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BULLETIN 11-03

To: All Old Republic National Title Agents and Offices
From: Underwriting Department
Re: New 2006 Policy and Endorsements
Date: February 25, 2011

By statute, all title insurance forms utilized in this state must be pre-approved by the Florida Office of Insurance Regulation (OIR). In October 2006, the American Land Title Association (ALTA) adopted an entirely new set of title insurance forms. Their use has now been approved *with Florida modifications* and will replace the ALTA 1992 forms beginning March 1, 2011.

Here are some common questions that we expect to arise with the implementation of the new forms, and Old Republic's answers to these questions.

Q1: What changed on the 2006 ALTA Forms?

A: Not much. The 2006 policies reorganize and clarify the Covered Risks and Exclusions, update the Policies to include electronic transactions and gap coverage, clearly describe and expand the definitions of various legal terms, clarify the process for making a claim, and provide options for unsuccessful claims. The agent will notice that there is a place to insert a Premium Amount and an Address Reference. Also, there is a new standard exception for transactions in which there is no survey. Finally, there are some new endorsements.

** This Bulletin should become a permanent part of your records to assist in your compliance with the requirements contained herein. **

Please **provide a copy of this Bulletin to your staff** so they can read it and become aware of its contents.

REMEMBER: All ORT Alerts, Bulletins, Notices and our Newsletter can be found on our web site, www.ortfl.com.

Our Alerts and Bulletins are issued via fax and email, but you should check our web site frequently to make sure you have copies of everything issued.

Please call your Underwriting Department if you have any questions.

Q2: Is the language in the “old” Commitment Jacket and Schedules different from the new 2006 Commitment Jacket and Schedules?

A: Yes. The language in the “old” Commitment is slightly different from the language in the 2006 Commitment. The Schedule B-II standard exceptions were revised to reflect the newly defined terms.

Q3: When should an ORT agent begin to issue the new 2006 Forms?

A: An ORT agent must start issuing the new 2006 Forms March 1, 2011. If an “old” Commitment for a 1992 Owner’s Policy or 1992 Loan Policy was issued and that policy has not been issued, the 2006 ALTA Owner’s Policy and/or the 2006 ALTA Loan Policy must be issued unless otherwise requested by the insured.

Q4: For the same transaction, may an ORT agent issue a 1992 Loan Policy with a 2006 Owner’s Policy? Alternatively, may an ORT agent issue a 2006 Loan Policy and a 1992 Owner’s Policy?

A: No. The 1992 forms and the 2006 forms are not interchangeable. The 2006 Owner’s Policy and 2006 Loan Policy are issued together in the same transaction. Likewise, the 1992 Owner’s Policy and the 1992 Loan Policy are issued together in the same transaction.

Q5: Who calculates the amount to be included in the “Premium” field on Schedule A of the 2006 Commitment and the 2006 Policies?

A: The agent will enter the correct amount in the “Premium” field based upon the appropriate rate and the type of policy and endorsement(s) issued. If a commitment is sent from Old Republic, the premium field will be left blank.

Q6: How does the agent calculate the amount to be included in the “Premium” field on Schedule A of the 2006 Commitment?

A: The Premium amount is the total actual amount (agent’s and underwriter’s portion) promulgated premium for all 2006 Policies and endorsements (if any). Note: Leaving the Premium Field blank is acceptable when the premium amount has not yet been determined.

Q7: Does the Premium amount include any “upcharge” to the simultaneous issue rate for a 2006 Loan Policy?

A: Yes, the Premium amount should indicate the actual total amount (agent’s and underwriter’s portion), including the increase in the amount of the premium charged for simultaneous issue (e.g., “upcharge”).

Q8: Is the Address Reference field on Schedule A of the 2006 Owner’s Policy and the 2006 Loan Policy new?

A: Yes. Agents should enter the street address for the Land the Policy insures.

Q9: How is the Address Reference completed when the property does not have a street address?

A: If no street or mailing address is available (because the property is unimproved), the Address Reference may be left blank or “not applicable” may be entered into the field.

Q10: In the 2006 policies, are there any changes to the survey coverage?

A: Yes, under Covered Risk 2(c), there is affirmative coverage against loss or damage which the insured sustains resulting from any encroachment, violation, variation, or adverse circumstance affecting the Land which would be disclosed by an accurate and complete land survey. Accordingly, if you are issuing a 2006 policy and do not intend to provide survey coverage, you must insert the following in Schedule B or the coverage will be extended:

Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term “encroachment” includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments on the Land of existing improvements located on adjoining land.

This standard exception will appear in all commitments ordered through Old Republic.

Q11: Are there any changes that affect the way to close a transaction?

A: There is an expansion of gap coverage so it is imperative that the closing agent maintain control of both disbursement of funds and recording. If that is not the case for any particular transaction, please contact underwriting for further guidance.

Q12: What are the new 2006 ALTA endorsements? Are they comparable to the “old” endorsements?

A: Yes, you will find that most of the new 2006 endorsements look familiar. Seventeen new 2006 endorsements are nearly identical to or equivalent to our “old” forms:

1. ALTA 2-06 Truth-in-Lending
(issued with written Underwriting approval only)
2. ALTA 4.1-06 Condominium
3. ALTA 5.1-06 Planned Unit Development
4. ALTA 6-06 Variable Rate Mortgage
5. ALTA 6.2-06 Variable Rate Mortgage – Negative Amortization
6. ALTA 7-06 Manufactured Housing Unit
7. ALTA 8.1-06 Environmental Protection
8. ALTA 9-06 Restrictions, Easements, Minerals – Loan
9. ALTA 9.2-06 Restrictions, Encroachments, and Minerals –
Owner’s: Improved Land
10. ALTA 13-06 Leasehold – Owner’s
11. ALTA 13.1-06 Leasehold – Loan
12. ALTA 9.3-06 Restrictions, Encroachments, Minerals –
Loan (like 9-06)
13. ALTA 9.5-06 Restrictions, Encroachments, Minerals –
Owner’s: Improved Land (like 9.2-06)
14. ALTA 10-06 Assignment
15. ALTA 11-06 Mortgage Modification
16. ALTA 12-06 Aggregation (like Tie-in – Contact Underwriting)
17. ALTA 14.3-06 Future Advance – Letter of Credit

Q13: What are the “old” endorsements which may be issued with the 2006 Policies?

A. Only the following fifteen Florida-specific “old” endorsements may be issued with a 2006 policy:

1. Additional Interest Endorsement
2. Assignment of Mortgage Endorsement
3. Balloon Mortgage Endorsement
4. Change-in-Partners (Fairways) Endorsement
5. Construction Loan Update Endorsement
6. Contiguity Endorsement
7. Foreign Currency Endorsement
8. Blank Endorsement
9. Navigational Servitude Endorsement
10. Option Endorsement
11. Revolving Credit Endorsement
12. Reverse Mortgage Endorsement
13. Shared Appreciation Endorsement
14. Survey Endorsement
15. Florida Form 9.1 Restrictions, Easements, Minerals – Owner’s Policy - Unimproved Land

Q14: When should I use the new 2006 Mortgage Modification Endorsement and when should I use a blank endorsement?

- A. If a 1992 Mortgagee Policy was issued and later the mortgage insured by it was modified and the modification does not trigger substitution loan rates, the 1992 Mortgagee Policy will be endorsed by using a Blank Endorsement. However, if the mortgage modification is the type which triggers substitution loan rates, the ORT agent should issue a new 2006 Loan Policy.

The 2006 ALTA 11-06 Mortgage Modification Endorsement should only be issued when there is a modification of a Mortgage insured by the 2006 ALTA Loan Policy and when the mortgage modification does not trigger substitution loan rates. There is no additional premium for the 11-06 endorsement itself. If the mortgage modification does trigger substitution loan rates, an ORT agent will endorse the policy using a Blank Endorsement, completing a rating worksheet and conducting a title examination.

The 2006 Mortgage Modification Endorsement must not be issued for construction loans.

Q15: What is the difference between the new Form 9s and the old Form 9s?

- A. With the Florida modifications, there is no difference in the coverage provided.

Q16: Is there any change in the premium rates for the new 2006 forms?

- A. No.