

CAUSE NO. D-1-GV-08-000050

THE STATE OF TEXAS
Plaintiff

VS.

WEBB COUNTY TITLE
& ABSTRACT COMPANY, INC.
Defendant

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§
§

IN THE DISTRICT COURT

OF TRAVIS COUNTY, TEXAS

201ST JUDICIAL DISTRICT

**AMENDED APPLICATION FOR TRANSFER OF ESCROW FUNDS
AND REQUEST FOR CLAIMS FILING DEADLINE**

TO THE HONORABLE JUDGE OF SAID COURT:

COMES NOW THE TEXAS TITLE INSURANCE GUARANTY ASSOCIATION (the "Guaranty Association") and files this Amended Application for Transfer of Escrow Funds and Request for Claims Filing Deadline. The Guaranty Association would respectfully show the Court as follows:

I. BACKGROUND

1. Webb County Title & Abstract Company, Inc. (hereinafter referred to as "Webb Title") operated as a title insurance agent in Texas. Webb Title held certain funds in escrow accounts (the "Escrow Accounts") for the benefit of various individuals and entities (the "Escrow Claimants"). As a result of a deficiency in the Escrow Accounts, Webb Title was unable to return funds to the Escrow Claimants when it became obligated to do so.

2. On January 11, 2008, Webb Title was placed in liquidation by Order of this Court. A copy of the Court's Agreed Order Appointing Liquidator and Permanent Injunction (the "Liquidation Order") is attached to this Application as Exhibit A. The Commissioner of Insurance for the State of Texas (the "Commissioner") was appointed the Liquidator of Webb Title (the "Liquidator").

II. ROLE OF THE GUARANTY ASSOCIATION

3. The Guaranty Association is a statutorily created association of all title insurance companies licensed in Texas governed by Chapter 2602 of the Texas Insurance Code. One of its primary functions is to reimburse the public for losses created by shortages in the escrow accounts of insolvent title insurance agents. Specifically, the Guaranty Association is authorized to investigate, adjust, compromise, settle, and pay "covered claims" as defined in Chapter 2602. A claim against an escrow account of an impaired title agent based on a shortage of such funds is a covered claim under TEX. INS. CODE §2602.252.

4. Effective January 11, 2008, the Commissioner designated Webb Title as an "impaired agent" under TEX. INS. CODE § 2602.003(5). As a result, the Guaranty Association is responsible for paying the claims against the Escrow Accounts that qualify as covered claims. The Guaranty Association is an interested party in this proceeding under TEX. INS. CODE §§ 443.004(a)(17) and 2602.009, and has standing to appear in this proceeding under TEX. INS. CODE § 443.101(b).

III. RELIEF REQUESTED

5. The Guaranty Association requests that this Court enter orders to facilitate the discharge of its statutory duties for the reasons set forth herein. In summary, the Guaranty Association requests that this Court enter an order that: (1) authorizes the Guaranty Association to accept the transfer of the Escrow Accounts from the Liquidator and distribute the funds in the accounts to the Escrow Claimants; (2) provides for the release of any records of Webb Title to the Guaranty Association that are necessary to fulfill the Guaranty Association's obligations; and (3) establishes a filing deadline for covered claims.

IV. REQUEST TO TRANSFER ESCROW FUNDS

6. When Webb Title was placed into liquidation, the Liquidator was vested with possession and control of the Escrow Accounts. As the funds contained in these accounts are held in escrow for the benefits of specified persons, such funds are not "general assets" as defined in TEX. INS. CODE § 443.004(a)(9). The disposition of the Escrow Accounts is governed by the escrow agreements, and such funds are payable to the persons specified in the agreements.

7. TEX. INS. CODE § 2602.153 authorizes the Guaranty Association to use guaranty fees collected under TEX. INS. CODE § 2602.151 to pay covered claims against an escrow account of an impaired agent. The Guaranty Association is responsible for paying claims resulting from a shortage of funds in an escrow account. After the available escrow funds are paid to a claimant, the Guaranty Association is required to pay the amount of any shortfall, subject to the limitations imposed by TEX. INS. CODE § 2602.256.

8. In order to reduce administrative costs, the Guaranty Association proposes to handle both the distribution of funds in the Escrow Accounts, and the payment of the covered claims for the shortfall in the Escrow Accounts. The Liquidator has agreed to transfer the funds in the Escrow Accounts to the Guaranty Association, and the Guaranty Association has agreed to hold those funds in an consolidated escrow account for the purpose of paying covered claims. The Guaranty Association proposes to distribute the funds in the Escrow Accounts in accordance with the escrow agreements, and pay the remaining amounts due to the owners as covered claims, subject to TEX. INS. CODE § 2602.256. The Guaranty Association requests that this Court enter an order approving the proposed transfer and disposition of the Escrow Accounts. In the event that any funds from the Escrow Accounts are unclaimed and the owners cannot be located, the Guaranty Association proposes to return such funds to the Liquidator for handling in accordance with TEX. INS. CODE § 443.304.

V. REQUEST FOR ACCESS TO RECORDS

9. TEX. INS. CODE §§ 443.017(a) and 443.154(n) provide that the Liquidator is vested with title to all of Webb Title's records, and may take possession and control of them. Any party holding such records is required to release them to the Liquidator or his designee. TEX. INS. CODE §§ 443.017(a) and 443.154(n) further provide that a guaranty association must be allowed reasonable access to records as necessary to fulfill its statutory obligations, and has the right to take action to obtain such records, with the Liquidator's approval.

10. The Liquidator is providing the Guaranty Association with access to records in his possession. The Guaranty Association requests that this Court order that any parties in possession of records that the Guaranty Association requires to fulfill its obligations must release such records to the Guaranty Association. This request specifically includes all of Webb Title's GF files. The Guaranty Association also specifically requests access to all unopened mail of Webb Title, which may contain demand letters relevant to determination of claims and claimants. Furthermore, the Guaranty Association requests the specific authority to copy, at its own expense, all records of Webb Title it deems necessary to achieve its statutory obligations to Escrow Claimants.

VI. REQUEST TO SET CLAIMS FILING DEADLINE

11. TEX. INS. CODE § 2602.302(a) provides that the Guaranty Association shall pay covered claims against an impaired agent existing before the determination of impairment, or arising on or before the claim deadline for covered claims. TEX. INS. CODE § 2602.302(b) requires the Court to set a claim deadline, which may not be later than the first anniversary of the date of determination of impairment. The Guaranty Association requests that this Court set a claim filing deadline for covered claims of October 14, 2008, nine months after the date of impairment.

VII. CLAIMS PAYMENT PLAN

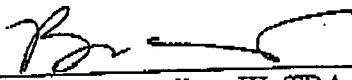
12. TEX. INS. CODE §2602.302(c) provides that the Guaranty Association shall establish procedures for filing covered claims, subject to the approval of the Commissioner. Accordingly, the Guaranty Association has prepared a Claims Payment Plan, which has been submitted to the Commissioner for approval, and is attached to this Application as Exhibit B.

13. TEX. INS. CODE §2602.30(a) authorizes the Guaranty Association to handle claims through its employees, through one or more title insurance companies, or by other persons designated as a servicing facility, subject to the approval of the Commissioner. While the Guaranty Association will initially process and pay such claims itself, it will seek authority to designate individuals or entities to process and pay claims filed against Webb Title should it prove necessary.

WHEREFORE, PREMISES CONSIDERED, the Guaranty Association respectfully requests that this Court issue an Order:

1. Authorizing the immediate transfer of the Escrow Accounts in the possession of the Liquidator to the Guaranty Association;
2. Authorizing the Guaranty Association to process and pay claims from the Escrow Accounts in accordance with the applicable escrow agreements and the Claim Payment Plan attached hereto as Exhibit B;
3. Granting the Guaranty Association access to, and copies of, all records of Webb Titles, including its GF files and unopened mail;
4. Setting a claims filing deadline of October 14, 2008;
5. Granting the Guaranty Association such other and further relief to which it may be entitled.


Respectfully submitted,

By: 
Bruce McCandless III, TBA No. 00794254
Burnie Burner, TBA No. 3425700
For the Firm

LONG, BURNER, PARKS & DELARGY
A Professional Corporation
P.O. Box 2212
Austin, Texas 78768-2212
106 E. 6th St., STE 300
Austin, Texas 78701-3661
Telephone: (512) 474-1587
Facsimile: (512) 322-0301

CERTIFICATE OF SERVICE

Signature below is certification that a true and correct copy of the foregoing document has been served in accordance with Rule 21a, Tex. R. Civ. P. and the Travis County Local Rules of Civil Procedure and Rules of Decorum, on this the 11th day of April 2008.


Bruce McCandless III

Elizabeth Fuller, MC 110-1A
Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104

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EXHIBIT "A"
AGREED ORDER APPOINTING LIQUIDATOR
AND PERMANENT INJUNCTION
JANUARY 11, 2008

Filed in The District Court
of Travis County, Texas

JAN 11 2008

Cause No. D-1-GV-08-000050

At 1:52p. M.
Amalia Rodriguez-Mendoza, Clerk

THE STATE OF TEXAS
Plaintiff

v.

WEBB COUNTY TITLE
& ABSTRACT COMPANY, INC.
Defendant

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IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

20th JUDICIAL DISTRICT

**AGREED ORDER APPOINTING LIQUIDATOR AND
PERMANENT INJUNCTION**

On this day, the Court heard the *Application for Order Appointing Liquidator and Request for Injunctive Relief* ("Application") filed by the State of Texas. The Application requests an order placing Webb County Title and Abstract Company, Inc. ("Defendant") into liquidation pursuant to TEX. INS. CODE § 443.151 *et seq.*, and appointing the Commissioner of Insurance for the State of Texas ("Commissioner of Insurance") as Liquidator of Defendant. This Application is also brought to obtain a Permanent Injunction pursuant to TEX. INS. CODE § 443.008(a), restraining Defendant and its agents from conducting Defendant's business, and restraining other parties from taking any actions against Defendant or its property. The State of Texas appeared by and through the Office of the Attorney General.

I. FINDINGS

Having considered Plaintiff's verified petition, the evidence and arguments of counsel, the Court finds as follows:

- 1.1 The Court has jurisdiction over the parties and the subject matter of this action.
- 1.2 Defendant is insolvent as defined in TEX. INS. CODE §§ 443.004(a)(13).

- 1.3 Grounds exist to place Defendant into liquidation under TEX. INS. CODE § 443.057, and Plaintiff is entitled to an Order of Liquidation and Permanent Injunction as requested in its the Application pursuant to TEX. INS. CODE § 443.058.
- 1.4 The Commissioner of Insurance must be appointed as Liquidator of Defendant pursuant to TEX. INS. CODE § 443.151, and vested by operation of law with title to all of Defendant's property as defined in TEX. INS. CODE § 443.004(a)(20). Such property shall include property of any kind or nature, whether real, personal, or mixed, including but not limited to money, funds, cash, stock, bonds, account deposits, statutory deposits, special deposits, contents of safe deposit boxes, funds held in share accounts or trust accounts, retainages and retainers, letters of credit, real estate, fixtures, furniture, equipment, books, records, documents and insurance policies, intellectual property, computer software and systems, information technology, internet domain names, patents and intangible assets, whether owned individually, jointly, or severally, wherever located, and all rights, claims or causes of action belonging to Defendant, whether asserted or not, including, but not limited to, accounts receivable, notes, premiums, subrogation, insurance and reinsurance proceeds, and all licenses held by Defendant (collectively, "Defendant's Property"). The Liquidator's title to Defendant's Property shall extend to all items owned by Defendant, regardless of the name in which such items are held. Pursuant to TEX. INS. CODE § 443.151(a), the Liquidator is directed to take possession of the Defendant's Property, wherever located.
- 1.5 The Liquidator may take action as he deems necessary or appropriate to perform his duties pursuant to TEX. INS. CODE § 443.151. The Liquidator shall have all the powers of Defendant's directors, officers and managers, and the authority of such persons is

suspended except as specifically permitted by the Liquidator or his designees. Further, Defendant and Defendant's agents shall be required to cooperate with the Liquidator pursuant to TEX. INS. CODE § 443.010.

- 1.6 It is necessary for this Court to issue a permanent injunction pursuant to TEX. INS. CODE § 443.008(a) to carry out the provisions of TEX. INS. CODE Chapter 443, and prevent irreparable injury, loss and damage to the general public and Defendant's creditors. A necessity exists to enjoin Defendant and Defendant's agents from conducting Defendant's business; to enjoin financial institutions or depositories from taking any actions in connection with Defendant's property, except as authorized by the Liquidator; and to enjoin all claimants or creditors from asserting claims or causes of action against Defendant, except as permitted by TEX. INS. CODE Chapter 443.
- 1.7 Pursuant to TEX. INS. CODE § 443.008, an automatic stay is in effect upon the commencement of the delinquency proceeding.
- 1.8 Defendant has waived citation and service of process, and has consented to the entry of this order.

II. APPOINTMENT OF LIQUIDATOR

IT IS ORDERED that the Commissioner of Insurance is appointed as Liquidator of Defendant, and granted the following duties and powers:

- 2.1 The Liquidator is granted and given all powers and authority under TEX. INS. CODE § 443.151 *et seq.*, and any and all other powers and authority under applicable statutes and the common law of this State.

- 2.2 Pursuant to TEX. INS. CODE § 443.151(a), title to all of Defendant's Property, including, but not limited to, all the assets and rights described in this *Agreed Order Appointing Liquidator and Permanent Injunction*, is vested in the Liquidator.
- 2.3 The Liquidator is authorized to take control and/or possession of Defendant's Property, wherever located, and remove all such property from Defendant's premises.
- 2.4 The Liquidator is authorized to withdraw Defendant's Property from any banks, financial institutions and other depositories, agencies of any state or the federal government, and any other entities, or continue the operation of any accounts of Defendant, at his discretion.
- 2.5 The Liquidator is authorized to appoint a special deputy and retain any other professional, administrative, and clerical services as he deems necessary pursuant to TEX. INS. CODE § 443.154(a). The Liquidator is further authorized to set the compensation of such persons, and pay for such services from Defendant's funds pursuant to TEX. INS. CODE § 443.015(e).
- 2.6 The Liquidator is authorized to conduct Defendant's business, administer Defendant's operations, and enter into any contracts necessary to perform the Liquidator's duties, at his discretion pursuant to TEX. INS. CODE § 443.154.
- 2.7 The Liquidator is authorized to supervise, suspend, terminate, or dismiss any or all of the agents, employees, officers, and/or directors of Defendant's or retain such persons at his discretion, and compensate them as he deems necessary from Defendant's funds.
- 2.8 The Liquidator is authorized to receive, collect, control, open and review all mail addressed to or intended for Defendant, or arriving at Defendant's address.

- 2.9 The Liquidator is authorized to file, prosecute, defend, or settle any action as he deems necessary, including any action to enforce the provisions of this order.
- 2.10 The Liquidator is authorized to exclude any person from any property owned, leased or occupied by Defendant, at his discretion.
- 2.11 The Liquidator is authorized to assume or reject pre-receivership contracts with Defendant at his discretion pursuant to TEX. INS. CODE § 443.013.
- 2.12 Pursuant to TEX. INS. CODE § 443.008(m), the Commissioner of Insurance is not required to file a bond.
- 2.13 In the event a successor is appointed to be the Commissioner of Insurance, the successor shall become the Liquidator upon his appointment as Commissioner, and the former Commissioner shall be discharged as Liquidator as a matter of law.
- ~~2.14 The Liquidator's designees and any Special Deputy appointed under TEX. INS. CODE § 443.154(a) shall have all the rights and powers of the Liquidator, subject to any limitations imposed by the Liquidator.~~

III. PERMANENT INJUNCTION

It is FURTHER ORDERED that the Clerk of this Court shall issue a Permanent Injunction against the persons and entities named below, with the following force and effect:

TO: Defendant and its agents, including but not limited to:
Defendant and its current and former officers, trustees and directors (including, but not limited to, Raquel Gonzalez), owners (including, but not limited to, Raquel Gonzalez, Richard Haynes, Nick Hernandez, Irene Hernandez, Salinas Investments, and Ada Cronfel), underwriters (including, but not limited to, Alamo Title Insurance, United General Title Insurance Company, and Old Republic National Title Insurance Company); affiliates, managers,

employees, agents, servants, representatives, attorneys, adjusters and other persons or entities acting on behalf of Defendant;

Financial institutions, including but not limited to:

any and all banks, savings and loan associations; trust companies; credit unions; welfare trusts; or any other financial or depository institutions in the possession of any of Defendant's Property; and

All other parties, including but not limited to:

policyholders, creditors, claimants, reinsurers, intermediaries, attorneys and all other persons, associations, corporations, or any other legal entities asserting claims or causes of action against Defendant, or in possession of any of Defendant's Property, and the United States Postmaster.

Each of you are hereby RESTRAINED and ENJOINED from taking any and all of the following actions:

- 3.1 Doing, operating, or conducting Defendant's business under any charter, certificate of authority, license, permit, power or privilege belonging to or issued to Defendant, or exercising any direction, control, or influence over Defendant's business, except through the authority of the Liquidator or his designees;
- 3.2 Transacting any business of Defendant's in any manner except through the authority of the Liquidator or his designees;
- 3.3 Wasting, disposing of, converting, dissipating, using, releasing, transferring, selling, assigning, canceling, hypothecating, withdrawing, allowing to be withdrawn, offsetting, concealing, in any manner, or removing from this Court's jurisdiction or from Defendant's place of business, any of Defendant's Property, or any other items purchased by Defendant, or any items into which such property has been transferred, deposited or placed, or any other items owned by Defendant's, wherever located, except through the authority of the Liquidator or his designees;

- 3.4 Releasing, transferring, selling, assigning or asserting ownership of, in any manner, any claims, accounts receivable, or causes of action belonging to Defendant, whether asserted or not, except through the authority of the Liquidator or his designees;
- 3.5 Doing anything, directly or indirectly, to prevent the Liquidator or his designees from gaining access to, acquiring, examining, or investigating any of Defendant's Property or any other property, books, documents, records, or other materials concerning Defendant's business, under whatever name they may be found;
- 3.6 Interfering with these proceedings or with the lawful acts of the Liquidator or his designees in any way;
- 3.7 Intervening in this proceeding for the purpose of obtaining a payment from the receivership estate of Defendant as prohibited by TEX. INS. CODE § 443.005(i);
- 3.8 Making any claim, charge or offset, or commencing or prosecuting any action, appeal, or arbitration, including administrative proceedings, or obtaining any preference, judgment, attachment, garnishment, or other lien, or making any levy against Defendant, Defendant's Property or any part thereof, or against the Liquidator, except as permitted by TEX. INS. CODE Chapter 443, Subchapter F.

EACH OF YOU ARE FURTHER SPECIFICALLY ORDERED to make available and disclose to the Liquidator or his designees the nature, amount, and location of any and all of the items listed above, including but not limited to Defendant's Property, and immediately surrender all such property to the Liquidator or his designees. The Court further specifically finds and orders that the Liquidator is vested by operation of law with title to the rights of Defendant as the customer of any financial institution.

IV. AUTOMATIC STAY

- 4.1 An automatic stay is in effect with respect to actions against Defendant or its property as provided by TEX. INS. CODE § 443.008(c). In accordance with TEX. INS. CODE § 443.008(f), such stay of actions against Defendant is in effect for the duration of this proceeding, and the stay of actions against Defendant's property is in effect for as long as the property belongs to the receivership estate.
- 4.2 The stays in effect pursuant to TEX. INS. CODE § 443.008 shall be applicable to any actions described therein commenced either before or after the entry of this order.

V. OTHER ORDERS

- 5.1 This *Agreed Order Appointing Liquidator and Permanent Injunction* shall issue and become effective immediately, and shall continue in full force and effect until the entry of an order by this Court terminating liquidation entered under TEX. INS. CODE § 443.352.
- 5.2 Pursuant to TEX. INS. CODE § 443.055(b), this *Agreed Order Appointing Liquidator and Permanent Injunction* constitutes a final judgment, provided that this Court shall retain jurisdiction to issue further orders pursuant to TEX. INS. CODE Chapter 443.
- 5.3 The State of Texas and the Attorney General of Texas shall have a claim for reasonable attorneys' fees and court costs pursuant to TEX. CIV. PRAC. & REM. CODE §§ 64.051 and 66.003 and TEX. GOV'T CODE § 402.006, and the amount and payment of such claim are subject to the provisions of TEX. INS. CODE Chapter 443.
- 5.4 Notice of the Plaintiff's petition and this order shall be provided to the insurance Commissioners and insurance guaranty associations in the states in which Defendants did

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business by first class mail or electronic communication pursuant to TEX. DNS. CODES § 443.052(b).

5.5 Anyone over the age of 18 whom is not a party to nor interested in the outcome of this suit may serve all citations, writs and notices in this cause.

5.6 All of the foregoing is subject to further orders of this Court.

SIGNED at Austin, Travis County, Texas, on this the 11th day of January, 2008, at 1:48 o'clock p.m.

M. O. J.
DISTRICT JUDGE PRESIDING

AGREED AS TO FORM AND SUBSTANCE:

By: Karen Pettigrow
Karen Pettigrow
State Bar No. 01529500
Assistant Attorney General
Financial Litigation Division
P.O. Box 12548
Austin, TX 78711-2548
Phone: 512-475-2952
Fax: 512-477-2348
ATTORNEYS FOR PLAINTIFF THE STATE OF TEXAS

By: R. Christopher Clark
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State Bar No. 04294505
Glast, Phillips & Murray, P.C.
219 B. Houston Street, Suite 400
San Antonio, TX 78205
Phone: 210-244-4100
Fax: 210-244-4199
ATTORNEY FOR DEFENDANT WEBB COUNTY TITLE & ABSTRACT CO., INC.

EXHIBIT "B"
CLAIMS PAYMENT PLAN

EXHIBIT B: CLAIMS PAYMENT PLAN

1. **Purpose of Plan.** The Texas Title Insurance Guaranty Association (the "Association") will adjust, compromise, settle and pay escrow-related claims pertaining to Webb County Title & Abstract Company, Inc. ("Webb Title") as set out in this Claims Payment Plan (the "Plan"), as contemplated by Subchapters F and G of Chapter 2602 of the Texas Insurance Code (the "Code"), and subject to the approval of the Texas Department of Insurance and this Court.
2. **Claims to be Paid.** The Association will pay (a) claims against trust or escrow funds and (b) the Association's own expenses for administering the claims. The Association's claim payments will be limited under Sections 2602.256, 2602.257, and 2602.058 of the Code.
3. **Notice, Forms, and Procedures.** The Association will provide notice to claimants that the Association is handling claims against the estate of Webb Title. A form of Notice to Claimants is attached hereto as Exhibit B-1. The Association will also provide Proof of Claim forms for use by persons having claims against the estate (see Exhibit B-2), along with written procedures for filing claims with the Association (see Exhibit B-3).
4. **Claims Filing Deadline.** Pursuant to Section 2602.032 of the Code, the Association requests the Court to order that the deadline for filing claims against the estate in this matter shall be October 14, 2008, nine months after Webb Title was declared insolvent. The Association will post notices of the claims filing process and the claims filing deadline in this matter in one or more newspapers that publish regularly in Webb County, Texas.
5. **Acknowledgment of Claim.** The Association will send an acknowledgment of the receipt of all proofs of claim within 30 days of receipt.
6. **Claim Decisions.** A review and determination of incoming proofs of claim will be made within 60 days of receipt of the proof of claim, or any supplemental information required by the Association, to determine if the claim is a covered claim as defined by statute and the Association will provide written notice of its determination to the claimant.
7. **Payment of Claims.** The Association or its agent will pay claims within 30 days of receipt of information sufficient to allow the Association to determine the validity of such claim.
8. **Resolution of Determination Disputes.** If a claimant disputes the determination by the Association, the claimant must advise the Association in writing of the legal and factual basis for the dispute and provide documents, if any, sufficient to support its position. The Association shall review the claimant's submission and within 60 days advise the claimant of its final determination.
9. **No Implied Waiver.** No claim shall be deemed a covered claim and no rights of the Association shall be waived with respect to a claim without an express approval or express waiver by the Association. Failure of the Association to act within the time frame set forth in these guidelines shall not be deemed a waiver by the Association of any rights to contest the claim.

10. Confidentiality. Submissions by claimants in support of their proofs of claim and proceedings to resolve such claims shall not be confidential unless a separate confidentiality agreement with respect to such claims has been entered into by the Association and the claimant. Court approval is not required for the Association and a party to enter into a confidentiality agreement, but any confidentiality agreement shall be subject to review and modification by the Receivership Court if challenged by an appropriate party or *sua sponte* by the court.

11. Supporting Documentation. Claims shall not be determined until sufficient documentation to allow the Association to evaluate fully the merits of the claim has been received, and the Association has had a reasonable time to evaluate the claim. This Plan is drafted to help define what is reasonable in general with respect to claims, but shall not limit the Association in seeking additional time, pursuant to the procedures set forth herein, if the facts of a particular claim reasonably warrant. The claimant shall have the burden of assembling and providing documentation to the Association to support the claim and allow a complete evaluation thereof by the Association.

12. Extension of Timetables for Cause. The Association may apply to the Receivership Court to extend, for cause, any of the timetables set forth herein with regard to either the claims in general or any individual proof of claim. Without limiting the circumstances that provide for cause to be found by the Receivership Court, cause shall exist if the volume of claims cannot be handled in the ordinary course of the business of the Association with its then-existing staff or designated claims processor. Cause shall also exist if the Association has requested legal advice on a matter affecting a claim and the advice has not been received, but the extension for this reason shall not extend beyond 120 days. The pendency of such an application shall extend the timetables until a ruling on the application has been made by the Receivership Court. In considering the application, the Association shall not be required to disclose any information about a claim that is privileged or that, if disclosed, might reveal the Association's evaluation of the claim on the merits.

13. Amendment of Plan. The Association shall retain at all times the right to apply to the Receivership Court to supplement or modify these claims processing guidelines.

14. Servicing Facility. Subject to approval by the Commissioner of Insurance, the Association may designate individuals or entities as servicing facilities to carry out the provisions of this Plan. The Association shall reimburse any duly designated servicing facility for the obligations of the Association paid by the servicing facility and any expenses incurred by the servicing facility in handling claims for the association.

15. Advance as Loan. Money advanced by the Association to Webb Title shall be considered a special fund loan to Webb Title for the payment of covered claims and shall not become an asset of Webb Title. The loan is repayable to the extent money from Webb Title is available.

16. Association in Place of Webb Title. To the extent of the Association's obligation on a covered claim, the Association shall stand in the place of Webb Title and have all the rights, duties, and obligations of Webb Title as if Webb Title were not impaired. Furthermore, in performing its obligations to pay covered claims, the Association will not be considered to be

engaging in the business of insurance; to have assumed or succeeded to a liability of Webb Title; or to otherwise stand in the place of Webb Title, including as to whether the Association is subject to the personal jurisdiction of the courts of another state.

17. Assignment of Claimant's Rights. Any cause of action or other right of the holder of a covered claim arising from the occurrence on which the claim is based shall be assigned to the Association on the holder's acceptance of the Association's payment of the claim. Rights are assigned to the Association to the extent of the amount accepted or the value of the benefit provided.

18. Settlement by Association Binding. The settlement of a covered claim by the Association shall bind the Special Deputy Receiver and/or the Texas Department of Insurance. The Association's expenses in handling claims shall have the same priority as the Special Deputy Receiver's expenses.

EXHIBIT B-1**NOTICE TO CLAIMANTS OF
WEBB COUNTY TITLE & ABSTRACT COMPANY, INC.**

RE: Cause No. D-1-GN-08-000050; *The State of Texas v. Webb County Title & Abstract Company, Inc.*; in the 201st Judicial District Court of Travis County, Texas; Receivership No. _____

On January 11, 2008, Webb County Title & Abstract Company, Inc. ("Webb Title") was placed in liquidation by order of the 201st Judicial District Court of Travis County, Texas.

All claims for shortages in funds escrowed with Webb Title are governed by Texas Insurance Code, Section 2602.101, et seq.

All claimants who have a claim for escrowed funds must file a proof of claim with the Texas Title Insurance Guaranty Association prior to the claims filing deadline for any claim, or any portion of a claim. A proof of claim form is attached or can be obtained by requesting one in writing from the Texas Title Insurance Guaranty Association at the above address.

The receivership court has set an **ESCROW CLAIM FILING DEADLINE** of 11:59 p.m., C.S.T. on **October 14, 2008**. Accordingly, all claims must be postmarked to:

Texas Title Insurance Guaranty Association
106 E. 6th St., STE 300
Austin, Texas 78701-3661

on or before October 14, 2008, at 11:59 p.m. C.S.T. Failure to complete the proof of claim form properly according to the instructions may cause your claim to be delayed or rejected.

EXHIBIT B-2

PROOF OF CLAIM

**AFFIDAVIT FOR ESCROW CLAIMS AGAINST
WEBB COUNTY TITLE & ABSTRACT COMPANY, INC., IN RECEIVERSHIP**

Before me, the undersigned Notary Public, appeared the person whose name is subscribed hereto, who stated under oath: "I have claims against Escrow Funds of Webb County Title & Abstract Company, Inc. ('Webb Title'):

CLAIMANT NAME: _____

STREET ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

PHONE(s): WORK: _____ HOME: _____ CELL: _____

The details of my claim are as follows:

A. I am claiming the amount of \$ _____.

B. The Webb Title G.F. File number was: _____.

C. Address of the Property in the transaction is: _____ County _____ State _____

D. Date of the Real Estate Transaction: _____

E. Relationship to Transaction (Buyer, Seller, Lienholder, etc.): _____

F. Was the ESCROW CLAIM settled by Webb Title? _____

G. Purpose of ESCROW FUNDS held (Earnest money, repairs, etc.): _____

H. Describe the nature of claim and attach all supporting documents: _____

WITH THE EXCEPTION OF THE FOLLOWING, I ALONE AM ENTITLED TO FILE THIS CLAIM, AND NO OTHERS HAVE ANY INTEREST THEREIN. (SHOW HERE THE NAME OF ANY PERSONS OR FIRMS WHO HAVE AN INTEREST IN THIS CLAIM AND STATE WHAT THEIR INTEREST IS. IF THERE ARE NO OTHERS WITH AN INTEREST, WRITE 'NONE'). _____

I REPRESENT THAT I HAVE EXHAUSTED ALL POSSIBLE CLAIMS UNDER TITLE INSURANCE POLICIES RELATING TO THIS CLAIM AND THE TRANSACTION DESCRIBED ABOVE AND I HAVE REDUCED MY CLAIM BY ANY RECOVERY.

The above statements are TRUE and CORRECT, and no part of the amount claimed due has been paid."

Signature of Claimant: _____

SUBSCRIBED AND SWORN TO BEFORE ME, this _____ day of _____ 2008.

Notary Public, State of Texas
My Commission Expires: _____

All claims forms must be presented or postmarked on or before 11:59 p.m. Central Time, October 14, 2008, and mailed to 106 E. 6th St., STE 300, Austin, Texas 78701-3661.

APPLICATION FOR AUTHORITY
Exhibit B -- Page 5

EXHIBIT B-3**ESCROW CLAIM FILING INSTRUCTIONS****READ CAREFULLY BEFORE COMPLETING THE PROOF OF CLAIM FORM**

This Proof of Claim Form must be used if you have a claim for funds escrowed with Webb County Title & Abstract Company, Inc. ("Webb Title"). By accurately completing this form you can protect your interests, help us identify your claim and allow us the opportunity to consider your claim properly. *It is very important that you complete all the sections applicable to you, sign, and return the form by the claims filing deadline. Do not use this form to file any claim against Webb Title other than an escrow claim. Please contact the Receiver to obtain information about filing a claim with the Receiver.*

Please follow these instructions in completing the enclosed Proof of Claim form:

1. Indicate the type of claim and amount, if known, and indicating the amount.
2. If the amount of a claim is unknown, you must still file the Proof of Claim by the filing deadline. Insert the word "unstated" in the amount column.
3. You must include any documentation supporting your claim.
4. If you have assigned your right of recovery, you must indicate the assignee's name and address and attach a copy of the assignment.
5. During the course of the receivership proceedings, you must notify the Association in writing of any mailing address and telephone number change.
6. You must provide your telephone number(s), and sign and date the Proof of Claim in front of a Notary Public. Claims filed by corporations must be signed by an authorized representative, stating the capacity of the signatory. If an attorney is signing this form on behalf of a client, a power of attorney must be attached. The Texas Title Insurance Guaranty Association may waive the notarization requirement regarding Proofs of Claim if good cause exists, as determined in the sole discretion of the Association, for such waiver.
7. If you fail to adequately describe or document your claim, your claim may be rejected.
8. To reduce expense, receipt of the Proof of Claim form is not acknowledged. You will receive notice at the address you provided on the form when your claim is processed.
9. Review the completed form, sign, and date it. Failure to complete the proof of claim form properly according to these instructions may cause your claim to be delayed or rejected.

**ALL PROOF OF CLAIM FORMS
MUST BE POSTMARKED ON OR BEFORE
11:59 P.M. C.S.T. OCTOBER 14, 2008.**