

UNDERWRITING DIRECTIVE No. 19

TO: All Delaware Agents
FROM: Underwriting Department
DATE: August 03, 2016
SUBJECT: Parties in Possession

In reviewing a number of recent transactions, it has come to our attention that the standard exception for "rights or claims of parties in possession not shown by the public records" is being removed in circumstances where the premises are occupied by tenants.

If the insured premises are occupied by tenants or other occupants (including those in possession without written leases), such as a shopping center, or office or apartment building, the exception for rights of parties in possession must remain in the owner's and/or loan policy, as the case may be.

In certain circumstances, this exception may be revised even if there are parties in possession. For example:

- If the seller or owner provides a certified rent roll, or an appropriate certification is included in the owner's affidavit to certify that specific, identified tenants are the only occupants of the property, the exception may be limited to the identified tenants.
- If a request is made to limit the exception to parties in possession under written leases, and the seller or owner certifies that all occupants are tenants under written leases, the exception may be so modified.

If a request is made to modify the exception to insure that the parties in possession have no rights of first refusal or options to purchase, or if private rights coverage (ALTA 9.6-06) is requested, the Underwriting Department must be contacted. While it may be possible to accommodate the request, in most cases each lease will need to be reviewed to confirm that no such rights or options exist, and further modifications of Schedule B may be required.

Should you have any questions or concerns, please contact a member of the Underwriting Department.

PLEASE DISTRIBUTE TO OTHER KEY PERSONNEL WITHIN YOUR ORGANIZATION

