



Dear Stewart Partners,

As we move towards the dog days of summer, we hope everyone is staying cool! In this Mid-Week Update, Stewart is reviewing the ALTA Expanded Coverage Residential Loan Policy jacket. This week's endorsement education delves into the ALTA 9 series. Finally, we are providing a reminder of a webinar item of interest and some valuable (and FREE!) resources on seller impersonation fraud from ALTA , which you can read more about below.

Lastly, in case you missed it, we are including information on a Special Alert that was issued for property in Manchester, New Hampshire.



ALTA Expanded Coverage Residential Loan Policy

In addition to a standard loan policy of title insurance, there is also an ALTA promulgated loan policy called the ALTA Expanded Coverage Residential Loan Policy. This policy is available in all New England states. A feature of Expanded Coverage Residential loan policy is that the policy jacket includes and incorporates by reference a number of endorsements that a lender typically requests as part of its loan policy requirements. Those endorsements are the following: Condominium, Planned Unit Development, Variable Rate, Variable Rate with Negative Amortization, Environmental Protection, Restrictions, Encroachments and Minerals and Private Rights. This policy can save you time in your policy preparation and will provide assurance to the lender that it has the coverage it requires.

One important aspect to remember about the Expanded Coverage Residential Loan Policy is that it may only be issued for land that is improved with a 1-4 family residential dwelling. This includes land that is improved with a residential condominium unit. The Expanded Coverage Residential Policy may not be issued for commercial property or vacant land.

Should you wish to learn more about this policy or have any questions, please reach out to your Account Service Representative or your state underwriting counsel.



ALTA 9 series – ALTA 9, ALTA 9.7 and ALTA 9.10 By: Katherine F. Fletcher, Esq., Associate Senior Underwriting Counsel & Associate State Counsel

The ALTA 9 Series of endorsements offers a variety of coverages related to violations of restrictions, encroachments and divestment of mortgage liens. Generally, we often hear the ALTA 9 referred to as a "Comprehensive Endorsement" because originally it was created to address coverages that are often required by lenders. ALTA ultimately revised the ALTA 9 into several separate sections to define coverage more clearly. Today, we will review the ALTA 9, ALTA 9.7 and ALTA 9.10.

ALTA 9 – Restrictions, Encroachments, Minerals - Loan Policy

This loan policy endorsement insures against violations of restrictions, encroachments over easements, building lines or property lines, and damage by reason of mineral or other subsurface substance development. It may not be issued on an owner's policy.

ALTA 9.7 – Restrictions, Encroachments, Minerals – Land Under Development- Loan Policy

This loan policy endorsement insures against violations of restrictions, encroachments over easements, building lines or property lines, and damage by reason of mineral or other subsurface substance development with respect to improvements and future improvements. It is similar to the ALTA 9-06 but provides coverage with respect to "future" improvements that are shown on identified plans (survey, site and elevation plans or other depictions or drawings prepared by an architect or engineer). It may not be issued on an owner's policy.

ALTA 9.10 – Restrictions, Encroachments, Minerals – Current Violations - Loan Policy

This loan policy endorsement insures against violations at Date of Policy of covenants or restrictions, encroachments over easements, building lines or property lines, and damage by reason of mineral or other subsurface substance development. It may not be issued on an owner's policy.

Although the general description above is essentially the same as the descriptions for the ALTA 9 and ALTA 9.7, there is one difference. The difference is in Section 3(a) of the ALTA 9.10 where such coverage is insured as of the Date of Policy.

In the ALTA 9, Paragraph 3(a) reads as follows:

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

a. A violation of a Covenant that:

1. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
2. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
3. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness;

In the ALTA 9.10, Paragraph 3(a) adds four words to Paragraph 3 resulting in very different coverage:

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

a. A violation, at Date of Policy, of a Covenant that:

1. divests, subordinates, or extinguishes the lien of the Insured Mortgage,
2. results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or
3. causes a loss of the Insured's Title acquired in satisfaction or partial satisfaction of the Indebtedness

In summary, the ALTA 9.10 only provides coverage for violations existing at the Date of Policy while the ALTA 9 (and ALTA 9.7) provide coverage for future violations (as well as those existing at the Date of Policy). The following is an example of when an ALTA 9.10 would be appropriate. John Smith conveyed land to First Church "for so long as the land is used only for church." Thereafter, First Church obtains a loan. If the lender forecloses and is no longer using the property for church purposes, title would revert to John Smith. We could not issue the ALTA 9 in this case because we know there is a possibility of a future violation of the restriction, so the ALTA 9.10 is the appropriate choice.

With respect to underwriting requirements for the ALTA 9, ALTA 9.7 and ALTA 9.10, the issuing agent must review any recorded covenants, conditions and restrictions to determine whether there are potential violations. Because these endorsements also provide coverage for violations of covenants that are not contained in documents recorded in the public records, a title affidavit from the seller/owner which represents that there are no violations and no notice of the same has been received, is also typically required in order to provide coverage. Further, a current survey is generally needed so that one can assess if there are any encroachments of improvements over easement areas or adjoining land, or onto a road. Please note, however, each endorsement has its own specific guidelines.

For the endorsements as well as the general underwriting guidelines pertaining to each endorsement discussed please review the information provided on Stewart's Virtual Underwriter website. The link to the form of the endorsement and its associated guideline is provided below. If you have any questions about any of the endorsements, including state specific issuing guidelines, please reach out to your Stewart underwriter for more information.

[ALTA Endorsement 9-06 \(Restrictions, Encroachments, Minerals - Loan Policy\) \(4-2-12\) TC 8-1-16; 12-1-18 \(virtualunderwriter.com\)](#)

[Guidelines](#)

[ALTA Endorsement 9.7-06 \(Restrictions, Encroachments, Minerals - Land Under Development - Loan Policy\) \(4-02-12\) TC 8-1-16 \(virtualunderwriter.com\)](#)

[Guidelines](#)

[ALTA Endorsement 9.10-06 \(Restrictions, Encroachments, Minerals - Current Violations - Loan Policy\) \(4-2-13\) TC 8-1-16 \(virtualunderwriter.com\)](#)

[Guidelines](#)



Recorded Webinar: A Practical Cybersecurity Roadmap for Title Agents

In case you missed this webinar, which aired on July 10, 2024, here's your chance to listen in. In this ALTA Insights webinar, which is geared specifically to small businesses, you'll get a practical, step-by-step guide to help your agency or firm bolster its cyber defenses. Stewart's own Chief Information Security Officer, Genady Vishnevetsky, is a presenter. The presenters offer tips on avoiding unnecessary expenses and how to leverage a small business's budget for maximum security. Follow this link to listen in: [A Practical Cybersecurity Roadmap for Title Agents](#)



ALTA Resources: Seller Impersonation Fraud

ALTA has great resources for learning how to spot and combat seller impersonation fraud. They have several handouts available to educate you, your staff and your clients about this growing threat to the real estate industry. Follow the link here to learn more:

<https://www.alta.org/business-operations/operations/seller-impersonation-fraud>



In Case You Missed It:

Special Alert: SA2024213 – 0 Belmont Street, Manchester, NH - On July 26, 2024 the Company issued a Special Alert for property located in Manchester, NH. This alert was directed to all New Hampshire issuing agents and also identified the following name: David Herrick. Issuing agents were instructed not to accept or close any transactions which involve either the property or individual identified in the alert without approval of a Stewart Legal Services representative.

To read the full bulletin, follow this link: [SA2024213 \(virtualunderwriter.com\)](#)



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