

Basic Manual Update Series

Countdown to November 1

by Roland Love, TLTA Regulatory Committee Chair

INSTALLMENT 3

P-20.C. TAXES NOT YET DUE AND PAYABLE

As part of the changes to the Basic Manual that will be implemented Nov. 1, the following changes will be made to P-20.C. Taxes Not Yet Due and Payable, which authorizes a title company to add wording to a loan policy or an interim construction binder (ICB) to insure the lender that taxes are not yet due and payable.

As amended, P-20.C.1. now says that if a title company is satisfied that all taxes, standby fees and assessments by all taxing units for the year inserted in the standard tax exception are not yet due and payable, the following language may be added to the loan policy or ICB: *"Company insures that standby fees, taxes and assessments by any taxing authority are not yet due and payable for the year_____."*

By adding a blank at the end of the line, a title company can either insert the current year if taxes for the current year are not yet due and payable, or they can insert the next calendar year if the current year's taxes have already been paid according to the options provided in P-20.A. This will satisfy those lenders who require the "not yet due and payable" language towards year end, when all taxes for the current year may have been paid.

If a company determines that some, but not all taxes, standby fees, and assessments for the year inserted in the standard tax exception are not yet due and payable, Paragraph 2 of P-20.C. allows the Company to add the following after the standard tax exception: *"Company insures that standby fees, taxes and assessments by only [insert name of applicable taxing unit or units] are not yet due and payable for the year_____."*

[Review the revised P-20.c here »](#)

RATE RULE 24, AND NOTE REGARDING CHANGE IN TERMINOLOGY

Rate Rule 24, \$5.00, is unchanged and still applies.

Note the change in terminology to "taxing unit," a term more consistent with the Tax Code and the Assessor - Collector operations.