

WELCOME

Welcome to the July edition of *The Connection*. It has been a busy year to date for Stewart Title with many interesting developments in the market.

In March we officially launched a new marketing website for Stewart Title Limited www.stewartau.com. I invite you to visit the site and discover information and tools that will assist you in learning more about Stewart Title Limited and the benefits that title insurance provides.

Title Insurance for purchasers of property has now been available in the Australian market for over 3 years. The positive impact that title insurance has on reducing the risk for practitioners in the transaction is starting to be recognised. In NSW, the Australian Institute of Conveyancers has reported a drop in the number of claims on their professional indemnity insurance policy over the past 18 months. They attributed this reduction to two factors, the introduction of a risk management program and the increase in the popularity of title insurance.

In Queensland the value of title insurance has also been recognised by the professional indemnity insurer for Queensland solicitors. In response to an increase in property related claims a Conveyancing Protocol has been developed for Queensland.

The protocol was first introduced in July 2006. An updated version of the protocol is due to be released in July 2007 which includes reference to title insurance. The updated protocol will state that the solicitor should advise the buyer of the availability of title insurance.

Stewart Title is continuing to support further education programs for solicitors and conveyancers around Australia. We have recently renewed sponsorship arrangements for such programs in NSW, Victoria and Western Australia. Stewart Title's focus for these programs is risk management in the property transaction with our qualified and experienced staff presenting on a range of property related issues including title insurance.

I trust that you will find this edition of our newsletter interesting and informative.

Regards



Anna Macdonald, General Manager

APPOINTMENTS

**Stephanie Hage as
Manager,
Business Development &
Marketing**



We are pleased to announce that Stephanie Hage has taken on the role of Manager, Business Development and Marketing. In this role, Stephanie is responsible for the management and direction of marketing strategies and business development activities of Stewart Title Limited at a national level.

Stephanie first joined Stewart Title in 2004 as Business Development Manager, Victoria where she was responsible for promoting Stewart Title's products.

Prior to joining Stewart Title, Stephanie worked in private practice as a lawyer.

Stephanie received her Bachelor of Law and Bachelor of Arts from Monash University and is admitted as a Solicitor in Victoria.

She can be contacted about any marketing and business development related issues on 03 9827 6190 or via email at stephanie.hage@stewart.com.

UNDERWRITING NEWS

Defence of Title

In addition to indemnifying the insured from actual loss arising from a risk covered in the Stewart Title Residential Purchaser Policy, Stewart Title will also defend the insured's title as represented in the Policy and cover the costs incurred in that defence, such as legal costs and expenses. These costs are in addition to any liability Stewart Title may have in respect of the indemnity amount contained in the Policy.

Below are some examples of the operation of Stewart Title's duty to defend:

Government Authority Claim

One of Stewart Title's insureds in Victoria was recently informed that a large portion of the back yard was in fact owned by a government authority and that the insured was trespassing. The government authority demanded the insured relocate the fence to the original title boundary and demolish all structures placed on the disputed land. Following our investigation of the matter, Stewart Title accepted the claim and in accordance with the defence of title provisions, engaged lawyers to defend the insured's title on the basis that the insured acquired a right to adverse possession of the land pursuant to the relevant State legislation.

Stewart Title will cover all legal costs and expenses in relation to the adverse possession proceedings.

Previous Development Consent

One of Stewart Title's insureds in New South Wales received notification from the relevant local Council requesting that the insured submit a Section 73 Compliance Certificate in order to ensure compliance with a previous development consent granted to the previous owner.

Stewart Title made contact with Council on behalf of the insured in relation to the issue. Council ultimately confirmed that it would not pursue the matter of compliance with that particular condition of the development consent.

Should you have any queries relating to the duty to defend the title provision of the Residential Purchaser Policy please email us at e.underwriting@stewart.com or telephone the Underwriting Department on 1800 300 440.

Title Insurance is Not a "One Size Fits All" Solution

Title insurance can be used as a risk management tool by solicitors and conveyancers overcoming many of the risks faced by purchasers of property.

However, should title insurance be used as "one size fits all" replacement of searches, enquiries, surveys and building certificates in the transaction? The answer to that question is a resounding "no".

Conveyancing transactions are all different, as are clients in the transaction. What is appropriate for one transaction and for one particular client may not be appropriate for another. Accordingly, a "one size fits all" approach does not promote good risk or practice management, regardless of whether title insurance is involved.

Title insurance can be a useful tool in the conveyancing transaction but should not necessarily be the only tool. The use or misuse of a title insurance policy replacing searches and enquiries without proper instructions from the client or without consultation with the client is not a practice that is endorsed by Stewart Title Limited and is a practice which is inconsistent with established risk management principles.

Title Insurance for Strata Properties

The Stewart Title Residential Purchaser Policy and Existing Owner Policy cover strata title properties.

We also provide cover over land that is freehold, leasehold and general law land.

Cover is not provided for company title scenarios.

CORRECTION

In the lender news section of our December 2006 "The Connection" newsletter, the summary of the *Perpetual Trustee Company Limited v Albert and Rose Koshaba [2006]* case made reference to "...lending guidelines set by Perpetual Trustee Company Limited". This is incorrect, the lending guidelines were set by Resimac and not by Perpetual Trustee Company Limited.

CLAIMS NEWS

Mortgage Fraud

In 2005, our insured lender advanced funds to a borrower in excess of \$1 million to purchase a commercial property near the Sydney CBD.

After settlement but prior to registration of the mortgage, the insured lender became aware that the borrower was actually a fraudster who had used stolen identities and stolen bank cheques in the transaction.

The transaction was a vehicle to perpetrate a fraud.

The discharging mortgagee was also a victim of the fraud and received a forged bank cheque on settlement. The discharging mortgagee lodged a caveat in priority to the insured mortgage.

The fraudster absconded with the funds leaving the insured lender with an unregistrable mortgage.

The Resolution

Stewart Title indemnified the insured lender for its loss in excess of \$1 million including all legal costs and expenses.

Stewart Title also negotiated a settlement with the discharging mortgagee allowing the insured lender to focus on its business rather than allocate its time and resources to lengthy litigation.

This case illustrates the benefits of title insurance in relation to mortgage fraud. Without title insurance, the lender would have been put to considerable time and expense in pursuing litigation with an uncertain outcome.

STAFF PROFILES

Sonya Tonna as Legal Counsel, Underwriting

Sonya joined Stewart Title Limited in March 2006 as Legal Counsel, Underwriting. In this role Sonya is responsible for underwriting lender and purchaser title insurance policies for our Australian operation. She is also responsible for handling policy coverage queries and policy development, as well as assisting General Counsel, Australia in the management of claims.

Prior to joining Stewart Title, Sonya was employed in the legal industry and has over 8 years experience in suburban general legal practice dealing mainly in residential property conveyancing. Sonya's experience has provided her with strong knowledge, experience and understanding of conveyancing practice and procedures.



Sonya is a graduate of the Legal Practitioner's Admission Board's Diploma in Law and was admitted as a Solicitor in New South Wales in 2005.

Sonya would be pleased to speak with solicitors and conveyancers about underwriting and policy related issues. She can be contacted on 02 9081 6201 or via email at sonya.tonna@stewart.com.

Septic system not installed in accordance with Council approval

Following settlement, the insured received a letter from the local Council advising that the septic system had not been installed in accordance with Council's approval and required certain works to be completed in order to make the septic system comply with Council's requirements.

The previous owner had been notified of the non compliant septic system but had failed to disclose this matter in the Contract for Sale of Land. As a result, the insured was not aware that the septic system had not been installed in accordance with Council's approval at the time of settlement.

The Resolution

Upon being notified of the claim, Stewart Title contacted Council and requested an extension of time on behalf of the insured to complete the works.

Stewart Title paid for the cost of works carried out to the septic system as required by Council and obtained the appropriate approvals from Council for the completed works.

"Being new to Australia when we purchased the house, title insurance from Stewart Title seemed like a good idea, but it was twelve months later when we realized what a good investment it had been. Stewart Title was friendly and extremely helpful in resolving a Council compliance issue that had not been declared by our vendor. Thanks again."

- Peter & Julie Dryer, Insured

EVENTS

As part of Stewart Title's continued support of the profession in their continuing education efforts, we have sponsored and presented at a number of events:

- Law Institute of Victoria CPD Intensive Property Law Day, 20 March 2007
- Bendigo Law Association, Victoria, 19 April 2007
- Australian Institute of Conveyancers (WA Division) Corporate Breakfast, 2 May 2007
- Mid North Coast Law Society, NSW, 4 May 2007
- Newcastle Law Society, NSW, 14 May 2007

Stewart Title has continued its sponsorship of the Australian Institute of Conveyancers (NSW Division) seminar series.

Please refer to their website www.aicnsw.com.au or contact Kellie Rickwood on 029633 1355 for an outline of their program.

We are also proud to announce that we are a development sponsor of the Australian Institute of Conveyancers (WA Division). For further information regarding WA events, contact Ciaran Westland on 08 9361 1166.

Australian Institute of Conveyancers National Conference, 23 – 25 March 2007

Stewart Title was a proud sponsor of the Australian Institute of Conveyancers National Conference. The conference was held in the beautiful location of Manly, NSW at The Manly Pacific Hotel.

We were very pleased to be part of such a successful and enjoyable conference.

There was a fantastic attendance of conveyancers from around the country. It was a lovely opportunity for us to meet so many new faces and to catch up with old faces as well.

Stewart Title sponsored the dinner on the Saturday evening. An enjoyable evening was had by all and a little bit of extra fun was provided by David the Magician who humoured us with his fancy tricks.

We would like to congratulate Gayle Nancarrow who was the lucky winner of our prize a Veuve Clicquot Champagne Traveller Pack.

Fraud Seminars for Lenders

Stewart Title offers lenders and their staff in-house seminars on fraud.

These seminars provide information on how to identify fraudulent transactions and steps that can be taken by lenders to help prevent fraud from occurring.

While our title insurance policies protect against losses arising from fraud and forgery, it is important that lenders institute programs into their risk management efforts which help detect fraudulent transactions and in turn prevent them from occurring at all.

These seminars are designed to be practical and would benefit staff working in loan approval and mortgage documentation roles including settlement and registration.

To book a seminar, please contact Paul Watkins, *General Counsel, Australia*, on 02 9081 6213 or via email at paul.watkins@stewart.com.

Annual Lender Lawn Bowls Day



On 1 March 2007, Stewart Title hosted its second Annual Lawn Bowls day for lenders. The event was a success and we were reminded of what a great time was had by everyone at last year's event.

The weather on the day was perfect with 14 teams participating in the events of the day.

Fun was had by all and the rivalry amongst competitors was in the spirit of the day.

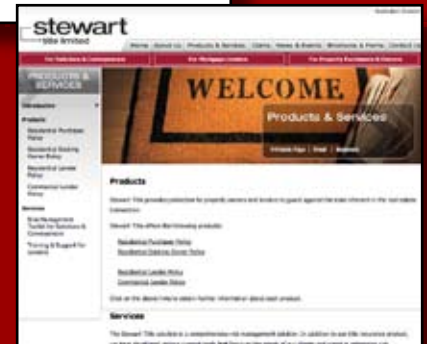
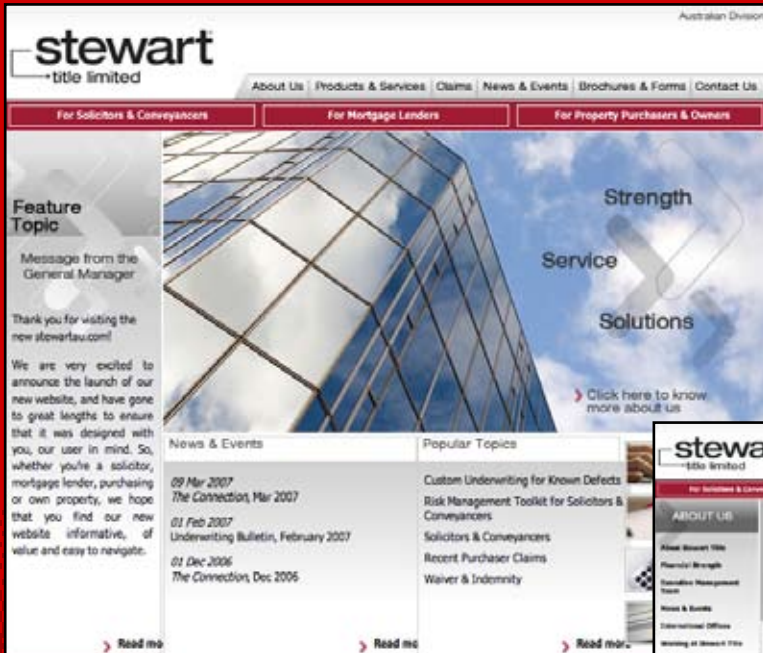
We congratulate the winning team which consisted of Daniel Paci, Louis Farde and Simon Arraj from Vault Mortgages.

Congratulations also to the runners up from Gadens Lawyers, Harry Cormack and Zmarak Zhouand.

Once again, thanks to everyone who attended helping make this event such a successful day.

We look forward to seeing you all again next year.

NEW www.stewartau.com to serve you better!



We are very pleased to announce that Stewart Title has launched a new website that gives solicitors, conveyancers, lenders, insureds and the general public access to comprehensive information on title insurance!

We invite you to tour the new stewartau.com and discover information and tools that will assist you in learning more about Stewart Title Limited and understanding the benefits that title insurance provides.

We've not only revamped the design of our site, but we've also added new sections that include comprehensive information on topics such as:

- Company and financial information
- Profiles on our Executive Management Team
- Downloadable policies, order forms and brochures

- Claims stories
- How to make a claim
- Dedicated sections for solicitors & conveyancers, lenders and consumers
- Stewart Title as well as industry news and events

As an added value, look for the new *email* and *printable page* functions located on each informational page to easily share the information you've found with a friend, colleague, or client.

We value your opinion. Tell us what you think of our new website by clicking on "Feedback", located on the bottom right hand corner of the new homepage. Please visit us regularly to see the many updates and additions we will be making.

Did you know?

Stewart Title has a licence to operate in all States and Territories of Australia and therefore we can issue our policies in relation to properties located anywhere in the country.



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