



Vermont Attorneys Title Corporation

Presents

Online Training Series

A SHORT FORM REVIEW

Review and Preparation

For audio, listen online OR
dial the number below:

Toll-Free: 1-800-501-8979

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Presenter:

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WHY USE A SHORT FORM?

- ◉ Lenders receive final policy at closing
 - *Loans can be immediately sold on secondary market*
- ◉ Title insurance underwriter receives final policies AND premium faster (well, ideally...);
- ◉ Attorneys can issue a final policy, do a post-closing update and be done with it;
- ◉ A Short Form covers the “Gap” period
 - Time between title search and recording of mortgage.

WHEN TO USE A SHORT FORM

- ◉ Residential 1-4 Family, including condos & vacation homes (Expanded Coverage);
- ◉ Bare Land (Standard Coverage);
- ◉ Construction Loan (Standard Coverage);
- ◉ All others require a long form policy.

OVERVIEW

- A Short Form Policy is made up of five parts:
 - Schedule A
 - Pre-printed Schedule B, Exceptions From Coverage
 - Schedule B Addendum
 - Exceptions & Subordinated Matters
 - Schedule C (Property Description)
 - Endorsements

SCHEDULE A

- Amount of Insurance = Usually the loan amount
- Mortgage Amount = Loan amount
- Mortgage Date = Mortgage Date
- Date of Policy* = Mortgage Date
 - *In the event of a claim, date will be the date of mortgage recording or whichever date is later.
- Name of Insured = Lender Name
- Name of Borrower
 - Note: 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. If a lender resists, the non-borrowing party may be removed from a Short Form policy, but not a long form.

SCHEDULE B, EXCEPTIONS FROM COVERAGE

- These are general exceptions from coverage that are a part of all final policies. They are not covered by the policy;
- List additional specific exceptions from coverage on the MP Addendum
 - Times have changed...this is VATC's preferred way to complete a Short Form policy. In the past, we did not ask for a complete Schedule B, only the pre-printed B, plus a copy of the title opinion. We now prefer a full Schedule B instead of a title opinion.

SCHEDULE B, EXCEPTIONS

- ◉ List all matters that burden the property, including easements, as well as mortgages to be discharged at closing. Also, include any surveys of record:
 - Subject to a mortgage from _____ to _____ dated...etc.

NOTE: The foregoing exception shall be automatically removed from this policy upon the validly executed and recorded discharge of mortgage.

- 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 recited on a survey map entitled “Portion of Fogg Property” by Wayne D. Richmond, P.E. dated...

SCHEDULE B, EXCEPTIONS (CON'T)

What about permits?

- DO NOT list permits unless there is a *violation of record*.
- If your preference is to list permits on Schedule B, use the following language:

Terms and conditions of the following permits:

[Insert permits here]

SCHEDULE B, EXCEPTIONS CONTINUED

- If an easement both burdens and benefits the property, it should be listed on both Schedule B and 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 C

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

“Being all of the same land and premises as were conveyed to Barney M. Borrower and Barbara Borrower by deed of Samuel L. Seller and Susan R. Seller dated and recorded in the City/Town of Arlington Land Records of even date herewith and more particularly described as follows:”

A NOTE ABOUT PREPEXPRESS

When issuing a Short Form, PrepExpress does not have a Property Description option under Schedules. Please add the description in the long form Loan Policy section or simply attach it from your title opinion.

Remember, update the property description to include a new conveyance if there is one!

ENDORSEMENTS

- ⦿ Endorsements are generally requested by the lender.
- ⦿ An expanded Short Form policy includes the following endorsements:
 - ⦿ ALTA 8.1 (Environmental Lien)
 - ⦿ ALTA 15.1 (Secondary Market)
 - ⦿ ALTA 6 (Variable Rate)
 - ⦿ Vermont Definitions Endorsement

REMINDERS

- ◉ Please update title no more than three days prior to closing;
 - ◉ You are required to do a post-closing update within 30 days of closing;
 CLAIM PREVENTION: Correct anything that was not acknowledged or recorded properly!
 - ◉ Send Short Forms to VATC within *30 days of closing.
 - No need to wait for discharges of evidence of payoff & discharge. Watch out for those HELOC's—get them discharged!
 - ◉ What to send to VATC:
 - Copy of final policy
 - Transmittal sheet
 - *Check for premium (unless an OP was issued at the same time, if so, wait to send policy and money with final OP)
 - \$25.00 check if using VATC's update service
- *If Short Form is issued with an Owner's Policy, remit Short Form with OP after post-closing update is complete. Should be within 30-60 days of closing.*

THANK YOU !

Have a suggestion for a future online training topic?

Upcoming Webinars:

- ⦿ 3/21: Policy Commitment Review
- ⦿ 4/4: Final Policy Review
- ⦿ 4/11: Title Insurance Q & A with Andy
- ⦿ 5/2: Check Writing & Disbursement w/PrepExpress & QuickBooks

Your feedback is very important. Please let me know what can be improved for future online training sessions. Feel free to email me directly at jblomback@caticaccess.com.

Want to hear it again? Archive with handouts will be available on VATC's website soon.