



**OLD REPUBLIC**  
National Title Insurance Company

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## BULLETIN

### FLORIDA BULLETIN 98-11

TO: ALL OLD REPUBLIC AGENTS AND BRANCH OFFICES

FROM: JAMES C. RUSSICK

DATE: OCTOBER 20, 1998

RE: INDEMNIFICATION TREATIES

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Old Republic Title is pleased to announce that it has entered into indemnification treaties with a number of underwriters doing business in Florida. These treaties are identical in their terms and designed to assist our agents in the closing process by streamlining the indemnity process. Currently, we have treaties in place with Attorneys Title Insurance Fund, American Pioneer Title, Commonwealth Title, First American Title, and Fidelity National Title.

The treaties are designed to automatically indemnify Old Republic Title when a prior insurer has undertaken or insured certain specified risks. In other words, for certain common and recurring problems, there will no longer be a need to require the issuance of a specific letter of indemnification from the prior insurer. Compliance with the treaty provisions will be sufficient.

The treaties cover three basic types of title defects: 1) homestead issues; 2) open judgments and Federal Tax Liens; and 3) certain open mortgages. There are limitations on the coverage in each of these instances. Within these three areas there is coverage under the treaty as set forth below, subject to the following requirements and conditions:

- a. The agent must maintain a copy of the prior owner's policy (a mortgagee policy is insufficient) issued by one of the underwriters listed above that insures the indemnified defect without exception. (Note that you need not verify the authenticity of the prior policy.)
- b. The limitation of liability of the indemnifying company is \$250,000.00, or the face amount of their prior policy, whichever is less;
- c. The treaties are applicable only to insured properties in Florida.

The specific limitations under the indemnity treaties are as follows:

1. **HOMESTEAD:** A classic title defect encountered daily by title examiners is the potential outstanding interest of the spouse of a prior grantor. The treaties indemnify the new insurer against loss or damage when this problem arises as a result of the lack of joinder by the spouse of the grantor; the lack of a statement on the deed that the grantor is a single person, or the lack of a statement on the deed or other recorded instrument that the property in question conveyed by the deed is not the homestead of the grantor.
2. **JUDGMENTS AND FEDERAL TAX LIENS:** The treaties will indemnify Old Republic against loss from a judgment or Federal Tax Lien provided:
  - a. the lien(s) is not against the insured under the prior policy upon which we are relying;
  - b. the lien(s) is at least one year old; and
  - c. the lien(s), including interest to the date of reliance on the treaties, does not exceed, in the aggregate, \$50,000.00 or 20% of the face amount of the prior policy, whichever is less;
  - d. no notice of any proceedings or levy to collect the lien(s) appears on record;
  - e. the lien is not a child support certificate of delinquency filed pursuant to Sec. 61.14, F. S.
3. **MORTGAGES:** The treaties will indemnify Old Republic against any loss or damage occasioned by a prior open mortgage of record provided:
  - a. there appears no foreclosure proceedings respecting the mortgage;
  - b. the mortgage is at least 5 years old and secures a principal amount of not more than \$100,000.00; and,
  - c. the mortgage does not appear from the record to be a revolving line of credit mortgage or equity line of credit.

Clearly, these treaties have their limitations and it is important that they be understood prior to reliance upon them. Nonetheless, their breadth clearly addresses a host of commonly recurring difficulties that often bog down the normal indemnity procedures. We hope that these treaties will streamline the closing process. Should you have any questions concerning their implementation, please do not hesitate to contact Linda Hernandez or me.