

Filed in The District Court
of Travis County, Texas

CAUSE NO. D-1-GV-09-000007

MAR 09 2009 TR

THE STATE OF TEXAS,
Plaintiff

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IN THE DISTRICT COURT
At Amalia Rodriguez 2:01 P.M.
Clerk

V.

OF TRAVIS COUNTY, TEXAS

SOUTHERN STAR TITLE
COMPANY, L.L.C.,
Defendant

53rd JUDICIAL DISTRICT

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

On this day the Court considered the *Application for Transfer of Escrow Funds and Request for Claims Filing Deadline* (the "Application") filed by the Texas Title Guaranty Association (the "Guaranty Association"). No objection to the Application was filed by any party in interest. Based on the pleadings submitted, the Court finds that the Application should be granted.

IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED as follows:

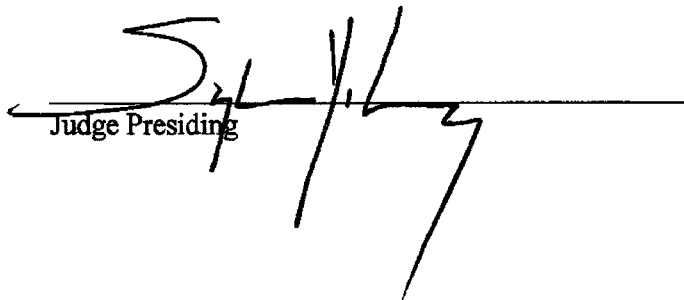
1. The Application is GRANTED in all respects;
2. The Guaranty Association is authorized to accept from the Liquidator, and the Liquidator is instructed to transfer to the Guaranty Association, the escrow accounts of Southern Star Title Company, L.L.C. (the "Escrow Accounts" and "SST");
3. The Guaranty Association may transfer any Escrow Account to another bank or banks, and may hold all Escrow Account funds in a consolidated escrow account for the purpose of paying claims;

CLM



4. The Guaranty Association is authorized to proceed and to distribute the funds in the Escrow Accounts in accordance with the applicable escrow agreements and the Claims Payment Plan attached hereto as Exhibit A;
5. The Guaranty Association shall return any escrow funds received from the Liquidator that go unclaimed to the Liquidator for handling in accordance with TEX. INS. CODE § 443.304;
6. The Guaranty Association is entitled to any records of SST necessary to fulfill its obligations; and
7. A claims filing deadline of October 14, 2009 is established for "covered claims" against SST.

SIGNED and ENTERED on this 9 day of ~~February~~ ^{March} 2009.


Judge Presiding

SUBMITTED
NO HEARING REQUIRED.

RECOMMENDED ^{ok}
SIGNED ON 27 DAY OF Feb. 2009


TOM COLLINS, RECEIVERSHIP SPECIAL MASTER

EXHIBIT A: CLAIMS PAYMENT PLAN

1. Purpose of the Plan. The Texas Title Insurance Guaranty Association (the "Association") will adjust, compromise, settle and pay escrow-related claims pertaining to Southern Star Title Company, LLC ("Southern Star") 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) covered claims against trust or escrow funds and (b) the Association's own expenses for administering such claims. The Association's claim payments will be limited under Sections 2602.256, 2602.257, and 2602.058 of the Code and other applicable laws.

3. Notice, Forms, and Procedures. The Association will provide notice to claimants that the Association is handling claims against the estate of Southern Star. 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 (Exhibit B-3).

4. Claims Filing Deadline. Pursuant to Section 2602.032 of the Code, the Association will request the Court to order that the deadline for filing claims against the estate in this matter shall be October 14, 2009, nine months after Southern Star was declared to be impaired. 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 Hidalgo 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. The Association will attempt to make a review and determination of incoming proofs of claim 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. The Association will provide written notice of its determination to the claimant.

7. Payment of Claims. The Association or its agent will pay covered claims within 30 days of the date it determines the validity of such claims.

8. Resolution of Determination Disputes. If a claimant disputes a 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 such additional time. 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 Southern Star or its Liquidator shall be considered a special fund loan to Southern Star for the payment of covered claims and shall not become an asset of Southern Star. The loan is repayable to the extent money from Southern Star is available.

16. Association in Place of Southern Star. To the extent of the Association's obligation on a covered claim, the Association shall stand in the place of Southern Star and have all the rights, duties, and obligations of the insolvent title agent as if Southern Star 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 Southern Star; or to otherwise stand in the place of Southern Star, 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 by or the value of the benefit provided to the claimant.

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.

DC BK09076 PG27
Texas Title Insurance Guaranty Association
106 EAST 6TH STREET, SUITE 300 • AUSTIN, TEXAS 78701-3661

(512) 480-5100
FAX (512) 322-0301

**NOTICE TO CLAIMANTS OF
SOUTHERN STAR TITLE COMPANY, LLC**

RE: Cause No. D-1-GV-09-000007; *State of Texas v. Southern Star Title Company, LLC*; In the 53rd Judicial District Court of Travis County, Texas

On January 8, 2009, Southern Star Title Company, LLC ("Southern Star") was placed in liquidation by order of the 53rd Judicial District Court of Travis County, Texas.

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

All claimants who have a claim for escrow funds held by Southern Star 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 can be obtained by requesting one in writing from the Texas Title Insurance Guaranty Association at the address below or by going to the website at www.ttiga.org/rec.html.

The receivership court has set an **ESCROW CLAIM FILING DEADLINE of 11:59 p.m., C.S.T. on October 14, 2009**. Accordingly, all claims must be mailed to:

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

and postmarked on or before October 14, 2009, 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.

PROOF OF CLAIM

**AFFIDAVIT FOR ESCROW CLAIMS AGAINST
SOUTHERN STAR TITLE COMPANY, LLC, IN RECEIVERSHIP**

Before me, the undersigned Notary Public, appeared the person whose name is subscribed hereto, who stated under oath: "I have a claim against Escrow Funds held by Southern Star Title Company, LLC ('Southern Star'):

CLAIMANT NAME: _____

STREET ADDRESS: _____

CITY: _____ STATE: _____ ZIP CODE: _____

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

EMAIL ADDRESS: _____

The details of my claim are as follows:

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

B. The Southern Star 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 Southern Star? _____

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

H. Describe the nature of your 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 HEREIN. (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: _____

Printed Name of Signatory: _____

SUBSCRIBED AND SWORN TO BEFORE ME, this _____ day of _____ 2009.

Notary Public, State of Texas
My Commission Expires: _____

All claim forms must be presented or postmarked on or before 11:59 p.m. Central Time, October 14, 2009, and mailed to 106 E. 6th St., STE 300, Austin, Texas 78701-3661.

TEXAS TITLE INSURANCE GUARANTY ASSOCIATION
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 Southern Star Title Company, LLC ("Southern Star"). 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 Southern Star other than an escrow claim.*

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

1. Indicate the basis of your claim (i.e., why you think you are owed money) and, if known, indicate the amount you think you are owed.
2. If the amount of your 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 documentation to support your claim. Suggested documentation includes: the HUD-1 Settlement Statement, an executed Earnest Money Contract, a Release of Earnest Money signed by all parties with current contact information, copies of cancelled checks (front and back), bank statements, etc.
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 change in your mailing address and/or telephone number.
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. The Texas Title Insurance Guaranty Association will send an acknowledgement of all proofs of claim within 30 days of receipt. You will receive notice at the address you provided on the form when your claim is processed. The acknowledgement will give you other details and time expectations.
9. Review the completed form, sign and date it, and send it to us at the address indicated on the form. 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, 2009.**