



UNDERWRITING BULLETIN

FROM: Underwriting Department

DATE: August 26, 2014

TO: All New Mexico Policy Issuing Agents of WFG National Title Insurance Company

BULLETIN No.: NM – 2014-05

SUBJECT: 2014 TITLE INSURANCE REGULATIONS

This bulletin provides a recap of the recent substantive amendments to New Mexico Title Insurance Regulations and new forms promulgated by the Superintendent of Insurance.

2014 Order of the Superintendent of Insurance

A. Rates

1. The Basic Premium Rate and endorsement premiums remain unchanged.

2. Substitution Rates: §13.14.9.39 Regulatory Substitution Rates is amended to conform to the Statutory Substitution Rates (§59A-30-6.1 NMSA (1978) and to clarify applicability to only the same borrower. The substitution rate may be given if the prior loan was insured. Some of the codes need to be corrected. At this time, use the code that tracks the discount percentage. This change may result in approximately 1% decrease in refinance premiums

B. Substantive Amendments

1. Division of Premiums

a. Amend §13.14.3.11 regarding division of premiums between underwriters and agents to clarify the split between agents and underwriters. The amended rule makes it clear that the applicable split for endorsements is as follows:

i) 80% for the agent of all gross premiums for commitments, mechanic's lien coverage with priority and any endorsement with a fixed premium of \$100 or less.

ii) The agent shall retain the applicable amount of pro-rata premium for owner's survey coverage, extra-hazard premium for mechanic's lien coverage with broken priority and any endorsement with a fixed premium of \$100 or more or variable premiums based on a percentage of the full basic premium.

2. Regulations regarding construction loans

a) Amend §13.14.7.18(A)&(B) to delete NM 3 (Construction Loan Policy) to provide for four six-month extensions for a loan policy containing a two-year claims made limitation

b) Amend §13.14.7.14(B)&(C) regarding mechanic's lien coverage to provide that the new construction loan policy endorsements (NM 83, Construction Loan Endorsement, NM 83.1 Construction Loan Direct Payment Endorsement or NM 83.2 Construction Loan Insured's Direct Payment Endorsement may be issued with the policy and the NM 84 Disbursement Endorsement may be issued thereafter

c) Amend §13.14.7.19 to delete the Pending Disbursements Clause & the NM 22 Pending Disbursement Down Date Endorsement

d) Amend §13.14.9.40 regarding Insuring Construction Loans and Deleting Standard Exception 4 in Standard Loan Policies as follows:

i. Add provision for a loan policy with a two-year claims made limitation to insure a construction mortgage or deed of trust for \$30 plus \$1,000 per thousand of coverage

ii. A loan policy with a two-year claims made limitation may be extended for up to 2 years for a 6-month endorsement with a \$25 premium (same as construction loan policy)

iii. Deletes requirement for the issuance of an NM 83, NM 83.1 or NM 83.2 endorsement to provide mechanic's lien coverage - it is up to the discretion of the underwriter

e.) Amend §13.14.10.18 regarding Down Date Endorsements to include a standard loan policy with a two-year claims made limitation and the issuance of NM 84 Disbursement Endorsement for \$25

C. Newly Promulgated Forms

1. NM 34 US Policy Form replaced with new ALTA Form

2. Replace NM 41 Foreclosure Title Insurance Policy with new NM 41 Limited Pre-foreclosure Title Insurance Policy (ALTA) and replace NM 42 Foreclosure Title Insurance Policy Down Date Endorsement with new NM 42 Limited Pre-foreclosure Title Insurance Policy Down Date Endorsement

3. Add new NM 86 Policy Authentication Endorsement (ALTA 39-06) assuring that a policy containing an electronic signature is still valid

4. Replace NM 65 Zoning - Completed Structure Endorsement with new NM 65 Zoning-Completed Structure Endorsement (ALTA 3.1-06)

5. Add new NM 87 Zoning - Land Under Development Endorsement (ALTA 3.2-06)

6. Replace NM 45 Residential Limited Coverage Junior Loan Policy with new ALTA Form

7. Replace NM 46 Down Date Endorsement to Residential Limited Coverage JR. Loan Policy with new ALTA JR1 form and replace NM 47 Endorsement to Residential Limited Coverage JR. Loan Policy (Future Advance) with new ALTA JR2 Form

8. Replace NM 20 Leasehold Owners Endorsement with new ALTA 13-06 Form and replace NM 21 Leasehold Loan Endorsement with new ALTA 13.1-06 form

9. Replace NM 83 Construction Loan - Loss of Priority Endorsement with new ALTA 33-06 Form - Construction Loan Endorsement providing mechanic's lien coverage for additional advances if work or services designated for payment before date of coverage.

10. Replace NM 83.1 Construction Loan - Loss of Priority - Direct Payment Endorsement with new ALTA 32.1-06 Form - Construction Loan - Direct Payment Endorsement providing mechanic's lien coverage with direct payment(s) made to potential lien claimants by the insured lender or the title company.

11. Add new NM 83.2 Construction Loan - Insured's Direct Payment Endorsement ALTA 32.2-06 Form providing mechanic's lien coverage with a requirement that the insured pay the lien claimants directly

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.