

ENDORSEMENTS Enhance Title Coverage...

Endorsements are used to change the coverage of the title insurance policy. ALTA policies and other forms of title insurance policies provide adequate coverage for a majority of the “simple” real property transactions. If the transfer of title is not “simple”, the policy coverage needs to be added by endorsement to tailor coverage to meet the home owner’s, the seller’s, and/or the lender’s needs. Endorsements can change any part or portion of the policy, although endorsements are usually used to extend or make policy coverage more comprehensive for a particular title issue.

The following are some of the more commonly used endorsements, but remember that each endorsement is subject to approval in the state where it will be issued or used.

115.1 also known by the ALTA 4 and 4.1 Endorsements: Condominiums

This endorsement insures that 1) the condominium being insured qualifies as a condominium by its creating documents under the applicable state statutes, 2) there are no violations of restrictive covenants which will cause a forfeiture of the title, 3) the liens for homeowners’ association assessments will not have priority over the insured mortgage (4.1 limits title insurance coverage to the date of recording), 4) there will be no loss or damage to the insured by reason of the insured’s interest not being separately assessed, 5) that there are no encroachments that will cause loss or damage to the insured owner or lender, and 6) that there is no right of first refusal to purchase that will create a loss to the insured.

115.2 also known by the ALTA 5 and 5.1 Endorsements: Planned Unit Developments

This endorsement provides the same basic coverage as 4 and 4.1 as stated above for planned unit developments rather than condominium.

111.5, 111.6, and 111.8, also known by the ALTA 6, 6.1 and 6.2 Endorsements: Variable Rate Mortgage

These endorsements insure a lender against loss or damage arising from the invalidity or unenforceability of the lien of the insured mortgage caused by changes in interest rates in variable or adjustable rate mortgages. The 111.8 and 6.2 endorsements are applicable to negative amortization mortgages and also insures that the negative amortization of interest to the principal balance will not affect the priority of the lien.

110.9 also known by the ALTA 8.1 Endorsement: Environmental Protection Lien

This endorsement does not provide coverage for environmental protection. Rather, this endorsement gives affirmative coverage that no document in the public records discloses an environmental lien or notice of enforcement of a lien. It also insures that there are no super-lien statutes in the state where the land is located that could affect the priority of the lien for the insured mortgage.



100.2 also known by the ALTA 9 Endorsement: Restrictions, Encroachments and Minerals

This is a lender’s endorsement that is considered an allinclusive endorsement. It assures that the covenants, conditions and restrictions that are shown in Schedule B of the title insurance policy are not violated, but if they are, the violation will not affect the priority of the mortgage or cause the loss of all, or part, of the title to the property. In addition, there are assurances that there are no violations of building codes relating to setback lines, nor other encroachments. Lastly, the endorsement assures against damage arising out of the right to surface entry resulting from mineral exceptions shown in Schedule B.

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| CLTA NO. | DESCRIPTION | POLICY FORM |
|----------|--|---|
| 100.12 | Reverter, right of re-entry or power of termination in CC&Rs not enforceable | Lender: Extended |
| 100.13 | Lien of assessment in CC&Rs subordinate to insured mortgage | Lender: Extended |
| 100.18 | Exercise of reverter, right of re-entry or power of termination in CC&Rs and unmarketability | Lender: All Policies |
| 100.29 | Mineral rights—damage to improvements | Owner: Standard |
| 103.1 | Exercise of right of use or maintenance of easement | Lender: Extended Standard |
| 103.3 | Forced removal of improvements which encroach onto easement | Lender: Extended Standard |
| 103.5 | Water rights—damage to improvements due to surface entry | Owner: Extended Lender: Extended |
| 103.6 | No encroachment onto specific easement | Lender: Extended |
| 108.1 | Equity Advantage | ALTA or CLTA Loan Policies |
| 110.5 | Modification of deed of trust | Lender: Extended |
| 110.9 | Environmental Lien | Owner: All Policies Lender: All Policies |
| 111.11 | Revolving Credit Loan | Lender: All Policies |
| 115 | Condominium in fee | All Policies |
| 122 | Priority of advance over intervening matters (Construction Loan Disbursements) | Lender: All Policies |

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