TODD retained title until his death, and (3) the beneficiary of the TODD is now selling or borrowing against the property. The commitment for any such transaction should include the following on Schedule C:

We find a Transfer on Death Deed in the chain of title filed in (insert recording information) of the real property records of _____ County, Texas. If the proposed transaction is closed prior to the second anniversary of the death of _____ (the grantor of the Transfer on Death Deed) any policy issued shall contain the following Schedule B Exception:

“Loss, cost or expense resulting from any claim that the assets of the estate of _____ (insert name of the grantor on the TODD) are insufficient to satisfy a claim against the estate, or expenses of administration, or any estate tax owed by the estate, or an allowance in lieu of exempt property or family allowance to a surviving spouse, minor children, or incapacitated adult children.”

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The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.