

Endorsement Mania

Everything You Never
Wanted to Know About
Endorsements

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Dip the Toe – Endorsement Basics

What is an endorsement and what is its purpose?

Endorsements expand on the coverage provided by the basic policy and gives the insured more coverage than the basic policy.

Different endorsements for different concerns.

There are 111 endorsements available in NJ.

Dip the Toe – Endorsement Basics

1. Check the cost and be sure that you are charging the correct fee!
Some endorsement charges change depending on the property.
All of the ALTA 9 series; All of the Minerals ALTA 35 series;
2. Some endorsements have no charge, per the NJ Rate Manual. Do not charge for these endorsements!
3. Check the applicability of the endorsement to the property. May only be available for land that is currently improved with a 1-4 residential properties, do not issue on an apartment building or a commercial property or even a property that will become a 1-4 family. NJ Balloon Mortgage Endorsement (NJRB 5-31); Secondary Mortgage Market (NJRB 5-32);

Dip the Toe – Endorsement Basics – continued

1. Remember – **do not alter or modify** the endorsement form unless the form contains a blank, in which case you must complete the blank. Survey endorsements; ALTA 28; zoning endorsements
2. If it's a survey, check to see that it is certified to Stewart, or if it's older and we'll be using an affidavit of no change, be sure that it no more than 10 years old and was certified to one of the NJ underwriters.
3. If the endorsement requires a separate report in order to complete, check the date of the report.



Mystery Endorsements

What do they mean. When do they come into play.

1. Aggregation
2. Non-Imputation
3. First Loss
4. Last Dollar
5. Special Construction Loan Policy
6. Zoning

Aggregation Endorsements

2 Variations

1. Aggregation – Tie In – ALTA 12-06 (NJR 5-104)
2. Aggregation – State Limits – ALTA 12.1-06 (NJR 5-158)

This is only available on a loan policy on commercial transactions. It is not designed to be used on an Owner policy.

Cost is 10% of the applicable rate.

UW approval is required for the 12.1.

This can be used for interstate policies in most states, including NJ. (DE, FL and PA can only be used on properties within their state.)

Aggregation: ALTA 12 or ALTA 12.1

THIS ENDORSEMENT IS ISSUED AS PART OF POLICY NUMBER _____

File No.: _____ **Charge:** _____

1. The following policies are issued in conjunction with one another:

POLICY NUMBER	STATE	AMOUNT OF INSURANCE
		\$
		\$
		\$

2. The amount of insurance available to cover the Company's liability for loss or damage under this policy at the time of payment of loss shall be the Aggregate Amount of Insurance defined in Section 3 of this endorsement.

3. Subject to the limits in Section 4 of this endorsement, the Aggregate Amount of Insurance under this policy is \$_____.

Aggregation: ALTA 12.1 – State Limits

THIS ENDORSEMENT IS ISSUED AS PART OF POLICY NUMBER _____

File No.: _____ **Charge:** _____

3. Subject to the limits in Section 4 of this endorsement, the Aggregate Amount of Insurance under this policy is either:

(a) \$_____; or

(b) If the Land is located in one of the states identified in this subsection, then the Aggregate Amount of Insurance is restricted to the amount shown below:

STATE:

AGGREGATE AMOUNT OF INSURANCE:

\$

\$

Non-Imputation Endorsements

3 Variations

1. Non-Imputation – Full Equity Transfer – ALTA 15-06 (NJR 5-111)
2. Non-Imputation – Additional Insured – ALTA 15.1-06 (NJR 5-112)
3. Non-Imputation – Partial Equity Transfer – ALTA 15.2-06 (NJR 5-113)

Simultaneous issue with an owner policy but it is available for a loan policy.

Cost is 20% of the applicable rate.

UW approval is required by Senior Underwriter or Associate Senior Underwriter.

Non-Imputation – Full Equity Transfer

The Company agrees that it **will not assert the provisions of Exclusions from Coverage 3(a), (b), or (e) to deny liability** for loss or damage otherwise insured against under the terms of the policy solely by reason of the action or inaction or Knowledge, as of Date of Policy, of

[Donald Duck]

whether or not imputed to the Insured by operation of law, provided

[Bugs Bunny]

acquired the Insured as a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, adverse claim, or other matter insured against by the policy.

Policy Exclusions

The following matters are excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

...

3. Any defect, lien, encumbrance, adverse claim, or other matter:

- a. **created, suffered, assumed, or agreed** to by the Insured Claimant;
- b. **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 this policy; (you knew, but we didn't know, and you didn't tell us)
- e. resulting in loss or damage that would not have been sustained if consideration sufficient to qualify the Insured named in Schedule A as a bona fide purchaser or encumbrancer had been given for the Insured Mortgage at the Date of Policy.

First Loss Endorsement

1 Variation

First Loss – Multiple Parcel Transaction – ALTA 20-06 (NJRB 5-121)

Only available on a loan policy

Cost is 10% of the applicable rate with a \$500 minimum

UW approval is not required

Policy must include at least 2 parcels

Verify the indebtedness is secured by at least 2 tracts of land. (Policy does not need to have insured all tracts.)

First Loss Endorsement

1. For the purposes of this endorsement:
 - a. “Collateral” means all property, including the Land, given as security for the Indebtedness.
 - b. “Material Impairment Amount” means the amount by which any matter covered by the policy for which a claim is made diminishes the value of the Collateral below the Indebtedness.

2. In the event of a claim resulting from a matter insured against by the policy, the Company **agrees to pay** that portion of the Material Impairment Amount that does not exceed the extent of liability imposed by Section 8 of the Conditions **without requiring:**
 - a. **maturity of the Indebtedness by acceleration or otherwise,**
 - b. **pursuit by the Insured of its remedies against the Collateral, or**
 - c. **pursuit by the Insured of its remedies under any guaranty, bond or other insurance policy.**

Last Dollar Endorsement

1 Variation

Last Dollar Endorsement – Application of Mortgage Payments – no corresponding ALTA endorsement (NJRB 5-57)

Only available on a loan policy

There is no charge for this endorsement

UW approval is not required

Policy must include more than 1 parcel – blanket mortgage

Special Construction Loan Policy Endorsement

1 Variation

1. Special Construction Loan Policy – no corresponding ALTA endorsement - (NJRB 5-10)

Only available on a loan policy

The charge is set forth in the Rate Manual

UW approval is not required

Coverage automatically expires 3 years from Date of Policy.

Cannot be extended or renewed beyond expiration date.

Zoning Endorsements

4 Variations

1. Zoning - ALTA 3-06 (NJRB 5-87)
 2. Zoning – Completed Structures – ALTA 3.1-06 (NJRB 5-88)
 3. Zoning – Land Under Development – ALTA 3.2-06 (NJRB 5-137)
 4. Zoning – Non-Conforming Use – ALTA 3.3-06 (NJRB 5-179)
-

Each of these endorsements are available for owner or loan policies.

All of these endorsements require UW approval.

For the ALTA 3-06, the fee is 15% of the standard rate with a \$150 min.

For the remaining 3, the fee is 20% of the rate with a \$150.00 min.

Zoning Endorsements

Zoning - ALTA 3-06 (NJRB 5-87)

2. The Company insures against loss or damage sustained by the Insured in the event that, at the Date of Policy:
- a. According to the Zoning Ordinance, the Land is not classified Zone _____;
 - b. The following use or uses are not allowed under that classification: _____

Zoning Endorsements

Zoning – Completed Structures - ALTA 3.1-06 (NJRB 5-88)

2. The Company insures against loss or damage sustained by the Insured in the event that, at the Date of Policy:

[same as 3.06]

3. The Company further insures against loss or damage sustained by the Insured by reason of a final decree of a State or federal court having jurisdiction either prohibiting the use of the Land, with any existing structure, as specified in Section 2.b. or requiring the removal or alteration of the structure because, at the Date of Policy, the Zoning Ordinance has been violated with respect to any of the following matters:

- a. **The area, width, or depth** of the Land as a building site for the structure;
- b. The **floor space** area of the structure;
- c. A **setback** of the structure from the property lines of the Land;
- d. The **height** of the structure; or
- e. The **number of parking spaces.**

Zoning Endorsements

Zoning – Land Under Development - ALTA 3.2-06 (NJRB 5-137)

1. For purposes of this endorsement:
 - a. **“Improvement”**: A building, structure, road, walkway, driveway, curb, subsurface utility, or water well existing at the Date of Policy or to be built or constructed according to the Plans that is or will be located on the Land, but excluding crops, landscaping, lawns, shrubbery, or trees.
 - b. **“Plans”**: Those site and elevation plans made by _____ dated _____, last revised _____, designated as _____ consisting of _____ sheets.
 - c. **“Zoning Ordinance”**: A zoning ordinance or zoning regulation of a political subdivision of the State that is in effect and applicable to the Land at the Date of Policy.
2. The Company insures against loss or damage sustained by the Insured in the event that, at the Date of Policy:
[same as 3.06].
3. The Company insures against loss or damage sustained by the Insured in the event that, at the Date of Policy:
[same as 3.1-06]

Zoning Endorsements

Zoning – Completed Improvement – Non-Conforming Use

ALTA 3.3-06 (NJRB 5-179)

1. For purposes of this endorsement:
 - b. “Non-Conforming Use”: The use of the Land described in Section 2.a. existing at the Date of Policy, although the use is not authorized in the Zoning Ordinance.
2. The Company insures against loss or damage sustained by the Insured resulting from:
 - a. The following Non-Conforming Use not being allowed by the governing political subdivision of the State because the Non-Conforming Use violates the Zoning Ordinance:

_____.

Commonly Used Endorsements

What to look for ~

When you can issue them ~

What do you need?

1. Access & Entry/Indirect Access/Entry
2. Contiguity Endorsement
3. The ALTA 28 series
4. Successors & Transferees

Access and Entry Endorsements

3 Variations

1. Access and Entry – Direct – ALTA 17-06 (NJRB 5-115)
 2. Access and Entry – Indirect – ALTA 17.1-06 (NJRB 5-116)
 3. Access and Entry – Utility – ALTA 17.2-06 (NJRB 5-124)
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The ALTA 17 and 17.1 are available for both owner and lender

Cost is \$50.00 per file

The 17.2 is only available for lender. Cost is \$50.00

Underwriter approval is not required

Access and Entry Endorsements

Access and Entry – Direct – ALTA 17-06 (NJR 5-115)

The Company insures against loss or damage sustained by the Insured if, at Date of Policy

- (i) the Land does not abut and have both actual vehicular and pedestrian access to and from [insert name of street, road, or highway] (the “Street”),
- (ii) the Street is not physically open and publicly maintained, or
- (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Land.



Access and Entry Endorsements

Indirect Access and Entry – ALTA 17.1-06 (NJRB 5-116)

The Company insures against loss or damage sustained by the Insured if, at Date of Policy

- (i) the easement identified [as Parcel _____] in Schedule A (the “Easement”) does not provide that portion of the Land identified [as Parcel _____] in Schedule A both actual vehicular and pedestrian access to and from [insert name of street, road, or highway] (the “Street”),
- (ii) the Street is not physically open and publicly maintained, or
- (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Easement.

Contiguity Endorsements

3 Variations

1. Contiguity – Multiple Parcels – ALTA 19-06 (NJRB 5-119)
 2. Contiguity – Single Parcel – ALTA 19.1-06 (NJRB 5-120)
 3. Contiguity – Specified Parcels – ALTA 19.2-06 (NJRB 5-170)
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Available for owner or lender policies

Each of these are \$50.00 per file

Underwriting approval is not required

Contiguity Endorsements

Contiguity – Multiple Parcels – ALTA 19-06 (NJR 5-119)

The Company insures against loss or damage sustained by the Insured by reason of:

1. the failure [of the _____ boundary line of Parcel A] of the Land to be contiguous to [the _____ boundary line of Parcel B]

[For more than two parcels, continue as follows: “; of [the _____ boundary line of Parcel B] of the Land to be contiguous to [the _____ boundary line of Parcel C] and so on until all contiguous parcels described in the policy have been accounted for]; or

2. the presence of any gaps, strips, or gores separating any of the contiguous boundary lines described above.

Contiguity Endorsements

Contiguity – Single Parcel – ALTA 19.1-06 (NJRB 5-120)

The Company insures against loss or damage sustained by the Insured by reason of:

1. the failure of the Land to be contiguous to **[describe the land that is contiguous to the Land by its legal description or by reference to a recorded instrument-e.g. “. . . that certain parcel of real property legally described in the deed recorded as Instrument No. _____, records of _____ County, State of _____”]** along the _____ boundary line[s]; or
2. the presence of any gaps, strips, or gores separating any of the contiguous boundary lines described above.

Contiguity Endorsements

Contiguity – Specified Parcel – ALTA 19.2-06 (NJRB 5-170)

The Company insures against loss or damage sustained by the Insured by reason of there being any gaps, strips, or gores lying within or between [Example: Parcel A, B, C or Tract 1, 2, 3] of the Land[except as depicted on the survey made by _____ dated _____, and designated Job No. _____].

The 28's! Easements and Encroachments Endorsements

4 Variations

1. Easement – Damage or Enforced Removal – ALTA 28-06 (NJRB 5-127)
2. Encroachments – Boundaries and Easements – ALTA 28.1-06 (NJRB 5-141)
3. Encroachments – Boundaries and Easements – Described Improvements – ALTA 28.2-06 (NJRB 5-159)
4. Encroachments – Boundaries and Easements – Described Improvements and Land Under Development – ALTA 28.3-06 (NJRB 5-171)

The 28's! Easements and Encroachments Endorsements

Available to lenders only

Available for residential or commercial properties

The charge for any of these is \$25.00

Underwriter approval is not required

Can sometimes be issued in conjunction with other endorsements in the 28 series

ALTA 28-06

Damage or Enforced Removal

The Company insures against loss or damage sustained by the Insured if the exercise of the granted or reserved rights to use or maintain the easement(s) referred to in Exception(s) _____ of Schedule B results in:

- (1) damage to an existing building located on the Land, or
- (2) enforced removal or alteration of an existing building located on the Land.

(NOTE: This endorsement can be issued along with either the 28.1, 28.2 or 28.3 but not together with all 3 endorsements.)

ALTA 28.1-06 Encroachments

1. The insurance provided by this endorsement is subject to the exclusions in **Section 4** of this endorsement; Exclusions from Coverage, Exceptions from Coverage contained in Schedule B, and Conditions in the policy.
2. For purposes of this endorsement only, **"Improvement"** means an existing building, located on either the Land or adjoining land at the Date of Policy and that by law constitutes real property.
3. The Company insures against loss or damage sustained by the Insured by reason of:
 - a. An encroachment of any Improvement **located on the Land onto adjoining land or onto that portion of the Land subject to an easement, unless an exception in Schedule B** of the policy identifies the encroachment;
 - b. An encroachment of any Improvement **located on adjoining land onto the Land** at the Date of Policy, unless an **exception in Schedule B** of the policy identifies the encroachment;
 - c. Enforced removal of any Improvement located on the Land as a result of an encroachment by the Improvement onto any portion of the Land subject to any easement, in the event that the owners of the easement shall, for the purpose of exercising the right of use or maintenance of the easement, compel removal or relocation of the encroaching Improvement; or
 - d. Enforced removal of any Improvement located on the Land that encroaches onto adjoining land.
4. Sections 3.c. and 3.d. of this endorsement do not insure against loss or damage and the Company will not pay costs, attorneys' fees, or expenses resulting from the following Exceptions, if any, listed in Schedule B:

ALTA 28.2-06 Encroachments – Described Improvements

2. For purposes of this endorsement only, "Improvement" means each improvement on the Land or adjoining land at Date of Policy, itemized below:

ALTA 28.3-06 Encroachments – Land Under Development

1. (Same exceptions and exclusions as the previous 28 endorsements.)

2. For purposes of this endorsement only:

(a) “Improvement” means a building, structure, or paved area, including any road, walkway, parking area, driveway, or curb located on the surface of the Land or the surface of adjoining land at Date of Policy that by law constitutes real property.

(b) “Future Improvement” means any of the following to be constructed on the Land after Date of Policy in the locations according to the Plans and that by law constitutes real property:

(i) a building;

(ii) a structure; or

(iii) a paved area, including any road, walkway, parking area, driveway, or curb.

(c) “Plans” mean the survey, site and elevation plans, or other depictions or drawings prepared by (insert name of architect or engineer) dated (insert date prepared), last revised (insert date last revised), designated as (insert name of project or project number) consisting of (insert number of sheets) sheets.

Successors and Transferees Coverage Endorsement

Only 1 Variation

Successors and Transferees – no corresponding ALTA endorsement -
(NJRB 5-66)

Owner policies only.

Cost is 10% of the applicable rate if issued simultaneously with the policy, or

20% of the then current rate if issued anytime thereafter.

UW approval is not required.

Successors and Transferees Endorsement

Policies:

1. If this endorsement is attached to an ALTA **Owners Policy 10/17/92**, Paragraph 1(a) of the CONDITIONS AND STIPULATIONS is amended by **deleting the same in its entirety and substituting** the following definition of “insured”:
2. If this endorsement is attached to an ALTA **Residential Policy (1979)** or an **ALTA Residential Policy 6/1/87** the following is **added** to Section 2 of the CONDITIONS:
3. If this endorsement is attached to an ALTA **Enhanced Coverage Policy 1/5/98**, Paragraph 2.b of the CONDITIONS is **amended by deleting it and substituting** the following:
4. If this endorsement is attached to an ALTA **Homeowner’s Policy 10/17/98**, Paragraph 2.b of the CONDITIONS is **amended by deleting it and substituting** the following:
5. If this endorsement is attached to an ALTA **Owners Policy 6/17/06**, Paragraph 1(d)(i)(D) of the CONDITIONS is **amended by deleting it and substituting** the following:
6. If this endorsement is attached to an ALTA **Owners Policy 07-01-2021**, Paragraph 1.g.i.(e). of the CONDITIONS is **amended by deleting it and substituting** the following:
7. If this endorsement is attached to an ALTA **Homeowner’s Policy 07-01-2021**, Paragraph 2.b. of the CONDITIONS is **amended by deleting it and substituting** the following:

“Insured” per 1992 policy vs. S & T End.

(a) “Insured”: the insured named in Schedule A and successors by operation of law.

The endorsement adds:

(a) "insured": the insured named in Schedule A and, subject to any rights or defenses the Company would have against the named insured—

(i) those who succeed to the interest of the named insured by operation of law, as distinguished from voluntary conveyance or transfer, including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, corporate or fiduciary successors (including successors by merger, consolidation or change of name) or distributees;

(ii) trustees or beneficiaries under inter vivos or testamentary trusts, provided that the named insured is the settlor or testator thereof; and that said transfer is for no or nominal stated consideration;

(iii) transferees for no or nominal stated consideration, provided that the named insured and the transferee are related by blood or marriage, or (if the transferee is other than a natural person) the transferor is the owner of all or substantially all of the stock or other interests in the transferee or vice versa, or all or substantially all of the stock or other interests in both the transferor and transferee are owned by the same person(s) or entity(ies).

“Insured” per 2021 policy

Definition of Terms:

(g) “Insured”:

- i. **(a) The Insured named in Schedule A.**
- (b). the successor to the Title of an Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
- (c). the successor to the Title of an Insured resulting from dissolution, merger, consolidation, distribution, or reorganization;
- (d). the successor to the Title of an Insured resulting from its conversion to another kind of Entity; or
- (e). the grantee of an Insured under a deed or other instrument transferring the Title, if the grantee is:
 - (1). an Affiliate;
 - (2). a trustee or beneficiary of a trust created by a written instrument established for estate planning purposes by an Insured;
 - (3). a spouse who receives the Title because of a dissolution of marriage;
 - (4). a transferee by a transfer effective on the death of an Insured as authorized by law; or
 - (5). another Insured named in Item 1 of Schedule A.

“Insured” per S & T endorsement

If this endorsement is attached to an ALTA Owners Policy of Title Insurance 07-01-2021 (NJR 1-17), Paragraph 1.g.i.(e). of the CONDITIONS is amended by deleting it and substituting the following:

- (e). the grantee of an Insured under a deed or other instrument transferring the Title, if the grantee is:
 - (1). an Entity, if:
 - (A). all or substantially all of the stock, shares, memberships, or other equity interests of the grantee are owned by the named Insured;
 - (B). the grantee owns all or substantially all of the stock, shares, memberships, or other equity interests of the named Insured; or
 - (C). all or substantially all of the stock or other interests in both the grantor and the grantee are owned by the same person(s) or Entity(ies) or the grantee is wholly owned by an Affiliate of the named Insured;
 - (2). a trustee or beneficiary of a trust created by a written instrument, provided that the settlor or testator is an Insured named in Item 1 of Schedule A;
 - (3). a spouse who receives the Title because of a dissolution of marriage;
 - (4). a transferee by a transfer effective on the death of an Insured as authorized by law;
 - (5). a transferee for no or nominal consideration related to the Insured named in Item 1 of Schedule A by blood or marriage; or
 - (6). another Insured named in Item 1 of Schedule A.

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Example : Absentee

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