



**OLD REPUBLIC**  
National Title Insurance Company

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# Bulletin

**To:** All Agents, Direct Operations & Attorneys in the State of Texas  
**From:** David W. Rhodes, Sr. Underwriting Counsel  
**Date:** August 31, 2007  
**Re:** New Notice Required for Property Encumbered by a Lien

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Two new sections have been added to the Property Code by HB2207 that affect residential property only. Residential property that is encumbered by a recorded lien may NOT be conveyed unless a written disclosure is provided to the purchaser and each lienholder of record. Likewise, a person may not enter into a contract to convey an interest in encumbered residential property or convey such property unless on or before seven (7) days before the conveyance or the execution of an earnest money contract, option contract, or other contract to purchase, written disclosure is given. If the Seller Does not provide written disclosure, the Purchaser may terminate the contract on or before the seventh day after the day the Purchaser receives the notice. Failure to provide the notice does NOT invalidate the conveyance.

- **If the Purchaser obtains an Owners Policy of Title Insurance, this requirement does not apply.**
- If the Seller is someone who has purchased, conveyed or entered into contracts to purchase or convey an interest in real property four or more times in the preceding twelve (12) months, this section does not apply. This provision will exempt most homebuilders, developers, or investors from having to provide the disclosure.
- The requirements for the form of the disclosure notice are set out in the new section of the Property Code.
- This new law should not change your closing procedures but you will get questions from Sellers, Buyers and Realtors and you will see a new form in conjunction with earnest money contracts.

**This new requirement takes effect January 1, 2008.**

Any questions concerning this Bulletin should be directed to the Legal Department.

**Underwriting Counsel**

David Rhodes  
Steve Streiff

**Administration**

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