

SECTION 14: REFINANCE AND SUBORDINATE MORTGAGE

- (A) (1) Whenever a new loan policy (a "New Loan Policy") is issued in the amount of \$475,000 or less, the charge for the New Loan Policy shall be 50% of the applicable full loan rate up to the greater of:
- (a) the full consideration paid for the deed, lease or assignment of lease vesting title in the mortgagor (the "Vesting Instrument");
 - (i) computed from the amount of New York State Real Estate Transfer Tax stated on the Vesting Instrument, or
 - (ii) otherwise shown on the Vesting Instrument, or
 - (iii) shown in the public records, or
 - (b) the face amounts of all existing mortgages (including the consolidated amount of consolidated or modified mortgages) made by the owner of the fee or leasehold estate created by the Vesting Instrument (the "Existing Mortgage(s)");
- (2) provided that:
- (a) the Vesting Instrument or the Existing Mortgage(s) on which the reduced rate is based was created within ten years before the date the order for the New Loan Policy was placed; and
 - (b) the new loan is to be made by all of the same or by some of the same persons as shown as the owners of the fee or leasehold estate in the Vesting Instrument, or by all of the same or some of the same persons as shown as the mortgagors in the Existing Mortgages; and
 - (c) The New Mortgage describes the same property or some of the same property as is set forth in the Vesting Instrument or the "Existing Mortgage(s)": means the New Mortgage describes all of the same property or some of the same property as shown in the Vesting Instrument or the Existing Mortgages.
- (3) For any insurance that exceeds the greater of the amounts set forth in (A) (1) (a) or (A)(1)(b) above, the charge for such insurance shall be the full applicable loan rate.
- (B) (1) Whenever a new loan policy (a "New Loan Policy") is issued in the amount of more than \$475,000, the charge for the New Loan Policy shall be 70% of the applicable full loan rate up to the greater of:
- (a) the full consideration paid for the deed, lease or assignment of lease vesting title in the mortgagor (the "Vesting Instrument");
 - (i) computed from the amount of New York State Real Estate Transfer Tax stated on the Vesting Instrument, or
 - (ii) otherwise shown on the Vesting Instrument, or
 - (iii) shown in the public records, or
 - (b) the face amounts of all existing mortgages (including the consolidated amount of consolidated or modified mortgages) made by the owner of the fee or leasehold estate created by the Vesting Instrument (the "Existing Mortgage(s)");
- (2) provided that:
- (a) the Vesting Instrument or the Existing Mortgage(s) on which the reduced rate is based was created within ten years before the date the order for the New Loan Policy was placed; and

(b) the new loan is to be made by all of the same or by some of the same persons as shown as the owners of the fee or leasehold estate in the Vesting Instrument, or all of the same or some of the same persons as shown as the mortgagors in the Existing Mortgages.; and

(c) New loan describes all of the same property or some of the same property as shown in the Vesting Instrument or the Existing Mortgages.

(3) For any insurance that exceeds the greater of the amounts set forth in (B)(1)(a) or (B)(1)(b) above, the charge for such insurance shall be the full applicable loan rate.

(C) "Existing mortgage" includes only mortgages that are open of record and have not been paid off prior to the transaction being insured.

(D) Additional discounts may be applicable pursuant to the following sections 14 A and 14 B.

Note: see examples at the end of Section 14 B

14A Refinance Loan Same Lender Same Borrower (Residential (1-4 Family) Property only)

(A) (1) Whenever a new loan policy (a "New Loan Policy") is issued at any time insuring a new loan on property, when all of the following conditions are met and subject to only the conditions in (a) through (g) of this Section 14(A), the premium for the New Loan Policy shall be 70% (a 30% discount) of the applicable refinance premium calculated under Section 14 of this manual:

- (a) the New Loan Policy insures a new loan on Land improved only by an owner occupied residential (one to four family) property or an individual residential condominium unit or an individual residential cooperative apartment. A residential (1 to 4 family) property may include one apartment, unit or space used by the owner of the property as a professional office;
- (b) the holder of the loan or the holder of the beneficial interest in the loan being refinanced is the same as the holder of, or the holder of the beneficial interest in the new loan, including an affiliated entity or successor by merger, but not including a holder by assignment, unless the assignment is to an affiliated entity or successor by merger;
- (c) the new loan is a refinance of an existing loan by replacement with a new loan or a new loan consolidated with an existing loan;
- (d) the New Loan Policy is applied for at any time during the ownership of the property by the person or persons making the new loan;
- (e) all of the same or some of same persons executing the new loan are the same as those persons who executed the existing loan being refinanced;
- (f) the source of title into the parties who executed the loan being refinanced is the same as for the parties making the new loan; and
- (g) the New Loan Policy describes the same property or less as is set forth in the loan being refinanced.

***Note: see examples following Section 14B**

14B Refinance Loan Same Borrower New Lender (Residential (One to Four Family) Property)

- (A) (1) Whenever a new loan policy (a "New Loan Policy") is issued at any time insuring a new loan, when all of the following conditions are met and subject to only the conditions in (a) through (g) of this Section 14(B), the premium for the New Loan Policy shall be 85% (a 15% discount) of the applicable refinance premium calculated under Section 14 of this manual
- (a) the New Loan Policy insures a new loan on Land improved only by an owner occupied residential (one to four family) property or an individual residential condominium unit or an individual residential cooperative apartment which may include one apartment, unit or space used by the owner of the property as a professional office;
 - (b) the holder of the loan or the beneficial interest in the loan being refinanced is NOT the same as the holder of the new loan. However, if the holder of the loan being refinanced is a successor by merger or by an assignment to an affiliated entity or a successor by merger of the holder of the loan being refinanced, section 14A will apply;
 - (c) the new loan is a refinance of an existing loan by replacement with a new loan or a new loan consolidated with an existing loan;
 - (d) the Loan Policy is applied for at any time during the ownership of the property by the person or persons making the new loan;
 - (e) all of the same or some of same persons executing the new loan are the same as those persons who executed the existing loan being refinanced;
 - (f) the source of title into the parties who executed the loan being refinanced is the same as for the parties making the new loan; and
 - (g) the New Loan Policy describes the same property or less as is set forth in the loan being refinanced.

***Note: see examples following this section.**

Examples for Section 14A and 14B

Example # 1: Ten Year Limitation not applicable to Sections 14A and 14B.

Owner purchased a residential (1 to 4 Family) property in 1995 with a Loan from Lender X.

- a. In 2002, Owner refinanced the Loan with Lender X. Owner is now refinancing the Loan held by Lender X with Lender X.

Owner is entitled to the additional 30% discount as set forth in Section 14A. There is no time limitation on the additional discount. The Rate under Section 14 of the TIRSA Rate Manual should be calculated even though more than 10 years have elapsed since the Owner's Vesting Instrument or the last qualifying mortgage transaction using the greater of the consideration paid for the Vesting Instrument or face amounts of all Existing Mortgage(s) (including the consolidated amount of consolidated or modified mortgages) made by the Owner. The additional discount is then applied to the rate derived under Section 14.

- b. Owner is refinancing the existing Loan held by Lender X with new Lender Y. Lender Y is not a successor by merger or a corporate affiliate of Lender X.

Owner is entitled to the additional 15% discount as set forth in Section 14B. As noted in "a" above, the ten year limitation in Section 14 does not apply when computing the Section 14 rate and the additional discount.

Example #2: All of the same or some of the same persons.

A residential (1 to 4 family) property is purchased by Owners A, B and C in 2000. Owners A, B and C made a Loan on the premises in 2004 with Lender X.

- a. In 2005, Owners A, B and C (by a single deed or individual deeds) conveyed the premises to Owner C. Owner C is now refinancing the Loan with Lender X.

Owner C is entitled to the additional 30% discount under Section 14A. Owner C is one of the original owners of the property.

- b. Owner C is refinancing the Loan presently held by Lender X with new Lender Y who is not a successor by merger or corporate affiliate of Lender X.

Owner C is entitled to the additional 15% discount as set forth in Section 14B.

- c. Owner C deeds the premises to Owner C and an additional new Owner D.

Owners C and D are not entitled to the additional discounts of either Sections 14A or 14B. Owners D is a new party in title, and the borrowers C and D are not the same as the same or some of the same persons as the original borrower.

- d. Owners C and D further convey the premises back to Owner C.

Owner C is not entitled to the additional discounts of either Sections 14A or 14B. Because the source of title by Owner C is not the same as the source of title under which Owner C made the Loan in 2004, the additional discount does not apply.

Example 3: All of the same property or less.

Owner purchased a residential (1 to 4 family) property in 2000. In 2006 Owner takes out a Loan from Lender X.

- a. In 2009 Owner conveys a portion of Owner's property. Owner refinances with Lender X.

Owner is entitled to the 30% additional discount under Section 14A. Even though Owner has conveyed a portion of its property, Owner still owns a portion of the original property.

- b. Owner refinances to Lender Y.

Owner is entitled the 15% additional discount under Section 14B. The remaining property owned by Owner is part of the original property, however, Lender Y is a new Lender.

Owner purchased a Residential (1 to 4 family) property with an adjoining vacant separately assessed lot in 2000 and finances the purchase with Lender X.

- a. In 2010 Owner refinanced the Loan on the unimproved lot. Owner is now refinancing the Loan on the unimproved lot.

Owner is not entitled to the additional discounts under Sections 14, 14A or 14B. The separately assessed parcel is not a residential (1 to 4 family) property since it is vacant.

Example 4: Residential condominium unit (or Cooperative Apartment).

Owner owns a condominium unit that Owner uses as his residence. Owner also owns an ancillary unit or units in the building used in connection with the residence i.e., a "maid's apartment," a parking spot or storage unit ("ancillary unit"). Owner takes out a Loan on a residential unit and an "ancillary unit" to Lender X in 2007.

- a. Owner is refinancing the Loan on the residential and "ancillary unit(s)" with Lender X

Owner is entitled to the additional 30% discount under Section 14A. The ancillary units are used in conjunction with the occupancy by the owner of the residential unit.

- b. Owner is refinancing the existing Loan held by Lender X with a new Lender, Lender Y.

Owner is entitled to the additional 15 % discount under Section 14B. The refinance with a new Lender Y is only eligible for the 15% additional discount.

- c. Owner refinances his owner occupied residential unit with Lender X but the Loan does not encumber all or any of the ancillary units used in connection with the owner's unit.

Owner is entitled to the additional 30% discount under Section 14A. The residential unit is part of the same property owned and originally financed.

- d. Owner refinances with Lender Y and the Loan does not describe some or all the "ancillary units" used in connection with the residential unit.

Owner is entitled to the additional discount under Section 14B. The refinance is with a new Lender that is not a successor or affiliate of Lender X.

- e. Owner refinances the residential unit and "ancillary units", however, Owner has substituted a new or different "ancillary unit) for one or more of the original "ancillary units".

Owner is not entitled to the additional discounts under either Sections 14A or 14B. The substitution of a different "ancillary unit is not the same property that secured the original loan.

Example 5: Holder of the Loan or beneficial interest in the Loan.

Owner takes out a Loan in 2006 with Lender X. In 2007, Lender X assigns the Loan to Lender X1 which is a wholly owned subsidiary of Lender X.

- a. Owner is refinancing with Lender X1.

Owner is entitled to the additional 30% discount under Section 14A. Lender X1 is a subsidiary of Lender X and is considered to be the same as Lender X.

- b. Owner is refinancing with Lender Y.

Owner is entitled to the additional 15% discount under Section 14B.

Lender Y is unrelated to Lender X.

Owner made a Loan in 2006 with Lender X. In 2007 Lender X assigned the mortgage to MERS, or a similar entity, as nominee for Lender X, but Lender X retained the beneficial interest in the Loan.

- a. Owner is refinancing with Lender X.

Owner is entitled to the additional 30% discount under Section 14A. The "Same Lender" rule applies to this refinance.

- b. Owner is refinancing with new Lender Y which is an assignee of Lender X's beneficial interest. The Loan is still held of record by MERS or a similar entity, as nominee.

Owner is entitled to the additional 15% discount under Section 14B. Lender Y is unrelated to Lender X even though the Loan is held of record by the same nominee.

Example 6: No Existing Loans.

Owner's residential (1 to 4 family) property is unencumbered by a Loan, either because Owner never made a Loan on the property, or because a prior Loan on the property was paid off prior to the current Loan.

Owner is not entitled to the additional discounts under either Sections 14A or 14B. There are no existing mortgages that are being refinanced. Section 14 may apply if all of the conditions of Section 14 are met.

Example 7: Refinance of new Loan consolidated with an existing Loan.

Owner takes out a Loan from Lender X in 1998 for \$50,000. In 2001 Owner takes out an additional Loan from Lender X in the amount of \$ 25,000, which Loan is consolidated with the 1998 Loan to form a single lien of \$75,000.

- a. Owner is refinancing the existing consolidated Loan held by Lender X, with Lender X.

Owner is entitled to the benefit of the additional 30% discount of Section 14A. "Same Lender" discount applies.

- b. Owner is refinancing the existing consolidated Loan and takes out a new additional Loan with Lender X to be consolidated with the existing Loan.

Owner is entitled to the additional 30% discount under Section 14A. "Same Lender" discount applies even though there is a new loan being consolidated with the consolidated Loan held by Lender X.

- c. Owner is refinancing the existing consolidated Loan and making a new Loan to Lender Y. Lender X is assigning the consolidated Loans to Lender Y. Lender Y is not a successor by merger or corporate affiliate of Lender X.

Owner is entitled to the additional 15% discount under Section 14B. Lender Y is not the "Same Lender".

Example 8: Multiple Loans.

Owner takes out a Loan in 2000 with Lender X. In 2007 Owner takes out a subordinate Loan with Lender Y. These two Loans are not consolidated.

- a. Owner is refinancing with Lender X and both Loans X and Y will be satisfied with the proceeds of the new Loan.

Owner is entitled to the additional 30% discount under Section 14A. Even though the Loan held by Lender Y is being satisfied out of the proceeds of the refinance with the Lender X, since the existing Lender X loan is being refinanced with Lender X, the "Same Lender" rule applies.

- b. Owner is refinancing with Lender X except that instead of Loans X and Y being satisfied with the proceeds of the new Loan, Lender Y is assigning its Loan to Lender X.

Owner is entitled to the additional 15% discount under Section 14B. Although Lender X is a "Same Lender", by taking an assignment of Lender Y's loan, the new consolidated loan by Lender X is not a "Same Lender" loan.

The unconsolidated Loans held by Lender X and Y are being refinanced by Lender Z who has taken Lender X's and Lender Y's Loans by assignment.

- a. Lender Z is not a successor by merger or corporate affiliate of either Lender X or Y and will be consolidating the existing Loans or adding a new Loan to be consolidated with the existing Loans.

Owner is entitled to the additional 15% discount under Section 14B. Lender Z is a new Lender unrelated to either X or Y.