**Agenda Item: 2012-65 (Amended)**

**Submitted by: Jim Gosdin and John Rothermel**

**On Behalf of: Stewart Title Guaranty Company**

**Address: 1980 Post Oak Blvd., Suite 710**

 **Houston, Texas 77056**

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Stewart Title Guaranty Company petitions the Commissioner of Insurance to adopt the following revisions to the Residential Leasehold Endorsement Form (T-4R):

RESIDENTIAL OWNER’S LEASEHOLD ENDORSEMENT

BY

BLANK TITLE INSURANCE COMPANY

This ~~E~~endorsement is a part of Owner’s Policy Number (T-1R).

1. The following are definitions for this endorsement.
2. “Evicted” or “Eviction”:

(~~a~~i) the lawful deprivation of your right of possession insured by this policy, contrary to the terms of the Lease or

(~~b~~ii) the lawful prevention of your use of the land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case, as a result of a Covered Title Risk.

1. “Lease”: the lease described in Schedule A.
2. “Leasehold Estate”: the right of possession for the Lease Term.
3. “Lease Term”: the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.
4. “Personal Property”:

(~~1~~i) furniture, appliances, and other personal, family or household goods located on the land, and

(~~2~~ii) property which can be removed from the land without causing significant damage to that property or the land.

1. “Remaining Lease Term”: the portion of the Lease Term remaining after you have been Evicted as a result of a Covered Title Risk.
2. “Tenant Leasehold Improvements”: Those improvements, including landscaping, on the land you have built or in which you have an interest greater than the right to possession during the Lease Term.
3. Valuation of Estate or Interest Insured

To determine the value of your estate or interest in the land as a result of a Covered Title Risk that results in an Eviction, the value will consist of the value of your Remaining Lease Term and any Tenant Leasehold Improvements then existing. You shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

1. Miscellaneous Loss:

If you are Evicted because of a Covered Title Risk, we will include the following in computing your actual loss. We will not include the following if they are included in the valuation of your estate or interest in the land.

1. We will pay reasonable costs of removing and relocating Personal Property that you may remove and relocate. We will pay the reasonable costs to repair Personal Property damaged during removal and relocation. We will not pay transportation costs for more than one hundred miles.
2. We will pay rent or damages for use of the land before Eviction that the law requires you to pay to any person with superior title.
3. We will pay the amount of rent under the Lease that you must continue to pay after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which you have been Evicted.
4. We will pay the value of any lease or sublease of the land by you.
5. We will pay damages that you are obligated to pay to lessees or sublessees on account of the breach of the lease or sublease of the Leasehold Estate or Tenant Leasehold Improvements caused by Eviction. We will pay only these costs that Eviction caused.
6. We will pay reasonable costs you incur to obtain land use, zoning, building and occupancy permits, architectural and engineering services and environmental testing and reviews for [~~secure~~] a [~~replacement~~] leasehold reasonably equivalent to the Leasehold Estate.
7. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, we will pay you the actual cost you incur, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs you incur to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, landscaping costs and fees, costs and interests on loans for the acquisition and construction.
8. Our total liability under the ~~P~~policy and ~~E~~endorsements shall not exceed the face amount of the ~~P~~policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face thereof.

 BLANK TITLE INSURANCE COMPANY

By:

Form T-4R: Residential Owner’s Leasehold Endorsement (T-1R)

Justification:

The proposed revisions conform to the ALTA Endorsement 13-06 (Leasehold – Owner’s). Paragraph 3.f. is clarified to include a list of covered expenses in securing a leasehold reasonable equivalent to the Leasehold Estate.