



MEMORANDUM

TO: TO OUR VALUED CLIENTS

FROM: JEAN M. PARTRIDGE

DATE: MAY 1, 2007

RE: NEW TITLE INSURANCE POLICIES ADOPTED IN NEW YORK EFFECTIVE
MAY 1, 2007

THE ATTACHED TITLE INSURANCE POLICY IS REFERRED TO AS THE **2006 ALTA** (AMERICAN LAND TITLE ASSOCIATION) **FEE AND MORTGAGE POLICY FORMS**. IT IS MANDATORY THAT THESE FORMS BE USED FOR ALL TRANSACTIONS CLOSING ON AND AFTER **MAY 1, 2007**. THESE NEW FORMS **REPLACE** THE 1992 ALTA FORMS.

THE 2006 ALTA POLICY FORMS ARE DESIGNED TO ENHANCE THE RIGHTS OF THE INSURED AND TO BE MORE "USER FRIENDLY"; THEY ARE PURPORTEDLY WRITTEN IN PLIAN ENGLISH.

THE MOST IMPORTANT CHANGES IN THE 2006 POLICY ARE SUMMARIZED BELOW:

1. SURVEY COVERAGE:

SURVEY COVERAGE IS NOW AUTOMATICALLY INCLUDED WITHIN THE MORTGAGE POLICY FOR 1-4 FAMILY RESIDENTIAL PROPERTY. AS A RESULT, THE SURVEY ENDORSEMENT HAS BEEN WITHDRAWN FROM THE TIRSA RATE MANUAL AND MAY NOT BE ISSUED ON AND AFTER MAY 1, 2007. SINCE THE SURVEY ENDORSEMENT WILL NO LONGER EXIST AFTER MAY 1, 2007, YOU WILL NO LONGER BE CHARGED FOR SAID COVERAGE.

2. BUILDING LOAN COVERAGE:

THE TIRSA RATE MANUAL AND THE NEW YORK ENDORSEMENT HAVE BEEN AMENDED TO PROVIDE LENDERS WITH COVERAGE ONLY AGAINST LOSS RESULTING FROM “ANY STATUTORY LIEN FOR SERVICES, LABOR OR MATERIALS”, (E.G. MECHANIC’S LIENS, FILED PRIOR TO THE DATE OF THE POLICY.) THE MANUAL NOW REQUIRES THE PENDING DISBURSEMENT CLAUSE BE ADDED TO ANY LOAN POLICY WHEN NOT ALL OF THE LOAN PROCEEDS ARE BEING ADVANCED AT THE CLOSING.

3. THE CO-INSURANCE PENALTY:

THE CO-INSURANCE PENALTY PROVISION FORMERLY CONTAINED IN SUBSECTION 7(B) OF THE 1992 POLICY HAS BEEN ELIMINATED IN THE 2006 POLICY. THUS THERE IS NO LONGER A CO-INSURANCE PENALTY TO THE INSURED FOR UNDERINSURING THE PROPERTY.

4. DETERMINATION AND EXTENT OF LIABILITY:

THE AMOUNT OF INSURANCE UNDER THE POLICY IS AUTOMATICALLY INCREASED BY 10% IF THE INSURANCE COMPANY CHOOSES TO PURSUE LITIGATION, RATHER THAN IMMEDIATELY SETTLE WITH THE INSURED, **IF** THE COMPANY IS NOT SUCCESSFUL IN THE LITIGATION.

5. GAP COVERAGE:

THE 2006 POLICY HAS RE-DEFINED “DATE OF POLICY” TO THE DATE ON WHICH THE INSTRUMENTS ARE RECORDED; THEREBY INCLUDING GAP COVERAGE WITHIN THE POLICIES THEMSELVES. AS A RESULT, THE GAP COVERAGE CONTAINED IN THE NEW YORK ENDORSEMENT HAS BEEN ELIMINATED.

6. CONTINUATION OF COVERAGE:

THE 2006 POLICY FORMS HAVE EXPANDED THE DEFINITION OF INSURED. THE POLICIES NOW PROVIDE FOR CONTINUATION OF COVERAGE WHEN NO CONSIDERATION DEED TRANSFERS OCCUR WITHIN THE SAME NATURAL, LIMITED LIABILITY OR CORPORATE FAMILY, AND LEGAL INTERFAMILY TRANSFERS. THIS EXPANSION OF THE DEFINITION OF THE INSURED HAS ALSO RESULTED IN THE ELIMINATION OF THE LIMITED LIABILITY COMPANY AND LIMITED PARTNERSHIP ENDORSEMENT.

7. LAST DOLLAR ENDORSEMENT:

THE LAST DOLLAR ENDORSEMENT HAS BEEN ELIMINATED.

8. ARBITRATION:

THE 2006 POLICIES HAVE INCREASED THE ARBITRATION THRESHOLD AMOUNT TO TWO MILLION DOLLARS (\$2,000,000.00) (FORMERLY THE AMOUNT OF ONE MILLION(\$1,000,000.00)). ON ARBITRATABLE MATTERS WHERE THE INSURANCE

AMOUNT IS TWO MILLION OR LESS, ARBITRATION IS REQUIRED WHEN REQUESTED BY **EITHER** PARTY; ON ARBITRATABLE MATTER WHEN THE AMOUNT OF INSURANCE IS IN EXCESS OF TWO MILLION SHALL BE ARBITRATED ONLY IF AGREED TO BY **BOTH** PARTIES.

9. APPORTIONMENT

THE 2006 POLICIES HAVE ELIMINATED CONDITION AND STIPULATION 8 (THE APPORTIONMENT CLAUSE). THE OLD CLAUSE PROVIDED FOR SETTLEMENT OF LOSSES AMONG MULTIPLE PARCELS WHEN NOT USED AS A SINGLE SITE USING PRO RATA COMPUTATION. AS A RESULT OF THIS CLAUSE BEING ELIMINATED, THE FULL AMOUNT OF POLICY INSURANCE MAY BE APPLIED TO ANY OR ALL OF THE PARCELS.

THE 2006 POLICY FORMS CONTAIN MANY CHANGES FROM THE 1992 FORMS, MANY ARE MINOR, SUCH AS DEFINITION CHANGES, BUT OTHERS HAVE EXPANDED COVERAGE, ELIMINATED ENDORSEMENTS OR ADDED ENDORSEMENTS. HOWEVER, WE BELIEVE THE NINE CHANGES SET FORTH ABOVE ARE THE MOST SIGNIFICANT. FURTHER INFORMATION ON THESE CHANGES CAN BE FOUND ON OUR WEBSITE OR FEEL FREE TO CALL ANY OF OUR LEGAL STAFF WITH QUESTIONS ABOUT THESE NEW POLICIES.