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Memo To: **ALL PENNSYLVANIA AGENTS**

From: Dwight E. Edwards

Date: February 25, 2011

RE: New Forms Filing in Pennsylvania effective March 1, 2011

Please be advised that the Department of Insurance has approved several new forms for use in Pennsylvania as of March 1, 2011. In 2010 the American Land Title Association adopted several new endorsements and revisions to three of its policy forms. The Pennsylvania Department of Insurance has now approved those endorsements and revised policy forms for use. This memorandum will provide a brief overview of the changes made.

The ALTA Homeowner's Policy of Title Insurance (revised 2/3/2010) was revised to change the language of the Creditor's Rights Exclusion. Additionally, the coverage of the policy has been expanded by allowing coverage under the policy to continue for the benefit of beneficiaries of a trust upon the death of the insured. See Section 2 Continuation of Coverage.

The ALTA Expanded Coverage Residential Loan Policy Form (revised 7/26/2010) has been revised to change the Creditor's Rights exclusion in the policy. Additionally, language regarding the determination of liability in the event of a failure of title in Section 8 has been deleted.

Finally, the ALTA Short Form Expanded Residential Loan Policy form (revised 7/26/2010) has been amended to refer to the new revision date of the Expanded Coverage Residential Loan Policy Form (as set forth above) and also to specifically limit any application of otherwise unenforceable restrictions due to the reference to unconstitutional provisions with regard to race, religion and other illegal categorizations.

Also three new ALTA endorsements are now approved for use in Pennsylvania on commercial transactions.

The first of these endorsements is The ALTA Endorsement 28-06 which has been designated as two separate forms in Pennsylvania, Endorsements PA1310 and PA1311. These endorsements insure against loss as a result of damage to an existing building caused by the enforced removal or alteration of the building due to the exercise of rights granted or reserved in connection with an easement. The Endorsement PA1310 is for use with a Loan Policy and carries with it a charge of ten percent of the applicable rate. The Endorsement PA1311 is for use with an Owner's Policy and carries with it a charge of twenty percent of the applicable rate.

The ALTA Endorsement 29-06 which has been filed as the Endorsement PA1320 insures against loss by reason of the invalidity, unenforceability or lack of priority of the insured mortgage as security for the repayment of a Swap Obligation as provided for in the insured mortgage.

The Endorsement PA1330 also known as the ALTA Endorsement 29.1-06 insures against loss by reason of the invalidity, unenforceability or lack of priority of the lien of the insured mortgage as security for the additional interest on the Swap Obligation provided for in the loan documents secured by the insured mortgage.

Both of the Swap Endorsements provide for a different charge depending upon the timing of the issuance of the endorsements. The Swap Endorsements may be issued either at the time of the issuance of our insurance policy for a fee of ten percent of the premium or may be requested at some point after closing when the terms of a Swap obligation are finalized for a fee of twenty percent of the premium.

Again, please be reminded that all of these endorsements may only be used in connection with commercial transactions and are not to be used on policies insuring one to four family residential properties. Approval must be obtained from Underwriting Counsel prior to providing any of these endorsements.

All of these forms will be available for use on March 1, 2011 on our EZ Jacket program. All of the major software providers have been advised to these changes and have made the necessary changes to their form packages. You should be sure that if you are issuing a Homeowner's Policy of Title Insurance or an Expanded Coverage Loan Policy that the appropriate revision dates now appear on your commitment form in Schedule A.

Should you have any questions with regard to any of these changes or with regard to any of the provisions of the rate manual, please do not hesitate to contact an Officer of the Company.

DEE/sb