



Lender's Closing Instructions and Texas Department of Insurance's Procedural Rule P-35

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Outline

- Procedural Rule and Bulletin # B-155
- P-35 Stamp and Escrow Officers' Fiduciary Duties
- The Future of Closing Instructions
- Insured Closing Letters (ICLs)/Closing Protection Letters (CPLs)

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Procedural Rule P-35

- “No Title Insurance Company, Title Insurance Agent, Direct Operation, Escrow Officer, nor any employee, officer, director or agent of any such entity or person, shall issue or deliver any form of verbal or written guaranty, affirmation, indemnification, or certification of any fact, insurance coverage or conclusion of law to any insured or party to a transaction other than: (i) a statement that a transaction has closed and/or has been funded, (ii) issuance of an insured closing service letter, or any insuring form or endorsement promulgated by the State Board of Insurance, or (iii) certification of copies of documents as being true and exact copies of the original document or of the document recorded in the public records.”



Bulletin # B-155

- Purpose: clarify P-35
 - P-35 prohibits against “any form of verbal or written guaranty, affirmation, indemnification, or certification of any fact, insurance coverage or conclusion of law”
 - Prevent imposition of extraordinary liability on the title agent and escrow officers due to specialized closing instructions



Permitted Under P-35

- Statement that the transaction has been closed/funded
- Issuance of an insured closing service letter
- Certification of copies of documents as being true and exact copies of originals or of the recorded documents



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Not Prohibited Under P-35

- Certification relating to disbursements on the Closing Disclosure
- Acknowledgment of receipt of closing instructions
- Signing a statement that standard closing instructions were received and read
- Following or applying standard closing instructions



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