

Title Insurance: A Comprehensive Review for Real Estate Attorneys

Cynthia Ortega
Miller Canfield Paddock & Stone, PLC
Kalamazoo

Lynn Sagar
Metropolitan Title Company
Portage

I. General Characteristics of Title Insurance.	1-1
II. Recent Cases	1-8
III. Making a Claim on a Title Policy	1-12
IV. New Policy Options	1-13
Exhibit	
Exhibit A Forms and Guidelines.	1-17

I. General Characteristics of Title Insurance

The Nature of Title Insurance

In the vast majority of real estate transactions, one of the contingencies in a purchase agreement is that a seller must provide to the buyer assurance or evidence of “marketable title”. In addition, a buyer often must provide assurance of marketable title to protect their lender against loss. In Michigan, as in many other states, this assurance is provided by a policy of title insurance. This presentation is to offer a general overview of (a) the characteristics of title insurance; (b) what risks are covered; (c) what risks are not covered; (d) special coverages; (e) how to file a claim; (f) recent Michigan case law.

1. Definitions of Title Insurance

- A. Title insurance is a contract in which the insurer, in exchange for consideration paid, agrees to indemnify the insured up to a specified amount against loss caused by encumbrances upon or defects in the title, not excepted from coverage, to real property in which the insured has an interest.
- B. Title insurance insures against loss that the insured incurs due to the condition of title being other than as insured.
- C. It is a contract of indemnity where the insured is covered for actual losses incurred by the occurrence of a covered risk. The company does not have to pay until the insured has suffered an actual “loss.”

- D. Its most unique features are the emphasis on examining the status of title and eliminating title risks and defects prior to the consummation of the underlying transaction.
- 2. Difference between a commitment and a policy
 - A. A title commitment is a preliminary promise to insure if certain requirements are met and informs the proposed insured of defects and encumbrances that affect the property.
 - 1. The commitment identifies the general and special exceptions that the title insurer is going to make in the policy
 - 2. The commitment is provided to the applicants for review and discloses to the proposed insured purchaser or lender
 - a. The specific and unique liens, defects and encumbrances that affect that parcel of land
 - b. The standard and specific requirements that must be satisfied before the policy will be issued
 - 3. The parties can negotiate which defects must be removed or satisfied prior to closing or they may negotiate with the title insurer that, for additional premiums, the policy will provide by endorsement coverage for certain defects
 - 4. The commitment is not a contract, but an offer to insure if certain conditions and requirements are met
 - a. This offer to insure is not indefinite. The conditions and requirements must be met within a certain amount of time, otherwise the commitment expires, and is null and void.
- 3. How Title Insurance Differs from other types of insurance
 - A. Risk reduction – The stability of land titles is critical to real property development and value. Because title insurance is involved at the transactional level, a title insurer will review the current state of title, identify encumbrances and defects, and disclose them to the parties involved in the transaction by the issuance of a title commitment. The parties may negotiate what matters are to be resolved prior to closing, and the insurer will often assist in resolving title issues. The encumbrances and defects of title that remain will be excepted from coverage under the policy.
 - B. Insurance for events and occurrences in the past – A title insurance policy covers defects that arise and are asserted after the date of the policy, but were in existence prior to the date of the policy. This is another reason why a title insurer searches the record for all discoverable, existing defects and encumbrances of title. The discovered defects can then be eliminated or excepted from coverage.
- 4. One time Premium – In Michigan, title insurance rates are filed with the State of Michigan. The premium is based upon the value of the property to be insured, or

the value of the loan. This premium is paid once, generally at the time the transaction is closed, and is a condition of the issuance of the policy.

5. Indefinite coverage – The policy covers the insured as long as the insured continues to own an insured interest.
6. Types of Policies
 - A. Owner’s Policy
 1. This policy insures the owner of the property against certain risks
 2. Coverage continues as long as the insured has an estate or interest in the property
 - a. by definition, the insured is the named insured and those who succeed to the named insured’s interest by operation of law (e.g. heirs, devisees, survivors, personal representative of a decedent’s estate.
 - b. once an insured no longer has an interest in the property, coverage may remain for any losses due to defects that occur under warranties of title made when then insured transferred the property to another
 - B. Loan Policy
 1. This policy insures the named insured against the same risks covered under an owner’s policy, plus some additional coverages
 2. By definition, the insured is the named insured, and any successors in ownership of the indebtedness (e.g. assignees on the secondary market), as well as any governmental entity that guarantees the loan
7. Covered Risks
 - A. Standard Owner’s Policy (ALTA 1992) insures against loss or damage, not exceeding the policy amount resulting from
 1. Title to the estate or interest described in Schedule A being vested other than as stated
 2. Defects, liens, or encumbrances on the title
 3. Unmarketability of title
 4. Lack of a right of access to and from the land
 - B. Loan Policy (ALTA 1992) includes these four risks, and in addition, include the following:
 1. Invalidity or unenforceability of the lien of the insured mortgage on the title
 2. The priority of any lien or encumbrance over the lien of the insured mortgage
 3. Lack of priority of the lien of the insured mortgage over any statutory lien for services, labor or material:

- i. arising from an improvement or work related to the land which is contracted for or commenced prior to the Date of Policy
 - ii. arising from an improvement or work related to the land which is contracted for or commenced subsequent to Date of Policy and which is financed in whole or part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance
 - iii. The invalidity or unenforceability of any assignment of the insured mortgage, provided the assignment is shown on Schedule A, or the failure of the assignment shown in Schedule A to vest title to the insured mortgage in the named insured assignee free and clear of all liens
 - C. The title insurer also has a duty to defend the title, and may be obligated to pay attorneys fees and costs and expenses associated with the defense, subject to the Conditions and Stipulations of the policy.
8. Exclusions from Coverage
 - A. Exclusions fall into three general categories
 1. Those matters that the are undiscoverable by a search of the real estate records
 - a. Exercise of governmental regulation or police power
 - i. e.g. violation of Land Division Act
 - ii. e.g. violation of zoning ordinances
 - b. Rights of eminent domain
 - c. Claims arising by reason of federal bankruptcy, state insolvency or other creditor's rights laws
 2. Matters that the insured bears responsibility for:
 - a. Matters agreed, suffered or assumed by the insured
 - b. Matters known to the insured, not known to the insurer, and not of record prior to the date of the policy
 - c. Lack of adequate consideration
 - d. Post policy matters
 3. Matters resulting in no loss or damage to the insured
9. Exceptions
 - A. Standard Exceptions
 1. Claims of parties in possession not shown by the public record
 2. Encroachments, overlaps and boundary line disputes and other matters which would be disclosed by an accurate survey and inspection of the property

3. Easements or claims of easements not show by the public record
4. Construction liens
5. Owner's policy has an exception for construction liens that are not shown in the public record prior to the date of the policy, while the lender's policy has a limited insuring clause with a preprinted exclusion

B. Special Exceptions

1. Encumbrances, liens and other matters that affect the particular parcel to be insured and appear on Schedule B in the individual policy
 - a. Examples
 - i. building and use restrictions
 - ii. recorded easements and rights of ways
 - iii. leases

10. Endorsements

A. Endorsements serve two primary purposes:

1. They may be used to provide coverage for those risks that are generally excepted or excluded from coverage
2. They may be used to provide affirmative coverage, special protection, or modify the coverage of a specific defect or encumbrance

B. As with policies and commitments, each underwriter licensed to do business in the State of Michigan files its endorsements with the State of Michigan.

C. Some endorsements are available for both the owner's and mortgage policies, while others are written specifically for the lender or owner.

1. Whether an endorsement can be given will require additional underwriting considerations for each transaction
2. Some endorsements require additional premium and/or other assurances.
3. Examples of common endorsements
 - a. Access – The policy, by its terms insures access. This endorsement insures access by way of a specified road or easement
 - b. Survey – This endorsement provides the accuracy of an identified survey as to the location of the improvements and land as surveyed
 - c. Zoning – The policy has a preprinted exclusion for losses resulting from land use regulations (e.g. zoning)
 - i. ALTA Form 3 – As of the date of the policy, provides insures the zoning classification of unimproved or vacant land, and that the uses listed are permitted uses
 - ii. ALTA Form 3.1 – As of the date of the policy insures the zoning classification; insures that the uses listed are permitted

uses under the zoning ordinance, and; and that there have been no violations of zoning ordinance in existence at the time of the policy as to area, width or depth of the land as a building site; floor space area; setback of the improvements from the property lines; height of the structure;

- iii. The Form 3.0 and 3.1 endorsement require additional underwriting prerequisites which may include the following
 1. copies of the applicable zoning ordinance and map
 2. letter from the appropriate zoning official confirming the current use is a permitted use and that there are no known violations of the ordinance of those matters referenced in (b).
4. Contiguity – insures that multiple parcels are contiguous and that there are no gaps or gores between the parcels
 - a. This endorsement will require certification by a surveyor of this fact
5. Subdivision – Like zoning, this endorsement provides coverage for a risk generally excluded from coverage. This endorsement provides coverage for losses caused by noncompliance with subdivision laws
6. Restrictions, Encroachments, and Mineral (ALTA 9) insures the lender that other than those items specified as an exception, existing restrictions have not been violated; insures against loss resulting from damage to improvements encroaching on an easement listed on Schedule B; and insures against damage to improvements resulting from future exercise of mineral rights that have been excepted on Schedule B or in the legal description
7. Environmental (ALTA 8.1) – This endorsement is available for lender’s policies for residential property (1 to 4 family dwelling) and provides coverage against
 - a. the priority over the insured mortgage by environmental protection liens that were in the public records prior to the policy date
 - b. any environmental liens arising from state statutes, except for liens arising from specifically identified statutes
 - i. e.g. Parts 111, 201 and 213 of the Natural Resources and Environmental Protection Act
8. Usury – insures the lender for loss by reason of a court determination that the insured lien is unenforceable by reason of state usury law
9. Separate Tax Parcel – insures against loss or damages resulting from the inaccuracy of the statement that the tax parcel covers only the land described in the policy and contains no other land
10. Last Dollar – The policy provides that any payment received by the lender from any source will reduce the liability available under the pol-

icy, dollar for dollar. This endorsement provides that payments on the loan will not reduce liability until the loan is paid down to the policy amount

11. Variable Rate (ALTA 6) – protects lender against loss by reason of invalidity, loss of priority or unenforceability of the lien of the insured mortgage resulting from mortgage provisions that provide for changes in the interest rate
 - a. recorded document must disclose the lender’s provisions for determining the variable rate
12. Doing Business – insures the lender against loss arising from a court’s determination that the mortgage is unenforceable because the loan violated the “Doing Business Laws” of the state.
13. Arbitration – amends the mandatory arbitration condition in the owner’s and lender’s policy to make arbitration voluntary
14. Creditor’s Rights – deletes the preprinted Creditor’s Rights exclusion from any Owner’s Policy and/or Loan Policy that contains the exclusion
 - a. The insurer will closely examine the transaction before issuing this endorsement
15. Fairway – allows coverage to continue under a policy to a partnership after any change in the partnership, unless the change results in the dissolution or discontinuance of the partnership under state law
 - a. Endorsement was the result of Fairway Development Co. v Title Ins.Co. of Minn. 621 F. Supp 120 (N.D. Ohio 1985) where the court held that when two of the partners of a general partnership sold their interests, and a new partnership agreement was entered into, the original partnership was dissolved, and the new partnership had no coverage under the policy
 - b. This endorsement has been issued in transactions involving LLC’s
16. Nonimputation – modifies the exclusions from coverage for matters “created, suffered, and assumed by the insured” and matters “known to the insured, but not the insurer, and not disclosed to the insurer” by providing an assurance that coverage will not be denied based upon knowledge of one party being imputed to another party
 - a. Underwriter will usually require an affidavit and indemnity from the outgoing parties, as well as the remaining parties as to matters known to them that may affect coverage
17. Additional Named Insured – amends the policy by adding as a named insured, a party who is closely related to and a nominal successor to the insured
 - a. Not to be used if the transaction is a sale
 - b. e.g. inter vivos trust of the insured

II. Recent Cases

- A. The Ramifications of **Archambo v Lawyers Title Insurance Corp.** 466 Mich 402, 646 NW2d 170 (2002), 2002 WL 31013194 (Mich App) unpublished

Basic facts of the case: Plaintiff was a shareholder in a corporation that failed to pay its withholding taxes. That company ceased to exist in 1985. The IRS filed a lien against Plaintiff in 1987. Plaintiff formed another company which built a house for Ms. Bonus. She was unable to pay and thus, Plaintiff purchased the home from her in 1992. Plaintiff claimed that an IRS agent told him that the lien would be valid for 5 years. He believed that the lien no longer existed in 1992. He did not disclose the existence of the lien to the title insurance company that insured his owner's interest and his lender's interest. The title insurance company did not find the recorded tax lien when it accomplished its search.¹ In 1993 Plaintiff sold the house to Mr. and Mrs. Roberts. As a part of that transaction, the tax lien was discovered. The Plaintiff borrowed money to pay the lien in order to clear the title and close with Mr. and Mrs. Roberts. Plaintiff then sued the title company to recover what he had to pay the IRS plus interest on his bank loan that he acquired to pay the IRS lien.

Trial Court: The Trial Court ruled in Plaintiff's favor and held that the policy controlled.

Court of Appeals: In a split decision, the Court of Appeals reversed and held that the breach of the commitment by the Plaintiff voided the policy. The dissent stated that the policy controlled due to its integration clause.

Supreme Court: On the first round, remanded to the Court of Appeals with an order to consider whether or not the integration clause caused the policy to override the commitment.

Court of Appeals on Remand: affirmed its prior decision, with the same dissent.

Supreme Court: Reversed and remanded.

Supreme Court analysis:

1. A Commitment by statutory definition (MCL 500.7301 (d)) is an agreement between the insurance company and a potential insured that if the potential insured meets certain conditions, then the insurance company will issue a policy.
2. Normally, these conditions are not conditions precedent to the effectiveness of the policy, but instead they are conditions precedent to the company's obligation to issue the policy. So, if the insured fails to satisfy those conditions, the company is under no obligation to issue the policy. But, if despite the insured's failure to satisfy those conditions, the company issues the policy, the policy is effective.
3. The commitment said that the "failure to disclose the known lien shall render any policy null and void as to such lien..." This is not a condition prece-

1. The title company searched under the wrong name.

dent to the company's obligation to issue the policy. Instead, it is an attempt at a condition subsequent, because it speaks to voiding part of a subsequently issued policy.

4. The Commitment and the Policy are two different contracts. Under the commitment the Plaintiff was obligated to disclose the known lien, although it was recorded. Under the policy, the Plaintiff was obligated to disclose **unrecorded** liens. The policy contained the following language:

Section 3(b): excludes coverage for liens not known to the Company, **not recorded** in the public records at the date of policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under the policy. (Emphasis added)

5. The Integration Clause in the Policy causes the Policy to override all commitment provisions. An integration clause nullifies all antecedent agreements. The policy contained the following clause:

This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company...

Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

6. Conclusion reached was that the policy became effective. The integration clause caused the policy to supersede and abrogate the commitment. The commitment requirement to disclose all known recorded liens did not continue in effect once the policy was issued. The commitment's attempt to exclude coverage of recorded defects, objections, liens or encumbrances is of no consequence.
7. In the footnotes following the opinion, the Supreme Court noted that it is not always necessary for a later contract to contain an integration clause in order for this later contract to supersede an earlier contract. Rather, if the later contract covers the same subject matter as the earlier contract and contains terms that are inconsistent with the terms of the earlier contract, the later contract may supersede the earlier contract, unless it appears that this is not what the parties intended.
8. Remanded for a determination as to whether or not coverage is excluded by the policy provision excluding claims arising out of a lien "created, suffered, assumed or agreed to by the insured claimant."

Court of Appeals on Remand: Since the policy did not define "created" or "suffered", the court looked to a summary of cases in ALR which generally provided that to be "created" or "suffered" by the insured requires more than negligence, such as an intentional act, **or** requires power to prohibit or prevent the act. Since Archambo had not been in charge of the corporate books, he was not in

control of the nonpayment of taxes. He had testified that he did not know that the company had failed to pay the federal taxes. Thus, the court held that Archanbo had neither created nor suffered the tax lien. The policy exclusion for claims arising out of liens created or suffered by the insured did not apply.

What does this all mean to you? The Courts are inclined to narrowly construe insurance exclusions when the policies do not provide specific definitions of the exclusion terms. You should anticipate that title companies will be redrafting their policies. The result is bad public policy. Why should a title insurance company be responsible for the payment of an insured's tax debt? You should anticipate that title companies will be creating a new policy exclusion that avoids the Archanbo issue.

B. Graves v American Acceptance Mortgage Corporation, 467 Mich 308, 652 NW2d 221 (2002).

Basic facts of the case: Plaintiff-Graves and Defendant-Diaz were married and bought property on a land contract. In their divorce, Diaz obtained the property and Graves obtained a judgment lien on the property to secure Diaz's obligation to pay Graves child support and other matters. On September 7, 1994 Graves recorded her lien on the property. Also on September 7, 1994, Diaz obtained a mortgage loan on the property from American Acceptance Mortgage Corporation, with which he paid off the land contract and obtained fee title. American recorded its mortgage on October 5, 1994.² On January 11, 1996, Diaz defaulted on his mortgage and Boulder began a foreclosure by advertisement. On January 12, 1996, Graves sued Diaz, American and Boulder to foreclose on her judgment. All of the parties files cross-complaints and counter-complaints. All parties sought summary disposition as to the priority of the liens.

Trial Court: The Trial Court held in favor of Graves holding that her first recorded lien was constructively known to the other defendants pursuant to Michigan's race-notice statute, MCL 565.29. It had priority over all subsequent mortgages.

Court of Appeals: The Court of Appeal reversed ruling that under the authority of Fecteau v Fries, 253 Mich 51; 234 NW 113 (1931), the mortgage was a purchase money mortgage and it had priority over all other liens or interests, even those that were recorded previously.

Supreme Court: Reversed and remanded for reinstatement of the Circuit Court order granting summary disposition to Plaintiff - Graves.

Supreme Court Analysis:

1. The prioritization of encumbrances on property in Michigan is governed by statute. The statute does not make an exception for purchase money mortgages. MCL 565.25 provides in relevant part:

[T]he record of such levies, attachments, notices, lis pendens, sheriffs' certificates, marshals' certificates, and the original papers required

2. American assigned its mortgage to Boulder Escrow, Inc. which recorded its assignment on April 13, 1995.

by statute to be recorded to perfect such levies, attachments, notices, lis pendens and certificates on record in the office of the register of deeds, shall be notice to all persons, of the liens, rights and interests acquired by or involved in such proceedings, and all subsequent owners or incumbents shall take subject to such liens, rights or interests.

2. The Court was not bound by Fecteau because it involved a different factual scenario. In Fecteau a first recorded Mortgage given in exchange for the down payment for the property, which was given before the Mortgagor had title to the property was found to be subordinate to a subsequently obtained and subsequently recorded purchase money mortgage. The purchase money mortgage was held to have priority over the first mortgage “on account of its being a part of one and the same transaction by which seizin was acquired by the mortgagor.” The Fecteau court did consider the effect of the recording statutes because there was actual knowledge of the execution of encumbrances by all who could have relied for a defense upon the recording statutes. In this case, the court stated that there was no such actual knowledge defense.

What does all of this mean to you? The first to record wins, under all circumstances. Particularly on the East side of the State, it will require title companies to assume a huge risk related to unknown pre-closing filings that cannot be ascertained due to recording back logs. Make sure that you have gap coverage. Query: Will the title companies seek approval of rate increases to cover this risk?

C. **United States v Craft** 122 S Ct 1414 (2002)

Basic facts of the case. Mr. Craft failed to pay his federal income taxes. A federal tax lien was filed against all of his property and rights to property. After the notice of lien was filed, Mr. and Mrs. Craft deeded to Mrs. Craft a parcel of land that they had held as tenants by the entireties. The IRS agreed to release the lien in order to permit the sale of this land, but required one-half of the proceeds to be placed in escrow pending the determination of the IRS interest in the proceeds. His wife brought suit against the United States seeking to obtain the proceeds in escrow. Judge Quist, United States District Court, Western District of Michigan held that the Internal Revenue Service was entitled to the escrow proceeds (65 F. Supp 2d 651).

6th Circuit Decision. The Court of Appeals for the Sixth Circuit reversed and held that no lien attached because the husband did not hold a separate interest in the entireties property (233 F3d 358).

Supreme Court Decision. The Court reversed the Sixth Circuit Court of Appeals and held that a husband’s interest held by him and his wife as tenants by the entirety constitutes “property” and “rights to property” under the federal tax lien statute (26 USC 6321). The Court reviewed Michigan law to determine the nature of the husband’s rights in the entireties property and noted that the husband had the right to use the property, to receive income produced by the property, to exclude others from the property, to sell or lease the property (with his wife’s consent), and of survivorship. On that basis, the Court held that the husband had an interest in and rights to the property and that the federal tax lien

could attach to the entirety property. The Court reasoned that if the husband were found not to have an interest in the property, the property would, in effect, belong to no one for purposes of the federal tax lien statute (because the wife had no greater rights in the property than her husband) and that this result would be absurd and would allow spouses to shield their property from federal taxation by classifying it as entirety property.

- D. Very little other Michigan case law concerning title insurance issues, but see:
- United States v City of Flint, 346 F Supp 1282 (ED Mich 1972)-*when is land encumbered with real estate tax lien*
 - Lawyers Title Insurance Co v First Federal Savings Bank & Trust, 744 F Supp 778 (ED Mich 1990)-*forgery and “actual knowledge” at issue*
 - Strong v Detroit Mackinac Railway Co., 167 Mich App 562; 423 NW2d 266 (1988)-*title abstract case, but addresses measure of damages*
 - Muscat v Lawyers Title Insurance Co., 135 Mich App 26; 351 NW2d 893 (1984)-*survey exception case*
 - Butcher v Burton Abstract and Title Co., 52 Mich App 98; 216 NW2d 434, *cert denied*, 419 US 998 (1974)-*what is an encumbrance*
 - Waterview Associates, Inc. v Lawyers Title Insurance Co. 30 Mich App 687; 186 NW2d 803 (1971)-*survey exception case*
 - Ginger v American Title Insurance Co., 29 Mich App 279; 185 NW2d 54 (1970)-*fraudulent conveyance “created or suffered”*

III. Making a Claim on a Title Policy

- A. Claims administration and the rights and obligations of the insurer and the insured are found in the Conditions and Stipulations section of the policy.
- B. Notice of a Claim.
1. Insured is to notify the insurer promptly in writing;
 2. Delay in notifying may prejudice the insured’s rights under the policy;
 3. The insured is not obligated to pay for expenses or fees, unless it has agreed to do so.
- C. Proof of loss.
1. Insured has a duty to provide information regarding the facts of a claim plus evidence of claimed damages.
 2. Insured has the burden of establishing the amount of damages.
- D. Once proof of loss is filed, insurer has six options:
1. pay the actual loss;
 2. defend the insured;
 3. prosecute on behalf of insured to establish title;

4. pay policy limits;
 5. pay party adverse to insured; or
 6. cure the title by obtaining a deed, release, etc.
- E. Amount of Insurance. The policy amount defines the maximum loss the insurer will bear under the policy. The insured does not automatically recover the face amount of the policy. The policy defines the manner of calculating the loss.

Partial Loss. Usually measure is equal to the difference in value of the property with and without the defect; or the amount necessary to remove the defect; or if the property cannot be used for its intended purpose, the value of the land subject to the defect plus the loss of use.

Full Loss. The measure is the lesser of: the actual loss (fair market value) or the face amount on the policy. (Plus all costs imposed upon an insured in litigation and all costs and attorney fees and expenses in such litigation carried on **with the written authorization** of the insurance company.)

- F. What is covered. The land specifically described in Schedule A. It does not include easements, unless they are described in Schedule A.
- G. On loan policy, actual loss occurs only when, a defect exists, the loan is in default, and the security for the mortgage is inadequate.
- H. The Duty to Defend.
1. The insurer will pay the costs, attorney's fees and expenses incurred in defense of title, as insured, but only to the extent provided in the Conditions and Stipulations.
 2. The duty is limited to:
 - a. only causes of action covered by the policy;
 - b. insurer may retain counsel of its choice;
 - c. insurer will not pay attorney's fees for non-covered claims in complaint

IV. New Policy Options

The American Land Title Association adopted the ALTA Homeowner's Title Insurance Policy in 1998. The various underwriters have filed their own form of the 1998 policy. This policy provides several additional coverages for an additional premium.

Overview

- A. Features
1. Enhanced coverage policy
 - a. includes several new coverages
 - b. additional premium of 25% over base

- c. some coverages have deductibles and caps
- 2. Policy is offered only for
 - a. improved real property
 - b. 1 to 4 single family residence or condominium
 - c. not for vacant land or pending construction
- B. Additional Coverages
 - 1. Extended coverage over the standard exceptions which are loss or damage arising from
 - a. unrecorded construction liens
 - b. matters that would be disclosed by a survey
 - c. matters that would be disclosed by a personal inspection
 - d. parties in possession
- C. Conditions
 - 1. **Policy Date** – provides automatic gap coverage
 - 2. **Natural Person** – defined as a human being
 - 3. **Continuation of Coverage**
 - a. anyone who inherits upon insured's death
 - b. a spouse who receives title upon dissolution of marriage
 - c. the trustee of a trust to whom the insured transfers title after dated of the policy
 - d. beneficiaries of the trust upon death of insured
 - e. prior to this feature, a transfer to a trust would terminate coverage, except for any continuing coverage under warranties of title, because the transfer was not "by operation of law"
 - 4. **Increased Policy amount** – policy will increase by 10% of policy amount on Schedule A each year for the first 5 years following the policy date up to 150% of the Policy Amount.

Coverages

- 1. The policy includes the following additional coverages
 - a. **Building permit violation**

Homeowner is covered if forced to remove an existing structure because a previous owner who built the structure did not get a building permit from the proper government authority.
 - b. **Land Division Act Coverage**

This coverage was previously by endorsement. It insures a homeowner who cannot close a sale or obtain a loan, because of an existing violation, at the time of policy, because the land was improperly subdivided prior to the homeowner's purchase, and also insures a homeowner who is forced to remove the violation. Subject to cap (e.g. maximum \$10,000 and deductible amount of 1 % of policy amount).

- i. **Enhanced Access** – Policy expressly insures against loss if the insured does not have both vehicular and pedestrian access to and from the Land, based upon a legal right.
- c. **Post Policy Coverage for Forgery**

Insures against forgeries which occur after the date of the policy
- d. **Post Policy Adverse Possession**

Coverage extends to third party claims for adverse possession which first arise or mature after the policy date.
- e. **Restrictive Covenant Violations**

Insures homeowner against loss in the event of a pre-policy violation of covenant or restriction resulting in.

 - i. a loss of title through a right of reverter
 - ii. person is unable to close a sale or obtain a loan because of a restriction violation (prior owner violation)
 - iii. protects against loss by attempts by others to enforce restrictions against the homeowner
 - iv. DOES NOT INSURE AGAINST POST POLICY VIOLATIONS BY THE INSURED
 - v. Coverage has a cap (e.g. limited to actual loss in excess of deductible amount of 1% of policy amount, not to exceed policy amount.
- f. **Post Policy Encroachment** – insures homeowner in the event a third party builds a structure (excluding fences and boundary walls) after the date of the policy that encroaches on the insured property.
- g. **Structure Damage from Minerals Extraction** – protects homeowners whose existing improvements (or those built to modify, or replace existing structures) are damaged because of the future exercise of a right to use the surface of the insured land in the course of extracting minerals.
- h. **Annual increase** – in each of the first 5 years, the policy will increase policy amount by 5% of original amount

New Concept

Title Insurance has always been unlike casualty insurance because it is based on risk elimination, not risk assumption, it covers only events occurring prior to the date of policy, not after, and it had a one time premium with no deductibles or caps.

Underwriting

Title insurer may require some or all of the following when issuing these extended coverage policies:

1. a survey or personal inspection of the property
2. review of local building permits, zoning, and subdivision records
3. execution of special owner's affidavit
4. review of seller's disclosure
5. special tax searches and or certificates from homeowners' associations

**Exhibit A
Forms and Guidelines**

MI Access (Street) Endorsement 1

ACCESS (STREET) ENDORSEMENT

**ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE**

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The Company hereby insures against loss which Insured shall sustain in the event that the following assurance proves to be incorrect:

The land described in Schedule A abuts upon a physically open street known as:

_____;

**THIS ENDORSEMENT MAY NOT BE ISSUED WITHOUT APPROVAL FROM STEWART
TITLE GUARANTY UNDERWRITING PERSONNEL.**

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said policy and costs which the Company is obligated under the Conditions and Stipulations thereof to pay.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE
SERIAL NUMBER ISSUED BY

STEWART TITLE GUARANTY COMPANY

HEREIN CALLED THE COMPANY

Number _____ Charge \$ _____

The Company assures the Insured that said land is the same as that delineated on the plat of a survey made by _____ on _____, 19____, designated Job No. _____, which is attached hereto and made a part hereof.

The Company hereby insures said Assured against loss which said Assured shall sustain in the event that the assurance herein shall prove to be incorrect.

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said policy and costs which the Company is obligated under the conditions and stipulations thereof to pay.

This Endorsement is made a part of said policy and is subject to the schedules, conditions and stipulations therein, except as modified by the provisions hereof.

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE GUARANTY COMPANY



Chairman of the Board





President

Countersigned:

Authorized Countersignature

Company

City, State

Endorsement
Serial Number **E-1561-**

ALTA Zoning Endorsement (10/17/98) 3

NJ Zoning Endorsement (10/17/98) 3 5-44

ENDORSEMENT

Attached to Policy No. _____

Issued By

STEWART TITLE

GUARANTY COMPANY

The Company insures the insured against loss or damage sustained in the event that, at Date of Policy:

1. According to applicable zoning ordinances and amendments thereto, the land is not classified Zone _____.
2. The following use or uses are not allowed under that classification:

There shall be no liability under this endorsement based on:

- (a) Lack of compliance with any conditions, restrictions, or requirements contained in the zoning ordinances and amendments thereto mentioned above, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses.
- (b) The invalidity of the ordinances and amendments thereto mentioned above until after a final decree of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses.
- (c) The refusal of any person to purchase, lease or lend money on the estate or interest covered by this policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

ALTA Zoning-Completed Structure Endorsement (10/17/98) 3.1

NJ ALTA Zoning-Completed Structure Endorsement (10/17/98) 3.1 5-45

ENDORSEMENT

Attached to No. _____

Issued By

STEWART TITLE

GUARANTY COMPANY

1. The Company hereby insures the Insured against loss or damage in the event that, at Date of Policy:

(a) According to applicable zoning ordinances and amendments thereto, the land is not classified Zone _____.

(b) The following use or uses are not allowed under that classification:

and there shall be no liability under this paragraph 1(b) if the use or uses are not allowed as the result of any lack of compliance with any conditions, restrictions, or requirements contained in the zoning ordinances and amendments thereto mentioned above, including but not limited to the failure to secure necessary consents or authorizations as a prerequisite to the use or uses.

2. The Company further insures the insured against loss or damage arising from a final decree of a court of competent jurisdiction

(a) prohibiting the use of the land, with any structure presently located thereon, as insured in paragraph 1(b); or

(b) requiring the removal or alteration of the structure

on the basis that, at Date of Policy, the ordinances and amendments thereto have been violated with respect to any of the following matters:

(i) Area, width or depth of the land as a building site for the structure;

(ii) Floor space area of the structure;

(iii) Setback of the structure from the property lines of the land;

(iv) Height of the structure; or,

(v) Number of parking spaces.

There shall be no liability under this endorsement based on:

(a) The invalidity of the ordinances and amendments thereto mentioned above until after a final decree of a court of competent jurisdiction adjudicating the invalidity, the effect of which is to prohibit the use or uses.

(b) The refusal of any person to purchase, lease or lend money on the estate or interest covered by this policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



MI Contiguity Endorsement 1

**CONTIGUITY ENDORSEMENT
ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE**

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The Company hereby insures the Insured against loss or damage which the Insured shall sustain by reason of any inaccuracy in the following assurance:

Parcels _____ and _____ described in Schedule A are contiguous to each other with no gores, hiatus or gaps between said parcels.

**THIS ENDORSEMENT MAY NOT BE ISSUED WITHOUT APPROVAL FROM STEWART
TITLE GUARANTY UNDERWRITING PERSONNEL.**

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said policy and costs which the Company is obligated to pay under the Conditions and Stipulations.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



ENDORSEMENT ATTACHED TO AND MADE A PART
OF THE POLICY OF TITLE INSURANCE
SERIAL NUMBER ISSUED BY

STEWART TITLE
GUARANTY COMPANY
HEREIN CALLED THE COMPANY

File Number

SUBDIVISION CONTROL ACT - I

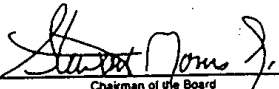
The Company insures the Insured against loss or damage which the Insured may sustain by reason of any inaccuracy in the following assurance:

The parcel or tract constituting the insured land is not a division of land in violation of Section 102 (d) of the Subdivision Control Act, being Act No. 288, Public Acts of 1967, as amended.

~~This endorsement is made a part of the policy and is subject to all terms and provisions thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment or any prior endorsements, nor does it extend the effective date of the policy or commitment or any prior endorsements nor increase the face amount thereof.~~

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE
GUARANTY COMPANY


Chairman of the Board




President

Countersigned:

Authorized Countersignature

Company

City, State

Endorsement
Serial No. **E-3556**

Attached to Policy No.
Issued by

STEWART TITLE

GUARANTY COMPANY

The Company insures the owner of the indebtedness secured by the insured mortgage against loss or damage sustained by reason of:

1. Any incorrectness in the assurance that, at Date of Policy:
 - (a) There are no covenants, conditions or restrictions under which the lien of the mortgage referred to in Schedule A can be divested, subordinated or extinguished, or its validity, priority or enforceability impaired.
 - (b) Unless expressly excepted in Schedule B:
 - (1) There are no present violations on the land of any enforceable covenants, conditions or restrictions, nor do any existing improvements on the land violate any building setback lines shown on a plat of subdivision recorded or filed in the public records.
 - (2) Any instrument referred to in Schedule B as containing covenants, conditions or restrictions on the land does not, in addition, (i) establish an easement on the land; (ii) provide a lien for liquidated damages; (iii) provide for a private charge or assessment; (iv) provide for an option to purchase, a right of first refusal or the prior approval of a future purchaser or occupant.
 - (3) There is no encroachment of existing improvements located on the land onto adjoining land, nor any encroachment onto the land of existing improvements located on adjoining land.
 - (4) There is no encroachment of existing improvements located on the land onto that portion of the land subject to any easement excepted in Schedule B.
 - (5) There are no notices of violation of covenants, conditions and restrictions relating to environmental protection recorded or filed in the public records.
2. Any future violation on the land of any existing covenants, conditions or restrictions occurring prior to the acquisition of title to the estate or interest in the land by the insured, provided the violation results in:
 - (a) Invalidity, loss of priority, or unenforceability of the lien of the insured mortgage; or
 - (b) loss of title to the estate or interest in the land if the insured shall acquire title in satisfaction of the indebtedness secured by the insured mortgage.
3. Damage to existing improvements, including lawns, shrubbery or trees:
 - (a) which are located on or encroach upon that portion of the land subject to any easement excepted in Schedule B; which damage results from the exercise of the right to maintain the easement for the purpose for which it was granted or reserved;
 - (b) resulting from the future exercise of any right to use the surface of the land for the extraction or development of minerals excepted from the description of the land or excepted in Schedule B.
4. Any final court order or judgment requiring the removal from any land adjoining the land of any encroachment excepted in Schedule B.
5. Any final court order or judgment denying the right to maintain any existing improvements on the land because of any violation of covenants, conditions or restrictions or building setback lines shown on a plat of subdivision recorded or filed in the public records.

Wherever in this endorsement the words "covenants, conditions or restrictions" appear, they shall not be deemed to refer to or include the terms, covenants, conditions or limitations contained in an instrument creating a lease.

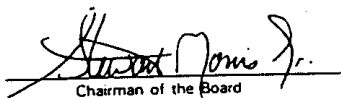
As used in paragraphs 1(b)(1) and 5, the words "covenants, conditions or restrictions" shall not be deemed to refer to or include any covenants, conditions, or restrictions relating to environmental protection.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE

GUARANTY COMPANY


Chairman of the Board

Countersigned:




President

Authorized Countersignature

Company

City, State

Endorsement
Serial No. **E-9926-**

ALTA ENDORSEMENT-FORM 8.1 — ENVIRONMENTAL PROTECTION LIEN

ENDORSEMENT ATTACHED TO AND MADE A PART
OF POLICY OF TITLE INSURANCE SERIAL NUMBER
ISSUED BY

STEWART TITLE GUARANTY COMPANY

The insurance afforded by this endorsement is only effective if the land is used or is to be used primarily for residential purposes.

The Company insures the insured against loss or damage sustained by reason of lack of priority of the lien of the insured mortgage over:

- (a) any environmental protection lien which, at the Date of Policy, is recorded in those public records established under state statutes at the Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge, or filed in the records of the clerk of the United States district court for the district in which the land is located, except as set forth in Schedule B; or
- (b) any environmental protection lien provided for by any state statute in effect at the Date of Policy, except environmental protection liens provided for by the following state statutes:

Michigan Comp. Laws §§29.16, 299.543, 299.616a, 299.842, and 323.10.

For the purposes of this paragraph (b), a statute shall be deemed a "state statute" only insofar as it provides for an environmental protection lien arising or created by reason of matters other than those listed under "Excluded Matters" below.

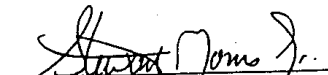
Excluded Matters

- (i) plant diseases, pests, or rodents;
- (ii) water drainage or flood control, mining reclamation, weed abatement, or unfit buildings (where the applicable statutory provisions do not expressly relate to pollution or to hazardous or toxic wastes or substances);
- (iii) snow or ice removal;
- (iv) charges, taxes or assessments authorized by any state statute to be imposed by local political subdivisions or districts of the state (except where such charges, taxes or assessments, by express provisions of the applicable statute, relate to pollution or to hazardous or toxic wastes or substances).

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE GUARANTY COMPANY


Chairman of the Board




President

Countersigned:

Authorized Countersignature

Company

Endorsement
Serial
Number **E-3501**

MI Usury Endorsement 1

USURY ENDORSEMENT

ENDORSEMENT ATTACHED TO AND MADE

A PART OF POLICY OF TITLE INSURANCE

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The Company hereby insures the Insured against loss or damage not exceeding the Amount of Insurance stated in Schedule A, which the Insured shall sustain by reason of the entry of any court order or judgment which constitutes a final determination and adjudges:

(a) That the lien of the mortgage referred to in Schedule A is invalid or unenforceable as to the principal and/or interest due on the note secured thereby, said interest being computed in accordance with provisions of such mortgage, on the ground that the loan evidenced by the note secured thereby is usurious under the laws of the State of _____ in effect at Date of Policy.

(b) That any part of the principal and interest, said interest having been computed in accordance with the provisions of such mortgage, which has been paid to the Insured must be repaid, as well as any additional sums which must be paid to the person entitled to such repayment on the ground that the amount of interest so paid violated the usury laws of the State of _____ in effect at Date of Policy.

The insurance against usury risks afforded by this endorsement and its effect on the title insurance under the policy to which it is attached shall survive the satisfaction of the mortgage, the lien of which is thus insured.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

MI Tax Parcels Endorsement 1

**TAX PARCELS ENDORSEMENT
ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE
SERIAL NUMBER
ISSUED BY**

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The Company insures the Insured against loss or damage which the Insured shall sustain by reason of any inaccuracy in the following assurance:

The land(s) described in the Policy is (are) assessed under the following Tax I.D. No. (s)

All of the insured land(s) is (are) included within the listed Tax I.D. No.(s) which do (does) not include any additional land.

Any part of the insured land which is an insured easement, is not included in the insurance provided herein.

This endorsement is made a part of the policy and is subject to all terms and provisions thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment or any prior endorsements, nor does it extend the effective date of the policy or commitment or any prior endorsements nor increase the face amount thereof.

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



MI Last Dollar Endorsement 1

**LAST DOLLAR ENDORSEMENT
ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE
SERIAL NUMBER
ISSUED BY**

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

By the issuance of this loan policy in an amount which is less than the face amount of the mortgage referred to in Schedule A, the Company agrees that if the Insured applies all payments by the mortgagor toward the release of security other than that on the land described in Schedule A, the amount of coverage afforded under this policy will not be reduced by such payments until such time as the aggregate principal indebtedness outstanding is reduced to the amount of this policy. Any subsequent payments which would have the effect of reducing the indebtedness below the amount of this policy will concurrently reduce the coverage under this policy by one dollar for each one dollar of principal reduction thereafter made.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



ALTA ENDORSEMENT FORM 6 - VARIABLE RATE MORTGAGE

VARIABLE RATE MORTGAGE ENDORSEMENT ATTACHED
TO AND MADE A PART OF POLICY OF TITLE INSURANCE
SERIAL NUMBER ISSUED BY

STEWART TITLE

GUARANTY COMPANY

The Company hereby insures the owner of the indebtedness secured by the insured mortgage against loss or damage sustained by reason of:

- (1) The invalidity or unenforceability of the lien of the insured mortgage resulting from the provisions therein which provide for changes in the rate of interest.
- (2) Loss of priority of the lien of the insured mortgage as security for the unpaid principal balance of the loan, together with interest as changed in accordance with the provisions of the insured mortgage, which loss of priority is caused by the changes in the rate of interest.

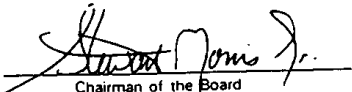
"Changes in the rate of interest," as used in this endorsement, shall mean only those changes in the rate of interest calculated pursuant to the formula provided in the insured mortgage at Date of Policy.

This endorsement does not insure against loss or damage based upon (a) usury, or (b) any consumer credit protection or truth in lending law.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto, except that the insurance afforded by this endorsement is not subject to Section 3(d) of the Exclusions From Coverage: Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE GUARANTY COMPANY


Chairman of the Board




President

Countersigned:

Authorized Countersignature

Company

City, State

Endorsement
Serial No. **E-9966-**

MI Doing Business Endorsement 1

**DOING BUSINESS ENDORSEMENT
ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE**

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

Except as provided hereafter, the Company hereby insures the named Insured at date of policy against loss or damage which said Insured shall sustain by reason of the entry of any court order or judgment which constitutes a final determination and denies the right to enforce the lien of the mortgage referred to in Schedule A on the ground that securing said mortgage constituted a violation of the Michigan Doing Business laws in effect at date of policy.

This endorsement does not insure against loss or damage if (1) violation of the Michigan Doing Business law is the result of other transactions by said Insured within the state, or (2) said Insured maintains an office or place of business in the state, or (3) the negotiation of the loan (secured by the above-described mortgage) occurs within the state.

This endorsement is made a part of the policy or commitment and is subject to all the terms and provisions thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.



© 1999, Stewart Title Guaranty, All rights reserved.



ENDORSEMENT ATTACHED TO AND MADE A PART
OF THE POLICY OF TITLE INSURANCE
SERIAL NUMBER ISSUED BY

STEWART TITLE
GUARANTY COMPANY
HEREIN CALLED THE COMPANY

File Number

ARBITRATION OWNERS - II

Section 14 of the Conditions and Stipulations, relating to arbitration, is hereby deleted in its entirety.

This endorsement is made a part of the policy and is subject to all terms and provisions thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment or any prior endorsements, nor does it extend the effective date of the policy or commitment or any prior endorsements nor increase the face amount thereof.

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE
GUARANTY COMPANY


Chairman of the Board




President

Countersigned:

Authorized Countersignature

Company

City, State

Endorsement
Serial No. **E-3567**

ENDORSEMENT

Issued by

TICOR TITLE INSURANCE COMPANY

Attached to and forming a part of the Policy of Title Insurance No:

The Company hereby deletes Paragraph _____ ("Creditors' Rights") from the Exclusions from Coverage of the attached Policy.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

Dated:

Authorized Signatory

MI Fairway Endorsement 1

FAIRWAY ENDORSEMENT

ENDORSEMENT ATTACHED TO AND MADE

A PART OF POLICY OF TITLE INSURANCE

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The "insured" as defined in Section 1 of the Conditions and Stipulations shall include, subject to any rights or defenses the Company may have as to a predecessor insured, the following:

- (1) any successor partnership which results from the dissolution of the Insured without the winding up and liquidation of the business of such partnership and in which any one or more of the general partners of the dissolving partnership are general partners in the successor partnership, provided that the changes in the membership of the partnership are not prohibited under the terms of the partnership agreement and further provided that such changes are made in accordance with the terms and provisions of the partnership agreement; and
- (2) any partner that acquires all of the partnership interests of the other partners of the insured partnership in accordance with the terms and provisions of the partnership agreement.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.



© 1999, Stewart Title Guaranty, All rights reserved.



MI Non-imputation Endorsement 1

**NON-IMPUTATION ENDORSEMENT
ENDORSEMENT ATTACHED TO AND MADE
A PART OF POLICY OF TITLE INSURANCE**

SERIAL NUMBER

ISSUED BY

STEWART TITLE

GUARANTY COMPANY

HEREIN CALLED THE COMPANY

The Company hereby assures the Insured that the Company will not deny liability to said Insured under paragraph 3 (b) of the Exclusions from Coverage on the ground that said Insured had knowledge of any matter solely by reason of notice thereof imputed to it through _____ (the "Other Person") by operation of law.

Provided, however, that Company shall have no liability under this endorsement to the Other Person and all rights of subrogation and indemnity the Company may have against the Other Person shall not be affected hereby.

In the event of loss under this endorsement, the amount of such loss payable by the Company shall be equal to the actual loss (as determined under the policy) less a percentage of such loss equal to the percentage of partnership interest in the Insured owned at Date of Policy by the Other Person.

THIS ENDORSEMENT MAY NOT BE ISSUED WITHOUT APPROVAL FROM STEWART TITLE GUARANTY UNDERWRITING PERSONNEL.

The total liability of the Company under said policy and any endorsements therein shall not exceed, in the aggregate, the face amount of said policy and costs which the Company is obligated under the Conditions and Stipulations thereof to pay.

This endorsement is made a part of the policy or commitment and is subject to all the terms thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment and any prior endorsements, nor does it extend the effective date of the policy or commitment and any prior endorsements or increase the face amount thereof.

Signed under seal for the Company, but this endorsement is to be valid only when it bears an authorized countersignature.

ENDORSEMENT ATTACHED TO AND MADE A PART
OF THE POLICY OF TITLE INSURANCE
SERIAL NUMBER ISSUED BY

STEWART TITLE
GUARANTY COMPANY
HEREIN CALLED THE COMPANY

File Number

ADDITIONAL NAMED INSURED

The Policy is hereby amended by adding as a Named Insured:

This Endorsement does not insure against loss or damage resulting from (1) failure of the added Named Insured to acquire an Insurable estate or interest in the land, or (2) any defect, lien or encumbrance attaching by reason of the acquisition of an estate or interest in the land by the added Named Insured.

This endorsement is made a part of the policy and is subject to all terms and provisions thereof and of any prior endorsements thereto. Except as expressly stated on this endorsement, it neither modifies any of the terms or provisions of the policy or commitment or any prior endorsements, nor does it extend the effective date of the policy or commitment or any prior endorsements nor increase the face amount thereof.

Signed under seal for the Company, but this Endorsement is to be valid only when it bears an authorized countersignature.

STEWART TITLE
GUARANTY COMPANY


Chairman of the Board




President

Countersigned:

Authorized Countersignature

Company

City, State

Endorsement
Serial No. **E-3555**