RESIDENTIAL ENDORSEMENTS MANUAL

Updated February 2021

IOWA TITLE GUARANTY

A DIVISION OF IOWA FINANCE AUTHORITY

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ASSIGNMENT ENDORSEMENT (ALTA 10-06)

Cost: If the certificate is issued in CAP: no additional premium if simultaneously issued with the Lender Certificate; $50.00 if the assignment is filed more than 30 days after the filing date of the Guaranteed Mortgage. If the certificate is issued in Qualia: no additional premium.

Explanation:

The Assignment Endorsement may be issued with a Lender Certificate to guarantee the effectiveness of a specific assignment of the Guaranteed Mortgage occurring subsequent to the Date of the Certificate.

Record Requirement:

i. Obtain a properly authorized, executed, acknowledged, and recorded assignment of the Guaranteed Mortgage from the mortgagee (or subsequent assignee) to the as proposed assignee.

Non-Record Requirements:

i. Obtain from a Participating Abstractor a search of the county records from the filing of the Guaranteed Mortgage through the filing of the assignment, and report any modification, partial or full re-conveyance, release or discharge of the Guaranteed Mortgage.

ii. Obtain an examination from a Participating Attorney to determine the existence of:
   a. an uninterrupted valid chain of assignment(s) of the Guaranteed Mortgage from the first lender to the last assignee; and
   b. any modification, full or partial release, reconveyance or discharge of the Guaranteed Mortgage. Resolve any objections prior to issuance of the Assignment Endorsement.

iii. The Date of Certificate in Schedule A of the Lender Certificate shall remain the date of the Guaranteed Mortgage filing.

iv. The Assignment Endorsement shall not be issued without the approval of an Iowa Title Guaranty Underwriter if:
   a. there are multiple beneficiaries of the assignment; or
   b. the Guaranteed Mortgage has been released of record.

v. Insert assignment filing date into the appropriate field in the Assignment Endorsement.

Additional Guidance:

The Assignment Endorsement does not guaranty against loss for any matters placed of record after the effective date of the original Lender's Certificate, except to the extent that the assignment fails to vest title to the Guaranteed Mortgage in the assignee. The assignment may not be added to Schedule A of the Certificate. Instead, the field issuer must utilize this endorsement to reflect the assignment.

Underwriting Required:

No

BALLOON MORTGAGE ENDORSEMENT

Cost: No additional premium.

Explanation:

The Balloon Mortgage Endorsement may be issued with a Lender Certificate to protect the Guaranteed against the invalidity, unenforceability, or loss of priority of the Guaranteed Mortgage which may result from an attached Fannie Mae or Freddie Mac Balloon Rider, otherwise known as a "Conditional Right to Refinance."

Non-Record Requirements:

i. Confirm the presence of a residence, either a single-family dwelling or a one-to-four-unit multi-family housing dwelling by reviewing a current appraisal, survey, real property inspection report ("RPIR"), or a county assessor's report.

ii. Confirm the Guaranteed Mortgage includes either:
   a. Fannie Mae Form 3180, the Multi-State Balloon Rider with Conditional Right to Refinance, or
   b. Freddie Mac Form 3191, the Multi-State Balloon Rider with Conditional Right to Refinance.

Additional Guidance:

1. A Balloon Rider is an amendment and supplement to the terms and conditions of a security instrument that allows borrowers to refinance a loan in lieu of making an anticipated balloon mortgage payment. the Balloon Mortgage Endorsement protects a lender against loss or damage by reason of the invalidity or unenforceability of the Guaranteed Mortgage which may result from an attached Fannie Mae or Freddie Mac balloon rider.

2. The Balloon Mortgage Endorsement covers against the loss of priority of the Guaranteed Mortgage due to the Balloon Rider if the conditions of the rider have been met, and there are no other adverse matters affecting title that arise after the Date of Certificate.

Underwriting Required:

No

COMPREHENSIVE 1 –IMPROVED LAND ENDORSEMENT

Cost: No additional premium.

Explanation:

The Comprehensive 1 – Improved Land Endorsement ("Comp 1") may be issued with a Lender Certificate to protect the Guaranteed for a loss which may result from covenants which may cut off the mortgage lien, present violations of any enforceable covenants, future violations of any covenants occurring prior to the acquisition of title by the lender by foreclosure or otherwise, encroachments over easements or adjoining property, or encroachments from adjoining property.

Non-Record Requirements:

i. The Comp 1 Endorsement shall not be issued for vacant land, any type of construction, or unsubdivided land.

ii. Examine and specifically identify on Schedule B all agreements, covenants, conditions, restrictions, easements, options, interests, rights, reservations, surveys, plats, assessments, liens and encroachments, including those found in deeds and subdivision plats.

iii. Confirm there are no violations of the items noted on Schedule B pursuant to (ii) above by examining the record instruments within the abstract. If a violation or encroachment is discovered within the record, specifically identify those violations and/or encroachments as exceptions on Schedule B.

iv. Specifically identify on Schedule B any and all encroachments, including but not limited to the following:

   a. Encroachments of improvements of the Land onto adjoining property;

   b. Encroachments of improvements of adjoining properties on the Land;

   c. Encroachments of improvements of the Land into an easement or setback area on the Land.

v. Obtain completed, signed and notarized Composite Mortgage Affidavits ("CMA") from buyers and sellers and examine said CMAs for any indication of the items enumerated in (ii) above and except said items from coverage by adding them as exceptions on Schedule B.

Additional Guidance:

1. Types of Comprehensive Coverage. When a lender requests comprehensive coverage, ITG recommends issuing the Comp 1 Endorsement. Numerically subsequent comprehensive endorsements contain more advanced requirements and should only be issued upon specific request.

2. Survey or Real Property Inspection Report Requirements

    a. ITG requires a Real Property Inspection Report ("RPIR") or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the property lines, easements, building setback lines, property dimensions, and no possible encroachments if either:

        i. The lender coverage exceeds $750,000.00; or

        ii. The Land is 40 acres or more.

    b. For refinances, ITG may consider an Affidavit of No New Improvements showing no external or structural improvements have occurred on the property or adjacent properties since the last RPIR was completed. ITG's analysis will be completed on a case-by-case basis, but if an RPIR was completed and approved by ITG in the recent past, ITG, in its sole and absolute discretion, may determine that the following is acceptable in lieu of a new RPIR:

        i. Affidavit of No New Improvements from the RPIR surveyor/engineer: The surveyor that prepared the prior RPIR must affirmatively state that he/she has made a recent physical inspection of the property and can confirm that (i) there have been no other improvements to the property other than those shown on the RPIR; (ii) no other structures exist on the property; and (iii) the improvements do not encroach upon any setbacks or easements. ITG will not accept representations qualified with "to the best of my knowledge" language. The RPIR should be referenced and attached to the affidavit as an exhibit.

        ii. Seller CMA: In addition to the affidavit above, you must also confirm that the seller-signed CMA is accurately completed and does not reflect any exceptions. The CMA must not reflect any unrecorded easements, contracts, easements, agreements, etc. and should confirm there are no pending boundary disputes.

3. New or Recent Construction In the event of new or recent construction, the Comp 1 Endorsement may not be issued until construction is complete and the following survey requirements have been met:

    a) Coverage $750,000 or less. If the requested lender coverage is $750,000 or less, ITG requires either:

        a. A final appraisal showing no possible encroachments, or

        b. A Real Property Inspection Report ("RPIR") or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the

property lines, easements, building setback lines, property dimensions, and no possible encroachments.

b) Coverage over $750,000. If the requested lender coverage exceeds $750,000, ITG requires an RPIR or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the property lines, easements, building setback lines, property dimensions, and no possible encroachments.

RPIR REQUIREMENTS

	New or Recent Construction	**40 Acres or More**
$750,000 or less	RPIR or appraisal showing no encroachments	RPIR required
Over $750,000	RPIR required	RPIR required

Practice Pointer: If the property is subject to an HOA, you may wish to request that the HOA affidavit certifying no unpaid assessments also includes a statement that there are no known covenant violations.

Underwriting Required:

No

COMPREHENSIVE 2 – LENDER RESTRICTIONS, ENCROACHMENTS, MINERALS (ALTA 9-06)

Cost: No additional premium.

Explanation:

The Comprehensive 2 – Lender Restrictions, Encroachments, Minerals Endorsement ("Comp 2") may be issued with a Lender Certificate to protect the Guaranteed from a loss which may result from mineral exceptions or reservations that affect the property, in addition to covenants which may cut off the mortgage lien, present violations of any enforceable covenants, future violations of any covenants, encroachments over easements or adjoining property, or encroachments from adjoining property. The endorsement does not cover vacant land, any type of construction, unsubdivided land, or land where mining operations are active and related surface rights are in current use.

Non-Record Requirements:

i. The Comp 2 Endorsement shall not be issued for vacant land, any type of construction, or unsubdivided land.

ii. Verify there are no outstanding mineral rights (other than royalties) or that surface rights have been waived.

iii. Examine and specifically identify on Schedule B all agreements, covenants, conditions, restrictions, easements, options, interests, rights, reservations, surveys, plats, assessments, liens and encroachments, including those found in deeds and subdivision plats.

iv. Confirm there are no violations of the items noted on Schedule B by examining the record instruments within the abstract. If a violation or encroachment is discovered within the record, specifically identify those violations and/or encroachments as exceptions on Schedule B.

v. Specifically identify on Schedule B any and all encroachments, including but not limited to the following:

   a. Encroachments of improvements of the Land onto adjoining property;

   b. Encroachments of improvements of adjoining properties on the Land;

   c. Encroachments of improvements of the Land into an easement or setback area on the Land.

vi. Obtain completed, signed and notarized Composite Mortgage Affidavits ("CMA") from buyers and sellers and examine said CMAs for any indication of the items enumerated in (iii) above and except said items from coverage by adding them as exceptions on Schedule B.

Additional Guidance:

1. Types of Comprehensive Coverage. While it is possible to issue a Comp 1 Endorsement and a Comp 2 Endorsement, ITG recommends that only a Comp 2 Endorsement be issued when specifically requested. The coverage of a Comp 2 is the same as that of a Comp 1, with the addition of coverage for mineral rights. When a Lender generally requests comprehensive coverage without specifying, ITG recommends issuing the Comp 1 Endorsement.

2. Survey or Real Property Inspection Report Requirements

    a. ITG requires a Real Property Inspection Report ("RPIR") or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the property lines, easements, building setback lines, property dimensions, and no possible encroachments if either:

        i. The lender coverage exceeds $750,000.00; or

        ii. The Land is 40 acres or more.

    b. For refinances, ITG may consider an Affidavit of No New Improvements showing no external or structural improvements have occurred on the property or adjacent properties since the last RPIR was completed. ITG's analysis will be completed on a case-by-case basis, but if an RPIR was completed and approved by ITG in the recent past, ITG, in its sole and absolute discretion, may determine that the following is acceptable in lieu of a new RPIR:

        i. Affidavit of No New Improvements from the RPIR surveyor/engineer. The surveyor that prepared the prior RPIR must affirmatively state that he/she has made a recent physical inspection of the property and can confirm that (i) there have been no other improvements to the property other than those shown on the RPIR; (ii) no other structures exist on the property; and (iii) the improvements do not encroach upon any setbacks or easements. ITG will not accept representations qualified with "to the best of my knowledge" language. The RPIR should be referenced and attached to the affidavit as an exhibit.

        ii. Seller CMA. In addition to the affidavit above, you must also confirm that the seller-signed CMA is accurately completed and does not reflect any exceptions. The CMA must not reflect any unrecorded easements, contracts, easements, agreements, etc. and should confirm there are no pending boundary disputes.

3. New or Recent Construction. In the event of new or recent construction, the Comp 1 Endorsement may not be added until construction is complete and the following survey requirements have been met:

    a. Coverage $750,000 or less. If the requested lender coverage is $750,000 or ITG requires either:

        i. A final appraisal showing no possible encroachments, or

ii. A Real Property Inspection Report ("RPIR") or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the property lines, easements, building setback lines, property dimensions, and no possible encroachments.

b. Coverage over $750,000. If the requested lender coverage exceeds $750,000, ITG requires an RPIR or survey of the property prepared by a licensed surveyor showing the boundary lines, location of improvements relative to the property lines, easements, building setback lines, property dimensions, and no possible encroachments.

RPIR REQUIREMENTS

	New or Recent Construction	**40 Acres or More**
$750,000 or less	RPIR or appraisal showing no encroachments	RPIR required
Over $750,000	RPIR required	RPIR required

Practice Pointer: If the property is subject to an HOA, you may wish request that the HOA affidavit certifying no unpaid assessments also includes a statement that there are no known covenant violations.

Underwriting Required:

No

CONDOMINIUM – ASSESSMENTS PRIORITY – LENDER (ALTA 4-06)

Cost: No additional premium.

Explanation:

The Condominium – Assessments Priority – Lender Endorsement may be issued with a Lender Certificate to guarantee that the Land consists of one or more condominium units properly created by legal description and subject to the Horizontal Property Act. The endorsement protects the Guaranteed against a loss in the event there are: present or future violations of the use restrictions in the condominium declaration that may give rise to a forfeiture or reversion of title; dues or assessments that are unpaid and not subordinate to the Guaranteed Mortgage; encroachments by existing improvements; or there is an exercise of a right of first refusal.

Non-Record Requirements:

i. Confirm the Land is a condominium and not a townhome or single-family dwelling.

ii. Confirm there are no violations of the condominium declaration, no unpaid dues or assessments, no encroachments, and no right of first refusal.

iii. Confirm that there no adverse matters disclosed in the Composite Mortgage Affidavit.

iv. Obtain an affidavit executed by the duly authorized individual on behalf of the association stating there are no unpaid dues, liens or assessments with respect to the Land through and including the filing date of the deed and guaranteed mortgage.

Additional Guidance:

This endorsement may only be issued in conjunction with a Lender Certificate. This endorsement is issued only when one or more condominium units are properly created by legal description.

Underwriting Required:

No

CONDOMINIUM – CURRENT ASSESSMENTS – OWNER (ALTA 4.1-06)

Cost: No additional premium.

Explanation:

The Condominium – Current Assessments – Owner Endorsement may be issued with an Owner Certificate to guarantee that the Land consists of one or more condominium units properly created by legal description and is subject to the Horizontal Property Act. The endorsement protected the Guaranteed from a loss in the event there are: present or future violations of the use restrictions in the condominium declaration that may give rise to a forfeiture or reversion of title; dues or assessments that are unpaid and not subordinate to the Guaranteed Mortgage; encroachments by existing improvements; or an exercise of a right of first refusal.

Non-Record Requirements:

i. Confirm the Land is a condominium and not a townhome or single-family dwelling.

ii. Confirm there are no violations of the condominium declaration, no unpaid dues or assessments, no encroachments, and no right of first refusal.

iii. Confirm that there no adverse matters disclosed in the Composite Mortgage Affidavit.

iv. Obtain an affidavit executed by the duly authorized individual on behalf of the association stating there are no unpaid dues, liens or assessments with respect to the Land through and including the filing date of the deed and guaranteed mortgage.

Additional Guidance:

This endorsement may only be issued in conjunction with an Owner Certificate. This endorsement is issued only when one or more condominium units are properly created by legal description.

Underwriting Required:

Yes

ENCROACHMENT ENDORSEMENT – ADVERSE

Cost: No additional premium.

Explanation:

The Encroachment Endorsement – Adverse may be issued with a Lender Certificate to protect the Guaranteed from a loss due to a known encroachment of a neighboring improvement onto the Land.

Non-Record Requirements:

i. Show any encroachment which extends less than five feet onto the Land as an exception on Schedule B, Part I of the certificate. Specifically detail the source of the encroachment, as well as the nature, size and location of the encroachment.

ii. This endorsement shall not be issued without ITG underwriter approval if the encroachment extends five feet or more onto the Land.

Additional Guidance:

This endorsement is only available on a Lender Certificate and will automatically trigger underwriting review by ITG residential underwriters. ITG may require a survey or Real Property Inspection Report showing the encroachment.

Underwriting Required:

Yes

ENCROACHMENT ENDORSEMENT

Cost: No additional premium.

Explanation:

The Encroachment Endorsement may be issued with a Lender Certificate to protect the Guaranteed from a loss due to a known encroachment of improvements located on the Land that extends beyond the boundaries of the Land, or beyond setback lines or recorded easements.

Non-Record Requirements:

i. Show the encroachment as an exception on Schedule B, Part I of the certificate. Specifically detail the source of the encroachment, as well as the nature, size and location of the encroachment.

ii. Reference the exception paragraph number from Schedule B, Part I on the Encroachment Endorsement in the variable field.

Additional Guidance:

1. This endorsement is available on a Lender or Owner Certificate. Issuance of the Encroachment Endorsement will automatically trigger underwriting review by ITG residential underwriters. ITG may require a survey or Real Property Inspection Report showing the encroachment.

2. This endorsement is not appropriate when improvements located on adjacent property encroach on the Guaranteed Land; in those cases, use the Encroachment Endorsement – Adverse.

Underwriting Required:

Yes

ENDORSEMENT AGAINST LOSS – LIEN

Cost: No additional premium.

Explanation:

The Endorsement Against Loss - Lien may be issued with a Lender Certificate or Owner Certificate to guarantee against actual loss or damage sustained by the Guaranteed by reason of the enforcement of a lien, specifically excepted on Schedule B, which has been paid in full in the immediate transaction. This endorsement allows Field Issuers to issue a Certificate using the Rapid Certificate Program immediately after the closing if our requirements are met.

Non-Record Requirements:

i. Issue a Rapid Certificate with the paid-off, but unreleased lien shown on Schedule B, Part I.

ii. Submit a payoff statement and canceled check or wire confirmation verifying that the lien was paid in full.

Additional Guidance:

1. The Endorsement Against Loss-Lien covers the lender or owner for an actual loss or damage sustained because of the enforcement of a paid-off, but unreleased mortgage, judgment or other lien.

2. For mortgage liens covered by this Endorsement, field issuers may submit the matter to the Mortgage Release Certificate Program ("MRCP") if a correct release is not filed within sixty (60) days after closing and the field issuer has been unsuccessful in obtaining a release from the lender and/or servicer. Prior to submitting a Rapid Certificate file to the MRCP, field issuers must make a search of the public records and make a good faith effort to secure a release. See the Rapid Certificate Manual for additional information.

3. The MRCP may be used to release mortgage liens only. Field issuers using this endorsement for all other liens are fully and solely responsible for securing release of such liens.

4. If more than one lien is paid off at closing, the field issuer must add separate endorsement for each lien.

5. After the release has been recorded, the field issuer provides the release information to ITG by completing the Showing of Release (Form 801).

6. This endorsement may not be issued with a division-issued commitment or certificate.

Underwriting Required:

No

ENVIRONMENTAL PROTECTION LIEN (ALTA 8.1-06)

Cost: No additional premium.

Explanation:

The Environmental Protection Lien Endorsement may be issued with a Lender Certificate to assure the Guaranteed that its lien will not lose priority to any federal or state environmental protection lien recorded as of the Date of Certificate. ITG excludes Iowa Code Section 455B.396 from coverage, which may provide for a superior lien.

Non-Record Requirements:

i. Confirm the presence of a residence, either a single-family dwelling or a one-to-four unit multi-family housing dwelling.

ii. The Environmental Protection Lien Endorsement is only available for Lender Certificates.

iii. Obtain from a Participating Abstractor a search the available lien indexes for environmental liens.

iv. Obtain from a Participating Abstractor a search of the federal court records if the federal court is located within the county being searched.

v. Show any environmental lien(s) revealed as an exception(s) on Schedule B, Part I.

Underwriting Required:

No

FUTURE ADVANCE – PRIORITY (ALTA 14-06)

Cost: No additional premium.

Explanation:

The Future Advance – Priority Endorsement may be issued with a Lender Certificate to guarantee a mortgage that secures future advances or a revolving line of credit.

Non-Record Requirements:

Review the Guaranteed Mortgage to confirm the following:

i. The Guaranteed Mortgage states that it secures future advances to be made under the loan agreement;

ii. The Guaranteed Mortgage contains the statutory notice regarding priority of advances prescribed in Iowa Code Section 654.12A; and

iii. The coverage amount is equal to the maximum credit available as reflected on the Guaranteed Mortgage.

Additional Guidance:

1. Notice required by Iowa Code §654.12A:

   NOTICE: This mortgage secures credit in the amount of $_____. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.

2. So long as credit is available to the borrower, payment of the outstanding Guaranteed Mortgage balance to zero shall not extinguish the priority of said Guaranteed Mortgage if it contains the Notice.

3. Priority of Guaranteed Mortgage does not apply to loans or advances made after receipt of notice of foreclosure or action to enforce a subsequently recorded mortgage or filed liens.

Underwriting Required:

No

FUTURE ADVANCE – REVERSE MORTGAGE (ALTA 14.3-06)

Cost: No additional premium.

Explanation:

The Future Advance – Reverse Mortgage Endorsement may be issued with a Lender Certificate to guarantee the validity and priority of a reverse mortgage due to future advances and/or changes in the rate of interest on the mortgage made to persons, generally one of whom is at least 62 years of age, in which payments are not due until the person dies or leaves the property.

Non-Record Requirements:

Review the Guaranteed Mortgage to confirm the following:

i. The Guaranteed Mortgage states that it is a reverse mortgage that secures future advances;

ii. The Guaranteed Mortgage contains the statutory notice provision prescribed in Iowa Code Section 654.12A;

iii. The Guaranteed Mortgage is a HUD/FHA HECM (Home Equity Conversion Mortgage); and

iv. The coverage amount is equal to the maximum credit available.

Additional Guidance:

Notice required by Iowa Code §654.12A:

> *NOTICE: This mortgage secures credit in the amount of $_____. Loans and advances up to this amount, together with interest, are senior to indebtedness to other creditors under subsequently recorded or filed mortgages and liens.*

Underwriting Required:

No

GAP COVERAGE ENDORSEMENT

Cost: No additional premium.

Explanation:

The Gap Coverage Endorsement may be issued with a Lender Certificate to extend the Effective Date of the Commitment through the date and time the deed and/or mortgage are recorded and provides coverage to the lender and/or owner against any loss or damage due to matters arising during the time period from the original Effective Date through the date of recordings.

Non-Record Requirements:

i. Obtain from a Participating Abstractor a written pre-closing search certification, also known as a day-of-closing search or gap search, as close to the closing date as possible.

ii. Record the proper closing documents (i.e. deed, mortgage, title clearing affidavits, etc.) immediately after execution, and in no event later than the tenth business day following the certification date of the pre-closing search certification.

iii. If the pre-closing search certification date is more than ten business days prior to recording the deed and/or mortgage, obtain an updated pre-closing search certification.

iv. Confirm no new matters are disclosed on the pre-closing search certification before closing and disbursing funds.

v. If the pre-closing search discloses any new matters, except any and all new matters by adding them as exceptions on Schedule B of the commitment and consult with the examining Participating Attorney to satisfactorily resolve such matters prior to closing.

Additional Guidance:

1. This endorsement may only be added to a commitment prior to closing. This endorsement may not be added to a commitment or certificate post-closing.
2. The issuance of a Closing Protection Letter includes gap coverage through the Gap Coverage Rider, so this endorsement should not be added to a commitment if a Closing Protection Letter is issued.
3. The field issuer must retain a copy of the completed pre-closing search.

Underwriting Required:

No

LEASEHOLD – LENDER (ALTA 13.1-06)

Cost: No additional premium.

Explanation:

The Leasehold – Lender Endorsement may be issued with a Lender Certificate to guarantee a loan secured by a Leasehold Estate. This endorsement contains provisions as to the valuation of the estate or interest guaranteed in computing loss or damage under the certificate and additional items of loss covered.

Non-Record Requirements:

i. Review a copy of the executed lease agreement, including all executed amendments and specifically disclose on Schedule B all provisions which may affect title to the Land, such as limitations on encumbrances, reversionary clauses, access issues, etc.

ii. Obtain consent from the lessor to record the lease agreement or, in the alternative, a memorandum of lease.

iii. Add terms, conditions and provisions of the lease agreement as exceptions to Schedule B.

iv. In the event the lessee has obtained the leasehold estate by assignment, confirm that the assignment was authorized and approved by the lessor, mortgagees of record, parties with an interest in the lessor's underlying land, and as otherwise required by the lease agreement.

v. Verify and obtain all other required consents to the Guaranteed Mortgage of the leasehold estate.

vi. Confirm that the abstract and title opinion show lessor had fee title to the property described in the lease agreement at the time of the execution and recording of said lease agreement.

vii. Show all outstanding exceptions to the fee title on Schedule B.

viii. Obtain a current estoppel certificate from each of the lessor and lessee under the lease agreement certifying that (i) the lease agreement is in full force and effect, (ii) the copy attached to the estoppel is a correct and complete copy of the lease agreement, including all amendments, (iii) the parties are in compliance with the provisions of the lease agreement and (iv) there are no existing defaults under the lease agreement.

Additional Guidance:

1. Use the following language to describe the interest to be guaranteed on Schedule A of the certificate:

   The Leasehold Estate created by the Lease executed by _____, as Lessor, to _____, as Lessee, dated _____ and recorded on _____ at Book _____ Page _____, _____ County, Iowa.

2. Change the type of Estate from "Fee Simple" to "Leasehold" before issuing.

3. Use the following language to preface the description of the Land on Schedule A:

   A determinable Leasehold Estate created by the Lease executed by _____, as Lessor, to _____ as Lessee, dated _____, recorded at _____, _____ County, Iowa, demising and leasing for a term of _____, beginning _____ and ending _____, describing subject property, to wit:

Underwriting Required:
Yes

LEASEHOLD – OWNER (ALTA 13-06)

Cost: No additional premium.

Explanation:

The Leasehold – Owner may be issued with an Owner Certificate to guarantee a Leasehold Estate when the Guaranteed is the Lessee under a Lease Agreement. This Endorsement contains provisions as to the valuation of the estate or interest guaranteed in computing loss or damage under the certificate and additional items of loss covered.

Non-Record Requirements:

i. Review a copy of the executed lease agreement, including all executed amendments and specifically disclose on Schedule B all provisions which may affect title to the Land, such as limitations on encumbrances, reversionary clauses, access issues, etc.

ii. Obtain consent from the lessor to record the lease agreement or, in the alternative, a memorandum of lease.

iii. Add terms, conditions and provisions of the lease agreement as exceptions to Schedule B.

iv. In the event the lessee has obtained the leasehold estate by assignment, confirm that the assignment was authorized and approved by the lessor, mortgagees of record, parties with an interest in the lessor's underlying land, and as otherwise required by the lease agreement.

v. Verify and obtain all other required consents to the Guaranteed Mortgage of the leasehold estate.

vi. Confirm that the abstract and title opinion show lessor had fee title to the property described in the lease agreement at the time of the execution and recording of said lease agreement.

vii. Show all outstanding exceptions to the fee title on Schedule B.

viii. Obtain a current estoppel certificate from each of the lessor and lessee under the lease agreement certifying that (i) the lease agreement is in full force and effect, (ii) the copy attached to the estoppel is a correct and complete copy of the lease agreement, including all amendments, (iii) the parties are in compliance with the provisions of the lease agreement and (iv) there are no existing defaults under the lease agreement.

Additional Guidance:

1. Use the following language to describe the interest to be guaranteed on Schedule A of the certificate:

   The Leasehold Estate created by the Lease executed by _____, as Lessor, to _____, as Lessee, dated _____ and recorded on _____ at Book _____ Page _____, _____ County, Iowa.

2. Change the type of Estate from "Fee Simple" to "Leasehold" before issuing.

3. Use the following language to preface the description of the Land on Schedule A:

   A determinable Leasehold Estate created by the Lease executed by _____, as Lessor, to _____ as Lessee, dated _____, recorded at _____, _____ County, Iowa, demising and leasing for a term of _____, beginning _____ and ending _____, describing subject property, to wit:

Underwriting Required:
Yes

LOCATION – CONDOMINIUM

Cost: No additional premium.

Explanation:

The Location – Condominium Endorsement may be issued with a Lender Certificate to guarantee that there is a condominium unit or units located at the address on the endorsement.

Non-Record Requirement:

i. Confirm the presence of a condominium unit by reviewing a current appraisal, survey, real property inspection report, or county assessor's report.

Additional Guidance:

1. This endorsement may not be issued if the property is bare land.
2. This endorsement may not be issued if the property is not a condominium.
3. To complete variable boxes in CAP:
    a. Variable 1: Insert the Declaration of Condominium filing information (Book and Page, Document Number, or Instrument Number).
    b. Variable 2: Insert the building or street number of the condominium unit (e.g. 123).
    c. Variable 3: Insert the physical address of the condominium unit (e.g. 123 Main Street, Unit 17, Big City, Iowa).

Underwriting Required:

No

LOCATION – RESIDENTIAL (ALTA 22-06)

Cost: No additional premium.

Explanation:

The Location – Residential Endorsement may be issued with a Lender Certificate to guarantee that there is a residence located at the address on the endorsement.

Non-Record Requirement:

i. Confirm the presence of a residence by reviewing a current appraisal, survey, real property inspection report, or county assessor's report.

Additional Guidance:

1. This endorsement may not be issued if the property is bare land.
2. This endorsement may not be issued if the property is a condominium. Instead, use a Location Endorsement-Condominium.
3. The variable box is prepopulated with the local address entered in the Property Information section in CAP.

Underwriting Required:

No

MANUFACTURED HOUSING UNIT (ALTA 7-06)

Cost: No additional premium.

Explanation:

The Manufactured Housing Unit Endorsement may be issued with a Lender Certificate or Owner Certificate to guarantee that the Land includes the manufactured housing unit (i.e. mobile home, manufactured home or modular home).

Non-Record Requirements:

i. Review the county assessor's site, or other official source, and confirm that the unit is located outside of a "manufactured home community" or "mobile home park," as defined by Iowa Code Section 435.1(4) and (6).

ii. Review a recent appraisal, or other official source, and confirm that the unit has been placed on a permanent foundation on the Land.

iii. Review the county assessor's site, or other official source, and confirm that the unit has been converted to real property and entered upon the tax rolls.

iv. Pursuant to Iowa Code Chapter 435, confirm that the title has been surrendered or that there is proof of the required insignia as follows:

   a. If the unit is a mobile home or manufactured home registered with a certificate of title, confirm that the certificate of title has been collected by the county assessor or treasurer (whichever is the county procedure) or that an Iowa Department of Transportation *Affidavit in Lieu of Surrender of Title* has been recorded with the county recorder's office. If an *Affidavit in Lieu of Surrender of Title* cannot be obtained and recorded, then a quiet title action will be necessary; ***OR***

   b. If the unit is a modular home without a certificate of title, obtain confirmation that the home displays the state building code commissioner's insignia of approval.

Additional Guidance:

1. If the manufactured housing unit is being converted at the time of closing, use the Manufactured Housing Unit—Conversion; Lender Endorsement.

2. This endorsement should only be used when the manufactured housing unit has already been converted to real estate.

3. If the dwelling on the Land is stick-built, it does not qualify as a manufactured housing unit and is not eligible for this endorsement.

Underwriting Required:

No

MANUFACTURED HOUSING UNIT – CONVERSION; LENDER (ALTA 7.1-06)

Cost: No additional premium.

Explanation:

The Manufactured Housing Unit – Conversion; Lender Endorsement may only be used with a Lender Certificate to guarantee that the Land includes the manufactured housing unit; that the unit is on the Land and considered real property under state law; that there are no personal property liens against the unit; and that the lien of the Guaranteed Mortgage is enforceable against the unit in a single foreclosure or otherwise.

Non-Record Requirements:

i. Update and examine the abstract for the Land.

ii. Review the Iowa Secretary of State website to complete a UCC fixture filing search against the titleholders.

iii. Review the county assessor's site, or other official source, to confirm that the unit is located outside of a "manufactured home community" or "mobile home park," as defined by Iowa Code Sections 435.1(4) and (6).

iv. Review a recent appraisal, or other official source, to confirm that the unit has been affixed to a permanent foundation on the Land.

v. Confirm that any personal property taxes against the manufactured housing unit have been paid.

vi. Review the county assessor's site, or other official source, to confirm that the real estate taxes on the Land have been paid.

vii. Pursuant to Iowa Code Chapter 435, convert the manufactured housing unit to real property as follows:

   a. If the unit is a mobile home or manufactured home registered with a certificate of title, deliver the certificate of title to the county assessor or treasurer (whichever is the county procedure) or complete an Iowa Department of Transportation *Affidavit in Lieu of Surrender of Title* and record the same with the county recorder's office. If an *Affidavit in Lieu of Surrender of Title* cannot be obtained and recorded, then a quiet title action will be necessary; ***OR***

   b. If the unit is a modular home without a certificate of title, obtain confirmation that the home displays the state building code commissioner's insignia of approval.

Additional Guidance:

1. If the manufactured housing unit has already been converted to real estate, use the Manufactured Housing Unit Endorsement.

2. This endorsement should only be used when the manufactured housing unit is being converted at the time of the closing.

3. If the dwelling on the Land is stick-built, it does not qualify as a manufactured housing unit and is not eligible for this endorsement.

Underwriting Required:

No

MORTGAGE MODIFICATION (ALTA 11-06)

Cost: If the certificate is issued in CAP: no additional premium if simultaneously issued with the Lender Certificate; $50.00 if the modification is filed more than 30 days after the filing date of the Guaranteed Mortgage. If the certificate is issued in Qualia: $50.00 flat fee.

Explanation:

The Mortgage Modification Endorsement, subject to the exceptions in the underlying Certificate and the exceptions in the endorsement, may be issued to a Lender to guarantee that the Guaranteed Mortgage, as modified, is a valid first lien against the Land.

Record Requirement:

i. File the modification agreement with the county recorder.

Non-Record Requirements:

i. Obtain an updated abstract certification or Post-Closing Search Certification covering the period from the filing of the Guaranteed Mortgage to the filing of the modification which should show all record matters and confirm the following:

   a. The parties to the modification appear of record as owner(s) of the Land and the holder of the note;

   b. Lien searches have been conducted on all mortgagors and successors in ownership, if any;

   c. A search of the Mechanic's Lien Notice and Registry ("MNLR") has been completed; and

   d. Status of real estate taxes.

ii. Review of the modification agreement confirming that it is executed by the lender, the mortgagors and any successors in ownership, including any spouses.

iii. Confirm there has been no full or partial conveyance of the Land covered by the Guaranteed Mortgage. If such a conveyance has been made, coverage under this endorsement must be limited to the property presently encumbered by the Guaranteed Mortgage.

iv. Confirm there are no liens or encumbrances subsequent to the original recording of the Guaranteed Mortgage and if any such matters are found, list such matters as exceptions in Paragraph 2 of the endorsement (Variable 3), unless the parties holding the liens or encumbrances subject their interest to the Guaranteed Mortgage as modified by appropriate recorded subordination agreements or proper releases of record.

v. If the original certificate reflects a mortgage or other lien as junior in Schedule B, Part II, list this mortgage or lien as an exception in Paragraph 2 of the endorsement (Variable 3 in CAP), unless the parties holding the lien or encumbrance subject their interest to the Guaranteed Mortgage as modified by appropriate recorded subordination agreements or proper releases of record.

vi. If the Guaranteed Mortgage covers a lease, obtain a current estoppel certificate and consent by the lessor.

vii. Obtain and review the most recent version of the Composite Mortgage Affidavit ("CMA") and disclose all new unresolved matters in Paragraph 2 (Variable 3 in CAP) of the endorsement and except said matters from coverage by adding them as exceptions on Schedule B, Part I of the certificate.

viii. If the record or the CMA discloses a pending bankruptcy against a Borrower, obtain approval of the modification by the Bankruptcy Trustee and an order of the Bankruptcy Court approving the modification.

ix. Search the Mechanic's Notice and Lien Registry ("MNLR") at the time of closing. Show any postings revealed as exceptions on Schedule B of the commitment. If the MNLR reveals any of the following postings, obtain and post the required documentation as shown below:

a. Mechanic's lien: (i) final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (ii) satisfaction of lien posted to the MNLR.

b. Commencement of Work: (i) obtain final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (ii) withdrawal posted to the MNLR.

c. Preliminary Notice: (i) obtain final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (iii) withdrawal posted to the MNLR.

x. Secure final lien waivers and/or satisfactions from any contractors, subcontractors, materialmen or suppliers disclosed on the Composite Mortgage Affidavit.

xi. List in Paragraph 2 (Variable 3 of CAP) of the endorsement any unpaid real estate taxes and assessments.

xii. Insert modification filing date into the appropriate field in the Modification Endorsement.

Additional Guidance:

Approval of an ITG underwriter is not necessary to issue this endorsement. Please note that this endorsement shall not be issued when the purpose of the modification is to add property to the Guaranteed Mortgage as additional security.

To complete the endorsement, complete the variables within the endorsement as shown in the paragraphs below:

ITG guarantees against loss or damage sustained by the Guaranteed by reason of:

1. *The invalidity or unenforceability of the lien of the Guaranteed Mortgage upon the Title at Date of Endorsement as a result of the agreement dated {modification signing date}, recorded {modification filing date}, {modification recording information, i.e. "Book 123, Page 456 in the {County Name} County, Iowa Recorder's Office."} ("Modification"); and*

2. *The lack of priority of the lien of the Guaranteed Mortgage, at Date of Endorsement, over defects in or liens or encumbrances on the Title, except for those shown in the certificate or any prior endorsement and except: {New exceptions or None}.*

To complete this endorsement in CAP:

Variable 1 should be completed with the date of the modification.

Variable 2 should include the filing date of the modification as well as filing information (e.g. on January 1, 2021, in Book 123, Page 456 of the Polk County, Iowa Recorder's Office).

Variable 3 should list all unresolved matters which may affect the validity or priority of the Guaranteed Mortgage as modified. Some examples include intervening liens, unsubordinated prior mortgages, easements, leases, covenants, options, pending litigation involving the property (lis pendens), and taxes. If no new matters, enter the word "None" in the field.

Underwriting Required:

No

MULTIPLE TAX PARCELS – EASEMENTS (ALTA 18.1-06)

Cost: No additional premium.

Explanation:

The Multiple Tax Parcels—Easements Endorsement guarantees that there are no other parcels being taxed with the Land; that the parcels have only the specified tax parcel identification numbers contained in the Endorsement; and that any easements specifically identified in the legal description of the Land cannot be cut off by non-payment of real estate taxes or assessments against the servient estate.

Non-Record Requirements:

i. Confirm the Participating Abstractor has certified that the Land is comprised of more than one tax parcel and does not include any adjoining lot, parcel, vacated street or alley that is not also included in such tax parcels.

ii. Confirm with the Assessor that the legal description does not include any tax parcels other than those provided within the endorsement.

iii. Confirm with the Assessor that the tax parcels provided within the endorsement do not encompass property beyond that described in the legal description as shown on Schedule A.

iv. Confirm the abstract has certified that all real estate taxes and special assessments for any easement included in the Land were paid in full prior to date and time the easement was filed of record.

v. Insert the appropriate tax parcel ID numbers into the endorsement fields.

Additional Guidance:

1. If the Land is associated with only one county assessor's real estate tax parcel number, do not issue the Multiple Tax Parcel Endorsement. Instead, review the Single Tax Parcel Endorsement for possible issuance.

2. To issue the Multiple Tax Parcel Endorsement, the following variable must be completed:

   ITG guarantees against loss or damage sustained by the Guaranteed by reason of:

   1. those portions of the Land identified below not being assessed for real estate taxes under the listed tax identification numbers or those tax identification numbers including any additional land:

   *Parcel: ***Variable1*** Tax Identification Numbers: ***Variable2****

   Parcel: Insert the parcel number or letter identified in the legal description of the Land associated with the specific tax identification number.

   Tax Identification Numbers: Insert all tax identification numbers associated with the Land.

Underwriting Required:

Yes

PLANNED UNIT DEVELOPMENT (PUD) – ASSESSMENTS PRIORITY – LENDER (ALTA 5-06)

Cost: No additional premium.

Explanation:

The Planned Unit Development (PUD) – Assessments Priority – Lender Endorsement may be issued with a Lender Certificate to guarantee that the Guaranteed Lender will not suffer any loss due to present violations of the restrictive covenants, loss of priority due to homeowners' association liens, forced removal of any structure located primarily on the property in question encroaching over the property line or the exercise of a right of first refusal that existed at the Date of Certificate. A planned unit development may contain detached single-family residences as well as townhomes.

Non-Record Requirements:

i. Confirm that there no adverse matters disclosed in the Composite Mortgage Affidavit.

ii. Obtain an affidavit executed by the duly authorized individual on behalf of the association stating there are no unpaid dues, liens or assessments with respect to the Land through and including the filing date of the deed and guaranteed mortgage.

iii. Confirm that the abstract does not disclose any of the following:

   a. Encroachments of any existing improvements located on the Land onto adjoining land or upon any easement referred to in Schedule B of the certificate;

   b. Encroachments of any existing improvements located on adjacent land onto the Land; and

   c. Violations of any covenants, conditions or restrictions pertaining to the Land including those listed in Schedule B of the certificate.

Underwriting Required:

No

PLANNED UNIT DEVELOPMENT (PUD) – CURRENT ASSESSMENTS – OWNER (ALTA 5.1-06)

Cost: No additional premium.

Explanation:

The Planned Unit Development (PUD) – Current Assessments – Owner Endorsement may be issued with an Owner Certificate to assure that the Guaranteed Owner will not suffer any loss due to present violations of the restrictive covenants, loss of priority due to homeowners' association liens, forced removal of any structure located primarily on the property in question encroaching over the property line or the exercise of a right of first refusal that existed at the Date of Certificate. A planned unit development may contain detached single-family residences as well as townhomes.

Non-Record Requirements:

i. Confirm that there no adverse matters disclosed in the Composite Mortgage Affidavit;

ii. Obtain an affidavit executed by the duly authorized individual on behalf of the association stating there are no unpaid dues, liens or assessments with respect to the Land through and including the filing date of the deed and guaranteed mortgage.

iii. Confirm that the abstract does not disclose any of the following:

   a. Encroachments of any existing improvements located on the Land onto adjoining land or upon any easement referred to in Schedule B of the certificate;

   b. Encroachments of any existing improvements located on adjacent land onto the Land; and

   c. Violations of any covenants, conditions or restrictions pertaining to the Land including those listed in Schedule B of the certificate.

Underwriting Required:

Yes

SINGLE TAX PARCEL (ALTA 18-06)

Cost: No additional premium.

Explanation:

The Single Tax Parcel Endorsement may be issued with either a Lender Certificate and/or Owner Certificate when the Land includes only one real estate tax parcel. This endorsement guarantees against loss if the Land is taxed as part of a larger parcel or fails to constitute a separate tax parcel.

Non-Record Requirements:

i. Confirm that the Participating Abstractor has certified that the Land only has one tax parcel number. The Land may include adjoining lots, parcels, vacated streets and/or alleys, so long as they are being assessed as a single tax parcel; and

ii. Confirm with the Assessor that the Land only has one tax parcel number.

Additional Guidance:

If the Land is associated with more than one county assessor's real estate tax parcel number, do not issue the Single Tax Parcel Endorsement. Instead, review the Multiple Tax Parcel Endorsement for possible issuance. This endorsement contains no variables.

Underwriting Required:

Yes

SINGLE TAX PARCEL AND ID (ALTA 18.3-06)

Cost: No additional premium.

Explanation:

The Single Tax Parcel and ID Endorsement may be issued with either a Lender Certificate and/or Owner Certificate when the Land includes only one real estate tax parcel. This endorsement guarantees against loss by reason of: (1) the Land being taxed as part of a larger parcel of land or failing to constitute a separate tax parcel for real estate taxes; or (2) any portion of the Land not being assessed for real estate taxes under the specific tax identification number referenced in the endorsement. This endorsement is a variation of the Single Tax Parcel Endorsement as it provides a field for the tax parcel ID number associated with the Land to be added to the endorsement.

Non-Record Requirements:

i. Confirm that the Participating Abstractor has certified that the Land only has one tax parcel number. The Land may include adjoining lots, parcels, vacated streets and/or alleys, so long as they are being assessed as a single tax parcel;

ii. Confirm with the Assessor that the Land only has one tax parcel number; and

iii. Insert the tax ID number into the endorsement field.

Additional Guidance:

If the Land is associated with more than one county assessor's real estate tax parcel number, do not issue the Single Tax Parcel Endorsement. Instead, review the Multiple Tax Parcel Endorsement for possible issuance.

Underwriting Required:

Yes

IOWA TITLE GUARANTY
A DIVISION OF IOWA FINANCE AUTHORITY

STANDARD EXCEPTION WAIVER ENDORSEMENT

Cost: No additional premium.

Explanation:

The Standard Exception Waiver Endorsement may only be used with an Owner Certificate to extend coverage by waiving one or more of the "Five Standard Exceptions" in accordance with the underwriting guidelines set forth below.

The standard Owner Certificate does not cover the following matters ("Five Standard Exceptions"):

1. Any right or claim of a party in possession not shown by the Public Records.

2. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title would be disclosed by an accurate and complete land survey of the Land.

3. Any easement or claim of easement not shown by the Public Records.

4. Any lien or right to a lien for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.

5. Any taxes or special assessments which are not shown as existing liens by the Public Records

This endorsement may be used should the owner request coverage for any one or more of these matters.

General Additional Guidance:

These endorsements are available for Owner Certificates only. ITG underwriter approval is required for this endorsement. More than one exception may be removed via the endorsement so long as the requirements discussed below are met. Insert the relevant Standard Exception number to be removed in Variable 1:

This endorsement shall be effective if a residence (1 to 4 family units) is affixed to the Land.

Standard Exception(s) _____ (Variable 1) has (have) been deleted.

Specific Guidance:

See below for specific guidance on each Standard Exception.

Underwriting Required:

Yes

STANDARD EXCEPTION 1: PARTIES IN POSSESSION

Explanation:

Standard Exception No. 1 excepts from coverage parties in possession of the property not shown by the public record. In most instances this would include non-record tenants, squatters, and parties claiming some interest in the Land based some equitable doctrine such as adverse possession.

Non-Record Requirement:

i. Review the properly executed and acknowledged Composite Mortgage Affidavits from buyer and seller and confirm that neither disclose parties in possession or parties claiming to have a right to possession.

Underwriting Required:

Yes

STANDARD EXCEPTION 2: MATTERS DISCLOSED BY SURVEY

Explanation:

Standard Exception No. 2 excepts from coverage any encroachments, encumbrances, violations, variations, or adverse circumstances affecting title which would be disclosed by an accurate survey.

Non-Record Requirements:

i. List on Schedule B of the commitment and certificate any encroachment, encumbrance, violation, variation, or adverse circumstances affecting title disclosed by the most recent version of the buyer and seller Composite Mortgage Affidavits.

ii. List on Schedule B of the commitment and certificate any matters in the abstract and/or the title opinion which disclose any of the following:

   a. Encroachments of any existing improvements located on the Land onto adjoining land or upon any easement referred to in Schedule B of the certificate; and

   b. Encroachments of any existing improvements located on adjacent land onto the Land.

   This may include surveys, easements, and agreements noting or pertaining to such encroachments.

iii. Obtain an ALTA survey prepared by a licensed surveyor or engineer showing the boundary lines, the location of all improvements relative to the property lines, easements, building setback lines, and property dimensions.

iv. List on Schedule B of the commitment and certificate any encroachment, encumbrance, violation, variation or adverse circumstances affecting title and disclosed by such ALTA survey.

v. Provide the final certified ALTA survey to Iowa Title Guaranty ("ITG") for review prior to closing. ITG shall except from coverage in Schedule B of the owner commitment and certificate any encroachment, encumbrance, violation, variation or adverse circumstances affecting title and disclosed by the ALTA survey.

vi. The following requirement must be added to the non-record requirement section of Schedule B of the commitment:

   In order for the Owner Certificate to contain a Standard Exception Waiver Endorsement as it pertains to Exception No. 2 shown in Schedule B, Part II below, ITG must be provided a recent Survey showing the boundary lines, the location of any improvements relative to the property lines, easements, building setback lines, and property dimensions. ITG shall except from coverage in Schedule B of the Owner Certificate any adverse matters shown by theSurvey.

Underwriting Required:

Yes

STANDARD EXCEPTION 3: EASEMENTS NOT OF RECORD

Explanation:

Standard Exception No. 3 excepts from coverage easements and claims of easement not shown by the public record. This may include claims of easement by prescription, necessity and implication.

Non-Record Requirement:

i. List on Schedule B of the commitment and certificate any easements or claims of easements disclosed on the most recent version of the Composite Mortgage Affidavit.

Additional Guidance:

Please note that a while the field issuer is not required to do so, an ITG underwriter will review the assessor site and GIS maps to determine if there is any indication of shared use which may form the basis for a claim of non-record easement, and an exception may be added to Schedule B based on this investigation.

Underwriting Required:

Yes

STANDARD EXCEPTION 4: MECHANICS' LIENS

Explanation:

Standard Exception No. 4 excepts from coverage claims of liens by contractors, subcontractors, suppliers and materialmen who have furnished goods or services as it pertains to the Land.

Record Requirements:

i. If the MNLR reveals any of the following postings, obtain and post the required documentation as shown below:

   a. Mechanic's lien: (i) obtain final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (ii) satisfaction of lien posted to the MNLR.

   b. Commencement of Work: (i) obtain final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (ii) withdrawal posted to the MNLR.

   c. Preliminary Notice: (i) obtain final lien waivers from all contractors, subcontractors, materialmen or suppliers that have posted to the MNLR; and (ii) withdrawal posted to the MNLR.

Non-Record Requirements:

i. Search the Mechanic's Notice and Lien Registry ("MNLR") at the time of closing. Show any postings revealed as exceptions on Schedule B of the commitment.

ii. Secure final lien waivers and/or satisfactions from any contractors, subcontractors, materialmen or suppliers disclosed on the latest version of the Composite Mortgage Affidavit.

Additional Guidance:

At the time of issuance of the certificate, the issuer must post a comment in the notes section of ITG's file evidencing that at the time of closing, the MNLR was searched and waivers and satisfactions secured for all matters revealed by the MNLR search and all matters disclosed on the most recent version of the Composite Mortgage Affidavit.

Underwriting Required:

Yes

STANDARD EXCEPTION 5: NON-RECORD TAXES OR ASSESSMENTS

Explanation:

Standard Exception No. 5 excepts from coverage any taxes or special assessments on the Land which are not shown as existing liens by the Public Records.

Non-Record Requirement:

i. List as an exception on Schedule B of the commitment and certificate any adverse matters disclosed concerning taxes or special assessments on the latest version of the Composite Mortgage Affidavit in the following manner:

*Any potential liens against the Land as a result of taxes or special assessments for the following improvements which have been made or which may be made in the future:*_____

Underwriting Required:

Yes

STREET ASSESSMENTS (ALTA 1-06)

Cost: No additional premium.

Explanation:

The Street Assessments Endorsement may be issued with a Lender Certificate to provide the Guaranteed protection against loss sustained by reason of any assessments for street improvements under construction or completed as of the Date of Certificate having priority over the lien of the Guaranteed Mortgage.

Usually assessment liens are disclosed in the customary tax search. However, assessments for improvements in progress or recently completed may not appear as existing liens in the records of the taxing authority. Assessment liens subsequently perfected may gain priority over the lien of the Guaranteed Mortgage.

Non-Record Requirements:

i. Obtain the ITG Affidavit for Street Assessment Endorsement completed and signed by the seller(s) and/or titleholder(s) of the Land stating that there have been no recent street improvements and that the seller(s) and/or titleholder(s) have not received notice (or become aware of) proposed street improvements;

ii. Confirm the title opinion does not disclose any new assessment districts, bonds or pending assessments or bonds filed in the appropriate office of the applicable agencies empowered to issue such bonds or assessments; and

iii. Identify all unreleased street assessments, or any possible street assessments, as exceptions in Schedule B – Part I.

Underwriting Required:

No

VARIABLE RATE MORTGAGE (ALTA 6-06)

Cost: No additional premium.

Explanation:

The Variable Rate Mortgage Endorsement is issued with a Lender Certificate to provide the Guaranteed Lender protection against loss sustained by reason of the invalidity, unenforceability, or loss of priority of the lien of the Guaranteed Mortgage resulting from its provisions that provide for changes in the rate of interest.

Loss or damage based upon usury, consumer credit protection or truth-in-lending law is excluded from coverage.

Non-Record Requirements:

i. Review the mortgage and any riders to confirm the variable rate feature of the interest rate is clearly stated; and

ii. Review the mortgage and any riders to confirm the interest rate is determined by an objective formula not within the control of the lender.

Underwriting Required:

No

VARIABLE RATE MORTGAGE – NEGATIVE AMORTIZATION (ALTA 6.2-06)

Cost: No additional premium.

Explanation:

The Variable Rate Mortgage – Negative Amortization Endorsement may be issued with a Lender Certificate to provide the Guaranteed protection against loss sustained by reason of the invalidity, unenforceability, or loss of priority of the lien of the Guaranteed Mortgage resulting from its provisions that provide for interest on interest, changes in the rate of interest, or the addition of unpaid interest to the principal balance of the loan.

Loss or damage based upon usury, consumer credit protection or truth-in-lending law is excluded from coverage.

Non-Record Requirements:

i. Review the mortgage and any riders to confirm the variable rate feature of the interest rate is clearly stated;

ii. Review the mortgage and any riders to confirm the interest rate is determined by an objective formula not within the control of the lender;

iii. Review the mortgage and any riders to confirm the negative amortization feature of the loan is clearly stated, and explains that installments when paid may not be sufficient to pay the interest which has accrued; therefore, the interest which is unpaid will be added to the principal and future interest will be charged on the interest so added to the principal; and

iv. Review the mortgage and any riders to confirm the maximum amount of amortization possible.

Additional Guidance:

It is not uncommon for the Guaranteed to require the coverage amount to be increased to 110-125% of the mortgage amount. Consult the lender's closing instructions for details.

Underwriting Required:

No

ZONING (ALTA 3-06)

Cost: No additional premium.

Explanation:

The Zoning Endorsement may be issued with a Lender Certificate to provide assurance to the Guaranteed concerning the zoning classification and allowed uses of the Land.

Non-Record Requirements:

i. Obtain a letter from the appropriate governing agency (city, county or state) setting forth the zoning classification and allowed uses of the property.

Underwriting Required:

Yes