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BULLETIN 007

TO: All Agents & Attorneys in the State of New Mexico

FROM: David W. Rhodes

DATE: October 27, 2000

Subject: Memorandum from Charles Denton, Title Insurance Bureau, State of New Mexico

Chuck Denton issued a memorandum dated October 18, 2000, concerning the correct way to handle mechanic's lien coverages. A copy of his memorandum is attached.

He refers to the holding of money in escrow to cover mechanic's & materialman's contingencies and indicates that the Department's position is that the proper way to address these concerns is to use NMAC 13.14.10.9. This section refers to coverage in Owner's policies:

- 1) Where construction is completed and the time period for filing mechanics and materialmen's liens has expired; the endorsement may be issued for \$25.00; and
- 2) Where construction has been completed and accepted but the period for filing liens has not expired, the endorsement shall be issued for a premium of \$3.00 per thousand.

NEW MEXICO PUBLIC REGULATION COMMISSION

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MEMORANDUM

To: All title insurance agents and underwriters licensed to conduct the business of title insurance within the State of New Mexico

From: Charles G. Denton, Supervisor Title Insurance Bureau

Date: October 18, 2000

Subject: Mechanics' and Materialmen's Lien coverage

It has come to the Division's attention that some agents and or underwriters may be attempting to cure the above referenced problems by means of an escrow deposit held for mechanics' and materialmen's lien contingencies.

This practice is considered to be in violation of Division of Insurance rules. The only acceptable method of dealing with such liens is through the procedures described in NMAC 13.14.10.9.

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