

WFG Underwriting Bulletin



To: All New Mexico Policy Issuing Agents of WFG National Title Insurance Company
From: Underwriting Department
Date: April 08, 2016
Bulletin No. NM2016-07
Subject: 2016 Title Insurance Regulations: Contract Purchaser's Policy Conversion

The rules have been amended to provide better coverages available to contract purchasers when they acquire fee simple interest upon satisfaction of the contract as follows:

(1) NMAC §13.14.6.10 (B) expressly provides for automatic conversion of the estate insured to "fee simple" without the requirement for a policy endorsement, upon recordation of the Warranty Deed from the contract seller. The date of policy will not be changed or down dated. No additional premium shall be charged for this conversion.

(2) Per NMAC §13.14.6.10(C), the insured under a contract purchaser's policy, may request that the policy be converted and down dated to a standard owner's policy by the issuance of a contract purchaser's conversion endorsement, NM form 91. (See WFG Underwriting Bulletin 2016-09 re New Endorsements)

(3) NMAC §13.14.10.6 promulgates an Owner's Contract Purchaser's Conversion Endorsement (NM 91) for use when a contract purchaser's policy is converted to a fee simple owner's policy. Pursuant to NMAC §13.14.6.10, the premium for the endorsement is 50% of the basic premium rate in effect at the time of issuance, up to the face amount of the contract purchaser's policy. If additional coverage is required under the endorsement, the difference is computed at the basic premium rates in the applicable bracket or brackets. No additional premium shall be charged for the endorsement.

Underwriting Instruction: To issue the standard owner's policy or endorsement, you must down date the title and take an exception in Schedule B for any matters shown of record since the date of the contract purchaser's policy and any adverse matters shown in the contract purchaser's policy that have not been released.

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.