



UNDERWRITING BULLETIN TO LOUISIANA AGENTS

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Name: ALTA ENDORSEMENT 37-06 (Assignment of Rents or Leases)

Some lenders have begun asking for the ALTA 37-06. LATISSO filed this endorsement with the Louisiana Department of Insurance last year. The premium for the endorsement is \$300.

This endorsement insures against loss in the event that the instrument creating the assignment of rents or leases is defective. It also insures against loss as a result of other assignments of leases and rents recorded in the public records.

As pointed out in Bulletin No. LA 14-03, assignments of leases and rents, filed after January 1, 2015, must now be recorded in the mortgage records as a result of the recent revision of the pledge articles in the Civil Code. They are no longer filed in the conveyance records. As under prior law, the assignment of leases and rents may be included in the mortgage without the need for a separate instrument.

I anticipate that many lenders will continue to require a separate assignment of leases and rents. When recording the mortgage and assignment, you should record the mortgage first followed by the assignment of leases and rents. If the instruments are filed in this order, the assignment of leases and rents should be included in the policy in Part II of Schedule B.

The assignment of leases and rents is a separate security device. If the assignment of leases and rents is recorded prior to the mortgage, it should be listed in Schedule B, Part 1. The bracketed language “[of Part II]” in Paragraph 2 of the endorsement should be changed to “[of Part 1]” in this event.

If you discover old assignments of leases or rents recorded in the mortgage records within the past 10 years, these must be cancelled or listed as exceptions in Schedule B, Part 1. While these inscriptions in the mortgage records would have been ineffective under the law prior to 2015 and could be ignored, they are deemed valid as of January 1, 2015.

You must continue to require a release of assignments of leases and rents filed in the conveyance records prior to January 1, 2015; if not released, they must be included as exceptions in Schedule B, Part 1.