

GUARANTY FEE FREQUENTLY ASKED QUESTIONS

Last Update: March 25, 2016
For Change in Guaranty Fee Amount

1. *Because the Guaranty Fee is changing from \$-0- to \$3.00 on April 1, 2016, what amount do we charge for a transaction that closes in March, 2016, but does not fund until April, 2016?* The charging of the Guaranty Fee is determined by the closing date, or more specifically, the date the closing documents are signed. For example, if a transaction has closing documents signed in March, but the transaction does not fund until April, then no fee should be collected. If the closing documents are signed April 1 or later, the fee to be collected is \$3.00.
2. *What is TTIGA's authority for collecting the Guaranty Fee?* Texas Title Insurance Guaranty Association ("TTIGA") has the right and the responsibility to set, collect, and spend Guaranty Fees under Chapter 2602 (formerly Article 9.48) of the Texas Insurance Code (the "Code"). The Guaranty Fee is set by the TTIGA Board of Directors as necessary.
3. *For what are the funds used?* Chapter 2602 authorizes Guaranty Fees to be used only to pay covered claims resulting from shortages in the escrow accounts of an impaired agent and the salaries and expenses of the TDI's Title Division examiners.
4. *Is TDI involved with the Guaranty Fee?* The Commissioner of Insurance oversees the activities of TTIGA and appoints its Board of Directors. The proper collection and payment of the fees is part of every examination by the Title Division examiners, and TDI also enforces the reporting and payment of the Guaranty Fees.
5. *Should a separate trust account be set up for the fees?* The Guaranty Fees have to be deposited into an escrow or trust account. TDI recommends that a special escrow account be set up for the fees, but it is not required. The fees cannot be deposited into (or run through) an agency operating account.
6. *How is the Guaranty Fee reported?* Guaranty Fees are reported on the Guaranty Fee Remittance Form (TDI's Form No. T-G1) on a quarterly basis with one form and one check submitted to TTIGA. The form is approved by the TTIGA Board of Directors and promulgated by the TDI Title Division. If you need a form, please call (512) 480-5120 to request one be sent to you via email or mail, or visit TTIGA's website at www.ttiga.org.
7. *What date determines the collection date and where is it reported?* The closing date determines when the Guaranty Fee is collected. The guaranty fee should be disclosed on the Closing Disclosure and, if not separately itemized on the closing disclosure, the policy guaranty fee should be shown on the Texas Disclosure (Form T-64) in the Other Disclosures section.
8. *Can an agent just pay the fee without collecting it?* No. Administrative Rule G.1 (II.A.) from Section VI of the Basic Manual states, "Each policy guaranty fee shall be collected directly from the purchaser of each owner's and loan policy at the closing of the transaction and such itemized charge shall be disclosed on the settlement statement..."
9. *If an agent issues both owner and loan policies in the same transaction, do they collect for both?* If a transaction involves both a loan policy and an owner policy, then the agent collects the fee for each policy.

10. *Is the Guaranty Fee to be collected from the Buyer or Seller?* Section VI of the Basic Manual states that “Each policy guaranty fee shall be collected directly from the purchaser of each owner’s and loan policy at the closing of the transaction...”
11. *Does this fee fall in the category with the allowable fees for “title insurance” under Section 342 of the Finance Code?* Yes, see Administrative Rule G.1 (II.A.).
12. *If my title agency has three offices (or three escrow accounts), can we submit three separate checks for the Guaranty Fees each quarter - one for each office (or account)?* No. Administrative Rule G-1 requires that: “Each Title Insurance Agent/Direct Operation shall report and remit the fees for all of its offices on a single remittance form and payment.”
13. *Is the Guaranty Fee collected on Interim Construction Binders?* No. Only on owner’s and loan policies.
14. *Can I submit multiple checks with the report?* No. The rule is one form, one check. There should be one reporting form for all licensed locations of the agency (See also question No. 13) and one check for all collected fees from all locations.
15. *Is there a fee if our check is returned NSF?* Yes. The fee is \$25.00 for all returned items. The payment of this NSF fee cannot be from your escrow account, but rather the operating account.
16. *Are wire transfers allowed to pay the fee?* No. It costs the Association too much in fees and processing time to collect the fees via wire. Please just remit a check, cashier’s check, or money order. Also, no cash.
17. *Why was my remittance late?* The remittance must be postmarked on or before the due date. If the due date falls on a weekend or holiday, then the postmark must be on or before the weekend or holiday because it must be BEFORE the due date.
18. *Is backup documentation required to be submitted?* No. Backup should not be submitted to TTIGA, but you should keep backup for the examiners. TDI will check the backup during your agency’s examinations. Please submit the form and one check only.