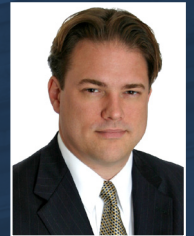


TEXAS LAND TITLE ASSOCIATION

2019 LEGISLATIVE REPORT

AARON DAY
*TLTA Director of
Government Affairs and Counsel*



Planning, Strategy and Hard Work Delivered Success During the Texas Legislature's 86th Session

While the 86th Session of the Texas Legislature was predominately defined by lawmakers' decisions to reform our state's school finance system and allocate additional resources to disaster planning, response and recovery, the top story for our industry this session was the breakthrough in our ongoing re-regulation battle.

After almost four years, TLTA, Texans for Free Enterprise, and TFE's allies finally reached a peace accord. As part of our good faith agreement to address the concerns raised by TFE and their partners, TLTA worked with TFE to pass HB 3228 – clarifying who has access to participate in TDI rate hearings.

This good public policy provides needed clarity regarding who can participate in the rate hearing process, and it outlines a process for how that access is attained while still maintaining the Commissioner's discretion to act as appropriate when setting hearings or providing standing. We are extremely pleased to have resolved this lengthy debate while preserving our promulgated rate system and improving statutory language regarding our rate hearing process.

Successful passage of the statutory change described above was just one of our legislative priorities this session. We also worked with legislators, our lobby team and an

army of industry volunteers to secure passage of three additional bills that accomplish the following:

- Update and modernize the TTIGA statute (HB 1614)
- Clarify RON-related statute related to 'papering out' and recording e-notarized documents and e-closing documents (SB 2128)
- Establish a mechanism by which the authority to sell real properties on behalf of limited partnerships and limited liability corporations can be assigned for transactions under \$1,000,000 (HB 1833)

On average, four out of every five bills filed by the Texas Legislature die before reaching passage. With the passage of 100 percent of our legislative priorities this session, our industry should take a moment to recognize that this unusual accomplishment is attributable to the hard work of many.

First, celebration of our successes this session should begin with thanks for the lawmakers who share our industry's commitment to protecting Texans' property rights and bolstering our state's robust real estate marketplace. These elected officials further the good public policies we support, and we are grateful for their hard work, sacrifices and commitment to the State of Texas.

But there's more at play here than the good work of the lawmakers in Austin. Investments made by our industry long before the session commenced—including the development of our grassroots network and continued support for TLTA/PAC—paid huge dividends inside the Texas Capitol this year.

Also deserving of gratitude for this session's victories are our board of directors, legislative and regulatory committee members, and other tireless industry volunteers who provide the subject matter expertise and maintain the lines of communication that serve as the foundation for all our wins in the legislative and regulatory arenas.

While all of this industry-specific legislative news is worthy of celebration, you should be aware that lawmakers engaged in other serious battles this session that will impact Texans statewide, including the consumers and communities we serve.

Property Tax Reform

The 86th Session of Texas Legislature passed SB 2, known as the Texas Property Tax Reform and Transparency Act. SB 2 alters the rollback rate for local taxing entities and implements several measures designed to enhance transparency for taxpayers, including the creation of an online database that helps property owners understand how proposed rate changes would affect their bills.

School Finance Reform

Lawmakers also unanimously approved legislation (HB 3) to reform the system via which our state finances public schools. This comprehensive reform of the state's public school finance system is intended to lessen the burden on local property taxpayers while increasing the state's investment in educators and students. Here are HB 3's highlights:

- Lowers school property tax rates statewide
- Increases the state's share of education funding from 38 to 45 percent
- Reduces recapture by 47 percent (\$3.6 billion) in the next biennium
- Raises the basic allotment from \$5,140 to \$6,160 per student, benefiting all school districts
- Maintains the enhanced transparency measures and automatic rollback elections

Disaster Relief/Response/Planning

Recent natural disasters, including Hurricane Harvey, devastated communities across the state, and Texas legislators responded by approving bills this session that direct additional resources to affected property owners. Additionally, the Legislature created disaster recovery and prevention plans to help minimize the costly impact of storms, flooding and other future disasters.

The Texas Legislature also passed disaster recovery and prevention measures that require voter approval and will appear on ballots Nov. 5, 2019:

- HJR 4 proposes a constitutional amendment to create a fund to aid in financing flood mitigation projects.
- HJR 34 proposes a constitutional amendment to provide a temporary property tax exemption for qualified property damaged by a disaster.

Laying the Groundwork for Future Industry Efforts

As we close the books on another successful legislative session, we are reminded that this session's successes are an important part of laying the groundwork for future industry efforts.

Our Day at the Capitol, legislative office visits, committee testimony and the hundreds of other ways our industry interacts with lawmakers during a busy legislative session shape what will happen the next time we show up at the Texas Legislature with a request.

Let's continue our good work now and into the future by nurturing relationships with lawmakers via our local legislative liaisons, supporting legislators through contributions to TLTA/PAC, and through continued engagement and service within the TLTA community.

— Aaron Day

Priorities Passed

TLTA's staff, professional lobbyists and our industry's network of volunteers worked with legislators and legislative leadership this session to pass 100 percent of our industry's proactive legislative agenda.

Typically in the Texas Legislature, four out of every five bills die before reaching passage. TLTA is proud to report the passage of 100 percent of our legislative agenda.



Successful Title Insurance System Maintained With Resolution of Re-Regulation Battle

HB 3228 by Rep. Muñoz, Jr. / Sen. Hancock

TLTA struck an agreement with Texans for Free Enterprise (TFE) resolving our multi-session battle on title regulation. The agreed-to legislation provides needed clarity regarding who can participate in the rate hearing process, and it outlines a process for how that access is attained while still maintaining the Commissioner's discretion to act as appropriate when setting hearings or providing standing.

Specifically, this legislation clarifies the process whereby an interested person can request a rate hearing, and it outlines the process for the Insurance Commissioner's consideration of that request. Additionally, the bill sets up a process whereby an interested person who has requested a hearing can ask that the hearing be moved to a contested format, and it sets out a process for the Commissioner to review and accept or deny that request through a hearing on the request. Finally, the bill provides interested individuals access to participate as a party in the hearing while retaining other parties' opportunities to challenge the standing of that individual and remove their party status.

Texas' title insurance system has protected Texans' property rights for generations. Our state's existing regulatory structure sustains healthy marketplace competition and ensures that Texas homeowners and businesspeople have choices when they invest in protecting their property. Studies based on actual transactions make clear that the Texas title system delivers a quality product through a safe and transparent process at better prices for consumers.



Texas Title Insurance Guaranty Association (TTIGA) Update

HB 1614 by Rep. Oliverson / Sen. Creighton

Updates TTIGA statutes. Provides flexibility in the use of funds to quickly address consumer claims, address problems related to timeline flexibility for Guaranty Assessment Recoupment Charge (GARC) fee periods, increase coverage limits to reflect current home prices, and address coverages for funds intended for escrow accounts that are misappropriated.



Remote Online Notary Clarification

SB 2128 by Sen. Creighton / Rep. Parker

Following the 85th Texas Legislature's approval of Remote Online Notarization (RON) in Texas and subsequent rulemaking, certain ambiguities and potential conflicts in statute were uncovered calling into question the best mechanism to "paper out" a RON transaction and file it in a county that does not allow for e-filing. This legislation creates a mechanism in the statute that provides a safe, clear and consistent approach to paper filing Remote Online Notary-related and electronically signed documents to provide consumers all across Texas access to this new technology.





Certificates of Authority for Entities

HB 1833 by Rep. Wray / Sen. Hughes


The ability to determine with certainty who has the authority on behalf of partnerships and corporations to sell real property has become increasingly difficult due to the proliferation of online legal services used to create entity structures and the increasing resistance among parties to share their corporate documents. This legislation provides a mechanism for certain entities to designate the person or persons with the authority to conduct real property transactions under \$1 million and allow for parties to rely upon these representations in the certificate of authority.


Other Legislation of Interest


A  indicates the bill has passed and will become law on the noted effective date.

An  indicates the bill did not pass. To view more about each bill, click on the bill number. To read the text of the bill, click on the bill number and then select the "text" tab.

Title Insurance

 **[HB 1560](#) by Dutton**
Relating to a tax on title insurance policies written by title insurance companies to fund housing programs and services; imposing a tax

 **[HB 2856](#) by Morrison**
DISASTER REMEDIATION AND TITLE ESCROW
Relating to restrictions under disaster remediation contracts; creating a criminal offense

 **[SB 1437](#) by Taylor**
Relating to requiring information regarding easements to be included in a commitment for title insurance


Privacy


 **[HB 4390](#) by Capriglione**
Relating to the privacy of personal identifying information and the creation of the Texas Privacy Protection Advisory Council
EFFECTIVE SEPT. 1, 2019; SECTION 1 EFFECTIVE JAN 1, 2020

 **[HB 4518](#) by Martinez Fischer**
Relating to the privacy of a consumer's personal information collected by certain businesses; imposing a civil penalty


Real Estate Transactions


 **[SB 1642](#) by Miles**
Relating to authority of owner of real property sold at a tax sale to transfer a right of redemption to another person
EFFECTIVE JUNE 14, 2019


 **[SB 42](#) by Zaffirini**
Relating to residential mortgage loans, including the financing of residential real estate purchases by means of a wrap mortgage loan; providing licensing and registration requirements; authorizing an administrative penalty


 **[SB 2402](#) by Menendez**
Relating to technical defects in instruments affecting real property; reduces time for suits from two years to six months, considered lawfully filed and notice to 3rd parties if filed for over six months; companion to [HB 1176](#)

Probate

 **[HB 2782](#) by Wray**
Relating to decedents estates/TOD deeds/probate; companion to [SB 1208](#)
EFFECTIVE SEPT. 1, 2019

 **[SB 874](#) by Huffman**
Forms for Transfer on Death deeds-repeals Estates Code Section 114.002(b) and Subchapter D, Chapter 114; companion to [HB 3562](#)
EFFECTIVE SEPT. 1, 2019

 **[HB 2857](#) by Murr**
Relating to the transfer of certain probate proceedings to the county in which the executor or administrator of a decedent's estate resides; would allow transfer of probate proceedings following appointment of an executor or administrator in specific circumstances; companion to [SB 192](#)

 **[HB 3744](#) by Burrows**
Relating to the rule against perpetuities. This bill would have effectively eliminated the Rule Against Perpetuities

Ad Valorem Tax Issues



[HB 1254](#) by Murphy

Relating to the eligibility of land secured by a home equity loan to be designated for agricultural use for ad valorem tax purposes; this bill will allow property owners to use agricultural land as collateral for a home equity loan

EFFECTIVE JAN. 1, 2020



[HB 1885](#) by G. Bonnen

Waiver of penalty and interest for mortgagee error in paying ad valorem taxes

EFFECTIVE JAN. 1, 2020



[SB 1642](#) by Miles

Relating to authority of owner of real property sold at a tax sale to transfer a right of redemption to another person

EFFECTIVE JUNE 14, 2019



[SB 1943](#) by Watson

Relating to ad valorem taxation of heir property

EFFECTIVE SEPT. 1, 2019



[HB 163](#) by Canales

Relating to the additional tax imposed on land appraised for ad valorem tax purposes as qualified open-space land if a change in use of the land occurs; changes 5-year period to 3-year period (same as HB 1211 by Phillips in 2017)



[HB 1978](#) by Harris

Repeals certain ad valorem taxes-land use changes

Access to Public Records



[SB 73](#) by Nelson

Amends Judge Julie Kocurek bill of 2017 (adds M&M liens and mineral conveyances to instrument definition)

EFFECTIVE SEPT. 1, 2019



[SB 489](#) by Nelson [HB 3305](#) by Smithee

Relating to redacting information from certain property records

EFFECTIVE SEPT. 1, 2019



[HB 815](#) by Kuempel

Relating to authority of a county to require photo identification to file certain documents with the county clerk; discretionary bill that allows a county clerk to request a photo ID before filing documents (no fee to be charged for photo copying ID)



[HB 4248](#) by Kuempel

Relating to specifications for legal papers filed with a county clerk; this bill would have allowed county clerks to reject the filing of illegible documents under certain conditions



[HB 4271](#) Wu

Relating to the redaction of an unconstitutional restriction from an instrument conveying an interest in real property



[HB 1655](#) by Hunter

Relating to confidentiality of birth records

Liens



[HB 589](#) by Deshotel

Relating to mechanic's, contractor's, or materialman's liens; authorizing a fee; changing the eligibility for community supervision



[HB 2024](#) by Romero Jr.

Relating to the survival of a mechanic's retainage lien after the foreclosure of a lien securing a construction loan



[HB 3498](#) by Burrows

Relating to mechanic's, contractor's, or materialman's liens



[HB 2346](#) by Darby

Relating to persons entitled to M&M lien on real property (interior designer); companion to [SB 921](#)



[HB 3948](#) by Toth

Relating to mechanic's, contractor's, or materialman's liens

Sales Price Disclosure



[HB 1036](#) by Beckley

Relating to mandatory sales price disclosure in real property sales; requires sales price disclosure for filing in real property records

Miscellaneous



[SB 624](#) and [SB 1459](#) by Nichols

Sunset bill for Texas Real Estate Commission & Appraiser Licensing; companion to [HB 1675](#)

EFFECTIVE SEPT. 1, 2019

Thanks for Making This Session a Success

TLTA NAMES LEGISLATORS OF THE YEAR

Every year our industry honors the good work of legislators who continue to serve their constituents and our state with distinction. This year's recipients of TLTA's Outstanding Legislator award share our support for property rights, small business advocacy, and the continued success of Texas' thriving real estate economy.



Rep. Eddie Lucio III distinguished himself during his first session with the gavel in the House Insurance Committee. Chairman Lucio's adept leadership made possible the passage of several industry priorities, as well as the advancement of other good public policy, and we were honored to host the Chairman at our annual conference to celebrate his service to Texas.



Chairman Lucio accepts his legislator of the year award at TLTA's annual conference



Sen. Brandon Creighton, who chairs the Senate's Higher Education Committee and the Select Committee on Texas Ports, is a valued friend who continues to demonstrate his support for our industry and the consumers we serve. It is our privilege to honor Sen. Creighton with an Outstanding Legislator Award this year.

RESPECT FOR OUR BILL AUTHORS

We wouldn't have the opportunity to celebrate 100 percent passage of our industry's 86th Session legislative priorities if the good public policy we supported this session hadn't been filed and championed by the following honorable legislators:

Successful Title Insurance System Maintained With Resolution of Re-Regulation Battle (HB 3228)



Rep. Sergio Muñoz, Jr.



Sen. Kelly Hancock

Remote Online Notary Clarification (SB 2128)



Rep. Tan Parker



Sen. Brandon Creighton

Certificates of Authority for Entities (HB 1833)



Rep. John Wray



Sen. Bryan Hughes

Texas Title Insurance Guaranty Association (TTIGA) Update (HB 1614)



Rep. Tom Oliverson



Sen. Brandon Creighton

DAY AT THE CAPITOL

Title professionals from across the state congregated at the Capitol in Austin Feb. 12-13, 2019 to share our industry's powerful story with state lawmakers and staff. We set out on a goodwill mission, and nearly 300 industry partners answered the call. TLTA members and other industry advocates visited all 181 legislative offices, carrying this simple message door-to-door: Texas title industry professionals are community partners with integrity who work for Texans statewide, and the Texas title insurance system works.



TLTA's 2019 Day at the Capitol had record-breaking attendance with more than 280 participants.

Legislators need to see our industry show up in good times and bad, and our 2019 Day at the Capitol successfully reminded lawmakers that Texas' title insurance professionals are good community partners who work for Texans. A big roaring 'thank you!' to everyone who participated, including our event sponsors: Stewart, Fidelity National Title Group, National Investors Title Insurance Company and First National Title Insurance Company.

EXPERT TESTIMONY

The following individuals were in the Texas Capitol throughout the legislative session, participating in meetings to educate legislators and staff, testifying in committees, and working with TLTA's lobby team to advance our industry's legislative priorities:

- Denise Holmes, CTIP
- Roland Love
- Steve Streiff (Chair, TLTA Legislative Committee)

LOCAL LEGISLATIVE LIAISONS

In 2018 we established TLTA's Grassroots Network and completed the identification, recruitment and training of our Local Legislative Liaisons – volunteers responsible for managing our “back home” relationships with legislators and maintaining open lines of communication.

With Local Legislative Liaisons in all 181 Texas legislative districts, our Grassroots Network paid huge dividends this session and will continue to do so for generations. Our deepest gratitude to all of you:

- Brandi Abercrombie, CESP, CTIP
- Karen Arthur, CESP
- Charles Badgett
- Mark Batis
- Cynthia Bilbe
- Michael Boulos
- Jim Boulter
- Andrew Boyce
- Lin Brasier
- Lori Brawley
- Brian Brewer
- Vicki Brown, CESP
- John Bruce CTIP, NTP
- Wendy Bryan
- Paul Cervantes
- Ashley Chilcote
- Patrick Clark
- Brad Compere
- Janette Coon, CESP
- Rene Correa
- Becky Cotton-Osmon
- Sherry Cox
- Sharla Cross
- Casey Cross
- Jeff Davis
- Bernie Del Hierro
- John DeLoach, CTIP
- Francene DePrez CRP/SGMS-T
- Gwen Derry
- Melissa Dickerson
- Diane Donley
- Patrick Doyle
- Win DuBose
- James Dudley IV
- Lowell Dunn
- Nathan East
- Randy Eskelson
- Chris Faison
- Bo Feagin
- Tracie Fleming, CTIP
- Angela Fling
- Celia Flowers
- Daniel Foster Sr.
- Shari Foster, CTIP, NTP
- Cole Freytag
- Teresa Frost, CTIP
- Neel Fulghum III
- Martin Garcia, CTIP
- Derrick Geitner
- Robert Gleaton
- Peter Graf
- Kelsey Granberry
- Dimitris Green
- Phyllis Griffin
- Lynne Griffith
- Erica Hallmark
- Marshall Harrell III
- Lisa Harris, CAEP
- Claire Hartman
- Dan Hassen
- David Hays
- Greg Henderson
- Hall Henderson IV, CESP, CTIP
- Doug Hollowell
- Denise Holmes, CTIP
- DJ Horn
- Ariel Immel
- Bill James
- J.C. Johnson
- Joycelyn Jones
- Heidi Junge
- Sandra Kachmar, CAEP, CTIP
- Michael Knudsen
- Brandon Kuhn
- John Kulasa
- Larry Lawrence
- Ed Lester
- Byron Lewis, CTIP
- Tiesha Lewis, CESP
- Dawn Lin
- Ryan Lindsey
- Kelly Love
- Sarah Love
- Kolter Lukert
- Gregory Lyssy
- John Martin, CAEP, CTIP
- Monica Middleton, CESP
- Scott Miller
- Kim Minks
- Dawn Moore
- Ben Munson IV
- Parker Neel
- Paula New
- Greg Nix
- Patrick Opela
- Melanie Opela
- Gale Paschkes
- Randy Pearson, CTIP
- Raymond Perez Jr.
- Noel Phillips
- J. Christopher Phillips
- Brian Pitman
- Randy Pittman
- Heath Poole
- David Pritchett
- Steve Ramsey
- Neva Ray
- Zoiliss Rios
- Paul Rodriguez
- Lisa Rothfeld
- Carolina Salas, CESP
- Charlotte Sanders
- Kristy Santelia, CESP
- Gordon Sauer
- Randy Schaffner
- Nicole Schoening
- Fred Schraub, CTIP
- Mark Scott
- Kimi-Kai Shaw, CESP
- Shannon Skurner
- Curt Sprabeary
- Cailey Stratton
- Carolyn Sunseri
- Mary Thomas
- Dawn Thompson
- Suzanne Tinsley
- Ann Trevino
- Brett Turner
- John Updegraff Jr.
- Frank Vandiver
- Shirley Ward
- Ross Weaver
- Ken Whitlow
- Robert Wilkinson Jr.
- Ward Williford
- Mike Withrow
- Brianne Woltmann, CESP, CTIP
- Gretchen Wright, CESP, CTIP
- Mary Jane Zeigler
- Marvin Zindler Jr.

TLTA LEGISLATIVE COMMITTEE

Following a successful session during which the Texas Legislature passed 100 percent of our legislative priorities, a special thank you goes out to the TLTA Legislative Committee members who spent countless hours crafting legislation, reviewing bills to recommend positions or amendments, and contacting their legislators.

- Steve Streiff (Chair)
- Ginny Abiassi
- Jeff Adams
- Jordan Anderson
- Heidi Andrews
- Joel Atkins
- Charles Badgett
- Mark Baldwin
- Kergin Bedell
- Steve Black, CTIP
- Andrew Boyce
- Jason Bragg
- Lin Brasier
- Jeremy Brown
- Cass Burton
- Christopher Capezzer, CTIP
- Jack Chapman
- Kevin Chiarello
- Patrick Clark
- Perry Cockerell
- Marian Cones
- Alisa Curry
- Diane Davis
- John DeLoach, CTIP
- Mary Doggett
- Diane Donley
- Ed Dowdy
- James Dudley IV
- Gerald Dunn
- Justin Earley
- Randy Eskelson
- Jason Farmer
- Jay Fitzgerald
- Dave Floyd
- Daniel Foster
- Ann Garza
- Jeremiah Garza, CESP, CTIP
- Patrick Geddes
- Bruce Goldston
- James Gosdin
- Peter Graf
- Kristin Grasso
- Clayton Greenberg
- Kevin Gugenheim
- Erica Hallmark
- Read Hammond
- Kent Hanszen
- Claire Hartman
- David Hays
- Yaira Hearn
- Denise Holmes, CTIP
- Merritt Hopson
- Thomas Horton
- Bradford Irelan
- Guy Robert Jackson
- Leslie Johnson
- Heidi Junge
- Stan Keeton
- Michael Knudsen
- David Kramer
- John Kulasa
- Michael Lang
- John Ledbetter
- Randy Lee
- Byron Lewis, CTIP
- Roland Love
- Michael Lucksinger
- Scott Luna
- Bert Massey II
- Thomas Mazurek IV
- Paul McConnell
- Eric McNeese
- Philip Meyer
- Nefi Miramontes
- Alan Monroe
- Tom Morgan
- Robert Morris, CTIP
- Ben Murphy
- Amanda Murr
- Brenda Nelson
- Greg Nix
- Michael O'Neal
- Sandra Paige
- Randy Pearson, CTIP
- Ryan Pitts
- Allen Place
- Matt Proffitt
- Jay Propes
- Tim Renfeldt
- Zoiliss Rios
- Paul Rodriguez
- Patrick Rose
- Michael Savas, CTIP
- Randy Schaffner
- Fred Schraub, CTIP
- James Sibley
- Jason Silva
- Mabel Simpson
- Jacob Stephens
- Neal Stephenson
- Sarah Tallman
- Dawn Thompson
- Wade Thunhorst
- Suzanne Tinsley
- Sam Trimble
- John Updegraff Jr.
- Susan Valdez
- Tara Van Rooy
- Frank Vandiver
- Lacey Warren
- Brian Watts
- Ross Weaver
- Scott Wheatley
- Ellen Wied
- Erwin Wilbanks, CAEP
- Whitney Withers
- Mike Withrow
- Brianne Woltmann, CESP, CTIP
- Richard Worsham

RELATED INDUSTRY PARTNERS

Our short- and long-term successes in the Texas Legislature would not be possible without the partnership of the allied industry organizations with whom we worked this session:

- Independent Bankers Association of Texas
- NFIB Texas
- Real Estate, Probate and Trust Law Section of the State Bar of Texas
- Texas Association of Builders
- Texas Association of Realtors
- Texas Bankers Association
- Texas Conference of Urban Counties
- Texas Court Clerks Association
- Texas Mortgage Bankers Association
- Texas Business Law Foundation

THANKS TO OUR INDUSTRY LOBBYISTS

- TLTA Lobby Team
- Brandon Aghamalian
- Trey Blocker
- Snapper Carr
- Nora Del Bosque (*Title Data*)
- Robert Floyd
- Machree Gibson (*First American*)
- Galt Graydon (*First American*)
- Kent Hance
- Cheri Huddleston
- Andrew Keefer
- Lara Keel
- Nick Kralj (*Fidelity*)
- Nicole Kralj (*Fidelity*)
- Randy Lee (*Stewart, First American (RON)*)
- Mark Malone
- Shea Place
- Allen Place
- Jay Propes (*First American*)
- Curt Seidlits
- Carrie Simmons
- Logan Spence
- Shannon Swan (*First American*)
- David White