

WFG Underwriting Bulletin



To: All Louisiana Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: September 28, 2016
Bulletin No. LA 2017-09
Subject: Standard Exceptions

This bulletin replaces prior bulletin: LA12-02. The standard exceptions were modified slightly in conjunction with the “new” Commitment which became effective June 1, 2017 (see Underwriting Bulletin LA 2017-05).

Except as provided below, the following standard exceptions must be included on all Commitments (Schedule B-II), Owner’s Policies (Schedule B), and “long form” Loan Policies (Schedule B-I):

1. Any defect, lien, encumbrance, adverse claim or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part 1 – Requirements are met.
2. Any taxes or assessments which are not shown as existing liens by the Public Records.
3. Rights or claims of parties other than the Insured in actual possession of all or part of the Land not shown in the Public Records.
4. Encroachments, overlaps, boundary line disputes, shortage in square footage, acreage or area, right of access, ingress and egress, or other matters which would be disclosed by a current, complete and accurate survey and inspection of the Land.
5. Unrecorded easements or claims of easements not shown by the Public Records.
6. Any claim, lien or privilege, or right to a claim, lien or privilege, imposed by law, for work, services, labor, material or parts, heretofore or hereinafter furnished for the improvement, construction, erection, reconstruction, modification, repair, demolition or other physical change of or on the Land herein, or any part hereof, and not shown by the Public Records.
7. Taxes or assessments for the year _____ and subsequent years, which are not yet due and payable.

8. Ownership or lack thereof of oil, gas and other minerals of any kind and in any form, and any lease, grant, servitude, royalty interest, exception, any prior reservation or conveyance, together with release of damages, pertaining to such minerals.

You should add property-specific exceptions for matters disclosed by your title exam, survey or other sources. Examples include: encroachments, servitudes, condominium declaration, restrictive covenants, leases, etc.

In a sale with financing, you should also add the following exception to the Owner's Policy:

"The mortgage(s) as hereinafter described and filed of record:
(a) Mortgage..."

Guidelines for Deleting Standard Exceptions on Loan Policies

Please note that the numbers below refer to the exception number referred to above.

- #1: This "gap" exception is intended only for the Commitment. It does not need to be listed on the Policy schedules. However, you should update your title exam prior to closing and add exceptions for any subsequently-recorded matter.
- #2: The exception for unrecorded tax liens may be deleted upon receipt of a seller/borrower affidavit with indemnity language, and verification that (past) due taxes have been paid or will be paid from settlement funds.
- #3: The exception for parties in possession may be deleted upon receipt of a seller/borrower affidavit with indemnity language.
- #4-5: The survey and easement exceptions may be deleted with the following: seller/borrower affidavit with indemnity language for all property, plus review of a current survey if new construction (residential or commercial any amount) or existing high liability commercial property (\$1 million+)
- #6: The mechanic's lien exception may be deleted with the following: seller/borrower affidavit with indemnity language for all property, plus a clear 'no work' affidavit if construction is proposed or underwriting approval if construction is ongoing or recently-completed (< 70 days). Please refer to Bulletin LA 2016-03.
- #7: The exception for taxes not yet due should never be deleted.
- #8: The mineral exception may be deleted only with a review of a mineral title opinion or underwriting approval.

The standard exceptions must be listed on Schedule B-II of the Commitment. You may indicate that designated exception numbers will be deleted from the Loan Policy upon compliance with the Schedule B-I Requirements. You should add the appropriate requirements (e.g., survey, 'no work' affidavit, etc.) to Schedule B-I of the Commitment. Please refrain from removing standard exceptions from an Owner's Policy without underwriting approval.

If you have any questions, do not hesitate to contact underwriting counsel.

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.