



# PROCEDURAL GUIDE FOR AGENTS

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**SAMPLE FORMS**

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- Closing Protection Letter - Single Transaction
- Confirmation of Full Payment and Completion (CATIC Form A-110C)
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- Individual Subordination of Mechanic's Lien as to Lien of Mortgage (CATIC Form A-111-1)
- Individual Waiver of Mechanic's Liens (CATIC Form A-110-1)
- Notice of Availability of Owner Title Insurance (CATIC Form A-104.1)
- Owner's Affidavit
- Policy Commitment Insert
- Policy Commitment Jacket
- Policy Transmittal Form
- Post Purchase Owner Policy Affidavit & Agreement (CATIC Form A-109)

- [Reverse Mortgage Policy Sample](#)
- [Short Form Residential Loan Policy Insert](#)
- [Short Form Residential Loan Policy Jacket](#)
- [Standard Mortgagee Policy Insert](#)
- [Standard Mortgagee Policy Jacket](#)
- [Standard Owner Policy Jacket](#)
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- [Subordination of Mechanic's Liens to Lien of Mortgage \(CATIC Form A-111\)](#)
- [Waiver of Mechanic's Liens \(CATIC Form A-110\)](#)

## I. INTRODUCTION and CATIC OFFICES

### Why Title Insurance?

In general, title insurance does what a lawyer's certificate of title alone does not – rather than merely stating an opinion as to the state of the title, it transfers to the insurance company the risk of certain types of defects, such as:

- Native American land claims;
- failure to obtain and record proper releases of mortgages;
- errors in searching the land records;
- the failure of the title examiner to recognize a defect in the title;
- “hidden” defects such as fraud, forgery, incapacity or unrecorded instruments; and
- the rights of “missing” heirs.

Some forms of title policies also provide limited coverage for planning, zoning or building code violations and encroachments, as well as survey coverage.

Further, title insurance pays when a loss is incurred, without the need to establish negligence. It also pays the costs of defense, and/or the costs of clearing the title, if a title is disputed, as well as the loss sustained if a defective title cannot be made marketable.

Institutional lenders all require a title policy on first mortgages. Many also require title policies for home equity loans.

### CATIC Concept

(CATIC® (hereinafter sometimes referred to as the “Company”) is a regional Bar-Related® title insurance company. CATIC does business in Connecticut, Florida, Massachusetts, New Hampshire, Maine and Rhode Island. Vermont Attorneys Title Corporation is the CATIC affiliate in Vermont. CATIC Title Insurance Company is the CATIC affiliate in New Jersey, New York and Pennsylvania.

In addition, CATIC functions as an effective and active “trade organization” assisting real estate attorneys and title agents with every phase of real estate practice, from limited title search authorizations through practical advice on closing practices and procedures. It maintains an active website that, among other useful features, contains educational materials on a wide variety of real estate issues.

CATIC is a member of the American Land Title Association (ALTA) and uses the Florida-approved ALTA policy and endorsement forms. The instructions in this Guide are for the preparation of those policies. The coverage offered by CATIC is identical to the coverage given by other title insurance companies using ALTA policies.

## **Lender's Approval of CATIC**

If a lender representative should advise you that CATIC has not been approved by that lender as an issuer of title insurance, or if a lender representative would like information concerning the Company, please call CATIC's lender relations personnel so that they may contact the lender. CATIC has furnished title insurance for federal and state agencies and most, if not all, local and national lenders, and we will be pleased to confer with particular lender representatives in order to resolve any questions they may have concerning the Company.

## **CATIC's Offices**

CATIC's headquarters is located at 101 Corporate Place, Rocky Hill, Connecticut 06067. If you have any questions pertaining to policies already issued by CATIC, please direct them to the Rocky Hill Office. CATIC policies and related materials should also be mailed to this office. All other questions should be directed to CATIC's Florida office at [orlando@catic.com](mailto:orlando@catic.com) or 407.373.7124.

CATIC's other regional offices and affiliates can be contacted at the following addresses and phone numbers, or you can call the Rocky Hill office and ask to be transferred to a regional office:

### Connecticut:

- Hartford: CityPlace II, 15<sup>th</sup> Floor, 185 Asylum Street, Hartford, CT 06103  
866-462-2842
- Norwalk: MerrittView, 383 Main Avenue, 5<sup>th</sup> Floor, Norwalk, CT 06851  
413-552-3400
- Rocky Hill: 101 Corporate Place, Rocky Hill, CT 06067  
860-257-0606

### Florida:

4901 Vineland Road, Suite 210, Orlando, FL 32811  
407-373-7124

### Maine:

22 Free Street, Suite 302, Portland, ME 04101  
844-632-2842

### Massachusetts:

- Cape Cod: 923 Route 6A, Unit A, Yarmouth Port, MA 02675  
508-744-5580
- Springfield: One Monarch Place, Suite 1210, Springfield, MA 01144  
413-552-3400
- Waltham: Reservoir Pl., 1601 Trapelo Rd., Ste. 270, Waltham, MA 01581  
781-237-8770

New Hampshire: 2 Capital Plaza, Suite 408, Concord, NH 03101  
603-488-0092

Rhode Island: 450 Veterans Memorial Pkwy., Ste. 7B, East Providence, RI 02914  
401-885-0030

Vermont (VATC): 28 Walnut Street, Suite 230, Williston, VT 05495 1-  
802-876-6800; 1-800-649-3366

### **CATIC's Website**

Many of the services and publications offered to our agents, as well as general information concerning the Company, are available through CATIC's website at [www.catic.com](http://www.catic.com). To access Agent information, you must establish a user name and password using the "Register" feature under the Agents tab. Once you are registered and have access to the website, you will be able to order e-jackets, ICLs and title searches and participate in CATIC's online learning, among many other features.

### **CATIC Forms and Materials Available To Agents**

The forms referenced in this Guide are available in CATIC's PEOnline software and may also be ordered through our Rocky Hill office or the CATIC website, [www.catic.com](http://www.catic.com). If you have a transaction that requires specialized forms not in PEOnline, such as commercial endorsement forms, please contact your Agent Services Representative or the Florida office.

Rate Schedule – Rates and agent splits in Florida are promulgated, meaning they are set by the State and all agents and underwriters are subject to the same rate schedules. The Rate Manual is included in this Guide. A rate calculator is available at [www.caticulator.com](http://www.caticulator.com).

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## **II. PREPARATION OF POLICY FORMS**

CATIC forms and materials are available to Agents. Call or write to the Florida office when forms are needed, or visit our website at [www.catic.com](http://www.catic.com).

Mortgagee Title Insurance Policy Insert (MPI-C) – To be used when the lender requires title insurance in connection with a mortgage loan. See the [Mortgagee Policy Section](#) of this Guide for preparation of this form.

Owner Title Insurance Policy Insert (OPI-C) – To be used when title insurance coverage is issued to the purchaser of the property. See the [Owner Policy Section](#) of this Guide for preparation of this form.

Short Form Policy Inserts (SF-C) – For preparing mortgagee policies only. **To be**



**used when the lender requests this form of policy and the title to be insured is a fee title of a one-to-four family exclusively residential property (including a unit in a planned community or condominium). See the [Short Form Policy Section](#) of this Guide for preparation of this form.**

Policy Commitment Inserts (PC-C) – To be used when a prospective lender and/or buyer requires a binder for the issuance of a title insurance policy. See the [Policy Commitment Section](#) of this Guide for preparation of this form.

Policy and Commitment Jackets – Each policy jacket, regardless of the form, is imprinted with a mortgagee or owner policy number. Commitments are not serialized. The jacket also contains the conditions and/or exclusions and insuring provisions of the policy or policy commitment. A jacket must always accompany the policy or commitment insert when it is sent or given to the Insured. Jackets can be requested and printed as an e-jacket from PEOne or from the website. Instructions for requesting e-jackets are found throughout this Guide.

Continuation Sheet (CS-1s) – For use with MP, OP and PC forms where more space is required in either Schedule A or Schedule B than is provided on the face sheet of the policy. These forms are included in PEOne software, under the Schedules tab.

Schedule B, Part II (CS-2s) – For use with MP forms to disclose subordinated matters. May also be used where lender requires other security documents, recorded after the insured mortgage, to be referenced in the policy. This form is included in the software and accessed from the Schedules tab.

Schedule B Addendum (SFA) – To be used with Short Form Policy to list exceptions to title for which affirmative language cannot be given. This form is included in the software and accessed from the Schedules tab.

Owner's Affidavit (A-100) – This is an affidavit to be executed by the seller of real property or by the owner where a sale is not involved, as in the case of a refinance. It is required in every situation where a title policy is being issued. The purpose of this Affidavit is to disclose to both CATIC and the CATIC agent the presence of unrecorded title risks that require an exception in Schedule B of the policy. This signed affidavit should be reviewed by the CATIC agent, any appropriate exceptions must be added to Schedule B and the original Affidavit should be retained by the CATIC agent. This affidavit concerns mechanic's lien rights, parties in possession, encroachments and boundary disputes, access, the issuance of building permits, violations of restrictions, payment of taxes, assessments or common charges and the presence of any right of first refusal or option to purchase. If the owner or seller cannot make one or more of the statements in the affidavit, it can be crossed out and an explanation attached. Where that is done, CATIC underwriting must be consulted for the appropriate exception to be taken in Schedule B – Part I.

The Form 100 is a substitute for a survey for mortgagee policies issued on residential property and commercial property under \$5,000,000. If survey issues are disclosed on the affidavit, a CATIC underwriter should be consulted for the appropriate exception. *Please consult the [Survey Section](#) of this Guide for further instruction. In addition, instructions for completing the affidavit are attached to the form. You may also refer to the section titled “[Providing Insurance Against Mechanics’ Liens](#)” of this Guide and to the Procedural Bulletin dated June 15, 1990, titled “Underwriting Requirements for Mechanics’ Liens Coverage in CATIC Policies.”* The affidavit forms are in the “Policies & Schedules” tab and “Other Forms” tab of the print menu in the Policy portion of PEOne.

[Notice of Availability of Owner’s Title Insurance \(A-104.1\)](#) – This form is not required in Florida but might be useful in informing the purchaser/borrower that the mortgagee policy does not protect him or her and that owner’s title coverage is available. The borrower should sign the waiver form if he or she elects not to purchase owners’ coverage, and that form should be retained in the closing file. The Notice forms are in the “Other Forms” tab of the print menu.

[Post Purchase Owner Policy and Indemnity Agreement \(A-109\)](#) – This is an affidavit to be executed by the owner of real property when an Owner Title Insurance Policy is being purchased more than 30 days after acquisition. If you have this situation, call a CATIC office to obtain this form.

[Waiver of Mechanics’ Liens \(A-110\), Confirmation of Full Payment and Completion Form \(A-110C\), and Subordination of Mechanics’ Liens to the Lien of the Mortgage \(A-111\)](#) – When construction or repair work is in progress or has been newly completed on property to be insured, the appropriate form must be supplied to CATIC in order to delete the exception for mechanics’ liens from the policy. See the Mechanics’ Liens Exception Section of this Guide for further information. Waiver and Subordination forms are available on the CATIC website or can be ordered from the CATIC office.

[Policy Transmittal Forms \(P-1\)](#) – This form can be sent to CATIC with each transaction in which policies are being remitted. It serves as a checklist for documents which should be attached to the issued mortgagee and/or owner policies and contains information about the premium which CATIC needs. Those forms which should be sent with each policy appear on the transmittal form in bold letters. Instructions for when to include other forms with the policy appear in this manual. Please include on the transmittal form the name of the person who prepared the policy in case CATIC staff has to telephone your office with questions about the policy. This form is included in PEOne and prints automatically when you print a policy.

[CATIC Financial Privacy Policy](#) – This policy should be attached to all Owner Policies.

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### III. INSURED CLOSING PROTECTION LETTER

The [Insured Closing Protection Letter \(ICL\) or Closing Protection Letter \(CPL\)](#) is a letter of protection typically requested by the lender and sometimes by the borrower, as part of the pre-closing package. The ICL provides that the title company agrees to reimburse the insured party (lender or borrower) for direct loss or damage resulting from either:

1. Failure of the insurer's agent to comply with the lender's written closing instructions; or
2. Fraud or dishonesty of the agent in handling the lender's funds or the closing documents.

The typical closing protection letter contains a few exclusions from coverage, whereby the title company is not liable to the lender under the terms of the letter. For example, there is no coverage for the loss or impairment of the lender's settlement funds due to bank failure, insolvency or suspension of banking privileges, except that which results from the agent's failure to comply with the lender's written instructions to deposit the funds in a designated bank.

It should be noted that CATIC will be contacted by a lender under the ICL if:

- the agent has not returned the closing package as required by the closing instructions;
- the Mortgagee Policy has not been forwarded to the lender;
- incorrect documentation was signed at closing;
- documentation is missing from the closing package; or
- the agent is not responding to the lender.

The ICLs are also serialized so that the lenders are able to contact CATIC for verification of the validity of ICL.

#### **How to Order An ICL**

An ICL can be ordered directly through PEOnline (or many other third-party title and closing production systems). In PEOnline, it can be issued by clicking on the ICL icon at the home page after you have created your file. You will fill in the information requested, and click submit. You have the option to print the ICL in either a single or multi-page format. Once the ICL is approved, you will see a green bar on your dashboard identifying your newly approved ICL with the ability to print or save the ICL as a PDF. It will automatically save to the Attached Files (icon) in PEOnline. If the lender requires changes to the ICL, go back into the ICL icon which will then read "Revise ICL" and click on it to make any changes.

ICLs can also be ordered on the website, [www.catic.com](http://www.catic.com), under ICL Express or by calling CATIC's Service Center at 1-800-842-2216.

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#### **IV. POLICY COMMITMENT (PC-C)**

The Policy Commitment binds the title insurance company to issue a title insurance policy in accordance with the terms and conditions of the Policy Commitment. Generally, a prospective lender or buyer will require that a Policy Commitment be issued so that they can review the status of title prior to closing.

A Policy Commitment will also be necessary if for any reason the actual title insurance policy cannot be delivered at the closing. A lender may request a commitment because they assume the policy will not be issued at closing, which occurs in other states. If that is the case, a copy of the unsigned proposed title policy with assurances to the lender that it will be delivered at closing may be enough for the lender.

The Policy Commitment may be used to commit CATIC to the issuance of either an owner policy or a mortgagee policy or both in the same transaction.

#### **Issuing the Policy Commitment**

The forms to generate a Policy Commitment are in PEOne under the Policy icon. By its terms, a Commitment lasts no longer than six months and then expires unless it is extended by endorsement.

#### **Obtaining a Policy Commitment E-Jacket ([see sample jacket](#))**

Requesting a Policy Commitment E-Jacket in PEOne – After you complete your Policy Commitment, click on the box titled “Request Electronic Jacket” which is located right above the policy number box. You will need to review the data for accuracy, fill in the “Estimated Closing Date,” if known, and then click “Submit.” You will then get a “Policy Commitment Request Status” popup. A green bar across your screen indicates your jacket request has been processed and was successful. Double click on the section titled “Print/Preview Jacket.” This will open up your jacket in Adobe Acrobat as a pdf document. You can then print the jacket and/or save it to a file. The jacket number is automatically assigned and filled in on the Schedule A. A copy of the jacket is saved in the “Attached Files” icon for this file.

Requesting a Policy Commitment E-Jacket through the CATIC Website – Go to the CATIC website at [www.catic.com](http://www.catic.com). Click on “Agents” and then log on using your Username and Password. Click on “Jacket Express” at the top of your screen. This will open up the “Jacket Home Page.” Hold your cursor over the word “Request” on the blue bar. Choose “Policy Commitment.” This will take you to the “New Policy Commitment Request” screen. Verify the “Branch” if you have multiple office locations. Complete all of the fields. Remember when entering the dollar amounts for mortgagee and owner coverage, do not use symbols such as dollar signs (\$), commas (,), decimals (.) or cents (.00) in the figures. When choosing the state for the lender and property addresses, use the drop down menu. Enter the “Estimated Closing Date” if known. The “Commitment Date”

must be filled in as this is a required field. Click “Submit.” You will then get the “New Policy Commitment Request Status” screen. A green bar means your request has been approved. In the “Jacket” box, double click on “PDF” to view your jacket in Adobe Acrobat. You can then print the Policy Commitment E-Jacket and/or save it to a file. Type this jacket number into your Policy Commitment in PEOne since this number will not automatically populate that field in the software.

### **Preparing The Insert – Policy Commitment (PCI-C)**

Code letters shown on the [specimen Policy Commitment insert](#) correspond with the letters in the following instructions:

#### **Schedule A**

- (A) Commitment Number – Your Commitment number is assigned when you request your jacket from the software. If you order your jacket from the website, you will have to type the jacket number into the PC insert. See the instructions above on obtaining a jacket.
- (B) Agent Name – This is the name of the individual or firm who holds the agency, not necessarily the name of the individual who will sign the insert. No signature is required in this block. The signature will appear at the bottom of Schedule A.
- (C) Agent Number – This is the CATIC agent number assigned to your firm or agency.
- (D) Item 1 – Effective Date – (the date the title is searched through). Fill in the month, day and year to which your title search extends. This date should be typed numerically. If a search has been done in more than one county, please refer to the Multiple Insert Section of this Guide for further information.
- (E) Item 2(a) – If an owner policy will be issued at closing, fill in the name of the purchaser or lessee to whom the final policy will be issued and the amount for which the policy will be issued (usually the purchase price).

In a case where the owner policy is to be issued to the lessee of a newly-created leasehold, notice of which has not been recorded in the land records at the date of the Commitment, the name of the new lessee should appear as the proposed insured followed by the words “as Lessee.”

- (F) Item 2(b) – If a mortgagee policy will be issued at closing, fill in the name of the lender and the amount for which the mortgagee policy will be issued, generally the amount of the mortgage. If the mortgagee policy is to be issued insuring a mortgage on a newly-created leasehold, notice of

which is not recorded in the land records at the date of the Commitment, the name of the mortgagee should appear as the proposed insured followed by the words “leasehold mortgagee.”

(G) Item 3 – Describe the interest in the land that exists at the date of your search, and the holder of that interest. In most cases, this will be the interest to be insured under the new policy or policies. When the interest being transferred or mortgaged is fee simple, nothing needs to be done. When the interest being transferred or mortgaged is leasehold, type an “X” in the “leasehold” box. When the interest being transferred or mortgaged is both fee simple and leasehold, type an “X” in the leasehold box, and after printing out the insert, cross out the statement “unless the box is checked below.”

(H) Item 4 – If the title policy will insure a leasehold to be created by your closing, the Commitment should indicate that the title reflected in it is the fee title in existence and should name the holder of that title in paragraph 4. That is the party that will create the leasehold.

In all other cases, insert the interest, and name of the present owner of the interest to be transferred or mortgaged as it appears in the land records as of the time of your title search (the effective date of this Commitment).

(I) Item 5 – Type the legal description of the property to be insured. If the legal description is long, you may choose to type the words “See legal description attached as Schedule C” or words to that effect and attach the legal description as indicated.

(J) Countersigning the Commitment – When the insert has been completed, it must be signed on the appropriate line by the individual authorized to sign for the agent.

(K) Validating the Commitment – Select the name of the individual who will sign the policy by going into “Options” on the toolbar on the main screen for your file, select “Agent Information” and choose the appropriate person from the drop down arrow.

### **Schedule B – Section I – Requirements**

(L) Commitment No. – The Commitment number will automatically print on all of your insert pages if you order your e-jacket through PEOnline. If

you order your jacket through the website, you must type the Commitment number into the insert.

- (M) Schedule B – Section I – Requirements – This section sets forth **four** requirements that must be met before the title policy can be issued, namely payment of the agreed amounts of consideration for the estate or interest to be insured, the payment of the applicable policy premium, the execution, delivery and recording of the instrument(s) creating the estate or interest to be insured (e.g., the deed, mortgage, etc.), and disclosure of any other interest being created or loan being made that is not referred to in the Commitment. Any additional requirements necessary to issue the policy (e.g., payment of liens, mortgages, etc.) will be included on Section I – Requirements of the Continuation Sheet. Go to the schedules tab on your toolbar, click on Schedule B, Part I Requirements to open a continuation sheet.

- (N) Schedule B – Section I – Requirements Continuation Sheet

If you have imported your CATIC title search into PEOne, all exceptions listed on Schedule B of your search will appear in Schedule B – Section II Exceptions continuation page of your Commitment. All matters to be paid off and/or released at closing **can** be moved to the Schedule B – Section I Requirements section. Highlight the encumbrances to be moved to the Requirements section, and right click; select “Move to PC Requirements.” See PEOne Help file for further instructions.

Letter these additional requirements for the issuance of a policy in sequence **beginning with the letter (e)** and attach the Continuation Sheet to the Commitment.

### **Schedule B – Section II – Exceptions**

- (O) Schedule B – Section II – Exceptions From Coverage

General Exceptions **Numbered 1 through 4**, for rights of persons in possession, survey matters, unrecorded mechanic’s liens, and assessments by municipalities and private associations are part of every Commitment and may not be deleted.

Special Exceptions are matters affecting title to the property being insured that your search discloses. Exception 1 for county real estate taxes will appear in every Commitment.

If there are liens, mortgages or title defects that will be required to be paid, satisfied or otherwise dealt with prior to closing, they can either remain in



this section with the appropriate notation or be included as a lettered requirement in Section 1 – Requirements, as discussed above.

(P) Schedule B – Section II – Continuation Sheet

This section should reflect all of the permanent encumbrances which will remain on title after closing.

For any other matter disclosed by your search, type a special exception in numerical order beginning with No. 2. The special exceptions included here must be all matters that the title search discloses which will remain as permanent encumbrances and appear in Schedule B of your final policy. If you imported your CATIC search into PEOne, these encumbrances will automatically appear here. **You may show all encumbrances in this Section, including items that are to be paid off at closing, however, you should make a notation following the monetary encumbrance, such as “to be paid off/omitted at closing” so that your lender knows that you are addressing these items.**

(Q) Property Description – Type the property description, or simply copy the description provided in your title search and attach it to your Commitment. Please refer to the Description Section of this Guide for further information regarding descriptions.

Insuring Appurtenant Easements – If the description provided to you conveys property “together with” certain easement rights, those easement rights may be included in the Property Description of the title policy **only if:**

- the property that is subject to the easement has also been searched;
- encumbrances affecting the easement area are listed in Schedule B as exceptions; and
- an exception is taken in Schedule B, Part I for “The terms, conditions, obligations and interpretation of an easement set forth in Volume \_\_\_\_\_, Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.”

### **Duration of Commitment**

The insuring provisions which appear at the top of the Commitment provide that all liability and obligations of CATIC under the Commitment shall cease and terminate SIX MONTHS after the effective date thereof or when the policy or policies committed for shall be issued, whichever first occurs. If policies are not



to be issued within six months from the effective date, the prospective insured may request an extension of the Commitment. This can be done by endorsement which will be issued by CATIC upon an agent's request.

### **Premium for Commitment**

Florida law (Section 627.7831) requires that agents charge for commitments issued in non-residential transactions, which is credited to the premium due on the policy to be issued. Please contact the Florida office for further information should you be requested to issue a commitment in a non-residential transaction.

### **Completing the Policy Commitment**

When you have completed preparing the Commitment, the following needs to be done:

1. Sign the original.
2. Make one copy of the Commitment.
3. Assemble the original of the Commitment, any continuation sheets, the legal description, and the Information and Conditions sheet, and fasten them together with the jacket to be sent to the lender.
4. Assemble your copy of the Commitment, attaching a copy of the description and any continuation sheets you have provided to the lender.

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## **V. MORTGAGEE TITLE INSURANCE POLICY (MP-C) (ALTA Loan Policy 6-17-06 – with Florida Modifications)**

CATIC mortgagee policies consist of two parts:

- (1) the jacket which contains the policy number, a statement of the covered risks, exclusions and conditions and stipulations of the title policy contract; and
- (2) the inserts, which contain the Schedules A and B and Property Description you need to complete with transaction-specific information.

Together, the two parts make up the mortgagee policy you issue.

The jackets can be ordered through PEOne (or many other third-party title and closing production systems) or on the CATIC website, [www.catic.com](http://www.catic.com).

The inserts and schedules are contained in PEOne (and many other third-party title and closing production systems).

### **Obtaining an E-Jacket**

Requesting a Mortgagee or Owner Policy E-Jacket in PEOne – After you complete your Mortgagee or Owner Policy, click on the box titled “Request Electronic Jacket” which is located right above the policy number box. Remember to select the “Property Type” from the drop down menu to the right of this screen. Fill in the “Estimated Closing Date” if known. Again, you will need to review the data for accuracy and then click “Submit.” You will then get a “Request Status” popup. A green bar across your screen indicates your jacket request has been processed and was successful. Double click on the section titled “Print/Preview Jacket.” This will open up your jacket in Adobe Acrobat as a .pdf document. You can then print the jacket and/or save it to a file. The jacket number is automatically assigned and filled in on the Schedule A. A copy of the jacket is saved in the “Attached Files” icon for this file.

If you request an e-jacket in PEOne and receive an error message, do not resubmit your request until you have gone to [catic.com](http://catic.com), JacketExpress to ensure that the jacket request order did not go through.

**If your jacket request has been rejected as evidenced by a red bar across your screen, please contact the Agent Services Department at CATIC for assistance (1-800-842-2216).**

Requesting a Mortgagee or Owner Policy E-Jacket through the CATIC Website – Go to the CATIC website at [www.catic.com](http://www.catic.com). Click on “Agents” and then log on using your Username and Password. Click on “Jacket Express” at the top of your screen. This will open up the “Jacket Home Page.” Hold your cursor over the word “Request” on the blue bar. Choose “Policy.” This will take you to the “New Policy Request” screen. Select “Policy Type” from the drop down menu for a Mortgagee Policy (MP). Verify the “Branch” if you have multiple office locations. Complete all of the fields. Remember when entering the dollar amounts for mortgagee coverage, do not use symbols such as dollar signs (\$), commas (,), decimals (.) or cents (.00) in the figures. When choosing the state for the lender and property addresses, use the drop down menu. Enter the “Estimated Closing Date” if known. You will then get the “New Policy Request Status” screen. A green bar means your request has been approved. In the “Jacket” box, double click on “PDF” to view your jacket in Adobe Acrobat. You can then print the Policy E-Jacket and/or save it to a file.

Type this jacket number into your Policy in PEOne since this number will not automatically populate that field in the software.

**If your jacket request has been rejected as evidenced by a red bar across your screen, please contact the Agent Services Department at CATIC for assistance (1-800-842-2216).**

### **Preparing the Mortgagee Policy**

The policy jackets you receive from CATIC with Policy Numbers beginning with MP are for use with mortgagee policies. (See [Sample Mortgagee Policy Jacket](#)). Each jacket consists of **seven pages** containing Covered Risks, Exclusions from Coverage and Conditions. The number on the jacket is the policy number you will enter on the inserts.

The jacket is to be issued with the original of the mortgagee policy insert to the insured lender only. The agent copy of the policy and the CATIC copy will not have jackets unless you wish to make a photocopy for your file. It is not necessary to send a copy of the jacket with your policy copy to CATIC.

If you pull a jacket for a closing and the closing does not go forward, the jacket should be voided in PEOne or through the website.

***IMPORTANT: Policy jackets are numbered forms which have been assigned to your office. Please do not give or lend a jacket to another agent's office without first notifying CATIC's Agent Services Department.***

### **Exclusions from Title Insurance Coverage**

On the third page of each CATIC mortgagee policy jacket is a section titled "Exclusions from Coverage." There are **seven** such general exclusions:

- **Laws, ordinances, or regulations governing the use of land, unless a notice of violation or enforcement action is recorded in the land records. This exclusion covers zoning and subdivision regulations, building codes, inland wetland regulations, environmental issues and similar matters;**
- **Eminent domain/condemnation, unless a notice thereof has been recorded in the land records;**
- **Defects or encumbrances known to or created by the insured and not known by or disclosed to CATIC, or which result in no loss or damage, or which occur subsequent to the date of the policy;**
- **"Doing business" laws;**

- Usury, consumer credit protections and truth-in-lending laws;
- Creditors' rights under bankruptcy or insolvency laws; and
- The lien for real estate taxes or other governmental assessments created or attaching between the Date of Policy and the recording of the insured mortgage.

Because these matters are excluded from coverage by the terms of the policy itself, it is not necessary to type a separate exception for any of them into Schedule B of the policy insert. However, if your title search reveals recorded notices of violations or enforcement actions for ordinances or regulations, or notices of condemnation, you must type a separate exception into Schedule B, Part I for each such notice. The instructions for the completion of Schedule B, Part I are included later in this section.

### **Preparing the Insert – Mortgagee Policy (MPI-C)**

Code letters shown on the [specimen Mortgagee Policy insert](#) correspond with the letters in the following instructions:

- Policy Number – Type the policy number from the jacket you have pulled into the space provided unless it has automatically been inserted. The policy number will be automatically inserted once you request your e-jacket in PEOne.
- Amount of Insurance – Type the exact amount of the mortgage being insured. The premium for the policy is computed on a rounded-up amount in \$100 increments (e.g. if the mortgage being insured is for \$104,550, then the premium would be calculated on \$104,600). If the principal amount of the mortgage may increase because of “negative amortization,” or you are insuring a Reverse Annuity Mortgage, you may issue the policy for the increased amount requested by the lender. Refer to the [Endorsements Section](#) of this Guide for further information regarding the negative amortization endorsement or the Future Advance – Reverse Mortgage endorsement required to be attached to that type of policy.
- Date of Policy – This is the effective date of the policy. IT CANNOT BE COMPLETED UNTIL DOCUMENTS HAVE BEEN RECORDED. Fill in the date of recording of the last document insured by the policy. This date should be typed NUMERICALLY (mm/dd/year).

If the mortgage deed covers a single property located in more than one county, which must be recorded in each county, you may have multiple recording dates. Use the “multiple dates” option in PEOne, which is located at the top of the Schedule A screen.

If the mortgage deed describes multiple properties located in different counties with different owners, a multiple insert policy should be used. Refer to the Multiple Insert Policy Section of this Guide for further information.

If you have delivered the original policy to the lender before recording the documents, the date of recording and the date of the policy should be provided to the lender as soon as possible, and the information should be added to the CATIC copy and agent copy of the policy prior to processing with CATIC. The lender may fill in the date of the policy and recording information on the original policy.

- (D) Agent Name – This is the name of the individual or entity that holds the agency, not necessarily the name of the individual who will sign the insert. No signature is required in this block. The signature will appear at the bottom of Schedule A.
- (E) Agent Number – This is your CATIC agency number.

### **Schedule A**

- (F) Item 1 – Type in the name of the lender as it appears in the mortgage deed or the assignment of mortgage. The instructions to complete the lender name and any additional information that the lender may require (e.g., “and/or its successors and assigns as their interests may appear”) are normally contained in the closing instructions received from the lender. To add a lender to the lender database in PEOne, type the name of the lender and click on add in Lender Maintenance.

In the case of a MERS mortgage, MERS will be named in the mortgage deed as the mortgagee and holder of the mortgage, but not the “lender.” As the owner of the mortgage, MERS should be one of the Insureds named in the policy.

- (G) Item 2 – When the interest being mortgaged is fee simple, nothing needs to be done. When the interest being mortgaged is leasehold, type an “X” in the “Leasehold” box. When the interest being mortgaged is both fee simple and leasehold, you must cross out the statement “unless box is checked below,” insert the word “and,” and type an “X” in the “Leasehold” box.

Example: 2. The estate or interest in the Land that is encumbered by the Insured Mortgage is fee simple and [X] Leasehold Estate (See attached Leasehold Endorsement)

- (H) Item 3 – Type the names of the owners of the property exactly as they appear in the vesting deed. The names of the borrowers on the mortgage deed must be exactly as title is held, and **all owners must sign the mortgage deed.**
- (I) Item 4 – Type the names of the parties to the mortgage as they appear in the mortgage deed, the principal amount of the mortgage, the date the mortgage was signed, and the date of recording of the mortgage, the time of recording and the volume and page of the land records. If it is a MERS mortgage, the lender should be typed as “MERS, as nominee for XXX Bank.”

If the mortgage is assigned and the assignment is recorded immediately after the mortgage, fill in the name of the assignee, the date of the assignment and date of recording of the assignment, the time of recording and the volume and page of the land records in the spaces provided.

- (J) Item 5 – Type the legal description of the property to be insured. If the legal description is long, you may choose to type the words “See legal description attached as Schedule C” or words to that effect and attach the legal description as indicated.

NOTE: If there is insufficient space on the insert in PEOnline to complete the information called for in any of the above items, you may simply complete the field as instructed above or use a Schedule A Continuation Sheet which is located under “Schedules” on the toolbar. In the space for the item being continued type “See Schedule A Continuation Sheet attached” and provide the information required on the Continuation Sheet. The Continuation Sheet should have the policy number in the space provided and it should indicate that Schedule A is being continued, the item number you are continuing, and the appropriate information. Attach a copy of the completed Schedule A Continuation Sheet to each copy of the policy.

- (K) Countersigning – When the insert has been completed, it must be signed on the appropriate line by the individual authorized to sign for the agent.
- (L) Validating the Policy – Select the name of the individual who will sign the policy by going into “Options” on the toolbar on the main screen for your file, select “Agent Information” and choose the appropriate individual from the drop down arrow.

## Schedule B, Part I

The purpose of Schedule B, Part I is to list all interests in or liens or encumbrances against the property described in the policy which take priority over the interest or lien of the named insured in the policy. In other words, these are matters for which no title insurance coverage is afforded.

- (M) Policy Number – Type the policy number from the jacket you have selected into the space provided unless it has automatically been inserted. The policy number will be automatically inserted once you request your e-jacket from PEOnline.

General Exceptions – There are certain general exceptions which must be considered for every policy written. NOTE: the general exceptions have already been omitted from the Mortgagee Policy as CATIC expects to receive a “clean” owner’s affidavit. In the event that there are any general exceptions, they must be typed into Schedule B, Part I Exceptions of the Mortgagee Policy. These general exceptions are:

- Current taxes;
- Unrecorded mechanic’s liens;
- Rights of parties in possession other than the owner; and
- Matters of survey.

- (N) Taxes – This exception refers to current taxes, that is, the grand list on which there are installments that are not yet due or payable. The printed exception for taxes in the mortgagee policy states “This Policy insures that said taxes are current and that the next installment payment is not yet due and payable.” Because of this language, all taxes which are delinquent as of the effective date of the policy must be shown separately as special exceptions, whether or not a notice of tax lien has been recorded in the land records.

Example:

Taxes on the Grand List of October 1, 2012 are due and payable on July 1, 2013 and January 1, 2014 (semi-annual tax payment county).

If a closing takes place on March 16, 2013, neither installment is yet due and payable. The printed exception in the policy would read “The lien for all municipal taxes on the List of October 1, 2012 and thereafter. This policy insures that said taxes are current and that the next installment payment is not yet due.”

If a closing takes place on December 16, 2013, the tax payment due on July 1, 2013 was not made, and the Buyer takes the property subject to

these taxes, you must strike out the printed sentence in item 1 of Schedule B which insures that the taxes are current, and in its place put the following "First half taxes payable July 1, 2013 have not been paid."

The property described in the policy may be situated wholly or partially within a special tax district which has been created for fire, water, sewer or other public facilities. In such cases, a separate exception must be taken in Schedule B for such taxes or notices of assessment. Inquiry should be made of the tax collector to determine if such special tax districts exist in the county that the property is located in. The tax collector should be able to give you the information necessary to determine whether the taxes are current.

Unrecorded Mechanics' Liens – While in most cases an insured mortgagee (lender) will not accept a title insurance policy with a general exception for unrecorded mechanics' liens, this exception MUST be typed into Schedule B, Part I unless CATIC is provided with one of the following:

- (i) An Owner's Affidavit (A-100) signed by the property owner or seller indicating that no repairs or improvements or other work has been done on the property within 90 days of the date of the insured mortgage; or
- (ii) In the case of residential property consisting of no more than four dwelling units, fully executed lien waivers, signed by all persons who may have statutory mechanic's lien rights if repairs, improvements, or other work or materials have been furnished to the property within 90 days prior to the date of the mortgage; or
- (iii) In the case of commercial property or residential property with more than four dwellings, CATIC's Full Payment and Completion form (CATIC A-110C and 110C.1), fully executed, or a fully executed lien subordination.

See the [Providing Insurance Against Mechanics' Lien Section](#) of this Guide for further information.

- (iv) In cases where repairs or improvements have been made prior to closing totaling \$10,000 or less, CATIC will accept a list of those contractors attached to the Owner's Affidavit (Form A-100) and final bills from those contractors marked "paid in full." Contact a member of CATIC's legal staff if you have questions.

Rights of parties in possession other than the owner – This general exception refers to possible rights which tenants or persons other than the owner may have in the property by virtue of possession of the property or



any part of it. Such possession may be under a written lease, recorded or unrecorded, an oral month-to-month tenancy, or by adverse possession or prescription. You MUST include this general exception on Schedule B, Part I of the mortgagee policy unless you obtain an executed **Owner's Affidavit (A-100)** signed by the property owner or seller indicating that there are no parties in possession.

If the **A-100** reveals that there are tenants or other persons in possession, then the exception must be typed into Schedule B, Part I of the policy unless:

- (i) There are tenants under oral month-to-month leases. In that case the exception need not be included in the mortgagee policy. **THE GENERAL EXCEPTION MUST REMAIN ON THE OWNER POLICY;**
- (ii) There are tenants under written leases, either recorded or unrecorded, who have subordinated their rights to the insured mortgage by written subordination agreements or automatic subordination clauses in the leases they signed. In that case, a Schedule B, Part II must be used with the mortgagee policy. Instructions for the use of Schedule B, Part II are contained later in this section. **THE GENERAL EXCEPTION MUST REMAIN ON THE OWNER POLICY.**

The broad general exception can be made more definite in appropriate circumstances, based on known facts, for example:

“Rights of the ABC Company under an unrecorded lease dated\_\_\_\_\_.”

“The terms, conditions, covenants, stipulations, and agreements contained in a lease from X to Y dated\_\_\_\_\_, a notice of which is recorded on \_\_\_\_\_ **in the Land Records** at Volume\_\_\_, Page\_\_\_.”

“Possible rights of northerly abutting owner over a common driveway along a portion of the northerly boundary line of the property.”

(If the existence of a common driveway is known, it should be noted on Schedule B. The basis of such knowledge may be a common driveway agreement recorded in the land records, a survey of the property, or facts which come to the attention of the agent-attorney by other means.)

Any state of facts that an accurate survey or personal inspection of the premises would disclose – You MUST include this general exception on Schedule B, Part I of the mortgagee policy unless you have or obtain one of the following:

- (i) A condominium or planned community for which there is a survey on file in the land records which depicts or locates the BUILDINGS in the condominium or planned community;
- (ii) Except for mortgagee policies in excess of \$5,000,000 on commercial property, an executed A-100, which shows no boundary disputes, encroachments or other survey matters, and which is forwarded to CATIC with the policy. This form should be completed by the property owner and reviewed by the agent issuing the policy. An exception must be typed into Schedule B of the policy for any specific matter which may affect title to the property being insured. In some cases, prior permission must be obtained from CATIC to issue the policy;
- (iii) For all mortgagee policies in excess of \$5,000,000 on commercial property, a survey acceptable to CATIC which is then forwarded to CATIC with the policy.

A discussion of what constitutes an acceptable survey for the issuance of mortgagee policies on residential and commercial properties is set forth in the Survey Section of this Guide.

Where an acceptable survey has been obtained and the general survey exception is to be deleted, there should nevertheless be an exception typed into Schedule B Part I of the policy for any specific matter shown on the survey which may affect the insured property.

Example: "State of facts shown on a survey of the land entitled ".....," particularly: (a) drainage ditch running along the northerly boundary line; (b) encroachment of a building across the 30' building line; (c) brook running through the southerly part of the property; (d) conservation easement along the easterly 10' of the property."

- (O) Endorsements – This section allows agents to incorporate certain standard endorsements by reference in lieu of attaching the endorsement to the policy. The following ALTA endorsements may be provided by checking the appropriate box at the bottom of the Schedule B, Part I:

ALTA 4.1, Condominium

ALTA 5.1, Planned Community

ALTA 6, Variable Rate

ALTA 6.2, Variable Rate – Negative Amortization

ALTA 8.1, Environmental Protection Lien (Residential)

ALTA 9, Restrictions, Encroachments, Minerals

ALTA 13.1, Leasehold Loan

## ALTA 22, Location

You can also incorporate CATIC standard affirmative language by checking the box for the E-15 endorsement.

*Before incorporating an endorsement by reference, agents must comply with underwriting requirements for the endorsement just as though the full text version of the endorsement was attached to the policy.*

- (P) Special Exceptions – After the general exceptions discussed above have been either typed into Schedule B, Part I or excluded as set forth above, all matters of record pertaining to the title which take priority over the insured mortgage must be set forth as individual items. Your title search or report may show one or more matters affecting the property which must be set forth as special exceptions to the coverage provided by the title insurance policy. These specific exceptions are all interests, liens and encumbrances to which the mortgage insured by the title policy will be subject.

Each special exception in Schedule B, Part I should be listed and numbered separately with reference to the type or nature of the instrument, the parties, the date of the instrument, the volume and page of recording and the county in which it is recorded. If the volume and page have not yet been assigned, use the date, hour and minute of recording of the document.

To prepare your Schedule B, Part I from your title search, go to the “Schedules” tab in PEOnline and select that Schedule. Once you have opened the Schedule B, Part I window, you can access the “Phrase Codes” button at the top left of the screen that will give you the correct language for the more common exceptions, saving you time and typing.

Refinances – Mortgagee Policy – If you are preparing a Mortgagee Policy for a refinance transaction and have ordered a current owner title search, the following language must be added to Schedule B, Part I of the Mortgagee Policy:

“Easements, covenants, conditions, restrictions, agreements, obligations, or provisions as created, contained, reserved, set forth or referenced in a deed to current owner {insert deed information which was the starting point of the current owner search – recite parties, date and recording information for the deed which serves as the starting point of the current owner search}.”

If the property is a common interest community, also add:

“Terms, covenants, conditions, obligations, agreements, easements, rights, burdens and all other provisions as created, contained, set forth, incorporated or referenced in the Declaration referred to herein, as the same may be amended from time to time.”

If you are using PEOne and your title search was e- mailed to you, you can import the information directly into the Policy Commitment. PEOne has the capability to import a title search file created in CATIC ETL into a new file, as well as import into an existing file. To access your title searches, simply click on the “Title Searches” icon on the PEOne main screen. You can then view, print and import your title searches. You can also import your title searches by clicking on the “Import/Export” icon on the PEOne main screen and then click on the “Import Title Search File” button. Open the Mortgagee Policy, click on Schedule B in the tool bar, click on copy from PC Schedule B, Part 1 Exceptions. Please see the “PEOnline Help File” for detailed importing instructions or contact CATIC’s Agent Services Department.

Finally, if you are preparing a policy on a condominium or planned community, CATIC will have provided you with a pre-printed Schedule B, Part I that you can attach to the policy in lieu of preparing your own. You will then only need to add to your Schedule B, Part I any additional encumbrances your search reveals. Remember to check off the box “Attached pre-printed Schedule B Continuation Sheet” in this field.

### **Schedule B, Part II**

- (Q) Unreleased mortgages or other interests in the land which are recorded prior to the insured mortgage, but which have been subordinated to the insured mortgage must be included on Schedule B, Part II. The following language MUST be included at the top of Schedule B, Part II (it is included in the form available in PEOne under the Schedules tab):

“In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in the Property Description is subject to the following matters, if any be shown, but the Company insures that these matters are subordinate to the lien or charge of the insured mortgage upon the estate or interest:”

Example: “A mortgage in the original principal amount of \$20,000.00 from Lewis Stone to William Stanton dated June 10, 2009 and recorded in Volume 222 at Page 333 of the **Enfield Land Records**. Said mortgage was subordinated to the lien of the insured mortgage by a subordination agreement dated September 3, 2009 and recorded on September 4, 2009 at 3:45 PM in the **Enfield Land Records**.”

“Notice of Lease from Lewis Stone to Soda Shoppe, Inc. dated June 1, 2009 and recorded in Volume 999 at Page 777 of the **Brookfield Land Records**. Said lease was subordinated to the lien of the insured mortgage by a subordination agreement dated September 9, 2009 and recorded on September 12, 2009 at 10:55 AM in the **Brookfield Land Records**.”

Schedule B, Part II can also be used for matters recorded in conjunction with, but after the insured mortgage:

“A collateral assignment of leases and rentals from Canton Farms, LLC in favor of Fleet Bank, N.A. dated October 15, 2010 and recorded on October 16, 2010 at 4:56 in the **Southbury Land Records**.”

- (R) Property Description – Property Description page can be accessed through the Schedules tab in PEOnline. Type the property description or simply copy the description provided in your title search and attach it to your policy. Please refer to the Description Section of this Guide for further information.

Insuring Appurtenant Easements – If the description provided to you conveys property “together with” certain easement rights, those easement rights may be included in the Property Description of the title policy **only if**:

- the property that is subject to the easement has also been searched;
- encumbrances affecting the easement area are listed in Schedule B as exceptions; and
- an exception is taken in Schedule B, Part I for “The terms, conditions, obligations and interpretation of an easement set forth in Volume \_\_\_\_\_, Page \_\_\_\_\_ of the \_\_\_\_\_ **Land Records**.”

### **Policies Insuring Units in Condominiums, Planned Communities/Planned Unit Developments and Cooperatives**

CATIC must review and approve documents for a condominium, planned community (sometimes called a “planned unit development”) or cooperative for title insurance before you may issue a policy. CATIC prepares a Schedule B for each condominium, planned community and planned unit development on its approved list. Whenever you prepare a title insurance policy for a condominium unit, planned community or cooperative, you should order an LSA from CATIC, which will be sent to you with the appropriate Schedule B.

Because of the special nature of a planned community or planned unit development (PUD), the policy insuring title to a unit must be prepared in a slightly different manner. In a planned community or PUD, the purchaser or mortgagor of a unit holds title only to the unit. Title to the common elements is held by the unit owners' association. The title policy, therefore, insures only the title to the unit and not the title to the common elements.

However, in most planned communities and PUDs the common elements are essential parts of the entire development, and the right of the unit owner to use the common elements is frequently essential to the ability to use and enjoy the unit. For example, in many of these developments, the roads, open spaces and recreational areas are common elements owned by the association. Therefore, it is important that both unit owners and mortgagees know what encumbrances affect title to both units and common elements. CATIC prepares a Schedule B Continuation Sheet for all planned communities created after January 1, 1984 which it has reviewed and approved for title insurance, as well as for some pre-CIOA planned unit developments. The Schedule B will be provided to you when you order an LSA. Please refer to the [Title Services Section](#) of this Guide for further information.

### **Completing the Mortgagee Policy**

When you have completed the insert, the following needs to be done:

1. After recording, make sure that the closing date and the effective date of the policy has been inserted into the appropriate places on Schedule A, along with the time of recording and volume and page.
2. Have the authorized person from your office sign the original insert.
3. Make two copies of the insert. One copy is for your file and one copy is to be sent to CATIC. The original insert will be attached to the jacket and forwarded to the lender.
4. Assemble the original of the insert, any continuation sheets, endorsements, and description of the property, and staple them to the mortgagee jacket. The original should be sent to the lender.
5. Assemble the CATIC copy and your copy of the policy, exactly in the format sent to the Lender. Neither your copy nor the copy sent to CATIC will have a jacket.
6. Complete and attach a Policy Transmittal Form and any supporting documentation to CATIC's copy of the policy. You may select the Policy Transmittal Form to print when you select the policy form to print. You

must submit the ORIGINAL Owner's Affidavit (A-100) and, if applicable, the ORIGINAL Mechanic's Lien Waiver (A-110) or Subordination (A-111) to CATIC with the final policy. If you are using a survey to provide survey coverage, a copy must be sent with the policy to CATIC.

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## VI. OWNER TITLE INSURANCE POLICY (OP-C)

CATIC owner policies consist of two parts:

- (1) the jacket which contains the policy number, a statement of the covered risks, exclusions and conditions and stipulations of the title policy contract; and
- (2) the insert which contains the Schedules A and B and Property Description you need to complete with transaction-specific information.

Together, the two parts make up the owner policy you issue.

The jackets can be ordered through PEOnline or on the CATIC website, [www.catic.com](http://www.catic.com).

The inserts and schedules are contained in PEOnline.

**Preparing the Owner Policy. (See [sample Owners Policy Jacket](#)).**

Refer to [Obtaining an E-jacket in the Mortgagee Policy section](#) of this guide.

### Exclusions from Title Insurance Coverage

On the third page of each CATIC owner policy jacket is a statement titled "Exclusions from Coverage." They are as follows:

- Laws, ordinances, permits or governmental regulations (including building and zoning regulations) relating to the use of land, unless a notice of violation or enforcement action is recorded in the land records. This exclusion covers zoning and subdivision regulations, building codes, inland wetland regulations, environmental issues and similar matters;

- Eminent domain/condemnation, unless a notice thereof has been recorded in the land records;
- Defects, liens, encumbrances, adverse claims or other matters known to, created or agreed to by the insured and not known or disclosed to the Company in writing or recorded in the Land Records;
- Matters resulting in no loss to the Insured;
- Matters created subsequent to the Date of Policy;
- Matters resulting in loss or damage that would not have been sustained had the Insured paid value for the title (the “bona fide purchaser” exclusion);
- Creditors’ rights under bankruptcy or insolvency laws to claim a fraudulent or preferential transfer; and
- Any lien for real estate taxes or assessments imposed by a governmental authority, created or attaching between Date of Policy and recording of the deed to the Insured.

Because these matters are excluded from coverage by the terms of the policy itself, it is not necessary to type a separate exception for any of them into Schedule B of the policy insert. However, if your title search reveals recorded notices of violations or enforcement actions for ordinances or regulations, or notices of condemnation, you must type a separate exception into Schedule B, Part I for each such notice. The instructions for the completion of Schedule B, Part I are included later in this section.

### **Preparing the Insert – Owner Policy (OPI-C)**

Code letters shown on the [specimen Owner Policy insert](#) correspond with the letters in the following instructions:

- (A) Policy Number – Once you ordered your jacket electronically through PEOnline, the policy number will automatically fill into the space provided.

If you have ordered your jacket via e-jackets on [catic.com](#), type your jacket number into the policy number section.

- (B) Amount of Insurance – In general, the policy amount should be the purchase price of the property. Exceptions:



- (i) If the property is acquired other than through purchase, or was purchased at less than fair market value, the amount of the policy should reflect the fair market value of the property. A policy should not be issued for less than fair market value without advising the client that the policy may not provide full title protection.

Occasionally, a client will request an owner policy for property already owned and acquired some time earlier. In such a case, the policy amount should be the fair market value of the property at the time the policy is issued. However, the effective date of the policy should be the date of recording of the conveyance by which the client acquired title. In addition, if the owner policy is being issued more than 60 days after the client acquired title, the client must complete and sign a **Form A-109** stating that he has no knowledge of any title defects, liens or encumbrances or adverse claims other than as appear on the land records and for which exceptions are taken on Schedule B of the policy.

- (ii) New Construction – Where a policy insures land on which buildings are to be constructed, the policy may be issued for the purchase price or fair market value of the land and the estimated cost or value of improvements to be made, if known. In this case, a special note should be included in Schedule B of the policy:

“Note: Liability under this policy is presently limited to the purchase price (fair market value) of the land (\$\_\_\_\_\_), but will increase automatically to include the actual cost of improvements placed thereon and fully paid for, up to the full amount of the policy.”

If land has been purchased for future construction, an owner’s policy can be issued for the purchase price of the land and increased by endorsement when construction commences or when it is completed. The client will pay only for the increase.

- (iii) Leasehold Policies – Where a policy insures the title to a leasehold only (no fee title is being acquired) and there is no purchase price, the amount of the policy should be the fair market value of the property.

The leasehold policy should always include the following special exception in Schedule B:

“The terms, agreements, reservations, restrictions, covenants, and conditions contained in the lease agreement between \_\_\_\_\_ as lessor and \_\_\_\_\_ as lessee, a notice of which lease was recorded **on the \_\_\_\_\_ Land Records on \_\_\_\_\_.**”

- (C) Date of Policy – This is the effective date of the policy. IT CANNOT BE COMPLETED UNTIL DOCUMENTS HAVE BEEN RECORDED. Fill in the date of recording of the document creating the estate which is insured by the policy. This date should be typed NUMERICALLY. If the property being insured is located in more than one county and you have different recording dates in each county, use the “multiple dates” option in PEOnline.
- (D) Agent Name – This is the name of the individual or entity that is the CATIC agent, not necessarily the name of the individual who will sign the insert. No signature is required in this block. The signature will appear at the bottom of Schedule A.
- (E) Agent Number – This is your CATIC assigned agent number.

### **Schedule A**

- (F) Item 1 – Type the exact name of each Grantee or Lessee as it appears in the deed or lease insured by the policy. If you wish, add the mailing address of such Grantee or Lessee, as space permits.
- (G) Item 2 – When the interest being insured is fee simple, nothing needs to be done. When the interest being insured is leasehold, type an “X” in the “Leasehold” box. When the interest being insured is both fee simple and leasehold, you must cross out the statement “unless box is checked below,” insert the word “and,” and type an “X” in the “Leasehold” box.

Example: 2. The estate or interest in the land that is insured by this policy is fee simple and [X] Leasehold Estate (See Attached Leasehold Endorsement)

- (H) Item 3 – Type the names of the owners of the property exactly as they appear in the deed of conveyance or lease.
- (S) Item 4 – Type the legal description of the property to be insured. If the legal description is long, you may choose to type the words “See legal description attached as Schedule C” or words to that effect and attach the legal description as indicated.
- (I) NOTE: If there is insufficient space on the insert in PEOnline to complete the information called for in any of the above items, you may simply complete the field as instructed above or use a Schedule A Continuation Sheet which is located under “Schedules” on the toolbar. In the space for the item being continued type “See Schedule A Continuation Sheet attached” and provide the information required on the Continuation Sheet. The Continuation Sheet should have the policy number in the space provided and it should indicate that Schedule A is being continued, the item number you are continuing, and the

appropriate information. Attach a copy of the completed Schedule A Continuation Sheet to each copy of the policy.

- (J) Countersigning – When the insert has been completed, it must be signed on the appropriate line by the individual authorized to sign for the agent.
- (K) Validating the Policy – Type the name of the individual who will sign the policy in the space provided.

### **Schedule B, Part I**

- (L) Policy Number – Type the owner policy number as listed on the jacket unless it has been automatically inserted. The policy number will be automatically inserted once you request your e-jacket from PEOOnline.
- (M) General Exceptions – There are certain general exceptions which must be considered for every policy written. These general exceptions are already printed into Schedule B of the policy. They are:

- **Rights of persons in possession other than the Insured;**
- **Easements, claims of easements not shown by the Public Records, boundary line disputes, overlaps, encroachments, title to filled lands (if any) and all other facts which an accurate survey and inspection of the Land would disclose and which are not shown by the Public Records, as well as all those matters described in Covered Risk 2(c); and**
- **Unrecorded mechanics' liens.**

If any are to be deleted, type the letter of the Exception (i.e., A, B, or C) on the line provided below the printed Exceptions. **In order to delete one of these Exceptions, however, you must follow the instructions below.**

Rights of parties in possession other than the owner – This general exception refers to possible rights which tenants or persons other than the owner may have in the property by virtue of possession of the property or any part of it. Such possession may be under a written lease, recorded or unrecorded, an oral month-to-month tenancy, or by adverse possession or prescription. You **MUST** include this general exception on Schedule B, Part I of the owner policy unless you obtain an executed **A-100** signed by the property owner or seller indicating that there are no parties in possession.

If the **A-100** reveals that there are tenants or other persons in possession, then the exception must remain in Schedule B, Part I.

The broad general exception can be made more definite in appropriate

circumstances, based on known facts:

“Rights of the ABC Company under an unrecorded lease dated \_\_\_\_\_”

“The terms, conditions, covenants, stipulations, and agreements contained in a lease from X to Y dated \_\_\_\_\_, a Notice of which is recorded on \_\_\_\_\_ in the Land Records at Volume \_\_\_\_\_, Page \_\_\_\_\_.”

“Possible rights of northerly abutting owner over a common driveway along a portion of the northerly boundary line of the property.”

(If the existence of a common driveway is known, it should be noted on Schedule B. The basis of such knowledge may be a common driveway agreement recorded in the land records, or a survey of the property or by any other facts which come to the attention of the agent.)

**All other facts which an accurate survey and inspection of the Land would disclose – You MUST include this general exception on Schedule B, Part I of the standard owner policy unless you have one of the following: (i) a condominium or planned community where there is a survey on file that locates the BUILDINGS in the condominium or planned community; or (ii) a survey acceptable to CATIC which is then forwarded to CATIC with the policy. A discussion of what constitutes an acceptable survey for the issuance of owner policies on residential and commercial properties is set forth in the Survey Section of this Guide.**

Where an acceptable survey has been obtained and the general survey exception is to be deleted, there should nevertheless be an exception typed into the policy for any specific matter which may affect title which is shown on the survey.

Example: “State of facts shown on a survey of the land entitled “.....,” particularly: (a) drainage ditch running along the northerly boundary line; (b) encroachment of a building across the 30’ building line; (c) brook running through the southerly part of the property; (d) conservation easement along the easterly 10’ of the property.”

**Unrecorded Mechanic’s Liens – This exception MUST remain in Schedule B, Part I unless CATIC is provided with one or both of the following:**

- (i) An **A-100** signed by the property owner or seller indicating that no repairs or improvements or other work has been done on the property within 90 days of the date of the deed of conveyance; or
- (ii) In the case of residential property consisting of no more than four dwelling units, fully executed lien waivers signed by all persons who may have statutory mechanic’s lien rights if repairs, improvements, or other work or materials have been furnished to the property

within 90 days prior to the date of the deed of conveyance. If the property being insured is commercial, a fully executed Commercial Transactions Confirmation of Full Payment and Completion (CATIC A-110C) must be provided. See the [Providing Insurance Against Mechanics' Lien Section](#) of this Guide for further information.

(N) Special Exceptions

1. Taxes – This exception refers to current taxes, that is, the grand list on which there are installments that are not yet due or payable. The printed exception for taxes in the owner policy states “This Policy insures that said taxes are current and that the next installment payment is not yet due and payable.” Because of this language, all taxes which are delinquent as of the effective date of the policy must be shown separately as special exceptions, whether or not a notice of tax lien has been recorded in the land records.

Example:

Taxes due for the Grand List of October 1, 2012 are due and payable on July 1, 2013 and January 1, 2014 (semi-annual tax payment county).

If a closing takes place on March 16, 2013, neither installment is yet payable. The printed exception in the policy would read “The lien for all municipal taxes on the List of October 1, 2012 and thereafter. This policy insures that said taxes are current and that the next installment payment is not yet due.”

If a closing takes place on December 16, 2013, the tax payment due on July 1, 2013 was not made, and the Buyer takes the property subject to these taxes, you must strike out the printed sentence in item 1 of Schedule B which insures that the taxes are current, and in its place put the following “First half taxes payable July 1, 2013 have not been paid.”

The property described in the policy may be situated wholly or partially within a special taxing district which has been created for fire, water, sewer or other public facilities. In such cases, a separate exception must be taken in Schedule B for such taxes or notices of assessment. Inquiry should be made of the tax collector to determine if such special taxing districts apply to the county that the property is located in. The tax collector should be able to give you the information necessary to determine whether the taxes are current.

- (O) Other Special Exceptions – After the general exceptions discussed above have been included or excluded as set forth above, all matters of record

pertaining to the title which take priority over the interest of the insured must be set forth as individual items. Your title search or report may show one or more matters affecting the property which must be set forth as special exceptions to the coverage provided by the title insurance policy. These specific exceptions are all interests, liens and encumbrances which affect the property owned by the Insured.

Each special exception in Schedule B, Part I should be listed and numbered separately with reference to the type or nature of the instrument, the parties, the date of the instrument, the volume and page of recording and the county in which it is recorded. If the volume and page have not yet been assigned, use the date, hour and minute of recording of the document.

To prepare your Schedule B Part I from your title search, go to the “Schedules” tab in PEOne and select that Schedule. Once you have opened the Schedule B, Part I window, you can access the “Phrase Codes” button at the top left of the screen that will give you the correct language for the more common exceptions, saving you time and typing.

If you are using PEOne and your title search was e- mailed to you, you can import the information directly into the policy commitment. PEOne has the capability to import a title search file created in CATIC ETL into a new file, as well as import into an existing file. To access your title searches, simply click on the “Title Searches” icon on the PEOne main screen. You can then view, print and import your title searches. You can also import your title searches by clicking on the “Import/Export” icon on the PEOne main screen and then click on the “Import Title Search File” button. After you open the Owner’s Policy, click on Schedule B, Part I, copy from PC Schedule B, Part I Exceptions. Please see the “PEOne Help File” for detailed importing instructions.

Finally, if you are preparing a policy on a condominium or planned community, CATIC will have provided you with a pre-printed Schedule B Part I that you can attach to the policy in lieu of preparing your own. You will then only need to add to your Schedule B Part I any additional encumbrances your search reveals.

- (P) Endorsements – This section allows agents to incorporate by reference certain ALTA endorsements instead of attaching copies of those endorsements. The endorsements that may be incorporated are the ALTA 4.1-06 Condominium and the ALTA 5.1-06 Planned Unit Development. These endorsements can be added to your policy if CATIC has approved the project for title insurance.
- (Q) Type the policy number at the top of Schedule B continuation sheet.
- (R) Property Description – The Property Description page can be accessed

through the Schedules tab in PEOne. Type the property description or simply copy the description provided in your title search and attach it to your policy. Please refer to the [Description Section](#) of this Guide for further information.

Insuring Appurtenant Easements – If the description provided to you conveys property “together with” certain easement rights, those easement rights may be included in the Property Description of the title policy **only if**:

- the property that is subject to the easement has also been searched;
- encumbrances affecting the easement area are listed in Schedule B as exceptions; and
- an exception is taken in Schedule B for “The terms, conditions, obligations and interpretation of an easement set forth in Volume \_\_\_\_\_, Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.”

### **Affirmative Insurance Provisions**

The question frequently arises whether affirmative insuring provisions afforded to lenders under certain mortgagee policies may be included in the owner policy. The risk of loss to CATIC is considerably greater when the owner policy contains affirmative insurance provisions than when the same provisions appear in a mortgagee policy. For this reason, affirmative insuring provisions should not ordinarily be added to an owner policy without first discussing the title and the coverage sought with CATIC’s underwriting staff.

### **Schedule B, Part II**

If there are matters affecting the title to the property which are being insured over by agreement with CATIC, all such matters should be disclosed in a Schedule B, Part II attached to the policy. The printed language at the top of Schedule B, Part II must be changed for use with the owner policy as follows: “In addition to the matters set forth in Part I of this Schedule, the title to the estate or interest in the land described or referred to in the Property Description is subject to the following matters:”

Each such matter should then be set out in a separately numbered paragraph. A Schedule B, Part II should never be used with an owner’s policy to insure over any title matter without first obtaining the permission of CATIC’s underwriting staff.

### **Policies Insuring Units in Condominiums and Planned Communities/Planned Unit Developments**

CATIC must review and approve documents for a condominium, planned

community or planned unit development for title insurance before you may issue a policy. CATIC prepares a Schedule B for each condominium, planned community and planned unit development on its approved list. Whenever you prepare a title insurance policy for a condominium unit, planned community or planned unit development, you should order an LSA from CATIC.

Because of the special nature of a planned community or planned unit development (PUD), the policy insuring title to a unit must be prepared in a slightly different manner. In a planned community or PUD, the purchaser or mortgagor of a unit holds title only to the unit. Title to the common elements is held by the unit owners' association. The title policy, therefore, insures only the title to the unit and not the title to the common elements.

However, in most planned communities and PUDs the common elements are essential parts of the entire development, and the right of the unit owner to use the common elements is frequently essential to the ability to use and enjoy the unit. For example, in many of these developments, the roads, open spaces and recreational areas are common elements owned by the association. Therefore, it is important that unit owners know what encumbrances affect title to both units and common elements. CATIC prepares a Schedule B Continuation Sheet for all planned communities created after January 1, 1984 which it has reviewed and approved for title insurance, as well as for some pre-CIOA planned unit developments. The Schedule B will be provided to you when you order an LSA.



## Completing the Owner Policy

When you have completed typing the insert, the following needs to be done:

1. After recording, make sure that the effective date of the policy has been inserted in Schedule A.
2. Have the appropriate person sign the original insert.
3. Make two copies of the insert, a copy for your file and one copy for CATIC. The original insert will be attached to the jacket and forwarded on to the insured.
4. Assemble the original of the insert, any continuation sheets, endorsements, and description of the property and staple them to the numbered jacket. The original will be sent to the insured with the CATIC Financial Privacy Policy.
5. Assemble the CATIC copy and your copy of the policy, exactly in the format sent to the Insured. Neither your copy nor the copy sent to CATIC will have a jacket unless you make a copy of it for your file.
6. Complete and attach a Policy Transmittal Form and any supporting documentation to CATIC's copy of the policy. In addition, if you are providing survey coverage based on a survey, a copy of the survey must also be included with the CATIC copy of the policy.

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## VII. SHORT FORM RESIDENTIAL LOAN POLICY – One-to-Four Family (Rev. 12-3-12)

### Purpose of the Short Form

A lender usually requests a long form ALTA Standard Loan Policy when insuring the lender's mortgage, but a lender has the option of requesting that the mortgage be insured using an ALTA Short Form Residential Loan Policy ("Short Form Policy").

The original policy issued to the lender, when completed, will consist of a single page Short Form J and a two-page Short Form Insert (SFI). In some cases, it may also include a Schedule B Addendum.

### When to Use the Short Form

The Short Form policy is available only as a loan (mortgagee) title insurance

policy. It may be used whenever your lender requests this form of policy and the property to be insured is used *exclusively* for one-to-four family residential purposes, including units in a residential condominium. The title insured by the Short Form Policy must be a fee simple interest. The Short Form cannot be used to insure a leasehold interest.

In addition, you must check the encumbrances affecting title and the survey or the **Owner's Affidavit** for the property to be insured, to be certain that the affirmative assurances provided in Schedule B of the Short Form policy can be given.

If a lender requests a Short Form Expanded Loan Policy, please contact CATIC's Agent Services Department for assistance.

### **The Short Form Jacket (SFJ)**

Like the Standard Loan Policy, the Short Form Policy requires the use of a jacket. The short form jacket (SFJ) can be distinguished from the Standard Loan Policy Jacket (MPJ) in that there are no Covered Risks, Exclusions from Coverage or Conditions printed in the SFJ. All of these are incorporated into the policy by reference, and that is one of the reasons why the form of loan policy is so "short."

The Short Form Jacket (see [sample Short Form Jacket](#)) can be ordered through PEOne or on the CATIC website, [www.catic.com](http://www.catic.com).

The inserts and schedules are contained in PEOne.

### **Obtaining an E-Jacket through PEOne or via CATIC's Website** [www.catic.com](http://www.catic.com)

Please refer to the section "Obtaining an E-Jacket" and "Requesting a Mortgagee or Owner Policy E-Jacket through the CATIC website" under the Mortgagee Title Insurance Policy.

If you pull a jacket for a closing and the closing does not go forward, the jacket should be voided in PEOne or through the website.

*IMPORTANT: Policy jackets are numbered forms which have been assigned to your office. Please do not give or lend a jacket to another agent's office without first notifying CATIC's Agent Services Department.*

### **Preparing the Insert – Short Form Policy (SFI)**

The Short Form Policy insert is found in PEOne at the "Policy" icon under "Short form policy."

## Schedule A

Code letters shown on the [specimen Short Form Policy insert](#) correspond with the letters in the following instructions:

- (A) Policy Number – Insert the policy number from the jacket you have selected into the space provided.
- (B) Address Reference – Type the street address or lot number and subdivision when applicable, or unit number and name of condominium, or other reference which may identify the property, and name of the county in which the property is situated (e.g. **25 Maple Street, Enfield, Connecticut, or Unit 2B Parkview Condominium, Enfield, Connecticut**). If there is not street address or unit or lot number (as in the case of unimproved land), indicate the approximate location (e.g. **25 acres on the northerly side of Jones Road, Danbury, Connecticut**).

*NOTE: Schedule A Continuation sheets may not be used with the Short Form policy. If, due to the complicated nature of the transaction there is insufficient space on the face of the insert to complete the required information, you may not use this form of policy. Use, instead, the CATIC standard Mortgage Policy.*

- (C) Amount of Insurance – Insert the exact amount of the mortgage being insured. The premium for the policy is computed on a rounded-up amount. If the principal amount of the mortgage may increase because of “negative amortization,” you may issue the policy for the increased amount requested by the lender. Refer to the [Endorsements Section](#) of this Guide for further information.
- (D) Mortgage Amount – Type in the principal amount of the mortgage, even if you have a negative amortization mortgage. Except in the case of a negative amortization mortgage, the Mortgage Amount entered here will be the same as the Amount of Insurance entered as described in paragraph (C) above.
- (E) Mortgage Date – Type in the date the mortgage was executed.
- (F) Date of Policy – This is the effective date of the policy. IT CANNOT BE COMPLETED UNTIL DOCUMENTS HAVE BEEN RECORDED. Fill in the date of recording of the last document insured by the policy. This date should be typed NUMERICALLY (3/1/2014).

If the mortgage deed has been recorded in more than one county, you may have multiple recording dates. Use the multiple date option in PEOnline, **which is located at the top of the Schedule A screen.**

If you have delivered the original policy to the lender before recording the

documents, the date of recording should be provided to the lender as soon as possible, and the information should be added to the CATIC copy and agent copy of the policy prior to processing with CATIC. The lender may fill in the date of the policy and recording information on the original policy.

- (G) Name of Insured – Type in the name of the lender in accordance with the instructions provided to you by the lender, as it appears in the mortgage deed or assignment recorded at closing.
- (H) Name of Borrower(s) – Type in the name of the borrower(s) exactly as they appear in the mortgage deed.
- (I) Addendum Information – The only addendum approved for use with this form of policy is a Schedule B Addendum. It will be attached only in accordance with the instructions contained in this material. (See Schedule B Addendum section below.) Check the appropriate box indicating whether or not such an Addendum is attached to your policy.
- (J) Endorsement Section – This section of the short form policy incorporates by reference the text of five of the most commonly used ALTA form endorsements. In addition, the policy form allows you to incorporate additional endorsements, as requested by the lender, by checking those off from the list provided. You may incorporate the other listed ALTA endorsements into the policy only if you have complied with the underwriting requirements for those endorsements. **NO OTHER ENDORSEMENTS MAY BE USED WITH THIS FORM OF POLICY.** If the lender requires any other endorsements than the ones listed in the policy, you must use a long form Standard Loan Policy.
- (K) Agent Number – Insert the CATIC agent number in the space provided.
- (L) Validating the Policy – Type the name of the agent in the space provided. This is the name of the individual agent or entity that is the CATIC agent, not necessarily the name of the party signing the policy.
- (M) Countersigning – When the insert has been completed, it must be signed on the appropriate line by the individual authorized to sign for the agent.

### **Schedule B, Part I**

Another way the Short Form Policy differs from a long form Standard Loan Policy is that while the Schedule B in the Standard Loan Policy contains specific exceptions affecting the property, a preprinted Schedule B is included with the Short Form Policy. This Schedule B contains non-specific exceptions for the following types of encumbrances:

- Covenants, conditions or restrictions;
- Easements; and
- Any lease, grant, exception, or reservation of minerals or mineral rights.

It also contains standard affirmative language with regard to each of these types of encumbrances and insures against loss or damage sustained by reason of the inaccuracy of such affirmative language, except as limited in any Schedule B Addendum attached to the policy.

Before you can attach the Schedule B, Part I, you must check your title search to determine what encumbrances affect the title to the property that is being insured. You must then determine whether some or all of those encumbrances qualify for the affirmative language preprinted into the lender's Schedule B.

**ONLY THOSE ENCUMBRANCES TO WHICH THE AFFIRMATIVE LANGUAGE PREPRINTED INTO THE LENDER'S SCHEDULE B APPLIES SHOULD BE INCLUDED IN SCHEDULE B, PART I. ALL OTHER ENCUMBRANCES AFFECTING YOUR TITLE MUST APPEAR IN A SCHEDULE B ADDENDUM.**

### **Schedule B Addendum**

The purpose of the Schedule B Addendum is to set forth a specific exception for any encumbrance affecting title to the property for which the affirmative insurance printed into Schedule B of the lender's policy **cannot be given**. You must check each encumbrance disclosed by your title search in light of the affirmative language given in the preprinted Schedule B to determine whether or not you must take an exception for that encumbrance in a Schedule B Addendum.

Example: A survey of the property discloses an encroachment of the garage into a sewer easement crossing the property. An exception must be included in a Schedule B Addendum both for the encroachment and for the sewer easement, neither of which will have affirmative language.

Example: A recorded utility easement for underground wires running along the boundary of the property contains no language requiring the grantee of the easement to repair or restore the premises in the event of excavation to repair its underground wires. An exception must be taken in a Schedule B Addendum for this easement, since damage may result to lawn, shrubbery or trees due to the excavation by the utility company.

In the event your property bounds on navigable or tidal waterways or has such a waterway flowing through it, certain other exceptions must be included in the Schedule B Addendum. See the [Standard Language for Special Exceptions to Title Section](#) of this Guide for further information.

### **Subordinated Encumbrances**

If there are mortgages, liens, or leases of record that are being or have been subordinated to the mortgage being insured under the Short Form Policy, they must be included in a Schedule B Addendum and identified by their recording information. Appropriate affirmative language should be given, as follows:

Example: A mortgage from John C. and Anne Johnson to Martha Cullen in the principal amount of \$32,500.00 dated April 14, 2014 and recorded in Volume 927 at Page 30 of the Newcounty Land Records. This policy insures that said mortgage is subordinate to the mortgage insured hereunder by virtue of a Subordination Agreement dated July 17, 2014 and recorded on July 19, 2014 at 12:04 PM.

## General Exceptions to Title

There are four general exceptions that may appear in the Schedule B of the long form Standard Loan Policy. These general exceptions are:

- Current taxes;
- Unrecorded mechanic's liens;
- Rights of parties in possession; and
- Matters shown on a survey.

There are no corresponding general exceptions for these matters in the Short Form Policy, although the Covered Risks of the Standard Loan Policy are incorporated by reference into the Short Form Policy and provide coverage against loss resulting from these risks. The underwriting to provide this coverage in the Short Form Policy is essentially the same as it is to omit or remove the general exceptions from the Schedule B of the Standard Loan Policy. You must obtain a completed Owner's Affidavit where all of the representations concerning taxes, parties in possession, mechanics' lien rights and survey matters remained unchanged. If there are any alterations to these representations in the Owner's Affidavit, or if an Owner Affidavit is unavailable, please contact a member of CATIC's legal staff before proceeding.

## Completing the Short Form Policy

When you have completed typing the insert, including the Addendum and Schedule B, Part I of the CATIC and agent copies, do the following:

1. Put the original of the insert and any Schedule B Addendum you have prepared into the numbered short form jacket. This is the original policy to be issued to the lender. Property Description is not required.
2. Staple the inserted material to the inside back cover of the jacket.
3. Assemble the CATIC copy and your copy of the policy attaching to each a copy of any Schedule B Addendum you have given to the lender. Neither your copy nor the CATIC copy will have a jacket. CATIC's copy should include a Property Description.
4. Refer to the [Mortgagee Policy Section](#) of this Guide for further information.

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## VIII. STANDARD LANGUAGE FOR SPECIAL EXCEPTIONS TO TITLE

Following is language for special exceptions to title, Schedule B. The language is a compilation of language suggested by ALTA which is traditionally seen on policies insuring real property located in the State of Connecticut. It is intended to promote the prompt and efficient review of the Schedule B Exceptions by lenders. CATIC encourages its agents to include as much information as possible when setting forth encumbrances in a title policy:

Boundary Lines – The terms and provisions of boundary line agreement by and among \_\_\_\_\_ concerning the \_\_\_\_\_ line of the land, dated and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Brooks, Streams or rivers that are not navigable – Riparian rights of others in and to \_\_\_\_\_ (name of stream, brook or river) flowing through or bounding on the insured property.

Common Driveway – Rights of others in and to a common driveway.

Condominiums – Agents utilizing our Limited Search Authorization for common interest communities which have been pre-approved by CATIC will receive a continuation sheet for inclusion in the title policy(s) which will include language regarding the recording of the Declaration and the terms and conditions set forth therein.

Covenants, Conditions, and Restrictions – Terms, covenants, conditions, obligations, agreements, easements, rights, burdens and all other provisions as created, contained, set forth or referenced in a Declaration of \_\_\_\_\_, dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Construction in Progress – Owner's Policy – Where a policy insures land on which buildings are to be or are being constructed, the policy may be issued for the purchase price or fair market value of the land and the estimated cost or value of improvements to be made. Add the following to Schedule B of the policy: **NOTE:** Liability under this policy is presently limited to the purchase price (fair market value) of the land (\$ \_\_\_\_\_), but will increase automatically to include the actual cost of improvements placed thereon and fully paid for, up to the full amount of the policy.

Current Owner Search – Any easements, covenants, conditions, restrictions, agreements, reservations, obligations, or provisions as created, contained, reserved, set forth or referenced in the deed to current owner (\_\_\_\_\_ deed from \_\_\_\_\_ to \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_).

Declaration – Declaration of \_\_\_\_\_ by \_\_\_\_\_ dated \_\_\_\_\_

\_\_\_\_\_ and recorded on \_\_\_\_\_ in the \_\_\_\_\_ land records.

Decedent's Estates – Notice of federal estate [or state Estate] tax lien recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records on the \_\_\_\_\_ estate of \_\_\_\_\_, deceased, in the amount of \$ \_\_\_\_\_; or, if not yet recorded, Inchoate lien for federal and/or state Estate taxes due from the Estate of (decedent's name).

Easements

A utility Easement in favor of \_\_\_\_\_ dated \_\_\_\_\_ and



recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ land records.

A Drainage Easement in favor of \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in the \_\_\_\_\_ land records.

A Sewer Easement in favor of \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ land records.

Encroachments – A \_\_\_\_\_ foot encroachment of (describe encroachment, e.g., 15" strip) over the \_\_\_\_\_ line of the property.

Federal Tax Liens – Notice of federal tax lien against \_\_\_\_\_ in the amount of \$ \_\_\_\_\_ plus costs, interest and additional taxes dated \_\_\_\_\_ and recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the Land Records.

Fire District Taxes – This Policy affirmatively insures the mortgagee that said taxes are current and that the next installment payment is not yet due and payable.

Judgments – Judgment Lien in favor of \_\_\_\_\_ in the amount of \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Lakes or Ponds – Littoral rights of others in and to the (lake or pond) bordering the insured premises.

Leases – Terms and provisions of a lease dated \_\_\_\_\_ executed by \_\_\_\_\_ as lessor and \_\_\_\_\_ as lessee, a notice of which is recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Leasehold Policies – When the policy insures a title to a leasehold, include the following exception: The terms, agreements, reservations, restrictions, covenants and conditions contained in the lease agreement between \_\_\_\_\_ as lessor and \_\_\_\_\_ as lessee dated \_\_\_\_\_ a notice of which lease was recorded in the \_\_\_\_\_ Land Record in Volume \_\_\_\_\_ at Page \_\_\_\_\_.

Rights of Tenants – Rights of tenants in possession under the following leases:

Lis Pendens – Notice of Lis Pendens recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records reflecting that suit entitled " \_\_\_\_\_ " under Case or Docket No. \_\_\_\_\_ and any claims or rights that may be reflected by, or judgments or orders rendered pursuant to, the Notice or suit.

Mechanic's Lien – A claim of mechanic's lien in favor of \_\_\_\_\_ in the amount of \_\_\_\_\_ dated \_\_\_\_\_ and recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Mortgages – A mortgage deed from \_\_\_\_\_, mortgagor, to \_\_\_\_\_, mortgagee, to secure the original indebtedness of \$ \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Multiple Mortgages – The Mortgages described on Inserts 1 through \_\_\_\_\_ of this policy are given as security for a single note in the amount of \$ \_\_\_\_\_. The total liability of the Company under this policy is \$ \_\_\_\_\_.

Navigable Waters – Rights of the United States Government to establish, change or alter the harbor, bulkhead or pierhead lines adjacent to the insured premises, to require improvements to be removed, and to take land now or formerly below the mean high water line of the waters of \_\_\_\_\_, all for the purpose of commerce and navigation, and without compensation.

Party Wall Agreement – Terms and provisions of the party wall agreement between \_\_\_\_\_ and \_\_\_\_\_ dated \_\_\_\_\_ and recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Reverse Mortgages – Add the following to Schedule B, Part I: NOTE: The amount of insurance is limited to \$ \_\_\_\_\_ notwithstanding that the principal amount of the Insured Mortgage of \$ \_\_\_\_\_ is greater than the Amount of Insurance. Add the following to Schedule B, Part II: Mortgage from \_\_\_\_\_ for the benefit of the Secretary of Housing and Urban Development securing the principal indebtedness of \$ \_\_\_\_\_ and any other amounts and/or obligations dated \_\_\_\_\_ and recorded in the \_\_\_\_\_ Land Records.

Setback Lines – \_\_\_\_\_ foot setback line along the \_\_\_\_\_ side of the land as shown on or described in a map or plan entitled “\_\_\_\_\_” dated \_\_\_\_\_ and recorded \_\_\_\_\_ as Map # \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Simultaneous Mortgages – This policy is issued simultaneously with MP \_\_\_\_\_. Both policies insure mortgages securing the repayment of an obligation in the amount of \$ \_\_\_\_\_. The total liability of the Company under both policies is \$ \_\_\_\_\_ and the payment for a claim made under one policy shall reduce the coverage under the other pro tanto.

Subordinations – Recite subordinated instrument – said <mortgage> is subordinated to the lien of the insured Mortgage by Subordination Agreement dated \_\_\_\_\_ and recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_.

Surveys – Any easements or claims of easements not shown by the Public Records, boundary line disputes, overlaps, encroachments, title to filled lands (if any) and all other facts which an accurate survey and inspection of the Land would disclose and which are not shown by the Public Records, as well as all those matters described in Covered Risk 2(c).

Taxes – Taxes on the Grand List of \_\_\_\_\_ which covers the period from \_\_\_\_\_ to \_\_\_\_\_ in the total amount of \$\_\_\_\_\_. Taxes are paid annually/semiannually/quarterly and the payment status is: \_.

Tax Lien – Tax lien against \_\_\_\_\_ and in favor of the County of \_\_\_\_\_ dated \_\_\_\_\_ and recorded in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Tidal Waters – When property is bounded on waters affected by the ebb and flow of the tides or the property had tidal waters flowing through it, include the following exception: Rights of the United States Government, the State of Connecticut, the municipality and/or the public to any portion of the property described in the property description hereof below the mean high water mark as unaffected by fill.

Title Vested In – Title Vested in \_\_\_\_\_ by virtue of a Deed from \_\_\_\_\_ to \_\_\_\_\_ dated \_\_\_\_\_ and recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

UCC – UCC Financing Statement from \_\_\_\_\_ as Debtor to \_\_\_\_\_ as Secured Party recorded on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

Variance – Add to Schedule B as a note:  
NOTE: In addition to the matters set forth in Part I of this Schedule, for informational purposes only, notice is hereby given that the following matters appear of record with respect to the title to the estate or interest in the land described or to which reference is made in the Property Description, which matters are specifically excluded from coverage under the terms of this policy: Variance dated \_\_\_\_\_ and recorded \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_ of the Land Records.

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## IX. POLICY PREPARATION FOR SPECIAL SCENARIOS

### Blanket Mortgagee Policy

A “blanket mortgage” is a mortgage that encumbers multiple properties to secure one debt. The properties may be owned by the same owner(s) or by different owner(s). They may all be located in the same county or may be in different counties.

When properties securing a note are held by different owners and/or **are located in different counties**, the note must be secured by multiple mortgage deeds. There are various ways to reflect this in the issuance of the Mortgagee Policy.

## One Policy Jacket

Although multiple mortgage deeds may be involved, there is only one debt. Accordingly, only one policy jacket needs to be issued.

### Same Owners/Same County

If all of the subject properties are owned by the same owner(s) and are located in the same county, all of the properties may be described in a single mortgage deed and insured with a single Mortgagee Policy and one insert. Item #5 of Schedule A of the Mortgagee Policy should reflect the addresses of all of the properties. Schedule B, Part I should clearly list all permanent encumbrances for each respective piece of property. For example,

“As to Parcel 1 – 123 Main Street, Any county, CT, the following encumbrances apply”: {enumerate permanent encumbrances}.

The Property Description should also reflect the description for each parcel. For example,

“Parcel 1 – 123 Main Street, Any county, CT”:

A certain piece or parcel of land, ...

### Same Owner, Different Counties

If all subject properties are owned by the same owner(s), but **are not** located in the same county, multiple mortgage deeds will be needed but one Mortgagee Policy can be prepared to reflect the transaction. Click on “check here if multiple dates” box at the top of Schedule A in PEOnline. The recording information for each county may then be reflected in the Schedule A Continuation Sheet. This will change the language in Item #4 of the Mortgagee Policy to read “See Continuation Sheet Attached.” Type the following in Schedule A, Continuation Sheet, which can be accessed from the Schedules tool bar:

And recorded in the County of \_\_\_\_\_ on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_; and recorded in the County of \_\_\_\_\_ on \_\_\_\_\_ in Volume \_\_\_\_\_ at Page \_\_\_\_\_.

Item #5 of Schedule A should reflect all of the property addresses and Schedule B, Part I should clearly list all permanent encumbrances for each respective piece of property. Each Property Description should also be attached and identified by its address.

### Different Owners/Different Counties – Multiple Insert Policy

When the properties securing the note are held by different owners, and are located in different counties, the preparation of the Mortgagee Policy will include a single policy jacket with multiple policy inserts. The same policy number will apply to each policy insert. Use one insert for each property. Click on “Add” in the top toolbar in PEOne in the Mortgagee Policy for each property. This will create a separate insert for each property, allowing you to add the borrowers/owners, property addresses, Schedule B items and property description which is specific to each property. PEOne will automatically add the language “Insert\_of\_” to each policy. (See Blanket Mortgage [Insert 1](#) and [Insert 2](#)).

The following note must be typed at the end of Schedule B, Part I of all Inserts: “The mortgages described on Inserts 1 through (total number of inserts) of this policy are given as security for a single note in the amount of \$(amount of Note). The total liability of the Company under this policy is \$(amount of Note).”

If you have any questions concerning the issuance of a Mortgagee Policy or a blanket mortgage, please contact Agent Services for assistance.

### **New Construction**

Mortgagee Policy – A Construction Mortgage Endorsement (E-16) must be attached to each Mortgagee Policy insuring a construction mortgage. In addition to changing some of the terms of the policy, the endorsement includes the “pending disbursement” clause for Schedule B:

“NOTE: Pending disbursement of the full proceeds of the loan described herein, this policy insures only to the extent of the amount actually disbursed, but increases as cash disbursements are made, up to the face amount of the policy.”

Owner Policy – Where a policy insures land on which buildings are to be constructed, a standard Owner Policy may be issued for the purchase price or fair market value of the land plus the estimated cost or value of the improvements to be made, if known. You may need to request the completed appraised value from the lender. In this case, a special note should be included in Schedule B of the policy:

“NOTE: Liability under this policy is presently limited to the purchase price (fair market value) of the land (\$\_\_\_\_\_), but will increase automatically to include the actual cost of improvements placed thereon and fully paid for, up to the full amount of the policy.”

The other option would be to issue a standard Owner Policy for the purchase price of the vacant land. Once construction is completed, the policy can be endorsed to increase the amount of the coverage to reflect the value of the land and the improvements. A title rundown and payment of additional premium would

be required before an endorsement can be issued.

If you have any questions about the issuance of a policy for New Construction, please contact Agent Services at CATIC for assistance.

### **Simultaneous First and Second Mortgages**

If a lender requires a Mortgagee Policy on both the first and second mortgage in a transaction, the proper procedure for issuing these policies is as follows:

The first Mortgagee Policy is issued in the amount of the first mortgage. All permanent encumbrances will be shown on Schedule B, Part I. The new second mortgage will be shown on Schedule B, Part II for notation purposes only.

The second Mortgagee Policy will be issued in the amount of the second mortgage. All permanent encumbrances including the first mortgage will be shown on Schedule B, Part I.

The coverage amount of the first Mortgagee Policy and the second Mortgagee Policy can be combined to calculate the premium. If an Owner Policy is issued and the combined amount of the first and second mortgages is less than or equal to the Owner Policy amount, there is only the simultaneous policy charged for each of the Mortgagee Policies.

If the lender requires a Policy Commitment rather than a proposed policy for both the first and second mortgages prior to closing, two separate Policy Commitments must be prepared. Schedule B will be the same for both policies. If a Policy Commitment is required for the first mortgage only, a notation on Schedule B, Part II Requirements of the Policy Commitment may be made showing that the second mortgage will be issued simultaneously with the proposed insured mortgage.

If you have any questions about the issuance of a first and second Mortgagee Policy, please contact Agent Services for assistance.

### **Reverse Mortgages**

When preparing a [Reverse Mortgagee Policy](#), the insured mortgage must be shown as the first lien of record. The amount of insurance is typically *lower* than the principal amount of the mortgage as shown on the mortgage deed and represents either the appraised amount or the maximum claim amount, whichever is less.

The principal amount of the mortgage as shown on Schedule A of the Mortgagee Title Insurance Policy is the amount shown on the Mortgage Deed. This amount will be greater than the amount of insurance requested by the lender, and is typically one hundred fifty (150%) percent of the appraisal value or maximum

claim amount. For example, if the principal amount of the loan on the mortgage deed is \$150,000.00, the total amount of insurance as reflected on the Mortgagee Policy as Amount of Insurance will be \$100,000.00. The amount of premium charged for the title insurance policy will be based on that amount of insurance. The amount shown in Item #4 of the Mortgagee Policy will be the amount of the mortgage as shown on the Mortgage Deed, in this case, \$150,000.00.

The following Note must appear on Schedule B, Part I:

“Note: The Amount of Insurance is limited to <\$100,000> notwithstanding that the principal amount of the insured mortgage of <\$150,000> is greater than the Amount of the Insurance.”

A second mortgage in favor of the Secretary of Housing and Urban Development (HUD) in the same amount of the first mortgage is also executed at the time of closing. The second mortgage deed is executed because HUD will guarantee that the borrower will continue to receive payments under the reverse mortgage should anything happen to the Lender. A note should be added to Schedule B, Part II of the policy, for example:

“Mortgage from [name of mortgagor(s)] for the benefit of The Secretary of Housing and Urban Development securing the principal indebtedness of [amount of indebtedness] and any other amounts and/or obligations dated [date of mortgage] and recorded in [county name] County on [date of recording] in Volume \_\_\_\_ at Page \_\_\_\_.”

When paying off a Reverse Mortgage, there will be one payoff amount; however, there will be two releases of mortgage. Following payoff, the lender will notify HUD and the lender and HUD will issue releases, both of which should be recorded on the land records.

The lender may also request a **Future Advance – Reverse Mortgage Endorsement (14.3-06)**, as well as additional endorsements. Check with the lender to see which endorsements they require. If you have any questions, please contact Agent Services or the Underwriting Department at CATIC.

### **Issuing an Owner Policy Post Closing**

An Owner Policy can be issued at the time of a refinance or any time after the acquisition of the property, if **CATIC is provided with a Post Purchase Owner Policy Affidavit and Indemnity Agreement (CATIC Form A-109, Rev. 2/07) and an Owner’s Affidavit (CATIC Form A-100)**. The Date of the Policy should be the date of the recording of the Deed of Conveyance. Accordingly, your title search should run up to that time.

The Amount of Insurance should be the fair market value of the property as of the date that the policy is issued, even though the Effective Date is earlier. Also,

if the property is used by the insured as his/her residence, the Homeowner's Inflation Protection Endorsement (CATIC Form E-19) may be attached to the policy. This endorsement automatically increases the Amount of Insurance by ten percent per year for five years from the date of the policy. However, in those cases where the Date of Policy is the earlier recording date of the Insured's deed, CATIC will construe the Homeowner's Inflation Protection Endorsement to mean that the automatic increases will start on the date that the affidavit was signed rather than on the Date of Policy.

An Owner Policy remains in full force and effect so long as the insureds under the policy retain an ownership interest or warranty liability in the title to the insured property. You should ensure that an Owner has not had an Owner Policy issued to him or her previously. However, in some cases, changes in the status of title may occur prior to or at the time of a refinance. Normally, family members are not added to a policy to reflect these changes; however, an exception may be made due to unusual circumstances. Please contact Agent Services at CATIC or CATIC underwriting with any questions.

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## **X. PROVIDING INSURANCE AGAINST MECHANICS' LIENS**

### **What Are Mechanics' Liens?**

Whenever a party does work or supplies material or equipment for such work, on real property that involves construction, repair, renovation or removal (demolition) of portions of the property, or site development or improvement, that party has a statutory lien, called a mechanic's lien, against the real property pursuant to Conn. Gen. Stat. § 49-33, until he or she is paid in full. The lien arises when work begins and, even if not recorded in the land records, continues for 90 days after work ends (Conn. Gen. Stat. § 49-34). If the lien is recorded against the real property prior to or during the 90 day period, it is good for one year. It takes its priority from the date work began.

Because of the "secret" nature of the mechanic's lien during the period work is actually being done and for 90 days after it ends, title companies require evidence either that no such work has been ordered or performed in the 90 days prior to the title transaction being insured, or that all such work has been fully paid for and that all workers and material or equipment suppliers have released their rights to lien the property. In some cases, CATIC accepts a paid receipt from the party that has done the work, where the cost of that work is under \$10,000.00.

### **Mechanics' Liens Forms**

1. [Owner's Affidavit \(CATIC A-100\)](#) – Must be executed for every transaction involving title insurance. Among other representations, Paragraph C states, under oath, that there has been no work done, materials supplied



or services rendered in the 90 days preceding the transaction in connection with the types of activity that could give rise to a lien.

2. Lien Waivers (CATIC A-110 and A-110.1) – Form is designed to be signed by all persons who have furnished labor, materials or equipment in the 90 days prior to the closing. Waives all rights to file a lien for work done or to be done, whether or not the work has been paid for.

Contractor and owner must sign an affidavit, included in the waiver form, that the waiver has been signed by all parties with lien rights.

3. Lien Subordination (CATIC A-111 and A-111.1) – Form is designed to be signed by all persons who have furnished labor, materials or equipment in the 90 days prior to closing. Subordinates any lien that exists for work done or to be done and not paid for, to the lien of the mortgage being identified in the subordination.

Contractor and owner must sign an affidavit, included in the form, that the subordination has been signed by all parties with lien rights.

4. Confirmation of Full Payment and Completion (CATIC A-110C and A-110C.1) – Form is designed to be signed by all persons who have furnished labor, materials or equipment in the 90 days prior to closing and the property consists of more than four dwelling units, or is commercial or industrial. Confirms that all work has been completed, all materials and equipment have been furnished and everything has been fully paid for.

Contractor and owner must sign an affidavit, included in the form, that the Confirmation has been signed by all parties with lien rights.

Each of the above forms has a specific use in dealing with the issue of insuring against mechanics' liens. Use of the correct form is a necessary part of underwriting each CATIC title policy.

### **Omitting the Exception for Mechanics' Liens *in Residential Property – consisting of 4 dwelling units or less***

Owner and Mortgagee Title Insurance Policies – If there has been no work done on the property within the past 90 days and there is no work to be done under a continuing contract, then coverage for loss due to unrecorded mechanics' liens is available for both owner and mortgagee policies upon the proper execution of the Owner's Affidavit (A-100) verifying under oath that no one has furnished any labor or materials to the property.

If there has been work done on the property within the past 90 days in an amount equal to or less than \$10,000 AND the work has been fully completed and paid for, then receipted bills from all those who furnished labor, material or equipment

can be attached to the Form 100 affidavit, and Paragraph C can be altered to read:

“Within the last 90 days, including today, no one has furnished any materials or equipment or rendered any services except for the parties named in Exhibit A who have completed work and have been fully paid.”

Attach a list of those parties and their paid, receipted bills to the Form 100 affidavit. If you have final bills to be paid from the closing, the above language can be modified to indicate that the bills “will be paid from closing.”

If there has been work done on the property within the past 90 days but it has not been completed or there is not yet a final bill, or if work has been done at any time and there remains work to be done under a continuing contract, then coverage for loss due to unrecorded mechanics’ liens is available for either owner or mortgagee policies upon the proper execution of Waiver of Mechanics’ Liens (A-110), including completion of the Owners’ Affidavit and Indemnity Agreement and General Contractor’s Affidavit and Indemnity Agreement contained within the A-110.

Caveat: Particular attention should be directed to cases where the insured parcel is one of several lots in a “new” subdivision or is part of a new common interest community where construction is ongoing. Please contact Legal Staff with any questions.

***Omitting the Exception for Mechanics’ Liens in Commercial Property – or Residential Property consisting of more than four dwelling units***

Owner and Mortgagee Title Insurance Policies – If there has been no work done on the property within the past 90 days and if there is no work to be done under a continuing contract, then coverage for loss due to unrecorded mechanics’ liens is available for either owner or mortgagee policies upon the proper execution of the Owner’s Affidavit (A-100) verifying, under oath, that no one has furnished any labor or materials to the property.

In 1999, the state legislature enacted a series of statutes dealing with commercial construction contracts, which it subsequently amended in 2003. Among the statutory provisions enacted is Conn. Gen. Stat. § 42-158, which invalidates “any provision in a construction contract or any periodic lien waiver issued pursuant to a construction contract that purports to waive or release the right ... to claim a mechanic’s lien ....” Any such provision is void. Exempted from the operation of this statute are waivers obtained in connection with “a contract for a building intended for residential occupancy containing four or less units.” [(Conn. Gen. Stat. § 42-158i(2)(D)] Thus, lien waivers cannot be used for commercial property where construction, rehabilitation or repair has occurred within 90 days of the closing.

In those situations where there has been construction, renovation or repair of commercial or industrial buildings or property consisting of more than four dwelling units within the last 90 days or if there is work remaining to be done under an existing construction contract, coverage against loss due to unrecorded mechanics' liens is available as follows:

Mortgagee Policies – Upon the proper execution of Subordination of Mechanics' Liens to the Lien of Mortgage (A-111) signed by the general contractor as well as any applicable subcontractors, including completion of the Owners' Affidavit and Indemnity Agreement and General Contractor's Affidavit and Indemnity Agreement contained within the A-111.

Owner Policies – Upon the proper execution of Confirmation of Full Payment and Completion form (A-110C) signed by the general contractor and any applicable subcontractors, including completion of the Owners' Affidavit and Indemnity Agreement and General Contractor's Affidavit and Indemnity Agreement contained within the A-110C. By signing the Confirmation of Full Payment and Completion form, the contractor and subcontractors are confirming two facts essential to obtaining owner coverage under these circumstances (1) all parties furnishing labor or materials have completed their work under any existing contract or arrangement; and (2) these parties have been paid in full. Both facts must be present. If a party has not completed their work, mechanic's lien coverage cannot be provided, at least as to that party.

Individual Waiver of Mechanics' Lien (A-110.1), Individual Subordination of Mechanics' Liens to the Lien of Mortgage (A-111.1) and Individual Confirmation of Full Payment and Completion (A-110.1) may be used, but only in conjunction with the full format forms listed above. The individual forms need to be completed and inserted into the full format forms.

There may be circumstances when an agent is asked to accept a mechanic's lien waiver form in a format other than that recommended by CATIC. In those instances, prior approval should be obtained from CATIC's Underwriting Counsel prior to the issuance of title insurance.

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## **XI. SURVEY COVERAGE IN CATIC POLICIES**

### **What Is "Survey Coverage"?**

Providing survey coverage means providing insurance in the title policy for facts that affect title to the property which would be disclosed by an accurate survey or inspection of the land and which are not otherwise disclosed by the land records. The types of facts that would be disclosed by a survey and that would not be discoverable by other means include:

- encroachments of improvements on the insured property over boundary lines onto neighboring property;
- encroachments by neighboring property owners onto the insured property;
- use or possession of part of the property by others without any grant, easement or other right; and
- boundary location issues.

Since these types of factual matters can be important to the property owner, and sometimes difficult and expensive to resolve, survey coverage in the title policy can be very valuable and desirable to the client.

What follows are CATIC's underwriting guidelines for being able to provide survey coverage in CATIC title policies. These requirements vary depending on whether the property being insured is residential or commercial, and whether the policy is a standard owner policy or an expanded owner policy.

## **Residential One-To-Four Family Property**

### **Common Interest Communities**

Under the Common Interest Ownership Act, Section 47-228 requires that, in a condominium or planned community, a survey be recorded or filed which locates the buildings containing or comprising units or which otherwise locates the boundaries of the units. CATIC reviews common interest communities prior to authorizing title policies to be issued on the units, to be sure that the documents generally conform to statutory requirements. CATIC does not review for the specific location of any given unit.

If you are representing a client purchasing a residential unit in a common interest community that CATIC has approved, and the unit is located within a building or the unit is defined as a building, you may provide survey coverage in the Owner Policy. Otherwise, you must follow the instructions below for providing survey coverage in Owners Policies.

Example 1 – Your client is buying a unit in a planned community and the unit is defined as a lot. The lot is improved with a single family residence. The survey on file with the declaration locates the lot and gives all of its dimensions, but does not show the location of the house. You must follow the instructions below for providing survey coverage in Owners' Policies.

Example 2 – Your client is buying a residential countyhouse unit in a planned community, located on land that is owned by the association. There is a survey on file with the declaration that shows the location of the building containing the

countyhouse unit and plans that located the countyhouse within the building. You may provide survey coverage on the Owner Policy without obtaining anything further.

### **Owner Policies**

Standard Owner Policy – The survey exception is pre-printed into the policy insert as General Exception B. It can be deleted only if a qualifying survey is provided to CATIC with the title policy. **A qualifying survey is:**

- a Property Survey certified to A-2 standards depicting all improvements on the property certified to CATIC and prepared under the Standards for Surveys and Maps as adopted by the Connecticut Association of Land Surveyors, Inc., in accordance with the Regulations of Connecticut State Agencies Sections 20-300b-1 through 20-300b-20 (“State Survey”); or
- a current survey depicting all improvements on the property certified to CATIC and prepared under the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Title Surveys as adopted by the American Land Title Association and the National Society of Professional Surveyors (“ALTA/ACSM Survey”).

If the survey is more than six months old, it must be updated using a CATIC Form 100 affidavit executed without alteration.

To delete the survey exception, use the pre-printed endorsement immediately following General Exception C and enter the letter “B” on the blank line.

Expanded Owner Policy Insert – The survey exception is pre-printed into the policy insert as General Exception B. Except in cases involving new construction or recent boundary changes, the survey exception can be deleted if an Owner Affidavit (Form 100) is furnished by the seller, in which the statements regarding Survey Matters and Access have not been altered or deleted. Where a Certificate of Occupancy has been issued less than one year from the date of policy issuance because of new construction, or where the boundaries of the land have changed within the last 12 months, the survey exception can be deleted only if a qualifying survey, as defined above, is provided with the policy. If the Seller is unable or unwilling to provide the Owner’s Affidavit (such as from a sale out of foreclosure), then only a Standard Owner Policy can be issued.

To delete the survey exception, enter the letter “B” on the blank line.

A specific exception must be included in Schedule B for any matter disclosed on the Owner's Affidavit.

### **Mortgagee Policies**

In mortgagee policies of any type insuring mortgages on residential property, the survey exception may be omitted or deleted with an Owner's Affidavit (Form 100). The Owner's Affidavit must be reviewed and an exception taken in Schedule B of the policy for any matter it discloses. If no Owner's Affidavit is available, please call a member of CATIC's underwriting staff for instruction on how to proceed.

Standard Mortgagee Policy – There is no survey exception pre-printed into the Schedule B, Part I of this policy form. This form will automatically provide survey coverage to the lender unless it is altered to include a survey exception.

Expanded Mortgagee Policy Insert– There is no survey exception pre-printed into the Schedule B, Part I of this policy form. This form will automatically provide survey coverage to the lender unless it is altered to include a survey exception.

### **Commercial Property**

#### **Owners' Policies**

Only Standard Owner Policies (OP-C Rev. 6-17-06) may be issued on commercial property. Expanded Owner Policies are for use only on one-to-four family properties improved with a residence. The survey exception is pre-printed into the policy insert (OPI-C Rev. 6-17-06) as General Exception B. It can be deleted **only if** you have one of the following:

- a commercial common interest community where there is a survey on file that locates the building(s) containing, comprising or situated on the unit.
- a qualifying survey is provided to CATIC with the title policy. A "qualifying survey" is described on Page 2 of Survey Coverage in CATIC Policies.

#### **Mortgagee Policies**

Mortgage transactions involving commercial, industrial or multi-family property vary widely in amount and complexity. The risk to CATIC of claims arising as a result of providing survey coverage on such policies also varies in relation to the amount of the policy and the complexity of the

property involved. A \$600,000 mortgage on a six unit apartment building poses a very different risk than a \$6,000,000 mortgage on an office building complex. Accordingly, CATIC's rules for providing survey coverage in mortgagee policies for commercial transactions are based on the amount of the mortgage being insured.

Mortgage of \$5,000,000 and less – Survey coverage can be provided on the basis of a Form 100 affidavit, even for new construction. The affidavit must be reviewed and an exception taken for any matter it discloses.

Mortgage for more than \$5,000,000 – To delete the survey exception on a Mortgagee Policy in excess of \$5,000,000, one of the following must be provided to CATIC with the Mortgagee Policy:

- a Property Survey certified to A-2 standards, depicting all improvements on the property certified to CATIC and prepared under the Standards for Surveys and Maps as adopted by the Connecticut Association of Land Surveyors, Inc., in accordance with the Regulations of Connecticut State Agencies Sections 20-300b-1 through 20-300b-20 (“State Survey”); or
- a current survey depicting all improvements on the property certified to CATIC and prepared under the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Title Surveys as adopted by the American Land Title Association and the National Society of Professional Surveyors (“ALTA/ACSM Survey”); or
- A survey depicting all improvements on the property, acceptable to CATIC, not older than 10 years, and updated.

Special Lender Requirements – Regardless of the amount of the mortgage, a lender may require, as a condition of closing the loan, that their title policy include a Zoning Endorsement – Completed Structure (ALTA 3.1) or Zoning Endorsement – Land Under Development (ALTA 3.2). The additional insurance provided in these endorsements requires that CATIC be given a survey of the property that contains certain information, regardless of the amount of the mortgage. The survey must:

- be a current Property Survey as defined in the Regulations of Connecticut State Agencies Sections 20-300b-1 *et seq.*, or an ALTA/ACSM survey, certified to CATIC;

- depict all of the buildings, structures, improvements and pavement existing on the property, as well as all setback lines; and where an ALTA 3.2 is requested, the map must also depict all proposed buildings, structures, improvements and pavement;
- contain courses and distances for all boundaries and a statement of the computation of the area of the land. The surveyor must certify that the area, width and depth of the land satisfy local land use requirements as a building site for the structures located thereon;
- contain a statement of the floor space area of each structure shown on the survey and the height of each structure at its highest point. The surveyor must certify that the height of the structures does not violate applicable land use regulations or the building code;
- depict the number of parking spaces available and the surveyor must certify that the on-site parking complies with the zoning regulations for the zone in which the property is located.

If such a survey is not available for closing, neither the ALTA 3.1 nor the ALTA 3.2 form of Zoning Endorsement may be used. There are other forms of coverage that can be given to the lender. Please contact a member of CATIC's legal staff to discuss the coverage available.

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## **XII. DESCRIPTIONS**

Property descriptions vary widely in recorded documents. They can range from detailed metes and bounds based upon a recorded survey to a mere reference to an address. Standard 10.1 of the Connecticut Standards of Title is a helpful summary of the rules on descriptions resulting from years of judicial decisions. According to the Standard, a description is adequate so long as you are able to identify with reasonable certainty the property referred to in the recorded document.



The description you attach to the title insurance policy should be as is set forth in the instrument recorded to create the interest (i.e. the Deed, the mortgage, or the Lease in the case of a leasehold property). Generally, the description you attach to the title policy will be the historic description recorded in the land records of the county where the property lies and will usually contain the county, county and state, and a description (however brief) of the property. A description can be a “running description” of the property based upon a recorded survey of the property, or a “North,” “South,” “East” and “West” boundary description, or simply a reference to a lot in a recorded map, for example:

“A certain piece or parcel of land located in the County of Hartford, County of Hartford and State of Connecticut, known as Lot No. 15 on a map entitled, “Map of Property for Salvatore Fratino, Hartford, Conn. Jan 1953” on file in the Hartford County Clerk’s Office as Map 3253.”

However, there may be certain circumstances where the historic description will be changed (in the case of a subdivision of property), or clarified (in the case of a boundary line dispute, a taking, or any other matter which changes the bounds of the property). A new map may need to be filed, and a new description drawn from the new map. In the event you need assistance creating a new description, contact CATIC’s legal department.

### **Description of a Unit in a Common Interest Community**

Pursuant to Conn. Gen. Stat. § 47-223, a description of a unit in a common interest community need contain only four pieces of information:

1. The name of the community;
2. The recording data for the original declaration;
3. The county, county and state in which the community is located; and
4. The unit’s identifying number.

The statute provides that by stating these four bits of information, one has adequately described not only the unit, but also “...all rights, obligations and interests appurtenant to that unit which were created by the declaration or bylaws as amended or restated.” It is no longer necessary to state in the description language such as “together with an undivided .0012 interest in the common elements in common with others.” It is important to convey a particular garage, carport, or outbuilding to the intended transferee if that structure is a unit as defined in the Declaration. However, when garages or carports are designated as limited common elements in the declaration, the conveyance of a unit will transfer with it any limited common element allocated to that particular unit, even if not specifically stated.

### **XIII. ENDORSEMENTS**

An endorsement to a title policy is simply an amendment or correction to the standard insurance policy contract. There are two types of policy endorsements: special endorsements and general endorsements. Special endorsements are done to address a specific issue with the title being insured or to reflect a change in the coverage to an already-issued policy. General Endorsements are standardized, pre-printed forms – many of them ALTA forms – that modify the title policy coverage for specific situations.

#### **Special Endorsements**

CATIC will prepare endorsements correcting, amending or supplementing issued policies. These endorsements fall into two general categories: corrections due to errors or omissions in the policy as issued and modifications of existing mortgages by agreement between lender and borrower. If you receive a request from an insured lender to obtain an endorsement to their policy, contact CATIC's Endorsement Group for instructions on how to proceed.

#### **Corrections and Additions**

Endorsements correcting or adding to insuring information contained in an issued policy often come from the insured lender after it has had the opportunity to review the title policy. One of the most common requests is to provide the lender with the volume and page where the insured mortgage is recorded, information that often isn't available at the time of recording. Other requests might be made to correct the spelling of names, insert middle initials and the like. All such correcting endorsements are done by CATIC without charge. Contact CATIC's Endorsement Group for instructions whenever you receive a request from a lender to change an issued policy.

#### **Modification Endorsements**

Even after a mortgage has been in existence for a number of years, the borrower and lender can agree to change the terms of the loan. This is done by way of a modification agreement between the lender and borrower, and the agreement is executed by both parties. The modification can change the terms of the note and mortgage or simply modify the mortgage in some manner. Because such a modification is done after the issuance of the title policy, its terms and its impact on the

mortgage is not covered by the policy as issued. The title company must agree to extend the coverage of the policy to the mortgage as modified.

To obtain a modification endorsement, you must provide CATIC with the following:

- the policy number for the insured mortgage;
- a copy of the modification agreement;
- a title bringdown from the policy date, if the lender wants the policy effective date brought forward;
- a new Form 100 affidavit from the owner, if the lender wants the policy date brought forward or new properties are being added;
- subordination agreements from mortgagees or lienors who recorded an interest after the mortgage, if the principal amount or the interest rate are increasing; or if the obligations of the borrower under the mortgage are increasing in any way; and
- title searches for any new properties being added to the existing mortgage.

## **Fees**

For a modification of a mortgage on **residential** property where there is no change in ownership, there are no intervening encumbrances, and changes are limited to a reduction in interest rate, extension of maturity date or other changes that do not affect priority, a flat fee of \$100 will be charged.

For a modification of a mortgage on commercial property that meets these criteria, the rate will be 15% of the policy premium.

For modifications on either residential or commercial property where a property is added, a fee equal to 60% of the policy premium will be charged, plus the premium at the applicable marginal rate for any increase in amount.

For other endorsements to an existing loan policy, a fee based on the level of risk will be charged, not to exceed thirty (30%) percent of the applicable loan policy rate based on the outstanding principal balance of the mortgage.

For any endorsement to existing loan policies which increases the amount of insurance, a premium will be charged based on the increase of the Amount of Insurance at the marginal rate, plus the additional premium as set forth above.

Please contact CATIC's Endorsement Group regarding questions on endorsement fees.

## **General Endorsements**

General Endorsements are standardized, pre-printed forms that alter the title policy in a uniform way each time they are used. Many of these endorsements are forms promulgated by ALTA.

Most general endorsements were drafted by ALTA to meet specific lender requirements. Many of them are designed to be issued with mortgagee policies in specific situations. The most commonly requested endorsements are included in CATIC's PEOnline program, or can be requested through CATIC's Legal Staff.

Access and Entry Endorsement (ALTA 17-06) and (ALTA 17.1-06) – There are two versions of this endorsement: one insuring vehicular and pedestrian access over a public street directly to and from the insured property and the other, titled "Indirect Access and Entry," insuring the existence of an easement giving pedestrian and vehicular access to and from a public street. The appropriate version may be attached to the mortgagee policy at the lender's request. They may also be used on an owner policy in appropriate circumstances. Please contact CATIC for this endorsement.

Affirmative Language Endorsement (CATIC E-15-06) – Also called the Secondary Mortgage Market Endorsement. It is for use on mortgagee policies, residential properties only, where the lender has not specified another form of affirmative language endorsement. It contains standard secondary market affirmative language for restrictions, easements and other permanent encumbrances. This endorsement can be incorporated by reference into the policy by checking a box at the bottom of the Schedule B – Part I page. Its use requires that the agent review any restrictions or covenants to determine that they do not provide for forfeiture or reverter of title, create any charge or fee that would result in a priority lien, or provide for a right of first refusal. The agent should also review any easements, the seller's title affidavit and any available survey to be certain the easements can be located, and there are no encroachments. This Endorsement is available in PEOnline.

Assignment Endorsement (ALTA 10-06) and Assignment and Date Down Endorsement (ALTA 10.1-06) – For use, at lender request, when a mortgage note and deed have been transferred and assigned by an assignment recorded

in the applicable land records. A copy of the assignment with the recording information must be provided to CATIC. If the Date Down version is requested, CATIC must also be provided with the bringdown search prior to issuing the endorsement. Please contact CATIC for this endorsement.

Condominium Endorsement (ALTA Form 4.1-06) – This endorsement should be attached to both owner and mortgagee title policies insuring title to condominium units. The condominium development must have been approved by CATIC before you may issue title policies for units. CATIC’s list of approved condominium projects can be found in the Agent portion of CATIC’s website, [www.catic.com](http://www.catic.com), under Agents/Closings/Title Services/Title Information Orders/Approved Condominium and Planned Community List – CT. This endorsement can be incorporated by reference into both the Mortgagee Policy and Owner Policy by checking the box at the bottom of the Schedule B – Part I page or printed from PEOnline. In the event you are working on a condominium project that has not yet been approved by CATIC, please give Title services a call so that we may begin the approval process.

Construction Mortgage Endorsement (CATIC E-16-06, Rev. 2-07) – This endorsement is to be used on mortgagee policies insuring construction mortgages that comply with the provisions of Conn. Gen. Stat. § 49-3. Prior to issuing this endorsement, the CATIC agent should review the mortgage deed for the necessary statutory language. The endorsement amends the policy terms to cover advances made under the terms of the mortgage deed by the lender after the issuance of the policy. This endorsement is included in the PEOnline software and can be printed from the Policy Printer/Endorsement tab.

Cooperative Endorsement (CATIC E-4.2) – This endorsement should be attached to both owner and mortgagee policies insuring title to units in a cooperative. The cooperative must be one that CATIC has reviewed and approved for title insurance. CATIC’s list of approved cooperatives can be found in the Agent portion of CATIC’s website, [www.catic.com](http://www.catic.com), under Agents/Closings Title Services/Title Information/Orders/Approved Condominium and Planned Community List – CT. Please contact CATIC for this endorsement.

Environmental Protection Lien Endorsement – Residential (ALTA 8.1-06) – This version of the endorsement is only for use on a mortgagee policy insuring title to a one-to-four family residential property. If you are closing on a commercial, industrial or mixed use property, you must use the commercial version of this endorsement, the ALTA 8.2-06, discussed later in this material. This endorsement may be incorporated into the Mortgagee Policy by checking the appropriate box at the bottom of the Schedule B – Part I page of the policy or printed from the Print Menu in PEOnline.

Future Advance Endorsement – Priority (ALTA 14-06) – For use on mortgagee policies insuring mortgages where advances of the principal amount will be made after the effective Date of Policy, such as consumer or commercial revolving loans or future advance home equity loans. The standard provisions of the title policy do not protect such advances. This endorsement alters the terms and conditions of the policy to insure the validity, enforceability and priority of such advances. It also contains provisions insuring against loss caused by a variable rate feature in the underlying mortgage loan. This endorsement can be printed from the Endorsement tab in the printer menu in PEOnline.

In order to provide this endorsement, the mortgage must conform to the provisions of Conn. Gen. Stat. § 49-2(c) for the applicable type of future advance mortgage. Contact CATIC with any questions.

Future Advance Endorsement – Reverse Mortgage (ALTA 14.3-06) – For use on mortgagee policies insuring reverse mortgages. Insures the enforceability, validity and priority of advances of sums made under the reverse mortgage agreement after the Date of Policy, insures compliance with the age limitations and insures against loss caused by the variable rate feature of such loans. This endorsement can be printed from the Endorsement tab in the printer menu in PEOnline.

Leasehold Endorsement (ALTA 13-06) (ALTA 13.1-06) – There are two versions of this endorsement: one for the owner policy and one for the mortgagee policy, for use when a leasehold or leasehold mortgage is being insured. The endorsement amends the terms and conditions of the policy that provide for the measure of damages in the event of a title problem to include elements of damage that are unique to a lease of property. This endorsement can be incorporated by reference into the policy by checking the box at the bottom of Schedule B – Part I or printed from the Endorsement tab in the printer menu in PEOnline.

Location Endorsement (ALTA 22-06) (ALTA 22.1-06) – For use on mortgagee policies at the lender's request, the two versions of this endorsement provide affirmative insurance as to the nature of the improvement and the location on the insured property. The second version of the endorsement also insures that the survey shows the correct location and dimensions of the land, so it should be used only when there is an accurate survey being attached to the policy. The ALTA 22 Location Endorsement can be incorporated by reference into the policy by checking the box at the bottom of Schedule B – Part I and filling in the type of improvement, and it can be printed from Endorsement tab in the printer menu in PEOnline. May also be used on owner policies with authorization from an Underwriting Counsel.

Manufactured Housing Endorsement (ALTA 7.1-06 and 7.2-06) – For use with owner and mortgagee policy insuring title to land on which is permanently located

a manufactured or pre-fabricated residential structure. **NOTE: This endorsement may not be used and no title policy may be issued for a mobile manufactured home in a mobile home park or a pre-fabricated home on a leased site in such a development**, because such improvements are considered to be personal property, not real estate. For a title policy to be issued with this endorsement, the manufactured or pre-fabricated structure must be on a permanent foundation on property owned by the owner of the structure. This Endorsement can be printed from Endorsement tab in the printer menu in PEOnline.

Planned Unit Development (PUD) Endorsement (ALTA 5.1-06) – This endorsement should be attached to any owner or mortgagee title policy insuring title to a unit in a planned community declared under CIOA, or a pre-CIOA PUD, that has been approved by CATIC for title insurance. A list of planned communities and PUDs approved by CATIC can be found in the Agent portion of CATIC's website, [www.catic.com](http://www.catic.com), under Agents/Closings/Title Services/Title Information Orders. The endorsement can be incorporated by reference into the policy by checking the box at the bottom of Schedule B – Part I or printed from the Endorsement tab in the printer menu of PEOnline. For a resale or refinance of a unit located in a planned community that is not on CATIC's approved list, contact a member of CATIC's legal staff.

Restrictions, Encroachments, Minerals Endorsements (ALTA 9 series) – Endorsements in this series have become some lenders' endorsement of choice to provide affirmative coverage for title exceptions that appear in Schedule B – Part I of the policy and to insure against other matters that may not be of record. This endorsement should be used when the lender requests a Comprehensive or Form 100 Endorsement.

ALTA 9-06 / ALTA 9.3-06 – To use either endorsement on an MP, any covenant, condition, limitation or restriction revealed by the title search must be reviewed for the existence of any such language that could subordinate or extinguish the mortgage, or render the mortgage invalid, in the event of a violation. A specific exception for any must be included in Schedule B, Part I. Any map filed in the chain of title must be reviewed for encroachments over a setback line, and a specific exception must be taken in Schedule B, Part I for any such encroachment. The Form 100 Owner's Affidavit must be reviewed and an exception included in Schedule B, Part I for any violation of a restriction or setback encroachment it reveals. The ALTA 9 endorsement may be included in the MP by checking the box at the bottom of Schedule B, Part I or printed from the Endorsement tab in the printer menu of PEOnline.

ALTA 9.1-06 – This endorsement is intended for use on an OP issued for unimproved land. Use requires that all covenants, conditions, limitations or restrictions in the chain of title be reviewed and a specific exception

taken for any known violation of a covenant, condition or restriction. The Form 100 Owner's Affidavit must also be reviewed for any violation of a restriction or encroachment it might reveal, and a specific exception must be taken in Schedule B, Part I for any such matter. *[You must provide a survey of the property in order to issue this form of endorsement.] If the survey reveals any encroachments, they must be specifically excepted in Schedule B, Part I.* Contact CATIC for this Endorsement.

ALTA 9.2-06 – This endorsement is intended for use on an OP issued for improved land. *There is an additional premium required, equal to 10% of the normal policy premium. A separate Schedule B, Part I exception must be included for any known violation of a restriction or an encroachment of an improvement over any setback line revealed by an examination of the documents in the chain of title, the Form 100 Owner's Affidavit or the survey.* Contact CATIC for this Endorsement.

*[To issue this form of endorsement, you must have a survey of the property, even if you are issuing an Expanded Policy.]*

Variable Rate Endorsement (ALTA 6-06) – For use on a mortgagee policy, insuring a mortgage in which the interest rate can vary. Provides protection against the invalidity, unenforceability or loss of priority of the mortgage due to a variation in the interest rate as provided for in the mortgage. The mortgage deed must disclose the variable rate feature of the mortgage.

This endorsement may be incorporated into the policy by checking the appropriate box at the bottom of Schedule B – Part I or printing it from the Endorsement tab in the printer menu of PEOnline.

Variable Rate – Negative Amortization Endorsement (ALTA 6.2-06) – For use on a mortgagee policy insuring a mortgage with a variable rate and a negative amortization feature. “Negative amortization” means that the monthly payments are not sufficient to pay off the principal and interest due in equal payments over the term of the mortgage, because the interest portion of the payment is kept deliberately low. The unpaid portion of the interest is added back into the principal of the mortgage and can actually cause an increase in the indebtedness. This endorsement provides protection against the invalidity, unenforceability or loss of priority of the mortgage due to either the variation in the interest rate or the additional debt created. The mortgage deed must disclose both features.

This endorsement may be incorporated into the policy by checking the appropriate box at the bottom of Schedule B – Part I or printing it from the Endorsement tab in the printer menu of PEOnline.



## Commercial Transaction Endorsements

There are certain general endorsements in pre-printed ALTA-approved format that are frequently or routinely requested by lenders in commercial transactions. **These endorsements are not included in the CATIC PEOnline software and must be requested from CATIC's Underwriting Staff.** There is an additional premium charge for some of them because of the additional risk involved. The most commonly-requested commercial endorsements are listed below:

Aggregation Endorsement (ALTA 12-06) – Sometimes called a Tie-In Endorsement. This endorsement aggregates or ties together policies insuring multiple mortgages that all secure the same indebtedness, such as a mortgage from the commercial borrower on the commercial property and mortgages from the individual owners of the commercial borrower securing their guarantees of the commercial debt by mortgages on their homes. Aggregating the policies together eliminates the need to charge a premium on each of them. Instead, a single premium, based on the amount borrowed, can be charged.

Commercial Environmental Lien Endorsement (CATIC E-8.2) – This variation of the Environmental Lien Endorsement is for use on mortgagee policies insuring title to commercial, industrial or mixed-use properties. By Insurance Department regulation, title insurance companies may not insure against environmental “superliens” for clean-up costs. This endorsement excepts such liens from coverage by a specific reference to the superlien statute, Conn. Gen. Stat. § 22a-452a.

Contiguity Endorsement (ALTA 19-06; ALTA 19.1-06) – There are two versions of this endorsement. The ALTA 19 version insures that the multiple parcels of property which make up the description of the insured property are contiguous to or abut one another on certain boundaries referred to in the endorsement, with no strips, gaps or gores between them.

The ALTA 19.1 insures the contiguity of the insured parcel with an abutting parcel that is not being insured. This form of endorsement may be appropriate where there is an appurtenant easement over the abutting property serving the insured property.

- To provide either of these endorsements on an OP, there must be a Property / Boundary survey done to A-2 accuracy that depicts all of the parcels as contiguous. If a survey is not available, it may still be possible to issue the endorsement after consultation with CATIC's Underwriting Counsel and the payment of an additional 10% premium.

- To provide either of these endorsements on an MP, there must be either be a survey of the type described above or descriptions of the parcels that clearly bound each parcel on the other(s).
- An additional premium must be paid in the amount of 10% of the normal policy premium.

Deleting Arbitration Endorsement (CATIC E-21-06) – For use on mortgagee policies at lender request. This endorsement deletes the arbitration provisions, found at Paragraph 13 of Conditions, from the policy.

Doing Business Endorsement (ALTA 24-06) – For use only on mortgagee policies insuring loans being used for business or commercial purposes. This endorsement deletes the exclusion for loss or damage incurred by the insured lender by reason of its failure to comply with applicable licensing requirements necessary to do business as a lender in Connecticut. It is not available to a lender making a consumer loan for personal, family or household purposes.

To issue this endorsement, CATIC must receive and review written assurances from the lender that no part of the loan is to be used for personal, family or household purposes.

There is an additional premium charge of 10% of the normal gross premium based on the amount of the MP.

First Loss – Multiple Parcel Endorsement (ALTA 20-06) – For use on a mortgagee policy where the mortgage encumbers multiple parcels of land and the mortgage is one of multiple security interests securing a common debt. Ordinarily, if there is a title problem that impairs the value of an insured property and is not excepted from the coverage of the policy, the insured lender must establish a loss by foreclosing on all of its security and demonstrating that the value of all of the property is not sufficient to pay the debt. Sometimes, even with the defect, the insured property is worth enough to satisfy the debt, or there is sufficient other property that the lender will not suffer a loss.

This endorsement alters the terms of the title policy so that a loss by the lender will be recognized by the title company without the lender being required to foreclose on or collect on all of its security, other than the property insured by the title policy. There is an additional premium due of 10% of the normal policy premium.

Future Advance – Letter of Credit Endorsement (ALTA 14.2-06) – For use on mortgagee policies that insure mortgages securing letter of credit reimbursement agreements. Letters of credit are frequently used in developments that require improvements such as roads, sewers, drainage and sidewalks, in lieu of bonds. The letter of credit typically runs to the county in which the development is located,

so that the county can draw on it to finish the development improvements if the developer doesn't. The agreement by the developer to reimburse the lender for any sums drawn down by the county is usually secured by a mortgage on the development. The endorsement insures the enforceability and priority of the mortgage for the sums advanced by the lender. In order to use this endorsement, the mortgage must comply with Conn. Gen. Stat. § 49-2.

Gap Endorsement (CATIC E-24) – This endorsement is available on mortgagee policies to cover the gap in time between the closing of the mortgage, when funds are disbursed, and the recording of the mortgage. The recording date is generally the effective date of the policy, but is normally not included on the policy when it is initially delivered to the lender at closing. The endorsement insures against loss in the event the title bringdown done just prior to recording shows that a lien or encumbrance has been recorded between the date the title search ended and the mortgage was recorded.

To use this endorsement, CATIC requires that the title search done for closing be no more than two weeks old, or be updated prior to closing. If the search is more than two weeks old and cannot or has not been updated, CATIC's Underwriting Counsel may still authorize the use of this endorsement but will require the owner of the property to sign a Gap Indemnity Agreement.

Mezzanine Financing Endorsement (ALTA 16-06) – This endorsement is available for an owner policy issued in a transaction where a loan made to the Insured is secured not only by a mortgage but also by a pledge of the ownership interests in the insured entity to the same lender or a different lender. The insured entity is most often a limited liability company but could also be a partnership or limited partnership or corporation. If the entity defaults on the loan, the mezzanine lender can take it over, as well as enforcing any mortgage it has outstanding. This endorsement recognizes the mezzanine lender as an insured under the owner policy in the event that happens.

Multiple Tax Parcel Endorsement (ALTA 18.1-06) – For use on mortgagee policies insuring multiple parcels of land, on lender request. Requires that each parcel of land be identified in the endorsement by its tax parcel number, and insures the lender against loss or damage if the parcels are not separately assessed and taxed under those parcel numbers. Also insures that no appurtenant easement serving the parcels can be cut off by non-payment of taxes on the servient parcel.

Non-Imputation Endorsement (ALTA 15-06, 15.1-06 and 15.2-06) – These endorsements are designed to be attached to Owner Policies or to Mortgagee Policies. Each is specific to a particular situation, but all are designed to protect the insured from a denial of coverage based on the grounds that knowledge of a title defect by another party can be legally imputed to the insured. If this endorsement is requested by the lender, please contact a CATIC attorney for

instructions. There is an additional premium charge of 15% of the policy premium for the use of each of these endorsements.

ALTA 15-06 is for use where all of the equity interests in an entity have been transferred to a new party or new parties, and a new owner policy is being issued. New partners in a partnership, new members of a limited liability company and/or new shareholders of a corporation might all potentially request such an endorsement. The transfer of the interest(s) must be for value. The endorsement insures that any knowledge held by the prior owners/transferees of the state of the title will not be imputed to the purchasers as a basis to deny a claim.

ALTA 15.1-06 would be requested when fewer than all of the equity interests in an entity have been transferred to new parties and an existing Owner Policy held by the entity is to be endorsed to add the new equity purchaser as an additional insured. Any prior knowledge of the transferor of the interest will not be imputed to the transferee.

ALTA 15.2-06 is to be used when fewer than all of the equity interests in an entity have been transferred and the transferee or transferees are obtaining a new owner policy insuring their interest(s). Again, this form of endorsement protects the new transferee against imputed knowledge of a defect.

In order to issue these endorsements, CATIC will usually require an affidavit and indemnity from the outgoing transferors of the interests, that the transferors are not aware of any title defects and that they agree to indemnify CATIC for any such issues that may arise.

Rate Swap Endorsement (ALTA 29-06, 29.1-06, 29.2-06 and 29.3-06) – These endorsements are designed to be used on mortgagee policies insuring mortgages that secure a rate swap agreement as well as the primary indebtedness. There is no additional premium charge for the 29-06, but there is an additional premium charge of 10% of the policy premium for the 29.1-06, 29.2-06 and 29.3-06. There are four types of Rate Swap Endorsements:

ALTA 29-06 is for use where the mortgage being insured directly secures the rate swap obligation under the interest rate exchange agreement.

ALTA 29.1-06 is for use where any monetary obligation incurred under the interest rate exchange agreement is characterized as additional interest and secured by the mortgage that also secures a primary repayment obligation.

ALTA 29.2-06 and 29.3-06 also provide coverage against loss for a defined amount in addition to the original Amount of Insurance. There will be a premium for this amount in addition to the endorsement charge.

All endorsements insure the validity, priority and enforceability of the lien of the mortgage as security for the swap obligation.

Same As Survey (ALTA 25-06) – This endorsement may be attached to a mortgagee policy, upon the request of the lender, when the policy insures a Schedule C description that is based on the chain of title rather than the new survey that was done for closing. It insures that the historic legal description being used is the same parcel of land as is shown on the survey. If there are major discrepancies, in boundary directions or lengths, or in quantity of land, you should check with the surveyor and with CATIC prior to attaching this endorsement or providing survey coverage.

If this endorsement is requested for use on an Owner Policy, there will be an additional premium charge equal to 10% of the normal policy premium.

Single Tax Parcel Endorsement (ALTA 18-06) – For use on mortgagee policies, on lender request. Insures the lender against loss or damage if the insured property is taxed as part of a larger parcel instead of having its own separate tax bill, or for any reason, fails to be a separately-taxed parcel.

Subdivision Endorsement (ALTA 26.06) – Adds into the policy coverage that would otherwise be excluded by its terms: The coverage for loss or damage sustained by the insured if the property is found to violate subdivision statutes or local subdivision ordinances.

Truth-in-Lending Endorsement (ALTA 2) – The standard ALTA mortgagee policy excludes from coverage loss or damage incurred by the lender because of a violation of truth-in-lending laws. Truth-in-lending regulations do not apply to the extension of credit for business or commercial purposes even if the loan is secured by a mortgage on residential property. Commercial lenders will sometimes request this endorsement under those circumstances, in order to remove the exclusion from their mortgagee policy.

Usury Endorsement (ALTA 27-06) – The standard ALTA mortgagee policy excludes coverage for loss or damage by reason of the insured transaction being deemed by a court to be usurious and therefore unenforceable. This endorsement adds coverage into the policy.

Conn. Gen. Stat. § 37-9 excludes from the usury statute, Conn. Gen. Stat. § 37-4, *bona fide* mortgages on real estate in a sum in excess of \$5,000. This endorsement may be used on policies insuring such mortgages upon the request of the lender. You must request this endorsement from CATIC's underwriting staff. Depending on the size of the mortgage being insured, there may be an additional premium charge of 10% of the gross policy premium, which must be entirely remitted to CATIC.

Zoning Endorsement (ALTA 3-06 and ALTA 3.1-06) – The standard ALTA policy excludes from coverage all matters of governmental regulation, including zoning regulations. Lenders in commercial transactions often request some zoning assurances and title policy coverage to the extent it is available.

ALTA 3-06 – Zoning Endorsement requires the agent to identify the zone in which the property is located and the use or uses permitted in that zone. The endorsement insures against loss or damage if that information is not correct. In order to issue this endorsement, the agent must determine, from the county zoning regulations, the zone designation for the property location and what uses are permitted.

**There is an additional premium charge of \$.35 per thousand dollars of insurance for the ALTA 3-06.**

**ALTA 3.1 – Zoning (Completed Structure) – offers more detailed coverage for zoning matters but has more detailed requirements that must be met before it can be issued.**

In order to issue this endorsement, an up-to-date “as built” Property Survey as defined by state survey regulations, must be certified to CATIC and submitted to CATIC for review, prior to closing. The survey must contain the following information:

- a certification that the survey shows all buildings, structures, improvements and pavement located on the land;
- all setback lines;
- location of all parking spaces and a certification that the on-site parking complies with applicable zoning regulations;
- a computation of the land area and a certification that the width and depth of the land satisfy the land use requirements as a building site for the structures located on it; and
- the floor space area of each structure shown, as well as the height of each structure with a certification that the height of the building does not violate applicable land use regulations.

**This has been a partial list of some of the Endorsements available through CATIC. Many other endorsements are available upon request from CATIC’s Underwriting Staff.**

#### **XIV. DELIVERY OF POLICIES**

The CATIC Policy Transmittal Form, should be included with each policy. If a mortgagee policy, owner policy and/or commitment has been issued for a single transaction, only one transmittal form needs to be included with the policies. The transmittal form is a checklist for the agent to ensure that all required documents, fees, and copies are included with the policy to be processed. It also provides CATIC with information necessary to properly process the policy (e.g., type of discounted rate given). All policies to be processed should be delivered to our Rocky Hill office as soon as possible after the close of the transaction.

##### **To Be Delivered With Every Policy**

The following is a listing of what should be returned with every policy remitted to CATIC, within thirty (30) days of closing, as stated in the Agency Agreement. These are the minimum requirements, and additional documentation may be required depending on the policy or policies issued:

- Net Premium check payable to CATIC
- Copy of Mortgagee Policy, any continuation sheets, endorsements, and description
- Copy of Owner Policy, any continuation sheets, endorsements, and description
- ORIGINAL of the Owner's Affidavit (A-100)
- Copy of payoff letter and payoff check
- Copy of TIR invoice
- Survey (if applicable)
- Original Waiver of Mechanic's Liens (if applicable)

Copies of all documents sent to CATIC should be retained for your file. Remember that only the original policy (owner, mortgagee, or commitment) will have a jacket. **It is not necessary to send CATIC a copy of the policy jacket.** The original of the policy, inserted into the jacket, will be sent to the insured (owner or lender).

When sending CATIC's copy of the policy, it is not necessary for you to include copies of documents such as easements and restrictive covenants for which an exception has been taken in Schedule B of the policy.

A cover letter is not necessary. Any comments you need to make regarding the policy can be inserted into the comments section of the transmittal form.

Any damaged electronic jackets can be either reprinted, or voided through PEOne or Jacket Express at [www.catic.com](http://www.catic.com). If you have a pulled jacket for a transaction that is not going forward, please void the jacket.

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## **XV. TITLE SERVICES**

As a Bar-Related® title company, CATIC is committed to supporting the role of attorneys in real estate closings by providing services that help to make the closing process run smoothly. We currently offer the following search related services to our agents:

- Title Information Reports (TIRs)
- Limited Search Authorizations (LSAs)
- Bring-down and recording services
- UCC, DEEP, Bankruptcy, Superior Court and Federal District Court records searches, as needed through Agent Services
- Searcher Referrals for non-policy issuing events (e.g. Foreclosure committee searches etc.)
- Municipal Agency Report

### **TIR: The Title Information Report**

The Title Information Report is a title search product which allows CATIC agents to order a search and issue a title insurance policy based on the title information provided. Agents may order searches through this program ONLY when issuing a CATIC policy. This search may not be used to issue a Certificate of Title or other legal opinion. In addition it may not be used for the issuance of an endorsement and/or modification of an existing policy. (*Note: For modifications/endorsements please contact our Endorsement Group*) You may order a TIR through CATIC's Rocky Hill office by calling or by visiting our website at [www.catic.com](http://www.catic.com). At the Agents home page, simply access the order form by clicking on "CT – Order Title Search" for Connecticut properties. Complete the form on line and click "submit."

When ordering through our Customer Service Center by telephone please simply provide us with the following information:

- Your CATIC agency number;
- full address of the property;



- name of the present owner;
- the name of the subdivision, condo, planned community or co-operative, and the phase number, (if applicable);
- the unit number and garage unit number, (if applicable);
- whether this is a first sale from the declarant or a resale, (if applicable);
- whether the transaction is a purchase or refinance;
- whether the property is commercial or residential; and
- due date of the title search (searches are due by 5:00 p.m. on the date requested).

## **Types of TIR Searches Available**

### **Residential Transactions**

#### **Full Search**

A 40 year title search commencing with the statutory root of title; or if back title is available, we will start the search from the date of the most recent policy, with your permission. These searches can be used for preparation of any CATIC owner and/or mortgagee title insurance policies.

#### **Current Owner Search (for Residential Refinance only)**

A search commencing with the most recent bona fide conveyance for consideration. A current owner search may be used only for preparation of a CATIC mortgagee title insurance policy in a residential refinance where the new mortgagee is an institutional lender. A current owner search cannot be relied upon for preparation of an owner title insurance policy.

#### **Update Search**

A search updating a prior CATIC title search of a specific property. This search can be ordered only if the prior CATIC search (or policy commitment) was done within the last 6 months, and there has been no change in ownership.

*\*Note: Please contact a member of CATIC's Title Services staff should your title update period be greater than 6 months as these requests may be handled on a per case basis on a sliding scale reduced fee.*

### **Commercial Transactions**

**Full Search:** Same as for residential transactions.

**Update Search:** Same as for residential transactions.

### **Search Process**

Once the TIR is ordered CATIC staff assigns the same to an approved CATIC searcher and a confirmation is emailed to the Agent. Upon completion, the search is uploaded to a secure location on our website and the Agent will receive notification that the search is available for download. The Agent is able to access the search in PEOnline for printing, emailing and/or importing into the CATIC Policy Commitment. Should the Agent use a different type of conveyancing software program, or is looking for a different delivery method, in most cases we are able to provide the search in the Agent's preferred format.

The searcher will provide at the time of upload a copy of the invoice for the search (TIR) to both the Agent and CATIC. Payment should be made by the Agent directly to CATIC. Please note that this is a separate fee in addition to the title insurance premium. You may however include the amount with your policy and premium check.

### **Foreclosure Court File Review**

In many cases when title has passed to the current owner by a foreclosure of a mortgage or lien, a search of the court foreclosure file may be required. In those instances where CATIC deems it necessary for underwriting purposes, the searcher will review the court file to ensure that the foreclosure was brought properly against all parties holding an interest in the property and will provide a Foreclosure Review Checklist. Please contact a member of CATIC's legal staff with any questions concerning this requirement. There is an additional fee for the additional search time involved.

### **Probate Court File Review**

As in the case of foreclosure actions, in many cases when title to the current owner has passed by or through an estate, a search of the Probate Court file may be required. In those instances where CATIC deems it necessary for underwriting purposes, the searcher will review the court file to ensure that the Estate or decedent's interest was probated correctly and/or there is evidence of the payment of estate or succession taxes. The searcher will provide a Probate Review Checklist in these instances. Please contact a member of CATIC's legal staff with any questions concerning this requirement. There is an additional fee for the additional search time involved.

We endeavor to keep the cost of our TIRs to our Agents as reasonable as possible without compromising the quality of our product. A listing of product/services and pricing can be found at [www.catic.com](http://www.catic.com), Agents, Closings, Title Services, Products and Services, CT.

Once you have received your completed TIR and *prior to importing* into PEOne, you should review it completely, paying attention to the following:

1. Review the cover sheet for the property searched to be sure it is the correct property. The address or property reference should be the same as the contract and/or the mortgage commitment.
2. Review the information provided on the ownership of title against the contract or mortgage commitment to be sure all parties are accounted for and there are no surprises.
3. Review the Schedule B and any Special Notes the searcher has included, to determine what actions are needed to clear title. The information should be made available to the seller's attorney so that the seller's office can take the necessary steps to clear title.

Except in the case of a common interest community, copies of easements, restrictions, liens and other matters listed as exceptions in Schedule B will ordinarily be provided to you by the searcher. You should review them for their impact on the title.

If you have questions about what the searcher has reported or you need additional copies please contact Title Services, or if you prefer you may call the searcher directly.

4. Review the Legal Description. This is the description you will use, both for any title commitment and for the final title policies you prepare. The description provided by the seller's deed of conveyance should match the description in the search in most cases.
5. Review the copies of any maps provided to you to be sure they do not reveal any issues, such as encroachments or easements, not reported in Schedule B. Check the description you were provided with against the most recent map.
6. If the TIR reveals title problems, you should discuss the appropriate resolution of the issues with a member of CATIC's legal staff.

### **LSA: The Limited Search Authorization**

The Limited Search Authorization or LSA Program, like the TIR, is a title information service designed to be used in connection with the issuance of CATIC title insurance policies. It is back title information available only to CATIC agents (and their in-house or independent title searchers) and the existence of this policy information should not be disclosed to any other party and may be used only where

a policy will be issued. It should never be used as the basis for an attorney's certificate or opinion of title. CATIC assumes no responsibility to the agent for the information provided if it is used for any other purpose than to issue a CATIC owner and/or mortgagee title policy. In using a Limited Search Authorization, the agent representing a purchaser should be certain that an owner policy is issued as well as a mortgagee policy in order to fully protect the client. *Where no owner policy is to be issued, the agent should do one of the following:*

- perform a full title search on behalf of the purchaser client; or
- obtain a signed statement from the client that he or she does not wish to purchase an owner policy and does not wish to have a full title search performed at an additional charge, and that he or she understands that neither the issuance of a mortgagee policy nor the general legal representation of the client by the attorney can be construed as giving the client any assurances with respect to the state of the title. A Notice of Availability (Form 104) can be found in PEOnline in the print grid for Policy.

You may, of course, use the title information in the LSA to issue a Mortgagee Policy only, if you are representing a client in a refinance or if you are representing only the lender in a purchase and sale transaction.

The LSA authorization which is issued by CATIC has three important parts:

1. It contains title information from our files which will save the title searcher or attorney valuable search time;
2. It contains instructions on how the title search is to be done and how the title information is to be used; and
3. It is a commitment by CATIC to insure the title on the basis of less than a full 40-year search.

You may request an LSA by calling the Rocky Hill Office or by visiting our web site at [www.catic.com](http://www.catic.com). At the Agents home page simply click on "Order Back Title" to access the easy form. Complete the form and click "submit."

A Limited Search Authorization will be issued to you:

- on any condominium or planned community that CATIC has reviewed and approved for title insurance.
- on any subdivision or planned unit development (PUD) for which CATIC has title information.

- on any piece of property which CATIC has previously insured.

There is no charge to CATIC agents for this service. You may use the back title information to do your own search or make it available to a searcher of your choosing.

## **Condominiums And Planned Communities**

CATIC has reviewed and approved many Condominium and Planned Community projects for title policy issuance. We encourage you to call our Title Services Department for information or you can access our current list of projects anytime on our website. From the Agents home page, click on "Closings"; "Title Services" "Title Information Orders" to see CATIC's list of approved Condominiums and Planned Communities. For first sales of new units, CATIC will supply an LSA or TIR only on a project that has been reviewed and approved. If you place an order for a project that is not on CATIC's list for the first sale of a unit, someone at CATIC will notify you that a document review is required. You will be instructed on what to send and how long it will take to review and approve the development for title insurance. If your project is not on the list, please contact Title Services as we are constantly updating our projects list. If you are doing a refinance transaction or a resale of an existing unit, you may in certain circumstances be permitted to close even if CATIC has not reviewed and approved the Common Interest Community. Please contact Title Services for further instruction.

## **Back Title Information**

CATIC provides access to its "back title bank" in an effort to help keep the cost of your title search reasonable. If you prefer, you may order a TIR that is a full search or instruct your own searcher not to use back title information.

In addition to CATIC's list of approved common interest communities, you may also access CATIC's back title information for other properties. From the Agent home page -select "Search for Back Title" and complete the required fields. You can search by street, condo or subdivision name. If CATIC has insured the property, you will be given policy information and an opportunity to order either a Limited Search Authorization or a TIR.

When ordering back title by phone you may want to have your sales contract and/or mortgage commitment handy in order to provide CATIC with the following information:

- full address of the property;
- name of the present owner;

- the name of the subdivision, condo, planned community or co-operative, and the phase number, (if applicable);
- the unit number and garage unit number (if applicable); and
- whether this is a first sale from the declarant or a resale, (if applicable).

## **How To Use Back Title Information**

CATIC's back title information will be made available to you in one of several different ways, depending on the type of property and whether or not it has been insured with CATIC.

**Common Interest Communities.** There are condominiums, planned communities and co-operatives that CATIC has reviewed and approved for insurance. In the process of reviewing CIC documents for statutory compliance, CATIC also searches the back title and puts together a Schedule B, listing the permanent encumbrances, and a list of the developer's mortgages for which partial releases must be obtained as units are sold.

### **First Sales**

You will be instructed to start your search with the date CATIC's search ended or the date the declaration was recorded, whichever is later. After the recording of the declaration, there are three parties who can affect title to the development and its units: the declarant or creator of the project, the association of unit owners and the individual unit owners. While the project is being developed, the declarant will be recording amendments to the declaration creating new units, adding or removing land and granting new easements through the common areas. Initially, in the early stages of development, the declarant will control the association and is also the first owner of any unit created. Certain amendments, such as those changing unit boundaries or reassigning limited common elements, must be done through the association, even where the declarant controls it. For a first sale, by definition, there will not yet be a chain of unit owners to be searched. Title will come from the declarant. You will be instructed to search the declarant (or successor declarant if applicable) and the association from the date CATIC's search ended or the recording of the declaration, whichever is later.

You will be provided with the CATIC Schedule B Continuation Sheet, but you will need to review and assess the impact of additional

easements, mortgages, liens and amendments to the declaration found in your search, and either obtain releases or add these matters to the existing Schedule B.

In addition, you will receive a list of mortgages and liens for which you must obtain partial releases for the unit your client is purchasing. You should contact the attorney for the developer to be sure he or she is prepared to provide partial releases for all of the matters listed. Occasionally, in the case of liens for the installation of sewer and water lines, the association will assume and pay them from the common charges over time. In that case, the lien will continue against the units and must be added to your Schedule B.

### **Resales and Refinances**

For transactions in a common interest community CATIC has approved, other than the first sale of a unit, you must search the declarant, the association and the chain of unit owners for your unit. Where CATIC has a policy, your start date for the declarant, the association and the unit owner will be the date of the latest CATIC policy issued on your unit. If CATIC has not previously insured this unit, you must search from the present owner back in time to the first deed from the declarant and then do a bringdown of the unit owners and the association from that deed to the present. You will be required to search the declarant from the date of the declaration to the first conveyance of your unit. You will need to review and assess any mortgages, liens, easements or amendments to the declaration you find in the course of your bringdown searches to determine what releases to obtain and which encumbrances should be added to the CATIC Schedule B.

For resales or refinances in a common interest community CATIC has not yet approved, you must search the declarant and the association from the date of the declaration to the present. For the unit, you must search from the present owner back to the deed from the declarant, and bring the title forward from that deed. CATIC will not have a Schedule B continuation sheet. You will have to construct your own Schedule B from the search.

Again, your search, in all cases, will involve three entities: the declarant, the association and the individual unit owner(s). The declarant may still be developing and declaring units or may have transferred the right to do so to a successor whose name must be searched. The association plays a greater role as the project transitions from declarant control, and may be recording amendments or financing documents that your search will disclose. As the unit has

been sold, a chain of title of the individual unit owners has developed, which must be searched for mortgages and liens.

## **All Other Properties**

Exact Policy LSA – Where CATIC has insured the specific property you are now searching, your authorization will give you a copy of the policy and instructions to bring the title down from the date of the insured instrument. You will need to review title matters you find in your search period and obtain necessary releases for any mortgages or liens, including the mortgage given as your starting point, if applicable. In addition, your title is subject to all of the matters excepted in Schedule B of the policy given to you, unless they were subsequently released.

Deed Into Developer – Where the specific property you are searching has not previously been insured by CATIC but is part of a development in which CATIC has insured other properties, you may be given authorization to search the title from the present back in time to the deed by which the developer acquired title to the whole of the development, then bring the title forward from that deed. In addition, CATIC will provide to you a list of easements, restrictions and other such permanent encumbrances that are known to affect the title to the development. As part of your search, you may wish to review these to determine how they affect the specific property your client is buying or mortgaging. These encumbrances must be included in Schedule B of any title policy you issue unless you determine they don't apply.

## **Bringdown and Recording Service**

Whether you've performed your own title search or CATIC has performed the search for you, when you need someone to bring down the title and record, CATIC can assist you post-closing. The bring down and recording should be done AS SOON AS POSSIBLE once you have closed and disbursed in accordance with Best Practices.

Simply call CATIC's Title Services Department in Rocky Hill and provide the following information:

- Agent contact information, location of the property, date of closing and the time your documents will be ready for pickup and recording.

CATIC will contact one of our approved recording services and arrange for document pickup and recording. Occasionally, depending on the location of the property and the availability of the recording service, you may be asked to overnight your documents directly to the recording service.



- This is a separate fee and the check (made payable to the recording service) should be included with the documents to be recorded along with instructions as to the date to begin the bringdown, and the order of recording of the documents. Agents should also include the conveyance tax forms and checks payable to the State of Connecticut Dept. of Revenue Services for payment of state conveyance taxes and a check to the County for local conveyance taxes and recording fees.
- Unless arrangements are made prior, should the recorder find an intervening encumbrance at the time of the bringdown, the recorder will NOT record, but will contact the agent for further instructions.
- The recording service will contact you directly, once the recording has been done, to provide you with the recording information and will email any receipts for recordings and/or municipal payments made.(see CAVEAT below)

PLEASE ALSO NOTE THE FOLLOWING:

- Please review your documents for legal sufficiency, order of recording, completeness and accuracy of the conveyance tax statement.
- As long as arrangements are made in advance, the recording service can make payments of taxes, water or sewer charges (if located in the same building); CAVEAT: At busy times (for example - on the last day payment is due) the municipal offices are extremely busy and the lines for payment can be long. In this event the recording service may charge an additional fee for time spent or deposit the payment in the “drop - box” located in the tax office.

**Due Diligence Searches - UCC, DEEP, Bankruptcy, Superior Court and Federal District Court Records Searches – Ordered through Agent Services**

Searches of these records are generally required by lenders only in commercial transactions. As part of the commercial support services CATIC provides, these searches can be ordered through our in-house agent services representatives. Because CATIC uses outside vendors, in most cases, the information required to order, the cost and the turnaround time vary depending on the type of search needed:

- UCC – Requires 24 hours’ notice. Provide name or names to be searched in all variations. Example: John Smith, John B. Smith, John B. Smith, Jr.
- Tax liens – State, federal and municipal. Requires 24 hours’ notice. Provide name or names to be searched in all variations.

- Judgment search – State, superior court and federal district court. Requires 24 to 48 hours' notice. Provide name or names to be searched in all variations. Charge is per name per court.
- Bankruptcy search – Requires 24 hours' notice. Provide name or names to be searched in all variations. Charge is per name searched.

Copies of documents can, in most cases, be provided for an additional copy fee.

### **Flood Zone Certificates**

Flood Zone Certificates are generally a lender requirement. CATIC uses an outside service to provide Flood Certificates. Call CATIC to place an order or visit our website at [www.catic.com](http://www.catic.com). From the Agents home page simply click on "Flood Zone Form" to access the on-line order form. Complete the form and click "submit." Please allow 24 to 48 hours' notice to ensure receipt in time for closing. Certificates are available either in standard form or for the Life of the Loan.

### **Committee Foreclosure and other Non-policy Issuing Search Requests**

If you have been appointed a Committee in a foreclosure by sale action by the Court please contact CATIC Title Services Department in Rocky Hill to obtain a referral for experienced searchers in your area.

If you need current title information for another purpose (other than the issuance of a CATIC title insurance policy), we are happy to assist you with referrals of both non-attorney and attorney searchers to search the title and to render an opinion with respect to that property. An attorney searcher can provide a certificate of title directly to your firm. Fees for referrals must be paid directly by the Agent to the searching party.

### **Municipal Agency Reports**

CATIC uses vendor searchers to perform Municipal Agency searches which involve the review of files maintained by one or more of the following municipal departments: Tax Assessor, Building Department, Planning & Zoning, Health & Sewer, Fire Marshall, Public Works, and Housing. Be advised that in some Countys, various departments may require a written request in advance for the review of the files. There is an additional charge for this service which is billed by CATIC to the Agent along with the TIR fee. Please contact CATIC Title Services Department in Rocky Hill with any questions.

The Municipal Report contains information from municipal sources other than the Land Records, and is provided as an accommodation to the agent. CATIC makes no representation as to the accuracy of the information contained in the Municipal Agency Report. The report is provided "as is" and CATIC shall assume no liability

for any loss or damages from the use of informational documents provided in the Municipal Report or the lack of information thereof.

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**XVI. Connecticut Premium Rates – Effective 6/1/2012**

Mortgagee Policy Rates:

|                          |  |
|--------------------------|--|
| \$1,000 to \$20,000      | \$100 minimum charge                                   |
| \$20,0001 to \$100,000   | \$3.50 per \$1,000 in excess of \$20,000 plus \$100    |
| \$100,001 to \$200,000   | \$3.25 per \$1,000 in excess of \$100,000 plus \$380   |
| \$200,001 to \$500,000   | \$2.75 per \$1,000 in excess of \$200,000 plus \$705   |
| \$500,001 to \$5,000,000 | \$2.25 per \$1,000 in excess of \$500,000 plus \$1,530 |

Owner Policy Rates:

|                          |  |
|--------------------------|--|
| \$1,000 to \$20,000      | \$100 minimum charge                                   |
| \$20,0001 to \$100,000   | \$3.75 per \$1,000 in excess of \$20,000 plus \$100    |
| \$100,001 to \$200,000   | \$3.50 per \$1,000 in excess of \$100,000 plus \$400   |
| \$200,001 to \$500,000   | \$3.00 per \$1,000 in excess of \$200,000 plus \$750   |
| \$500,001 to \$5,000,000 | \$2.50 per \$1,000 in excess of \$500,000 plus \$1,650 |

Please contact CATIC for premium charges over \$5,000,000

**EXPANDED PROTECTION POLICIES:**

MP and OP – additional 10% premium

**REFINANCE RATES – Mortgagee Only**

60% rate based on the new mortgage amount

No limitation of age of the prior mortgage(s) being released (CATIC or other company)

If only a prior CATIC Owner policy exists – 60% rate charged up to the amount of the existing owner policy and full rate of any excess.

Minimum rates – Standard \$100; Expanded \$110

**SIMULTANEOUS ISSUE OF OWNER AND MORTGAGEE POLICY:**

Must be same owner and same property

Must be issued within 60 days of one another for simultaneous rate to apply, based on effective date

If MP is higher than the OP, the excess on the MP is charged  
As long as MP is lower or equal to the OP amount of insurance, the charge will be for the MP plus the difference between the MP coverage and OP coverage.

#### BULK RATES:

The project must have a minimum of 10 units or lots intended to be sold to purchasers, unaffiliated with the developer, and the applicant (developer) must agree to include in the sales document for the project, a notice to purchasers that title insurance insuring owners and mortgagees is available at a discounted rate from CATIC or any other title insurer.  
Minimum Rates: \$100 Standard; \$110 Expanded  
Rate is 80% of the applicable rate

#### MP ONLY – LIMITED LIABILITY (Home Equity)

Lender agrees to accept an MP policy where the liability of CATIC is limited by the following language: “Defects, liens, encumbrances, interests, adverse claims or other matters affecting the land created, existing or arising prior to (insert date), being the date of acquisition of title to the land by the mortgagor.”  
Premiums for such policies will be 60% of the applicable MP rates

#### CHARITABLE ORGANIZATIONS & NON-PROFITS – REDUCED RATES

The rate for these entities is 75% of the normal rate, minimum of \$100  
Even on refinances, calculate refinance rate then charge 75% of that adjusted gross premium  
Please note: the rate requires **written documentation**. Please call CATIC with questions.

#### GOVERNMENTAL ENTITIES – County or State

Please contact CATIC for a quote

#### SPECIAL RISK ENDORSEMENTS

Zoning 3.0 - \$0.35 per thousand

MP & OP Standard; if simultaneous, charge on OP only

Zoning 3.1 - \$0.50 per thousand

MP & OP Standard; if simultaneous, charge on OP only

The following Endorsements have a 15% additional charge of the standard premium – if the MP and OP are simultaneous, charge the additional 15% on the OP amount:

Fairway Endorsement

Non – Imputation ALTA 15, 15.1, 15.2

The following Endorsements have a 10% additional charge of the standard premium on the following:

MP Only: Doing Business – ALTA 24

First Loss – ALTA 20

Interest Rate Swap – ALTA 29.1, 29.2, 29.

OP Only: Restrictions, Encroachments, Minerals - ALTA 9.2

Same as Survey – ALTA 25

MP and OP: Utility Access – ALTA 17.2

Contiguity (unless current survey provided) – ALTA 19, 19.1

If the MP and OP are simultaneous, charge the endorsement based on the OP amount only.

Please contact CATIC should you have any questions concerning premium rates.

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