



UNDERWRITING BULLETIN

FROM: Underwriting Department
DATE: August 4, 2014
TO: All Louisiana Policy Issuing Agents of WFG National Title Insurance Company
BULLETIN No.: LA- 2014-02
SUBJECT: Form Changes, New Endorsements and Current Rate Chart

LATISSO has recently completed a filing with the DOI, effective **August 4, 2014**. WFG will add the endorsements and revised policy schedules for the specific policies shown below to its website* and the forms are also available from our local office upon request.

*Direct Link to Louisiana website forms: <http://wfgunderwriting.com/louisiana/forms/>

IMPORTANT NOTICE:

The following policy jackets have been revised with the latest revisions, effective August 4, 2014 and are available when you obtain your policy jacket through WFG's Agency Website. The revised policy jackets must be used for policies with closing and/or effective date of August 4, 2014 or later.

- ALTA Homeowner Policy
- ALTA Expanded Coverage Residential Loan Policy
- ALTA Short Form Expanded Coverage Residential Loan Policy

NEW ENDORSEMENTS:

In addition to the above, the following have been added as new Louisiana endorsements. PDF of forms is attached for reference.

- ALTA 11.2-06 Mortgage Modification with Additional Amount of Insurance

- ALTA 41-06 Water - Buildings
- ALTA 41.1-06 Water - Improvements
- ALTA 41.2-06 Water – Described Improvements
- ALTA 41.3-06 Water – Land Under Development
- ALTA 42-06 Commercial Lender Group
- ALTA 43-03 Anti-Taint
- ALTA 44-06 Insured Mortgage Recording – Loan Policy Endorsement

Attached to this bulletin are WFG Underwriting Guidelines which will provide you with valuable information for each of the above endorsements.

A Louisiana Endorsement Rate Chart is attached for use/reference which includes all Louisiana endorsements.

ENDORSEMENTS (Underwriting Guidelines) – Effective August 4, 2014

The **ALTA 11.2-06 (Mortgage Modification with Additional Amount of Insurance)** is available only for a **Loan** policy. It may be used when the lender permits a modification of the loan and advances additional funds to the borrower. This endorsement insures the validity and priority of the Insured Mortgage as a result of the modification.

In order to issue this endorsement, it is necessary to examine the modification documents and determine that the transaction is in fact a modification and not a novation. While novation is not presumed under Louisiana law, any language in the modification agreement indicating that the existing debt is extinguished or that the modification constitutes a new debt would be interpreted as a novation. If the agreement is not executed by all of the solidary obligors or releases one of the solidary obligors, it could be deemed a novation.

Agent must also obtain a title update.

Where the previously insured mortgage is a mortgage to secure future advances or a collateral mortgage and the increased amount of insurance is less than the amount of the mortgage, the endorsement may be issued without exception for intervening mortgages, judgments or liens. However, if there is an intervening federal tax lien of record, the federal tax lien must be listed in paragraph 3(b) of the endorsement unless subordination is obtained from the Internal Revenue Service. Subordinate intervening inscriptions should be listed in 3(c) of the endorsement.

If a LATISSO 100 (Collateral Mortgage Endorsement) or LATISSO 101 (Multiple Indebtedness Mortgage Endorsement) was not issued with the original policy, it is necessary to issue one of these endorsements along with the ALTA 11.2-06.

Where the lender is attempting to increase the amount of an insured mortgage, the endorsement may not be issued where the title update reveals subsequent mortgages, judgments or liens.

This endorsement should only be issued after obtaining underwriter approval. Agent should forward copies of title update and modification agreement when requesting approval.

Premium: Fifty cents (\$0.50) per thousand on the unpaid principal balance prior to the increase in coverage plus the premium associated with the increase in the Amount of Insurance.

ALTA 41 SERIES ENDORSEMENTS

ALTA 41-06 (Water-Buildings)

ALTA 41.1-06 (Water-Improvements)

ALTA 41.2-06 (Water-Described Improvements)

ALTA 41.3-06 (Water- Land under Development)

Please refer to the underwriting guidelines for the ALTA 35 series (Minerals and Other Subsurface Substances). These endorsements may be used with a **Loan** or **Owner's** policy.

See rate chart for premiums to be charged when issuing these endorsements.

The **ALTA 42-06 (Commercial Lender Group)** is available only for a **Loan** policy where the insured property is **not** improved with a one-to-four family residential dwelling. It includes as an insured under the policy a group of lenders owning portions of the indebtedness secured by the mortgage and insures against losses due to the invalidity, unenforceability or loss of priority of the Insured Mortgage caused by transfers of portions of the mortgage debt after date of policy. While Article 3280 of the Civil Code provides that mortgage is an indivisible right, the debt secured by the mortgage may be divisible. As long as the agreement among the members of the lender group does not allow for divisibility of the mortgage, this endorsement may be issued with a loan policy insuring a commercial transaction.

Premium: 5% of original rate; \$100 min.

The **ALTA 43-06 (Anti-Taint)** is available only for a **Loan** policy. It is designed for use with certain commercial loans where the lender obtains both a term loan and a separate revolving credit loan. It provides coverage for loss or damage sustained by the loss of priority of the Insured Mortgage as security for the indebtedness under the term loan as a result of reductions and increases in the outstanding principal balance of the revolving credit loan. The endorsement is not intended to be issued for transactions where there is only a single revolving credit loan.

Premium: \$250.

The **ALTA 44-06 (Insured Mortgage Recording-Loan Endorsement)** may be issued with a **Loan** policy. This endorsement is designed to provide the insured (including assignees) with recordation information once the insured mortgage or assignment has been recorded in the mortgage records. Unlike the other endorsements, it does not insure additional risks and is informational only.

Premium: \$50.

NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company and any reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of underwriting policies of WFG National Title Insurance Company.