



To: All New Mexico Policy Issuing Agents of WFG National Title Insurance Company  
From: Underwriting Department  
Date: March 24, 2016  
Bulletin No. NM2016-06  
Subject: 2016 Title Insurance Regulations: Loan Policies Insuring Construction Loans

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## **2016 Order of the Superintendent of Insurance Effective March 1, 2016**

### **A. Amendments Re: Insuring Construction Loans**

(1) NMAC §13.14.7.18 expressly provides that the four 6 month extension periods apply to loan policies with a two-year claims made limitation, as well as construction loan policies.

(2) NMAC §13.14.7.19 expressly provides for the issuance of the NM 22 Pending Disbursement Endorsement that was previously omitted in the 2014 rules. The rule also provides for a pending disbursement clause to be inserted in a loan policy insuring a construction loan, in a form required by your underwriter in the following form provided under the rule:

“Pending disbursement of the full proceeds of the loan secured by the mortgage or deed of trust set forth under schedule A hereof, this policy insures only to the extent of the amount actually disbursed but increases as each disbursement is made, in good faith, and without knowledge of any defect in, or objections to, the title, up to the face amount of the policy. Prior to each disbursement of the proceeds of the loan, the title must be continued down to such time for possible liens or objections intervening between the date hereof and the date of such disbursement.”

(3) NMAC §13.14.7.19(C) specifies that a Loan Policy with a two-year claims made limitation may not be used as the basis for claiming a premium credit or discount in a subsequent transaction.

**NOTE:** This Bulletin should not be interpreted as reflecting negatively upon the character of an individual or entity mentioned herein and is for the sole purpose of establishing underwriting positions and policies reflecting WFG National Title Insurance Company’s best business judgment. 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.**

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