

UNDERWRITING BULLETIN

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NY000308

Date: April 10, 2007

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

From: Harold S. Boxer, Vice President and Senior Agency Counsel

Re: New Century Mortgage

Questions have arisen with respect to the handling of assignments and payoffs of New Century mortgages in light of its bankruptcy filing.

With respect to an assignment by New Century, a Chapter 11 Lender that is a Debtor in Possession, Stewart requires proof that the assignment was authorized by court order in the bankruptcy court (some assets sales are contemplated and New Century has already secured Debtor in Possession (DIP) financing).

If an assignee bank wants a policy, the following exception must be raised:

"This endorsement shall be effective provided that the note or notes secured by the lien of the insured mortgage have been properly endorsed and delivered to the insured at Date of Endorsement."

On a loan policy where a New Century mortgage is being assigned, and the consolidated mortgage is being insured, the following exception must be raised:

"This policy shall be effective provided that the note or notes secured by the lien of the insured mortgage have been properly endorsed and delivered to the insured at Date of Policy."

This exception would not be necessary if it can be confirmed (such as by certification/letter from the institutional assignee) that the assignee was securing endorsement and delivery of the note. Absent such possession, it would not be known with certainty who really owned the note, and the note could remain subject to security interests perfected by UCC filings. Although there is to be DIP financing with possible security interests granted, we would expect any authorized sale of loans to supersede or otherwise deal with such financing.

With respect to a payoff where the mortgage remains in the name of New Century, Stewart requires a firm written payoff that also confirmed (1) that New Century owned

and possessed the note, and that it had the authority to provide a payoff and accept payment in full, or (2) if New Century is or has been servicing for a third party, the third party (or outside counsel or other credible party) would need to confirm either the amount and manner of payoff or that New Century may provide a payoff, accept payment in full and execute a release. The borrowers could confirm at least whether payments were being sent to New Century.

Absent a court order or confirmation of the release process from New Century's law firm, Stewart wants a satisfaction in escrow with the written payoff.

If you have any questions, contact Agency Legal Services at 212.922.0050

References:

Bulletins Replaced:	None
Related Bulletins:	NYSA000102
Underwriting Manual:	None
Exceptions Manual:	None
Forms:	Two
Attachments:	None

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