

Title Insurance - Types of Endorsements

***NOTE: NUMBERS ARE DIFFERENT, DEPENDING ON THE STATE**

I HAVE HIGHLIGHTED IN RED, THE ONES THAT WE PAY CLOSE ATTENTION TO SINCE THEY AFFECT THE SALEABILITY OF THE LOAN TO THE INVESTOR.

- ALTA Form 1 - Assessments: This endorsement is designed for use with the ALTA Loan Policy to provide the insured lender with protection against loss sustained by reason of any assessments for street improvements, under construction or completed at the date of the endorsement, having priority over the lien of the insured mortgage.
- ALTA Form 2 - Federal Truth in Lending: It covers a lender for a loss arising from a judicial determination terminating the lien of an insured mortgage due to the exercise of a right of rescission granted by the Federal Truth in Lending Act or Consumer Credit Protection Act.
- ALTA Form 3 - Zoning Unimproved Land: This endorsement insures certain zoning matters as they pertain to unimproved property. The endorsement specifies the zoning classification and the use or uses permitted there under. Issuance of this coverage requires an examination of the applicable zoning ordinances and amendments thereto to determine the particular zone and permitted uses of the insured land.
- ALTA Form 3.1 - Zoning for Improved Property: This endorsement covers zoning matters for improved property. Like the ALTA Form 3, it describes the zoning classification and permitted property uses, but additionally, it insures against loss resulting from a court order prohibiting the insured use or compelling the removal or alteration of a structure on the land because of certain specific zoning violations. This endorsement may only be issued on already improved property when a determination can be made as to the property's zoning classification, uses permitted thereunder, and zoning limitations as to building and building site size.
- ALTA Form 4 - Condominium: The ALTA Form 4 endorsement provides insurance that the condominium estate is created in accordance with local laws. In addition, it covers violations of covenants, conditions and restrictions, as well as certain encroachment matters. This endorsement may be issued after a review of the laws, the condominium declarations map and related documents indicates all of the listed assurances can be given.
- ALTA Form 4.1 - Condominium: The coverage afforded by this endorsement is essentially the same as the coverage afforded by the ALTA Form 4, F.A. Form 17, and the CLTA Form 115.1; except it provides affirmative coverage that there are no charges or assessments which are due and unpaid at Date of Policy.
- ALTA Form 5 - Planned Unit Development: This endorsement provides similar coverage to the ALTA Form 4, but for planned unit developments. The ALTA Form 5 insures against loss or damage due to violations of restrictive covenants, forfeiture or reversion provisions of restrictive covenants, assessments gaining priority over an

insured mortgage, compelled removal of improvements due to encroachment and failure of title by reason of a right of first refusal.

- ALTA Form 5.1 - Planned Unit Development: The coverage afforded by this endorsement is essentially the same as the coverage afforded by the ALTA Form 5, F.A. Form 18, and CLTA Form 115.2; except it provides affirmative coverage that there are no charges or assessments which are due and unpaid at Date of Policy.
- ALTA Form 6 - Variable Rate Mortgages: This is also 111.5 This endorsement affords insured lenders with protection against loss by reason of, among other things, the invalidity, loss of priority or unenforceability of the lien of the insured mortgage resulting from the provisions therein which provide for changes in the rate of interest (variable rate, convertible, renegotiable rate, adjustable rate, or shared appreciation mortgages).
- ALTA Form 6.1 - Variable Rate Mortgages, Regulations: ALTA lender's renegotiable rate coverage. It is identical with the CLTA Form 111.6 Endorsement.
- ALTA Form 6.2 - Variable Rate Mortgage with Negative Amortization: Also known as: 111.8 Coverage for a variable interest rate loan which contains negative amortization features may be extended with the ALTA Form 6.2 Endorsement. Disclosure of variable interest and negative amortization provisions in the recorded instrument is necessary to consider issuance of the ALTA Form 6.2. Requests to issue this endorsement will usually be accompanied with a request to issue the policy with a liability for 110 percent or 125 percent of the loan amount.
- ALTA Form 7 - Manufactured Housing: To remove doubts as to whether or not a manufactured housing unit or mobile home on subject property is included within the policy coverage, the ALTA Form 7 Endorsement is available. It expands the definition of "land" as used in the policy to include the manufactured housing unit as real property. Issuance of this endorsement relies on provisions in state laws allowing the manufactured housing unit to be converted into real property. If the conversion has been proper and if such unit is now being taxed as a real property improvement, the endorsement may be issued.
- ALTA Form 8.1 - Environmental Protection/Residential: This endorsement is designed for use with any ALTA loan policy. When the loan is secured by a deed of trust or mortgage on property used primarily for residential purposes to provide the insured lender with certain protection against loss or damage sustained by reason of loss of priority of the lien of the insured mortgage over any environmental protection liens recorded in the public records or created pursuant to certain state statutes. This Coverage is not available for owner's policies
- ALTA Form 9 - Restrictions, Encroachments & Minerals: This endorsement is designed as an explicit extension of coverage otherwise provided to insured lenders by the ALTA Loan Policy. ALTA Form 9 was developed to meet "off-record" occurrences. The Endorsement extends the lender's coverage in three general areas: (a) covenants, conditions and restrictions, (b) encroachments, and (c) rights of others to use the surface of the land for mineral development.
- CLTA Form 100 - Restrictions, Encroachments & Minerals: This endorsement is

designed for use with the ALTA lenders' policies which cover improved property. The unmodified endorsement is not to be furnished when the insured loan covers raw land or any type of construction loan. The version of this endorsement designed for an owner is the F.A. Form 31.1.

- CLTA Form 100.1 - Restrictions, Encroachments & Minerals: This endorsement is designed for use with CLTA lenders' policies and is identical with the coverage afforded by CLTA Form 100, except that its language conforms with the CLTA Standard Coverage Policy instead of the ALTA Lenders Policy. The considerations, rules and procedures set forth under the CLTA Form 100 above apply also for this endorsement. NOTE: The coverage given by some sections of this endorsement, not usually available to an insured owner, can with approval of local management be given to an owner.
- [CLTA Form 100.2 - Restrictions, Encroachments & Minerals](#): ALTA Lender's - restrictions, encroachments and mineral coverage. This endorsement is identical with the F.A. Form 42 and may be issued in accordance with the procedures set forth herein under F.A. Form 42.
- CLTA Form 100.4 - CC&Rs, Violations: This endorsement is designed for use with CLTA or ALTA lenders' policies where there is a present violation of a particular provision of existing covenants, conditions or restrictions. It may be given with the approval of local management when the violation is minor and in other instances where it is very likely that a court would deny enforcement of restrictions with respect to the violation (e.g., uniform non-observance of a general plan of restrictions as to the violation in question by the persons entitled to enforce the restrictions).
- CLTA Form 100.4 - CC&Rs, Violations: The coverage afforded by this endorsement is essentially identical with the CLTA Form 100.4, except that it is designed for use with ALTA or CLTA owners' policies.
- CLTA Form 100.6 - Violation of CC&Rs: It provides coverage to an owner against judicial enforcement of covenants, conditions and restrictions. The coverage extends to present or future violations. Issuance of a CLTA Form 100.6 endorsement is typically predicated on either a uniform noncompliance with the covenants, conditions and restrictions that clearly indicate a court would be reluctant to enforce them or previous litigation setting a precedent for nonenforcement.
- CLTA Form 100.12 - Reverter: This endorsement is designed for use with CLTA and ALTA lenders' or owners' policies to assure a lender that existing covenants, conditions and restrictions do not contain any enforceable reverter, right of reentry or right or power of termination. To a large extent, the same coverage is provided by CLTA Form 100 which insures against loss occasioned by present and future violations of covenants, conditions and restrictions. However, certain lenders are not satisfied with insurance against loss caused by reversion, but require specific assurance that, in fact, there can be no reversion of title. This endorsement may be given with the approval of local management in the following circumstances: (1) the restrictions have been imposed in a deed or declarations of restrictions in the form of covenants only without express provisions for reversion and without the use of the word "condition" or "conditions" in relation to the imposition thereof; (2) when the holder of the reversion

has expressly waived his or her power of termination; (3) when the holder of the reversion has by implication waived his or her power of reversion by permitting uniform violations throughout the neighborhood; (4) where the only effective conditions relate to liquor and it appears that the property in question is in a residential neighborhood and will be used for residential purposes throughout the life of the loan and (5) where the restrictions contain no express provisions for enforcing a reversion but there is language alluding to "conditions" or "reversions"-provided that a specific method of enforcement by injunction or abatement is affordable to other owners in the tract.

- CLTA Form 100.29 - Mineral Rights: Protection against damage to existing improvements resulting from exercise or use of a surface right for extraction or development of reserved mineral rights is available with a CLTA Form 100.29. If the surface rights were either expressly waived at the time the minerals were reserved or subsequently released, CLTA Form 100.29 may be issued. If rights of surface entry have not been waived, issuance of the endorsement may be considered depending on the particular case with specific facts, including the nature and value of the mineral interest, local geology, local zoning restrictions of mining activity and existing improvements on the property.
- CLTA Form 101 - Mechanics Liens: This endorsement is used with CLTA Loan Policies insuring construction loans in instances where lenders seek protection against loss if mechanics' liens gain priority over the insured deed of trust, such priority based on the claim that construction began prior to the recording of the insured loan. This endorsement is not designed for use with ALTA policies.
- CLTA Form 102.4 - Foundations: This endorsement is used with ALTA or CLTA loan policies where a construction loan previously has been insured and the lender, prior to making an advance, requires assurance that the foundations do not encroach upon adjoining lands or violate existing covenants, conditions and restrictions. Usually following a physical inspection of the property in question, the endorsement may be issued which will assure the insured lender that, at the date of the endorsement: (1) the foundations of the structure under construction on the subject land are within the boundary lines of said land, and (2) the location of the foundations do not violate the covenants, conditions and restrictions referred to in Schedule B.
- CLTA Form 102.5 - Foundations: CLTA Form 102.5 is identical to CLTA Form 102.4 except that the insured lender also is assured that the foundations do not encroach onto any easements referred to in the policy. The endorsement may be issued provided: (1) a physical inspection and/or ALTA survey discloses there are no encroachments onto any easements disclosed in Schedule B of the policy; and (2) the location of the foundations does not violate the covenants, conditions and restrictions referred to in Schedule B.
- CLTA Form 103.1 - Easement: This endorsement is designed for use with ALTA or CLTA lenders' policies. Its coverage is broader than that afforded by paragraph 3(a) of CLTA Form 100 endorsement, which is limited to loss resulting from damage to existing improvements located or encroaching upon the easement. It is usually requested by lenders when an item or items appearing in the preliminary title report are

unlocatable "blanket" easements. While this endorsement as written is designed to afford protection to lenders, it may be used in appropriate situations to extend coverage to owners.

- CLTA Form 103.7 - Public Street Access: This endorsement provides affirmative assurances that the named street is in fact a physically open public street, that the land in question abuts the street and that there is nothing to prohibit access from the land to the street.
- CLTA Form 104.1 - Assignment: This endorsement is used with ALTA or CLTA Loan Policies when the beneficial interest in the insured deed of trust has been assigned and the assignee requests the limited assurances that the public records disclose no reconveyance, modification or subordination of the insured deed of trust.
- CLTA Form 108.8 - Optional Advances: Frequently, deed of trust forms are drawn to provide security not only for a specified, current obligation, but also to secure future advances (i.e., the form contains an "open-end provision"). In general, the priority of an advance, so secured, against liens and interest arising between the date of trust deed recording and the date the advance is made depends on whether or not the advance is obligatory or optional upon the lender. Where the advance is optional, that priority is contingent upon the lender's knowledge of intervening rights at the date the advance is made.
- CLTA Form 110.5 - Modification of Deed of Trust: This endorsement is designed for use with ALTA lenders' policies for the purpose of giving assurances to the lender that the insured mortgage or the obligation secured thereby has been modified and as modified retains its priority.
- CLTA Form 116 - Address: This endorsement is used with ALTA Loan Policies when a lender is requiring specific coverage determining the address of the insured land and the type of improvement located therein. It also assures the lender that the map attached to the policy shows the current location and dimensions of the land as disclosed by records imparting constructive notice.
- CLTA Form 116.1 - Survey: This endorsement is designed for use with CLTA and ALTA owners' policies and affords assurance that the land described in the policy is the same as that delineated on the plat of survey attached to, and made a part of, the policy.
- CLTA Form 116.4 - Contiguous Land: This endorsement may be used with CLTA or ALTA owners' or lenders' policies for contiguous land concerns. The need for this endorsement arises under differing circumstances. An example of this would be when a purchaser acquired land adjacent to land already owned by the purchaser, and it is intended that the two parcels shall be used together. In this situation, ownership of a strip between the two parcels, by a stranger, would frustrate the proposed issue. It may be issued when it is determined that the two parcels in question are actually contiguous. Sometimes this requires a survey.
- CLTA Form 122 - Mandatory Advance: This endorsement is designed for use with ALTA lenders' policies when several advances, all secured by the same insured mortgage, are contemplated and a separate endorsement is to be issued as each advance

is made.

- F.A. Form 23 & 28.2: Both the F.A. Form 23 and the F.A. Form 28.2 are designed to provide coverage to the insured lender against loss sustained by reason of a loss of priority as to future advances (with certain exceptions) made pursuant to a note or revolving credit loan agreement secured by the insured mortgage. Additionally, the F.A. Form 28.2 provides coverage against loss, caused by invalidity, unenforceability or loss of priority due to provisions in the loan providing for variable interest rates. Typically, these revolving credit endorsements may be issued if the loan agreement clearly creates a revolving line of credit which is disclosed in and secured by the recorded mortgage and further creates an obligation on the lender to honor requests for advances so long as the borrower is not in default. Additionally, issuance of the F.A. Form 28.2 necessitates disclosure of the variable interest rate provisions.