

WFG Underwriting Bulletin



To: All New York Policy Issuing Agents of WFG National Title Insurance Company
From: New York Underwriting Department
Date: December 10, 2020
Bulletin No: NY 2020-42
Subject: TIRSA Rate Manual Change Effective 12/10/2020

As previously advised in a bulletin earlier this week, a new TIRSA Rate Manual goes into effect today, December 10, 2020. Please be aware that the new manual replaces the prior Rate Manual in its entirety. A copy of the Rate Manual may be found on the TIRSA website (www.tirsa.org).

In addition to the changes to several provisions in the Rate Manual, there are three (3) endorsements that have also been revised. They are the Non-Imputation Endorsements and include:

- 1- ***Non-Imputation Endorsement Additional Insured Owners Policy Only***
- 2- ***Non-Imputation Endorsement Investors/Full Equity Transfer Owners Policy Only***
- 3- ***Non- Imputation Endorsement Investors/Partial Equity Transfer Owners Policy Only***

The substance of the endorsements was not altered but the language has been changed to clarify the intent of each of the endorsements. The new endorsements have been filed on the TIRSA website, as well as the WFG website. Any Non-Imputation Endorsement issued for a policy dated December 10, 2020 or thereafter must use the new endorsement forms.

The majority of the revisions reflect clarification of provisions in the manual and are not substantive changes requiring modification of your day to day practices. However, in the interest of clarity, below is a summary of the revisions and the sections of the manual affected

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

by those changes. I have highlighted in yellow those revisions that are in any way substantive, albeit minor,

Section 1: Definitions

The definition of *Construction Loan* was revised. The definition of *Refinance Construction Mortgage Rate* was removed.

Section 2: Rules

Language is added to 2(C) making it clear that a Company can delete or limit a covered risk.

Section 4: Coinsurance

Language is added to the definition of co-insurance.

Section 5: Minimum Insurance: Owner's Policy, Additional Insurance

Language is added to make it clear that the Simultaneous rate does not apply to when issuing the Increase in Amount of Insurance Endorsement.

Section 7: Simultaneous Issue of Multiple Owner's Policies

Language is added to make it clear that simultaneously issued policies shall have the same date of Policy. It also adds language to clarify which policies get the Simultaneous rate when multiple owner's policies are issued insuring different estates such as a fee estate, leasehold and sub-leasehold.

Section 9: Construction Mortgage Insurance – Construction Mortgage Conversion Insurance – Minimum Insurance

Sub-Section (C) is revised to make it clear that any liens or encumbrances remaining on the land are not included as consideration for purposes of determining change of ownership for this rate.

Sub-Section (F) is deleted.

Section 10: Simultaneous Issue of Owner's and Loan or Construction Mortgage Policies

This Section was substantially changed to make several clarifications. Simultaneously issued policies must have the same date. The Simultaneous rate applies only when the Loan policy covers identical property or part of the property *and no additional property* as insured in the Simultaneously issued Owner's policy.

The Section now provides a discounted rate for loan policies where additional property is included if the additional property was acquired by the mortgagor within ten years of the date of application for the loan policy. For loans in the amount of \$475,000.00 or less the rate is 50% of the loan rate up to the amount of the owner's policy plus the purchase price or the existing mortgages. For loans in an amount greater than \$475,000.00 the rate is 70%. The full loan rate applies for insurance above this amount.

The same rules and percentages apply for a Construction Loan except that the owner's rate is applied instead of the loan rate.

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Section 10 does not apply when the Owner's policy was issued for a Partial Equity Transfer under Section 18(B) of the manual.

Section 11: New York City Development Rights

Prior Section 11 entitled "Mortgages Insured Upon Acquisition of Property When an Owner's Policy Covering All of The Mortgage Property Is Not Simultaneously Issued" has been deleted. The new Section 11 details the issuance of the New York City Developments Rights Endorsement.

Section 12: Refinance and Subordinate Mortgage and Refinance Construction Mortgage

This Section has been rewritten to make it clear that these rates do not apply when there is additional property or an additional person added to the new mortgage.

Section 13: Mortgage Modification and Construction Mortgage Modification (No New Money)

Language was added to clarify the section when used for the modification of a construction loan and when charges for draws will apply.

Section 14 – Simultaneous Issue of Two or More Loan Policies (Aggregation)

Clarifies that the aggregated rate shall be based on the priority of the mortgages as insured rather than in an order that gives the lowest or highest rate. If the mortgages have equal priority the aggregation shall be done in the order in which we are directed to record the mortgages.

Section 15 – Collateral Mortgages

Language was added to clarify this section and to remove language relating to changes in other sections.

Section 18 – Entity Purchase and Non-Imputation Endorsement

This Section was rewritten to work better with the three Non-Imputation Endorsements. It explains when each endorsement should be used and how the insured under the policy and/or endorsement should appear.

Section 21 – Contract Vendee Endorsement

Language was added to clarify the amount of insurance and that the Endorsement must insure an interest in the same land as described in the Owner's Policy. Subsection (C) providing for \$200 continuation charges was deleted.

Section 22 – Option Insurance

This Section was completely rewritten. It explains how an Option Endorsement is to be issued in multiple scenarios and what the charge is based on for each scenario. The subsection providing for \$200 continuation charges has been deleted.

Section 28 – Continuation of Insurance

There are no material changes to this Section. Some wording was changed to make it clearer.

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A full copy of the 2020 TIRSA Rate Manual is available on the TIRSA website. The new endorsements have been made part of the Revised Rate Manual and copies of these endorsements are available for use on the WFG Underwriting website (<https://wfgunderwriting.com/new-york>).

Any questions should be directed to the New York Agency Department.

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