

UNDERWRITING BULLETIN

Stewart Title Insurance Company, 300 East 42nd Street, 10th Floor -New York, New York 10017
(212) 922-0050 – (800) 433-0014 – FAX (212) 983-1133

NY000275

Date: March 20, 2006

To: All New York State Office Counsel, Managers and Agents

From: John L. Killea, Senior Vice President and General Counsel

Re: Clarification of Section 14 and 19 of the New York State Rate Manual

Subsequent to the issuance of our Bulletin 272 dated January 26, 2006 regarding the new Section 14 of the TIRSA Manual, we have received a number of inquiries that require clarification.

Section 14- Refinance and Subordinate Mortgage

Section 14 (A) (2) (b) requires that, "... there has been no change in the ownership of the fee or leasehold estate..."

In cases in which the original mortgagors have changed, the following scenarios may arise:

- 1) H & W are original owners/mortgagors, H deeds to W, W now refinances;
- 2) Tenants in common are original owners/mortgagors, co-tenant 1 conveys to co-tenant 2, who now refinances.

When at least one of the original mortgagors remains in title, and there have been no additional owners added, Stewart requires the refinance rate be given.

- 3) H and W, or tenants in common are original owners/mortgagors, then prior to or at refinance, a 3rd party is added to title.

When a new party is added, Stewart requires the full rate be given.

Section 14 (A) (2) (c) requires that, “the New Mortgage describes the same property...”

The following scenarios may arise in connection with this requirement:

The owner has taken the following action with respect to the parcel acquired:

- 1) deeded part of the original parcel;
- 2) subdivided part of the original parcel;
- 3) lost part of the original parcel due to condemnation or litigation.

Where the parcel that is the subject of the refinance is a part of the original parcel, Stewart requires the refinance rate be given.

However, when the parcel that is the subject of the refinance includes additional property than the original parcel, Stewart requires that the full rate be given.

Section 19- Simultaneous Issue of Two or More Loan Policies

Section 19 of the TIRSA Manual requires that amount of the mortgages be added together and the rate given on the combined amount. We have received a number of inquiries regarding the application of this section.

In order to compute the rate for each individual mortgage, first find out what percentage each mortgage is of the total combined amount of the mortgages. Then apply this percentage to the combined rate, for example:

1 st mortgage	\$500,000.00
2 nd mortgage	\$250,000.00

Combined rate based on \$750,000 (Zone 2) is \$2,938.00 (full rate used for example).

Mortgage 1 is 66% of the total amount of mortgages calculated as follows:

$$500,000 \text{ divided by } 750,000 = .66$$

Therefore the rate for mortgage 1 is \$1,937.00 (\$2,938.00 x .66)

Mortgage 2 is 34% of the total amount of mortgages calculated as follows:

$$250,000 \text{ divided by } 750,000 = .34 \text{ (rounded up)}$$

Therefore the rate for mortgage 2 is \$999.00 (\$2,938.00 x .34)

We hope these clarifications assist you as you encounter these situations. If you have any questions regarding this Bulletin please call Harold Boxer, Senior Agency Underwriting Counsel at 212-922-0050.