

13.14.5.9 NMAC is amended to make arbitration clauses in title insurance policy forms voluntary, effective August 29, 2003.

13.14.5.9 STANDARD EXCEPTIONS IN SCHEDULE B:

A. All Commitments issued on New Mexico property will contain each of the following numbered exceptions verbatim and in the same order stated herein:

- (1) Rights or claims of parties in possession not shown by the public records.
- (2) Easements, or claims of easements, not shown by the public records.
- (3) Encroachments, overlaps, conflicts in boundary lines, shortages in area, or other matter which would be disclosed by an accurate survey and inspection of the premises.
- (4) Any lien, claim or right to a lien, for services, labor or materiel heretofore or hereafter furnished, imposed by law and not shown by the public records.
- (5) Community property, survivorship, or homestead rights, if any, of any spouse of the insured (or vestee in a leasehold or loan policy). NOTE: Existing inventory of preprinted forms containing the words "dower, curtesy" in standard exception number 5 may be used without penalty until existing supplies are exhausted or the words "dower, curtesy" may be deleted on preprinted forms by crossing them out.
- (6) Any titles or rights asserted by anyone including, but not limited to, persons, corporations, governments, or other entities, to lands comprising the shores or bottoms of navigable streams, lakes, or land beyond the line of the harbor or bulkhead lines established or changed by the United States Government.
- (7) Unpatented mining claims, reservations or exceptions in patents or in acts authorizing the issuance thereof water rights, claims or title to water. NOTE: Standard Exception 7 may be modified to allow deletion of all language with the exception of the words "water rights, claims or title to water."
- (8) Taxes or assessments which are not shown as existing liens by the public records.
- (9) Taxes for the year _____, and thereafter. (See 13.14.5.12 NMAC)
- (10) Defects, liens, encumbrances, adverse claims or other matters, if any, created first appearing the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of records the estate or interest or mortgage thereon covered by this Commitment.

B. Additionally, each Commitment may contain the following statement when said Commitment is used to commit for both an Owner's Policy and a Loan Policy or a Loan Policy only: "Exceptions numbered _____ will not appear in the Loan Policy but will appear in the Owner's Policy, if any." If the commitment is for a Construction Policy, the following statement must be added: "The Construction Loan Policy will contain an exception limiting its coverage to two years duration pursuant to 13.14.7.18 NMAC."

C. Each Commitment shall contain the following statement: General Exceptions 1, 2, 3, 4, 6 and/or 7 may be deleted from any policy upon compliance with all provisions of the applicable rules, upon payment of all additional premiums required by the applicable rules, upon receipt of the required documents and upon compliance with the Company's underwriting standards for each such deletion. General Exception 5 may be deleted from the policy if the named insured in the case of an Owner's Policy, or the vestee, in the case of a Leasehold or Loan Policy, is a corporation, a partnership, or other artificial entity, or a person holding title as trustee. The policy to be issued pursuant to this Commitment will be endorsed or modified in Schedule B by the Company to waive its right to demand arbitration pursuant to the conditions and stipulations of the policy at no cost or charge to the insured. The endorsement or the language added to Schedule B of the policy shall read: "In compliance with Subsection D of 13.14.18.10 NMAC, the Company hereby waives its right to demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Nothing herein prohibits the arbitration of all arbitrable matters when agreed to by both the Company and the insured."

[6-16-86, 3-1-90, 6-1-97, 6-1-98; 13.14.5.9 NMAC – Rn, 13 NMAC 14.5.9, 5-15-00; A, 8-29-03]