

Commitment, Policies and Endorsements

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Disclaimer

- o The information contained in this presentation is strictly intended to be general in nature and is for informational purposes only. These materials should not be used or relied upon for any other purpose.
- o The information in this presentation is not intended nor should it be construed as providing legal advice.
- o Any conclusions that viewers draw from this information are their own and are not to be attributed to Old Republic Title or any affiliates of Old Republic Title.
- o Always seek the advice of competent counsel with any questions you may have regarding any title coverage issue.

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Contract to Insure

- o The commitment is neither an abstract of title nor report of the condition of title. It is a contract to insure if and when the terms/conditions/requirements of the commitment are met.
- o Title insurance companies no longer try to cure defects in the chain of title. The industry just creates “insurable” titles; no longer the “guardian of the record”.
- o Remains open for 6 months; failure to close the transaction terminates agreement and the obligation to insure.
- o Company is only liable for loss incurred by the parties closing in reliance on the commitment and after complying in good faith with the requirements.

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Schedule A ALTA COMMITMENT

1. Commitment Date: Also known as the Effective Date or the date the County Records are posted through
2. Policy to be issued:
 - (a) 2006 ALTA Owner's Policy
Proposed Insured: Owen Dwyer
Proposed Policy Amount: \$ 200,000.00
 - (b) 2006 ALTA Loan Policy
Proposed Insured: Your Friendly Neighborhood Lender
Proposed Policy Amount: \$ 180,000.00
 - (c) ALTA Policy
Proposed Insured:
Proposed Policy Amount: \$
3. The estate or interest in the Land described or referred to in this Commitment is Fee Simple (Identify estate covered, i.e., fee, leasehold, etc.)
4. The Title is, at the Commitment Date, vested in: Sally Seller
5. The Land is described as follows: Legal description of the property

This page is only a part of a 2016 ALTA Commitment for Title Insurance. This Commitment is not valid without the Notice, the Commitment to Issue Policy, the Commitment Conditions, Schedule A, Schedule B, Part I - Requirements, and Schedule B, Part II - Exceptions.

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Schedule B, Part I Requirements

Schedule B-I

ALTA COMMITMENT

Requirements

All of the following Requirements must be met:

1. The Proposed Insured must notify the Company in writing of the name of any party not referred to in this Commitment who will obtain an interest in the Land or who will make a loan on the Land. The Company may then make additional Requirements or Exceptions.
2. Pay the agreed amount for the estate or interest to be insured.
3. Pay the premiums, fees, and charges for the Policy to the Company.
4. Documents satisfactory to the Company that convey the Title or create the Mortgage to be insured, or both, must be properly authorized, executed, delivered, and recorded in the Public Records.

(Additional Requirements may be listed here by number) You will add the requirements necessary to complete transaction: record a discharge of any mortgage/lien/judgment, record the deed vesting title in Owen Owner, Certificate of Trust, Submit any documentation necessary to evidence the authority of the parties to execute the instruments if dealing with entities rather than an individual.

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Schedule B, Part II Exceptions

Schedule B-II

ALTA COMMITMENT

Exceptions

THIS COMMITMENT DOES NOT REPUBLISH ANY COVENANT, CONDITION, RESTRICTION, OR LIMITATION CONTAINED IN ANY DOCUMENT REFERRED TO IN THIS COMMITMENT TO THE EXTENT THAT THE SPECIFIC COVENANT, CONDITION, RESTRICTION, OR LIMITATION VIOLATES STATE OR FEDERAL LAW BASED ON RACE, COLOR, RELIGION, SEX, SEXUAL ORIENTATION, GENDER IDENTITY, HANDICAP, FAMILIAL STATUS, OR NATIONAL ORIGIN.

The Policy will not insure against loss or damage resulting from the terms and provisions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of the Company:

1. Any defect, lien, encumbrance, adverse claim, or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.
2. *(Additional Exceptions may be listed here by number)*

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Schedule B, Part II Exceptions

- Pre-printed standard exceptions (off-record matters):
 - Rights or claims of parties in possession not shown of record.
 - Easements or claims of easements not shown of record.
 - Encroachments, overlaps, boundary disputes or matters disclosed in an accurate survey.
 - Mechanic's/construction liens not shown of record.
 - Taxes or assessments not shown in the public records (treasurer's offices).
 - Gap matters (time between date of commitment and the date in which the instrument being insured is recorded).
 - Specific exceptions for matters found of record.

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Owner's Policy of Insurance

ALTA Form (6-17-06)

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Two Types of Owner's Policies

ALTA 06

Includes 10 Covered Risks and 15 sub parts

Homeowners Policy

Includes 32 Covered Risks and 24 sub parts

Contains deductibles and maximum liabilities for some of the Covered Risks

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Basic Parts of Any Owner's Policy

- o The Policy Jacket
 - o Covered Risks
 - o Exclusions from Coverage
 - o Conditions
- o Schedule A
- o Schedule B

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ALTA o6 Covered Risks

- o Title being vested other than as stated in Schedule A.
- o Any defect, lien or encumbrance on the Title.
- o Unmarketable title.
- o No right of access (legal) to and from the land.
- o Violation or enforcement of any law, ordinance, permit or governmental regulation or other exercise of police power *if notice is recorded in the Public Records.*

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Covered Risks, cont.

- o Exercise of the rights of eminent domain *if notice of the exercise is recorded in the Public Records.*
- o Any “taking” by the government that has already occurred and is binding on a purchaser for value without knowledge.
- o Title being other than as vested as a result of a *prior transfer* constituting a fraudulent or preferential transfer under bankruptcy or insolvency laws, or similar creditor’s rights laws.
- o Matters created or attaching during the “Gap” period (except as excepted in Schedule B).

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Exclusions from Coverage

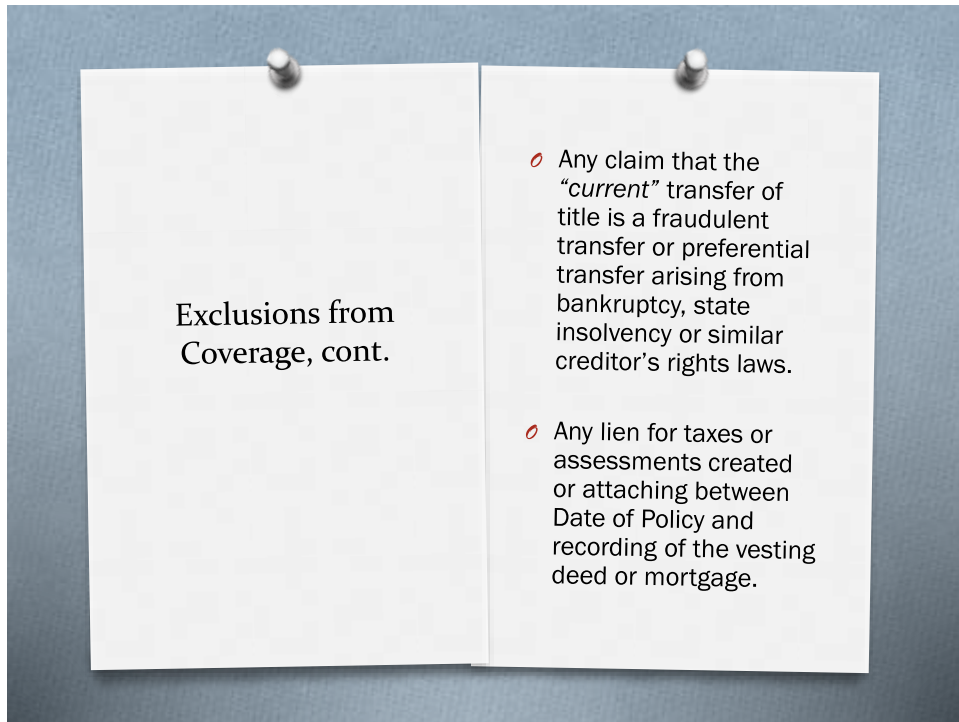
- o Any law ordinance, permit or governmental regulation (so long as there is no instrument of record evidencing same) relating to:
 - o Occupancy, use, or enjoyment of the land.
 - o Character, dimensions or location of any improvement erected upon the land.
 - o Subdivision of land.
 - o Environmental protection.

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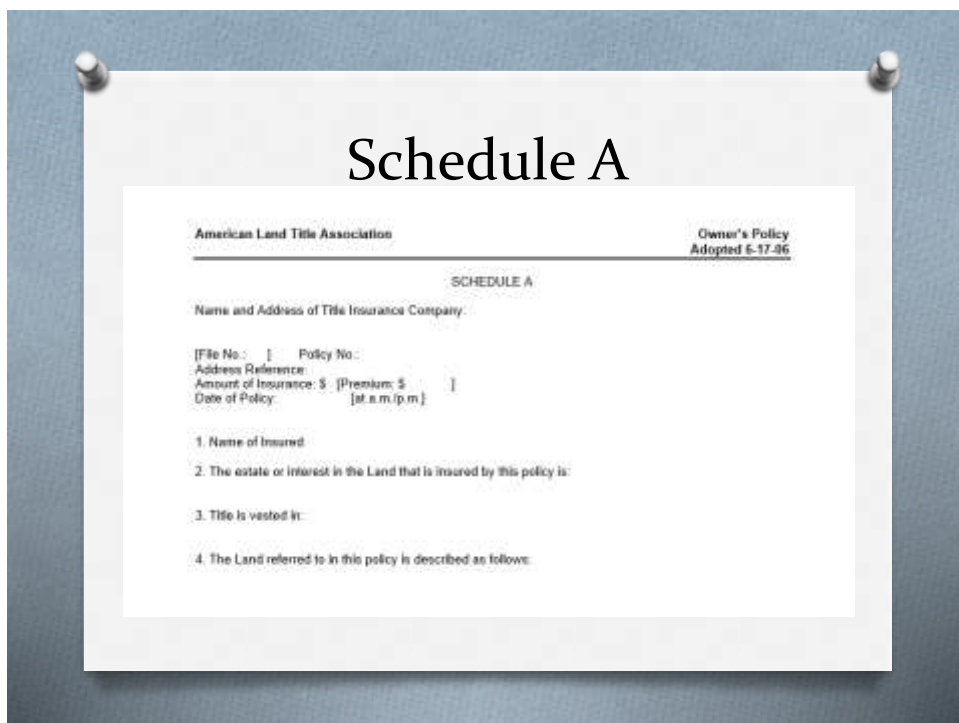
Exclusions from Coverage, cont.

- o Rights of eminent domain (so long as there is no instrument of record evidencing same).
- o Defects, liens, encumbrances, adverse claims or other matters:
 - o Created, suffered, assumed or agreed to by the Insured Claimant.
 - o Not known to the company, not recorded in the public records but known to the insured and not disclosed in writing to the Company.
 - o Resulting in no loss or damage to the Insured Claimant.
 - o Attaching or created subsequent to the Date of Policy.
 - o Resulting in loss or damage which would not have been sustained if the Insured had paid value for the title.

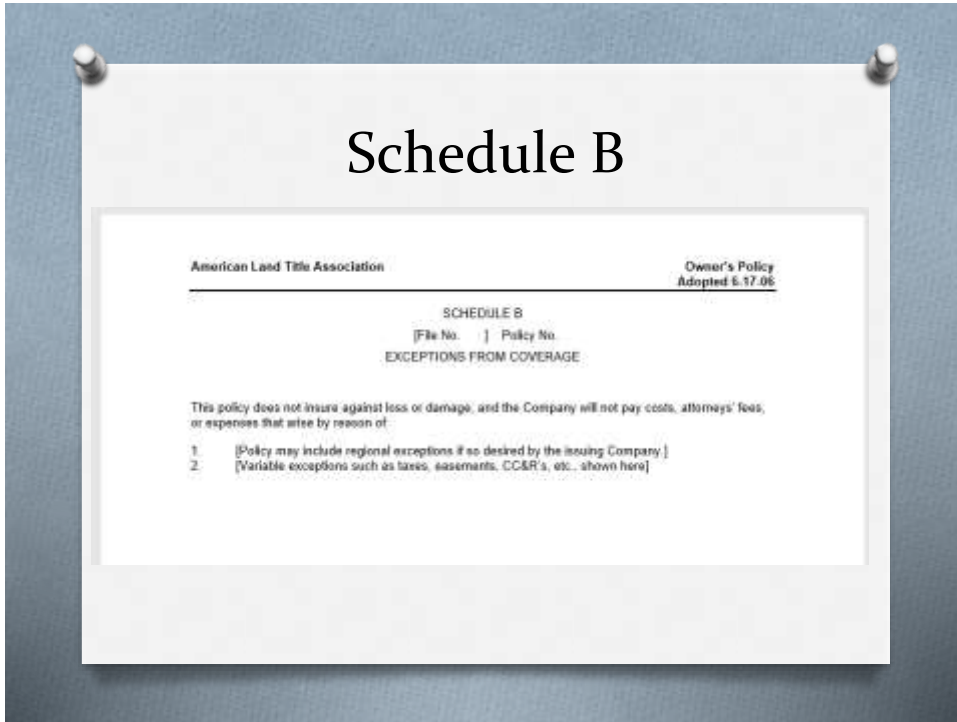
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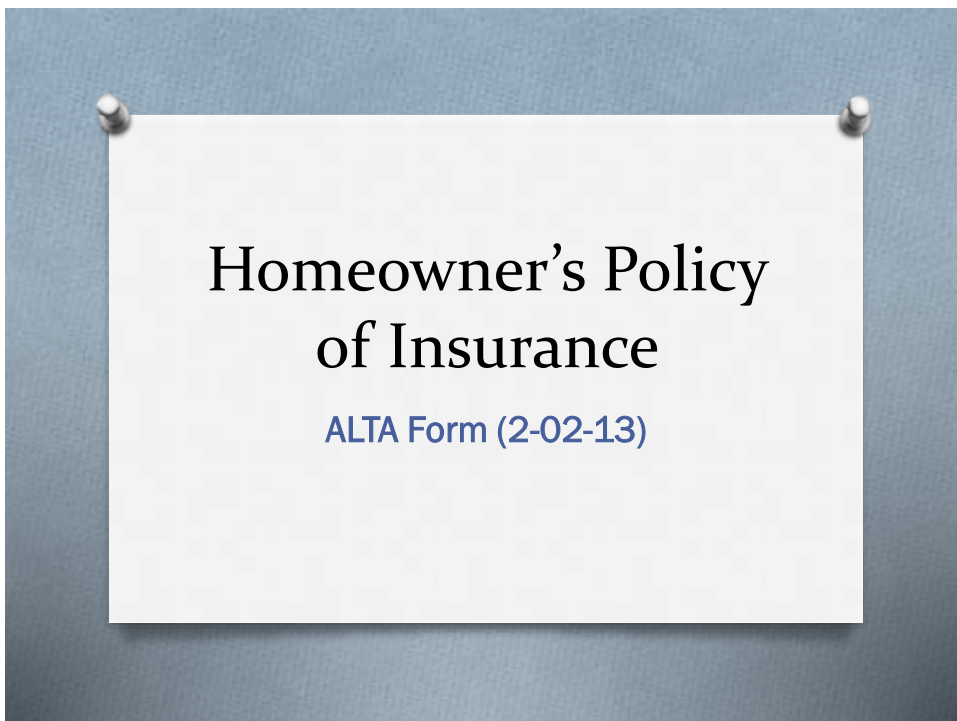
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Schedule A

American Land Title Association Homeowner's Policy
Adopted 10-17-98
Revised 10-22-03 01-31-09 02-03-10 12-08-11

HOMEOWNER'S POLICY OF TITLE INSURANCE
For a one to four family residence
Issued by
BLANK TITLE INSURANCE COMPANY

SCHEDULE A

Name and Address of Title Insurance Company

Policy No. (Frontend) _____ (Policy Period) _____ (Policy Date (and Time)) _____

**Defensible Amounts and Maximum Dollar Levels of Liability
For Covered Risk 18, 19, 20 and 21:**

	Total Defensible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 18: % of Policy Amount Shown in Schedule A or _____ (whichever is less)	\$ _____	\$ _____
Covered Risk 19: % of Policy Amount Shown in Schedule A or _____ (whichever is less)	\$ _____	\$ _____
Covered Risk 20: % of Policy Amount Shown in Schedule A or _____ (whichever is less)	\$ _____	\$ _____
Covered Risk 21: % of Policy Amount Shown in Schedule A or _____ (whichever is less)	\$ _____	\$ _____

Street Address of the Land:

1. Name of Insured:
2. Your Interest in the Land covered by this Policy is:
3. The Land referred to in this Policy is described as:

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Loan Policy of Insurance

ALTA Form (6-17-06)

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Basic Parts of Any Loan Policy

- o The Policy Jacket
 - o Covered Risks
 - o Exclusions from Coverage
 - o Conditions
- o Schedule A
- o Schedule B, Parts I and II

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Loan Policy

- o Primarily insures against:
 - o The invalidity or unenforceability of the lien of the mortgage on the title, and
 - o The priority of the lien of the insured mortgage over the lien interests of other parties.

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Loan Policy

- In the event that the mortgage goes into foreclosure and the lender becomes the owner of the property, the loan policy provides the same coverages for the lender that the Owner's policy provides for owners.
- * Requires the lender to complete the foreclosure process and the redemption period following the sheriff's sale to expire before coverage kicks in.

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Loan Policy

- Exclusions from Coverage track the same exclusions on the owner's policy, but also include:
 - Unenforceability of the lien of the mortgage for failure of the lender to comply with:
 - Applicable "doing business laws"
 - Usury laws
 - Consumer credit protection laws
 - Truth in lending laws

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Schedule A

American Land Title Association Loan Policy
Adapted 6-17-88

SCHEDULE A

Name and Address of Title Insurance Company:

[File No.] [Policy No.]
 Loan No. _____
 Address Reference _____
 Amount of Mortgage \$ [Premium: \$ _____]
 Date of Policy [at or to-close] _____

1. Name of Insured

2. The estate or interest in the Land that is encumbered by the Insured Mortgage is:

3. Title is vested in:

4. The Insured Mortgage and its assignments, if any, are described as follows:

5. The Land referred to in this policy is described as follows:

[6. This policy incorporates by reference those ALTA endorsements selected below:

4-01	(Consequential)
4-1-01	(Business Unit Development)
5-01	(Variable Rate)
5-1-01	(Variable Rate—Negative Amortization)
6-1-01	(Environmental Protection Law) Paragraph 6 refers to the following state statute(s):
9-01	(Homeowners' Encroachments, Minerals)
12-1-01	(Leasehold Loans)
14-01	(Future Advance-Priority)
14-1-01	(Future Advance-Knowledge)
14-3-01	(Future Advance-Reverse Mortgage)
22-01	(Location) The type of improvement is a _____ and the street address is as stated above.]

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Schedule B, Part I

American Land Title Association Loan Policy
Adapted 6-17-88

SCHEDULE B

[File No.] [Policy No.]

EXCEPTIONS FROM COVERAGE

[Except as provided in Schedule B - Part II,] [This policy does not insure against loss or damage, and the Company will not pay costs, attorney's fees, or expenses that arise by reason of:

PART I

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Schedule B, Part II

- o Loan Policies differ from owner's policies to the extent that the Insurance Company can insure that certain matters are subordinate to the lien of the mortgage:
 - o Leases
 - o Monetary liens

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Schedule B, Part II

SCHEDULE B
[File No.] Policy No.

PART 4

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained by the owner that they are not subordinate to the lien of the insured Mortgage.

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Short Form Residential Loan Policy One-to-Four Family Policy

American Land Title Association ALTA Short Form Residential Loan Policy
Revised 6.16.07

**SHORT FORM RESIDENTIAL LOAN POLICY
ONE-TO-FOUR FAMILY**
Issued by
BLANK TITLE INSURANCE COMPANY

SCHEDULE A

Name and Address of The Insuring Company:

File No. []
Policy No. []
Loan No. []
Address: [] Street Address: []
County and State: []

Amount of Insurance: \$ [] Premium: \$ []

Mortgage Amount: \$ [] Mortgage Date: []

Date of Policy: [at a.m./p.m.] []

Name of Borrower(s): []

The estate or interest in the Land described in this Schedule A and which is encumbered by the Insured Mortgage is the whole and/or, or Part of (P.O.S.), vested in the borrower(s) shown in the Insured Mortgage and named above.

The Land referred to in this policy is described as set forth in the Insured Mortgage.

This policy consists of (one) page(s), (including its annex page) unless an addendum is attached and indicated below.

— Attention attached —

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Endorsements

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Endorsements

- Like casualty insurance products, you can request endorsements to provide a specific coverage over a specific issue found in the title work.
- Because lenders require so many specific coverages on their transactions, the American Land Title Association has promulgated dozens of endorsements to satisfy the lender market requirements.

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Endorsements

- Each Underwriter within each State has state-specific endorsements that are used (ALTA form might not work properly due to local state statutes or regulations).

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Endorsements

- o The endorsements attempt to provide coverage over:
 - o Excluded matters on the jacket, such as:
 - o Zoning ordinances
 - o Usury
 - o Subdivision/platting statutes
 - o Truth in lending
 - o Environmental matters

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Endorsements

- o The endorsements attempt to provide coverage over:
 - o Pre-printed standard exceptions such as:
 - o Unrecorded mineral interests
 - o Unrecorded survey matters
 - o Unrecorded encroachments, easements and restrictions

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Endorsements

- o The endorsements attempt to provide coverage over:
 - o Specific exceptions such as:
 - o Recorded mineral interests
 - o Recorded adverse interests
 - o Known encroachments onto the property, into easements, set back lines.
 - o Recorded restrictions.

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Questions?

Please contact:

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