

# First American Title Insurance Company of New York

## CURRENT DEVELOPMENTS

### NEW RESIDENTIAL TITLE INSURANCE POLICY

A new owner's policy of title insurance, submitted to the New York State Insurance Department by the Title Insurance Rate Service Association, Inc. ("TIRSA"), was approved by the Department on January 11, 2001 for use in New York State. Formally identified as the TIRSA Owner's Extended Protection Policy ("TOEPP"), the policy is substantially the same as First American's Eagle Protection Owner's Policy (the "Eagle Policy"), which was adopted by the California and American Land Title Associations ("ALTA") and is issued in other states by the First American Title Insurance Company.

The Eagle Policy will be issued to insure an individual's ownership of an existing residential condominium unit or an improved property with a one-to-four family residence. The Eagle Policy does not replace the existing ALTA 1992 policy used in New York. Rather, it is a plain language, consumer - oriented, alternative policy affording extensive additional, valuable title insurance protection.

The policy will be issued to insure the owner of an *improved* residential lot on which there is located a one-to-four family residence or a residential condominium unit against actual loss, including costs, attorney's fees and expenses incurred by reason of a "Covered Risk" to the extent provided in the policy.

An insured under an Eagle Policy must be a natural person or the trustee of a trust established by a natural person for estate planning purposes. The trustee in such an instance can be an entity.

#### Covered Risks

The list that follows is not intended to be all-inclusive. The Eagle Policy includes all the usual insurance coverage in an ALTA policy and additional coverage. The list of Covered Risks below highlights certain additional coverage afforded (subject in certain instances to Schedule B exceptions) under the Eagle Policy.

1. Coverage against certain types of claims against title even if they first occur *after* the Policy Date. These include claims arising out of forgery or impersonation or when someone asserts an easement or a right to limit the use of the Land.
2. Coverage against a lack of actual vehicular and pedestrian access to the Land. The ALTA policy insures only a right of legal access, not access in fact.

**3. Coverage against the forced correction or removal of a violation on the Policy Date of any covenant, condition or restriction excepted in Schedule B, unless the violation is excepted in Schedule B of the policy.**

**4. Coverage against the loss of title because of a violation on the Policy Date of any covenant, condition or restriction excepted in Schedule B, unless the violation is excepted in Schedule B of the policy**

**5. Coverage against the inability of the insured to obtain a building permit due to a violation of a subdivision law or regulation existing at the Policy Date; coverage against the insured being required to correct or remove such a violation; and coverage against loss incurred if someone refuses to perform a contract to purchase the Land, lease the Land or make a mortgage loan on it due to the existence of such a violation. The amount of insurance for this Covered Risk is subject to a Deductible and a Maximum Dollar Limit of Liability.**

**6. Coverage against the forced removal of a structure on the premises (other than boundary walls and fences) as they exist of the Policy Date because any portion of the structure was built without obtaining a proper building permit. The amount of insurance for this Covered Risk is subject to a Deductible and a Maximum Dollar Limit of Liability.**

**7. Coverage against the forced removal of any part of the structure on the Land (other than boundary walls and fences) as they exist on the Policy Date because they violate an existing zoning law or regulation. The amount of insurance for this Covered Risk is subject to a Deductible and a Maximum Dollar Limit of Liability.**

**8. Coverage against the inability of the insured to use the Land as a single-family residence due to violation of an existing zoning law or regulation.**

**9. Coverage against the insured being forced to remove a structure as it exists on the Policy Date because it encroaches onto a neighbor's Land. If the encroaching structure is a boundary wall or fence, the amount of insurance is subject to a Deductible and a Maximum Limit of Liability.**

**10. Covered against loss incurred if someone refuses to perform a contract to purchase the Land, lease the Land or make a mortgage loan on it due to the encroachment onto the Land of any structure located on an adjoining property.**

**11. Coverage against the insured being forced to remove an existing structure encroaching onto easement or a set-back excepted in Schedule B unless the encroachment is specifically excepted in Schedule B.**

**12. Coverage against a neighbor building any structures *after* the Policy Date, other than boundary walls or fences, which encroach onto the Land insured.**

### **OTHER PROVISIONS**

**The Eagle Policy includes “gap” coverage and the usual coverage against mechanics liens filed after the policy date for labor and materials previously furnished. The coverage of the policy continues so long as the insured has title to the insured premises or owns a mortgage taken back on its sale, and so long as the insured is liable under any warranties of title made in a conveyance of the Land.**

**The Policy will also insure those who inherit the insured title on the death of the insured, the insured's spouse taking title on dissolution of their marriage, the trustee of a Trust to which title is transferred after the Policy Date, and the beneficiaries of such a Trust taking title on the death of the insured. A "Trust" is defined for the Policy to be "a living trust established by a human being for estate planning".**

**If the insured cannot use the Land because of a claim covered by the Policy, the insured may rent a reasonably equivalent substitute residence until the claim is removed or the insured is paid under his or her policy. The Company will repay the insured for such actual rental expense.**

**In addition, if the insured cannot use the Land because of a claim covered by the Policy, the Company will also pay the reasonable cost of relocating personal property from the Land for a distance of up to twenty-five miles and the cost of repairing personal property damaged due to that relocation to an amount not exceeding the value of the personal property prior to its relocation.**

**The amount of insurance automatically increases by ten percent each year for the first five years up to one hundred and fifty percent of the Policy Amount.**

**The premium for this new form of title policy is one hundred and twenty percent of the regular Owner's policy rate. Contact your First American sales representative for further information.**

**Michael J. Berey  
Senior Underwriting Counsel  
February 5, 2001  
[mberey@firstam.com](mailto:mberey@firstam.com)**