



Vermont Attorneys Title Corporation

Presents

Online Training Series

ISSUING FINAL POLICIES

Review and Preparation

Listen online OR
Dial the number below:
Toll-Free: 1-800-501-8979
Access Code: 2570606

Presenter:

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TECH STUFF

- You may submit questions over the phone or in writing using the Q & A feature at the top of your screen;
- Handouts may be download and printed by clicking the Handouts button (see below)



THE TITLE POLICY-A QUICK REVIEW

- ◉ Title insurance is different than other types of insurance because it covers, for the most part, things that happened in the past (date of mortgage or deed recording, backwards).

WHAT A TITLE POLICY DOES...

- ◉ A policy insures that the title is vested in the party(ies) identified in **Schedule A**, that there are no defects, liens or encumbrances on the title other than as set forth in **Schedule B**, that the title is marketable, and that there is legal access to the property.
- ◉ A mortgagee policy insures the validity, enforceability and priority of the mortgage.

POLICY SELECTION - WHICH ONE?

⦿ Residential 1-4 Family:

- Expanded Short Form
- Expanded long form MP and/or OP (covered in today's training)

⦿ Bare Land:

- Standard Coverage Short Form Loan Policy
- Standard Coverage Long Form (MP and/or OP)

⦿ Commercial Real Estate

- Standard Coverage Long Form (MP and/or OP)

POLICY SELECTION, CON'T

- ◉ Doing an Owner's Policy and/or a long form loan policy?

Always issue a policy commitment first!

Note: Short Form policies do not require a PC, but a lender may request one.

SCHEDULE A

- Policy Date:
 - Date Mortgage was recorded (MP)
 - Date Deed was recorded (OP)
- Amount of Insurance:
 - Loan Amount (MP)
 - Purchase Price (OP)
- Leasehold or Fee Simple interest
 - Most of your 1-4 Family Residential transactions are Fee Simple
- Name of Insured:
 - Lender (MP)
 - Property Owner/Purchaser (OP)

SCHEDULE A, CONTINUED

- Name(s) of property owner

Note: On a long form, always list husband & wife if it is a Homestead property, even if only one person appears on the Note. *Both must sign mortgage and be on policy.*

- Mortgage Information (MP only)

- Recording Information (Expanded MP)

- Property Address

PRE-PRINTED SCHEDULE B

- These are general exceptions from coverage that are a part of all final policies. They are not covered by the policy.
- General Exceptions 6, 7 & 8 may be deleted from an Expanded MP.
- Call VATC for permission before deleting them from an Owner's Policy or any kind or a standard coverage mortgagee policy.

SCHEDULE B, EXCEPTIONS

- ◉ Interests, liens and encumbrances which take **priority** over the interest of the named insured; and
- ◉ Also, matters insured over by agreement with CATIC.
 - Sample easement and survey:
 - Subject to a utility easement from to Green Mountain Power Company dated August 13, 1984 and recorded August 16, 1984 in Book 333, Page 11 of the Arlington Land Records.
 - Matters depicted and notes described on a survey map entitled “Portion of Fogg Property” by Wayne D. Richmond, P.E. dated...

SCHEDULE B, EXCEPTIONS (CON'T)

- If your preference is to list permits on Schedule B, use the following language:
 - Terms and conditions of the following permits:
[Insert permits here]
- On an Owner's Policy, always list the NEW mortgage in Schedule B. Do not list it on a Loan Policy (it's being insured by the policy, so it is covered!).

SCHEDULE B, EXCEPTIONS CONTINUED

- If an easement both burdens and benefits the property, it should be listed on both Schedule B and in Schedule C. If it is unclear whether an easement burdens or benefits the property, list it in B and C. For example, this is how it would appear in Schedule B:
 - Rights of others, if any, to a water easement dated August 13, 1984 and recorded August 16, 1984 in Book 333, Page 11 of the Arlington Land Records.

SCHEDULE B, PART II LISTS

- ⦿ Mortgages and other interests, i.e. tenant's rights (leases), which are or have been **subordinated** to the insured mortgage; and
- ⦿ Items recorded **simultaneously after** the insured mortgage, such as UCC filings, mortgages and collateral assignments of leases and rentals.

Please note that there is no Schedule B, Part II on a Commitment, Short Form or Owner's Policy. List ALL subordinate matters in Schedule B, Part I.

SCHEDULE C

- **Schedule C contains the property description**
 - In a final MP or OP, it must be updated to reflect the new conveyance (if any). It should be the same description contained in the new deed or on the mortgage. For example:

Being all and the same lands and premises conveyed to Barney M. Borrower and Barbara Borrower by the Warranty Deed of Samuel L. Seller and Susan R. Seller...

SCHEDULE C, CONTINUED

- ⦿ Include an affirmative citation to easements that benefit the property. (i.e. “Property is benefitted by...”)
- ⦿ Include a standard sentence or “catch-all” phrase to incorporate beneficial easements that are inadvertently left out. For example,

“Reference is hereby made to the foregoing documents and the reference contained therein in further aid of this description.”

ENDORSEMENTS

- ⦿ Endorsements are generally requested by the lender.
- ⦿ An expanded loan policy includes the following endorsements:
 - ⦿ ALTA 8.1 (Environmental Lien)
 - ⦿ ALTA 15.1 (Secondary Market)
 - ⦿ ALTA 6 (Variable Rate)
 - ⦿ Vermont Municipal Permit/Certificate
- ⦿ Include the Environment Lien and the Secondary Market endorsements by checking the boxes on the Pre-Printed Schedule B.

ENDORSEMENTS, CONTINUED

- An Expanded Owner's Policy includes the following endorsement:
 - Homeowner's Inflation Endorsement
 - Increases policy amount by 10% for the following five years.
 - Vermont Definitions Endorsement

OWNER'S INSURANCE

- Purchase of an OP 60 days or less since property purchase/closing?
 - Collect additional premium
 - Date of the Owner's Policy = date the deed was recorded.
- Purchase of an OP more than 60 days from closing/property purchase?
 - Collect additional premium
 - Date of OP = Date the deed was recorded
 - Property owner must sign Owner's Affidavit (print from PrepExpress → Other Forms tab)

MOST COMMON MISTAKES...

- Both spouses have not signed the mortgage and only one is listed on the loan policy;
- New mortgage is not listed on Schedule B, Exceptions of the final Owner's Policy;
- New conveyance not added to the property description;
- Property description not attached to the policy;
- Final policy issued *before* an post-closing update;
- Successor language for lender is left off;
- Incorrect policy date (see Schedule A slide);
- Spelling errors, transposed street address #'s;
- INCORRECT coverage selected or Expanded jacket with standard coverage inserts...

Always review policy for errors to avoid more work later!

REMINDERS

- ◉ Update title to no more than 3 days prior to closing;
- ◉ Conduct post-closing updates within 30 days after closing (use VATC's Update Service!);
- ◉ Final policies (except Short Forms) may not be issued until a post-closing update is completed. A final long form policy is NEVER issued at closing;
- ◉ What to send to VATC:
 - Copy of final policy
 - Transmittal sheet
 - Check for premium
 - Update requests should be sent with a PC, not a final long form policy...

QUESTIONS?

Policy questions or clarification?

THANK YOU !

Your feedback and/or suggestions for future online training topics?

Feel free to email me directly at jblomback@caticaccess.com

Next training session:

Title Insurance Q & A with Andy
Wednesday, April 11 @ 2pm