

New York



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UNDERWRITING BULLETIN NO. 6-2007

TO: ALL AGENTS, COUNSEL, AND CLOSERS
FROM: SUMERA M. AHMED, AGENCY COUNSEL
RE: CHANGES TO THE TIRSA RATE MANUAL-EFFECTIVE MAY 1, 2007
DATE: MARCH 26, 2007

The much anticipated TIRSA Rate Manual Changes have been approved and will be effective May 1, 2007. The 1992 American Land Title Association ("ALTA") fee and mortgage insurance policy forms will be **replaced** by the forms approved by ALTA in 2006. The new forms must be used for all closings on and after May 1, 2007. The new forms contain many changes. The most significant are outlined below. If you would like a complete copy of all the changes please contact this office and we will mail it to you or you can access a comparison of the 1992 policy with the 2006 policy by visiting ALTA's web site at www.alta.org.

- Survey Endorsement:** This endorsement is no longer available. Please refer to section 1 paragraph "L" of the revised TIRSA Rate Manual and paragraph 2 of the New York Endorsement. Under the new Standard New York Endorsement the policy forms provide **the lender with automatic survey coverage only for 1-4 family residential property.** Property that is mixed use, vacant land, or commercial would still require you to include (if no survey provided to be read in) the standard survey exception ("subject to any state of facts an accurate survey would show") in the loan policy. **Please continue to take the survey affidavit on all loan closings for your file.**
The Owner's policy **does not** afford automatic survey coverage. A survey will still need to be provided or the standard exception mentioned above must be taken.
- Determination and Extent of Liability (Condition 8 in Owner's Policy):** If the title insurance company chooses to pursue litigation rather than immediately settle with its insured, condition 8 of the 2006 ALTA Owner's policy provides that the amount of insurance shall be increased by 10% **only if** the company is NOT successful. This will only happen if there is a **total loss of title.** TIRSA believes that the number of instances in which a policy holder will be entitled to an increase in the amount of insurance under this condition will be limited as a full policy loss is not a common event in our industry. Also, the co-insurance

provision contained in Subsection 7 (b) of this heading in the 1992 policy has been eliminated in the 2006 policy.

3. **Gap Coverage:** The gap coverage is now within the policies themselves (see Owner's policy section 10 and Loan policy section 14). Exclusion 7 under the ALTA Loan Policy and Exclusion 5 under the 2006 ALTA Owner's Policy now mention real estate taxes or assessments and the Standard New York Endorsement for the owner's and loan policy add to the exclusion to include water charges or sewer rents.
4. **Pending Disbursements Clause/Building Loan Coverage:** Part 1, Section 1 of the Revised TIRSA Manual now includes the pending disbursements clause in its entirety.
5. **Continuation of Insurance:** The new policies have adopted section 32 of the TIRSA Rate Manual by re-defining the term "Insured" in the Definition of Terms Section of the policy. Also, this provision now applies to a transfer by a principal to its nominee or by a nominee to its principal.
6. **Withdrawn Endorsements:** The following FIVE (5) endorsements are being withdrawn for use with the ALTA 2006 policies. They are as follows:
 - TIRSA Last Dollar Endorsement (5/1/96)
 - TIRSA Survey Endorsement (loan policy 9/1/93)
 - TIRSA Limited Liability Company and Limited Liability Partnership Endorsement
 - 1992 ALTA Owner's Standard New York Endorsement (replaced with new 2006 version effective 5/1/07)
 - 1992 ALTA Loan Standard New York Endorsement (replaced with new 2006 version effective 5/1/07)
7. **Arbitration:** In the 1992 policies the threshold for arbitrable matters when the amount of Insurance is \$1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the amount of Insurance is in excess of \$1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. The 2006 policies have increased the \$1,000,000 threshold to \$2,000,000.
8. **Short Form Residential Loan Policy-New York One-to-Four Family:** The only substantive changes between the 1992 Short Form Residential Loan Policy and the 2006 version are the deletion from schedule B (Exceptions From Coverage and Certain Assurances) of paragraphs 1 and 5 in the 1992 policy. There are only 3 paragraphs in the 2006 version now which are the same as paragraphs 3, 4, and 5 in the 1992 version. Paragraph 1 in the 1992 policy excepted from coverage "those taxes and special assessments which become due and payable subsequent to Date of Policy". This is not included in the 2006 version since it concerns a post-policy matter not covered by an ALTA Loan

policy. Paragraph 5 in Schedule B of the 1992 policy provided affirmative survey coverage. This is not included in the 2006 version since survey coverage is provided in connection with a one to four family dwelling in covered risk 2(c) of the 2006 ALTA Loan Policy.

As of May 1, 2007 the 1992 ALTA Owner's and Loan Policies, and the ALTA 1992 Residential Short Form Loan Policy will no longer be permitted to be issued in New York.