



CHICAGO TITLE

TOPIC:	<u>American Land Title Association (ALTA) Endorsements for 2021 Owner's and Loan Policy Forms</u> <u>North Carolina Coverages Adopted as of 4-2-2022</u>
---------------	---

Below are brief descriptions of coverage and the title insurance requirement for each of the current ALTA® Endorsements available for use with the 2021 ALTA Owner's and Loan policy forms (herein collectively the "2021 Policy forms").

NOTE #1: Endorsements for use with the 2021 Policy forms include a combination of:

- (1) Endorsements originally created for use with the 2006 ALTA Owner's and Loan Policy forms (herein collectively the "2006 Policy forms") that were reviewed and determined not to require revision in order to be used with the 2021 Policy forms. These endorsements, at present, include an "-06" extension in the endorsement number. Example: ALTA® Endorsement Form 5-06.
- (2) Endorsements specifically adopted for use with the 2021 Policy forms. Most of these are endorsements originally created for use with the 2006 Policy forms that required revisions in order to be used with the 2021 Policy forms. These endorsements do not contain an extension in the number. Example: ALTA® Endorsement Form 3.2.

NOTE #2: For purposes of these endorsements, the "attorney" means the North Carolina licensed certifying attorney unless otherwise approved by the title insurer and allowed under applicable law.

NOTE #3: The North Carolina Land Title Association (NCLTA) files the ALTA forms for use by member underwriters and agents upon final adoption, after which the companies can issue the policies as filed, so long as the companies are also licensed with ALTA.

NOTE #4: Defined terms in the ALTA 2021 policies and the ALTA adopted endorsements are reflected by capitalizing the terms herein, such as "Amount of Insurance," "Consumer Protection Law," "Date of Endorsement," "Date of Policy," "Entity," "Insured," "Insured Mortgage," "Land," "Mortgage," "Public Records," "State," "Title," and "Zoning Ordinance."

ALTA® Endorsement Form 1-06 (Street Assessments) (Adopted 06/17/06)

This endorsement is designed to insure the lender against loss or damage which it might sustain by reason of any assessments for street improvements either under construction or completed at the date of the policy which could gain priority over the Insured Mortgage. NOTE: This coverage is incorporated into Covered Risk 11.b. of the 2021 policies.

For issuance of ALTA Endorsement Form 1-06 (Street Assessments) (Adopted 6/17/06): Attorney certification that, as of Date of Policy, the Land is not affected or encumbered by any pending or confirmed assessments for street improvements, under construction or completed. NOTE: Some coverage is provided in the Covered Risks of the policy.

ALTA® Endorsement Form 2-06 (Truth in Lending) (Adopted 06/17/06)

Decertified 12-01-2015. ALTA® Endorsement Form

ALTA® Endorsement Form 3 (Zoning) (07-01-2021)

This endorsement is designed to provide coverage to the Insured under an owner's or loan policy of the zoning classification (the endorsement defined "Zoning Ordinance") and relevant permitted uses under which the Land falls and to insure the Insured against loss or damage that may be sustained by reason of inaccuracies in the information supplied after a final judicial determination invalidating the defined Zoning Ordinance establishing such classification and resulting in the prohibition of such uses. The ALTA® Endorsement Form 3 is intended for use with vacant land.

The ALTA 3 series endorsement does not provide marketability coverage (i.e., "refusal of any person to purchase, lease or lend money on the Title...") Nor do the ALTA 3 series endorsements provide coverage for failure to comply with any conditions to consent or authorization of the usage (such a special use permits) or defense or litigation costs regarding the validity of the Zoning Ordinance itself.

In the event of a recent *change* of the Zoning Ordinance or permitted use, the title insurer may require additional information regarding the constitutionality of the new Zoning Ordinance or regulation and compliance with state law in adoption of the changes, such as an analysis of the following matters: (1) The propriety of notices for the hearing on the zoning change; (2) the compliance of the hearing with state "open meeting" or "sunshine" laws; (3) the presence of a quorum of the necessary officials; (4) the approval of the necessary majority of officials at that meeting; (5) the approval of any other officials or public bodies which may be necessary; (6) the recordation or filing of the ordinances with the county recorder or other body, if necessary; and (7) the expiration of all periods of appeal without appeal being taken. Other issues to be addressed include the susceptibility of the ordinance to attack because it constitutes spot zoning, contract zoning, or zoning which violates some public policy, such as zoning excluding the elderly, time lapse since adoption and beginning of use under the ordinance, compatibility of the uses permitted with surrounding properties.

Coverage under a conditional or special use permit should include the additional limitation referencing same, such as "[specific Permitted Use], but only as a special use pursuant to and subject to the conditions and limitations of [specific special or conditional use permit] under Section _____ of the Zoning Ordinance."

For issuance of ALTA Endorsement Form 3 (Zoning) (07-01-2021): Satisfactory verification (1) of the current Zoning Ordinance applicable to the Land; (2) that the Land has been so zoned for at least two months; and (3) of the specific permitted use(s) for which the Land is currently or intended to be used, cited exactly as set forth in the applicable Zoning Ordinance.

ALTA® Endorsement Form 3.1 (Zoning – Completed Structure) (07-01-2021)

This endorsement expands the coverage given in Form 3 to provide coverage to the Insured further against loss or damage that may be sustained by reason of a final judgment requiring the removal or alteration of existing structures on the Land, on the grounds that they are a violation of the Zoning Ordinance imposed on the use of the Land relating to the area, width, depth of land as building site, floor space area of the structures, setbacks of structures from property lines, height of the structure or number of parking spaces.

For issuance of ALTA Endorsement Form 3.1 (Zoning - Completed Structure) (07-01-2021): Satisfactory verification (1) of the current Zoning Ordinance applicable to the Land; (2) that the Land has been so zoned for at least two months; (3) of the specific permitted use(s) for which the Land is currently or intended to be used, cited exactly as set forth in the applicable Zoning Ordinance or regulation; and (4) that the Land is in compliance with the applicable Zoning Ordinance, including area, width, depth of Land as building site, floor space area of the structures, setbacks of structures from property lines, height of structures, and number of parking spaces.

ALTA® Endorsement Form 3.2 (Zoning – Land Under Development) (07-01-2021)

This endorsement expands the coverage given in Form 3 to provide coverage to the Insured further against loss or damage that may be sustained by reason of a final judgment requiring the removal or alteration of specific contemplated Improvements to the Land, existing at Date of Policy or to be built or constructed according to the Plans specifically identified in the endorsement, upon compliance with the identified Zoning Ordinances. For this endorsement, the definition of Improvements is much broader: “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.” (Note: Review of Severable Improvements coverage under the ALTA® Endorsement Form 31-06, especially for wind farms and power projects, and under the ALTA® Endorsement Series 36 for energy projects should be considered, if applicable.)

For issuance of ALTA Endorsement Form 3.2 (Zoning - Land Under Development) (07-01-2021):

Satisfactory verification (1) of the current Zoning Ordinance applicable to the Land; (2) that the Land has been so zoned for at least two months; (3) of the specific permitted use(s) for which the Land is currently or intended to be used, cited exactly as set forth in the applicable Zoning Ordinance; and (4) that the Improvement(s) on the Land existing at Date of Policy or to be built or constructed according to the architect’s or engineer’s Plans (survey, site, elevation & other drawings provided and to be referenced in the endorsement (the “Plans”) for specific Future Improvements contemplated are in compliance with the applicable Zoning Ordinance, including area, width, depth of Land as building site for the Improvement(s), floor space area of the Improvement(s), height of Improvements, setbacks of Improvements from property lines, and number of parking spaces.

ALTA® Endorsement Form 3.3 (Zoning – Completed Improvement – Non-Conforming Use) (07-01-2021)

This endorsement provides coverage for a known non-conforming use of an existing Improvement (“building”) that is located on the Land at Date of Policy provided the use was existing before the Zoning Ordinance, defined more generally as “[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” was enacted. Because this is a much broader definition of potential applicable Zoning Ordinances, not limited to an identifiable zoning classification with permitted uses, the endorsement includes multiple exclusions, including inability to rebuild, replace or restore, maintenance or continuation cost, expiration of the time to continue the Non-Conforming use and lack of marketability.

For issuance of ALTA Endorsement Form 3.3 (Zoning – Completed Improvement – Non-Conforming Use) (07-01-2021):

Receipt of (1) description of the existing specific Non-Conforming Use at Date of Policy and (2) satisfactory verification that the Improvement(s) and the Non-Conforming Use were in existence at time of the enactment of the municipal or county zoning ordinance or zoning regulation applicable to the Land at the Date of Policy and such Non-Conforming Use has continued uninterrupted, but is not at Date of Policy in compliance with the current Zoning Ordinance,

ALTA® Endorsement Form 3.4 (Zoning – No Zoning Classification) (07-01-2021)

The endorsement is designed to provide coverage in cases where there is no existing Zoning Ordinance, city or county, applicable to the Land.

For issuance of ALTA Endorsement Form 3.4 (Zoning – No Zoning Classification) (07-01-2021):

Receipt of (1) description of the existing use of the Improvements and the Land at Date of Policy and (2) satisfactory verification that no municipal or county Zoning Ordinance is applicable to the Land at Date of Policy.

ALTA® Endorsement Form 4 (Condominium – Assessments Priority) (07-01-2021)

This endorsement is designed to provide special comprehensive title protection to lenders as to matters peculiar to condominiums – existence of a condominium, compliance with statutory requirements affecting title, priority of liens, separate taxation of units (with appurtenant interest in common elements), and coverage against reversions, forfeitures, or rights of first refusal (private rights), among other protections. This endorsement is most appropriate for lenders since it provides protection for the Insured Mortgage. Typical Declarations provide that the private rights are subordinate to first lien mortgages. This endorsement is not intended to insure the title of the developer.

For issuance of ALTA Endorsement Form 4 (Condominium – Assessments Priority) (07-01-2021):

Verification through attorney's opinion on title that the condominium is duly formed and managed in compliance with applicable law; that owners' association dues have been paid current through and including Date of Policy; that the Insured Mortgage (if applicable) has priority over said dues; that the restrictions do not contain a forfeiture or reversion clause; and that any violations of restrictions, encroachments of existing improvements onto easements, rights of first refusal, or options to purchase have been subordinated or waived in favor of the interests of the Proposed Insureds.

ALTA® Endorsement Form 4.1 (Condominium – Current Assessments) (07-01-2021)

This endorsement is designed for use in those several states where legislation has given super priority status to liens for unpaid association charges. So, this form is available but is not customarily issued in North Carolina for loan policies, since the coverage is less than the ALTA® Endorsement Form 4, above. However, this endorsement is available for owners' policies as well.

For issuance of ALTA Endorsement Form 4.1 (Condominium – Current Assessments) (07-01-2021):

Verification through attorney's opinion on title that the condominium is duly formed and managed in compliance with applicable law; that owners' association dues have been paid current through and including Date of Policy; that the restrictions do not contain a forfeiture or reversion clause; and that any violations of restrictions, encroachments of existing improvements onto easements, rights of first refusal, or options to purchase have been subordinated or waived in favor of the interests of the Proposed Insureds.

ALTA® Endorsement Form 5-06 (Planned Unit Development – Assessments Priority) (Revised 2/3/10)

This endorsement is available for use for loan policies. The endorsement insures against loss due to violations of any restrictive covenants, encroachments, prior unpaid homeowners' association dues or outstanding private rights. This endorsement is most appropriate for lenders since it provides protection for the Insured Mortgage. Typical Declarations provide that the private rights are subordinate to first lien mortgages. -This endorsement is not intended to insure the title of the developer.

For issuance of ALTA Endorsement Form 5-06 (Planned Unit Development – Assessments Priority)

(Revised 2/3/10): Verification through attorney's opinion on title that the planned community is duly formed and managed in compliance with applicable law; that owners' association dues have been paid current through and including Date of Policy; that the Insured Mortgage has priority over said dues; that the restrictions do not contain a forfeiture or reversion clause; and that any violations of restrictions, encroachments of existing improvements onto easements, rights of first refusal, or options to purchase have been subordinated or waived in favor of the interests of the Proposed Insureds.

ALTA® Endorsement Form 5.1-06 (Planned Unit Development – Current Assessments) (Revised 10/16/08)

This endorsement is designed for use in those several states where legislation has given super priority status to liens for unpaid homeowner association charges. So, this form is available but not customarily issued in North Carolina, especially for loan policies, since the coverage is less than the ALTA® Endorsement Form 5, above. However, this endorsement is available for owners' policies as well.

For issuance of ALTA Endorsement Form 5.1-06 (Planned Unit Development – Current Assessments) (Revised 10/16/08): Verification through attorney's opinion on title that planned community is duly formed and managed in compliance with applicable law; that owners' association dues have been paid current through and including Date of Policy; that the restrictions do not contain a forfeiture or reversion clause; and that any violations of restrictions, encroachments of existing improvements onto easements, rights of first refusal, or options to purchase have been subordinated or waived in favor of the interests of the Proposed Insured(s).

ALTA® Endorsement Form 6 (Variable Rate Mortgage) (07-01-2021)

This endorsement offers insurance as to the validity and lien priority of Insured Mortgage provisions providing for a “Changes in the Rate of Interest” as defined in the endorsement, other than those which violate usury or any Consumer Protection Laws

For issuance of ALTA Endorsement Form 6 (Variable Rate Mortgage) (07-01-2021): Insured Mortgage must include reference to variable rate obligation secured.

ALTA® Endorsement Form 6.2 (Variable Rate Mortgage – Negative Amortization) (07-01-2021)

This endorsement offers insurance as to the validity and lien priority of Insured Mortgage provisions providing for both “Changes in the Rate of Interest” as defined in the endorsement, other than those which violate usury or any Consumer Protection Law and negative amortization.

For issuance of ALTA Endorsement Form 6.2 (Variable Rate Mortgage-Negative Amortization) (07-01-2021): (1) Attorney to certify that the loan is not a high cost home loan as defined under NCGS 24-1.1E(a)(4) for which negative amortization is prohibited under NCGS 24-1.1E(b)(3), (2) Insured Mortgage must include variable rate mortgage provisions and (3) Insured Mortgage includes provisions for negative amortization of unpaid interest and charges and the maximum amount secured. NOTE: The coverage amount of the policy (the Amount of Insurance) should be less than or equal to the maximum principal amount which can be secured by the Insured Mortgage (including negative amortization), typically 125% of the original principal amount. Premium will be based on this higher coverage amount.

ALTA® Endorsement Form 7-06 (Manufactured Housing Unit) (Adopted 06/17/06)

This endorsement is designed to insure a mobile or manufactured home located on the Land (if any) as part of the Land, if the statutory conversion procedures have been completed, including placement of home on a permanent foundation and affixation to the Land, removal of tongue, wheels and axle, filing of statutory documents to cancel the home certificate of title with the Division of Motor Vehicles (the “DMV”), and cancellation of any lien on the home title. It does not insure that the mobile home is real estate, just that the policy will treat it as part of the defined and covered “Land.”

For issuance of ALTA Endorsement Form 7-06 (Manufactured Housing Unit) (Adopted 6/17/06):

Evidence that (1) the identified manufactured housing unit is located on the Land on a permanent foundation affixed to the Land with tongue, wheels and axle removed, is owned by the owner of the Land, and is not subject to any personal property liens (including but not limited to personal property taxes and UCC Financing Statements); (2) the manufactured housing unit has been listed (or will be listed at the next listing and appraisal period) as real property for ad valorem tax purposes; (3) either (a)

if a Certificate of Title has been issued but not canceled prior to 1/1/02, an Affidavit approved by the NC Division of Motor Vehicles (DMV) was filed with said Division and with the Register of Deeds pursuant to NCGS 47-20.6, or (b) if no Certificate of Title has been issued or if a Certificate of Title was issued and canceled prior to 1/1/02, that a Declaration has been filed with the office of the Register of Deeds in compliance with NCGS 47-20.7; (4) the Certificate of Title to the manufactured home is not outstanding with the DMV and has not been reissued pursuant to NCGS 20-109.2(d); (5) no lien is reflected as outstanding affecting the manufactured housing unit in the DMV records; and (6) no restrictive covenants, conditions or restrictions prohibit or restrict manufactured or mobile homes on the Land.

ALTA® Endorsement Form 7.1 (Manufactured Housing – Conversion - Loan Policy) (07-01-2021)

This endorsement provides coverage for a lender that (i) a manufactured housing unit is located on the Land (similar to the Form 7 above), (ii) has been converted to real property, (iii) the owner of the Land and the unit are the same, (iv) no UCC security interest or tax, motor vehicle or other personal property lien attaches to the unit, and (v) the Insured Mortgage is valid and enforceable against the Land and home in one foreclosure procedure. The requirements are similar to those for Form 7 above.

For issuance of ALTA Endorsement Form 7.1 (Manufactured Housing-Conversion -- Loan Policy) (0701-2021): Evidence that (1) the identified manufactured housing unit is located on a permanent foundation and affixed to the Land with tongue, wheels and axle removed, owned by the owner of the Land, and is not subject to any personal property liens (including but not limited to personal property taxes and UCC Financing Statements); (2) the manufactured housing unit has been listed (or will be listed at the next listing and appraisal period) as real property for ad valorem tax purposes; (3) either (a) if a Certificate of Title has been issued but not canceled prior to 1/1/02, an Affidavit approved by the NC Division of Motor Vehicles (DMV) was filed with said Division and with the Register of Deeds pursuant to NCGS 47-20.6, or (b) if no Certificate of Title has been issued or if a Certificate of Title was issued and canceled prior to 1/1/02, that a Declaration has been filed with the office of the Register of Deeds in compliance with NCGS 47-20.7; (4) the Certificate of Title to the manufactured home is not outstanding with DMV and has not been reissued pursuant to NCGS 20-109.2(d); (5) no lien is reflected as outstanding affecting the manufactured housing unit in the DMV records; (6) the Insured Mortgage is valid and enforceable against the Land and home in one foreclosure procedure; and (7) no restrictive covenants, conditions or restrictions prohibit or restrict manufactured or mobile homes on the Land.

ALTA® Endorsement Form 7.2 (Manufactured Housing – Conversion - Owner’s Policy) (07-01-2021)

This endorsement provides to the owner similar coverages as the Form 7.1 above (other than the mortgage lien priority and enforceability) and has similar requirements.

For issuance of ALTA Endorsement Form 7.2 (Manufactured Housing-Conversion -- Owner’s Policy) (07-01-2021): Evidence that (1) the identified manufactured housing unit is located on a permanent foundation and affixed to the Land with tongue, wheels and axle removed, owned by the owner of the Land, and is not subject to any personal property liens (including but not limited to personal property taxes and UCC Financing Statements); (2) the manufactured housing unit has been listed (or will be listed at the next listing and appraisal period) as real property for ad valorem tax purposes; (3) either (a) if a Certificate of Title has been issued but not canceled prior to 1/1/02, an Affidavit approved by the NC Division of Motor Vehicles (DMV) was filed with said Division and with the Register of Deeds pursuant to NCGS 47-20.6, or (b) if no Certificate of Title has been issued or if a Certificate of Title was issued and canceled prior to 1/1/02, that a Declaration has been filed with the office of the Register of Deeds in compliance with NCGS 47-20.7; (4) the Certificate of Title to the manufactured home is not outstanding with DMV and has not been reissued pursuant to NCGS 20-109.2(d); (5) no lien is reflected as outstanding affecting the manufactured housing unit in the DMV records; and (6) no restrictive covenants, conditions or restrictions prohibit or restrict manufactured or mobile homes on the Land.

ALTA® Endorsement Form 8.1 (Environmental Protection Lien) (07-01-2021)

This endorsement is designed to insure a lender in situations where an Insured Mortgage is made on Land used primarily for residential purposes against loss by reason of lack of priority of the Insured Mortgage because of environmental protection liens recorded in those records which under State statutes impart constructive notice of matters relating to real estate or which are filed in the records of the clerk of the United States district court, unless the lien is excepted to in Schedule B of the policy. Fortunately, North Carolina's version of the Uniform Federal Lien Registration Act, NCGS Chapter 44, Article 11A, Sections 44-68.10 *et seq.*, requires that federal environmental liens be filed with the office of the Clerk of Superior Court of the county in which the Land is located in order to establish priority as of the time of that filing. This endorsement form also protects against lack of priority of the Insured Mortgage for any environmental lien provided for in any State statute in effect at Date of Policy unless otherwise designated in the endorsement. Though the endorsement form itself allows for an exception to statutes which may provide hidden “super priority” for environmental liens, this is typically completed as “none” for Land located solely in North Carolina.

For issuance of ALTA Endorsement Form 8.1 (Environmental Protection Lien) (07-01-2021):

Certification that the Land is used primarily for residential purposes and that no environmental protection lien affecting the Land is recorded in those records established under State statutes at or before recording for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge, except as set forth in Schedule B - Exceptions of this Commitment.

ALTA® Endorsement Form 8.2-06 (Commercial Environmental Protection Lien) (Adopted 10/16/08)

This endorsement provides to the owner and lender coverages against environmental protection liens being filed in the Public Records or in the records of the clerk of the United States district court for the district in which the Land is located, *unless identified and excepted in Schedule B* of the policy for commercial transactions and has the same requirements as Form 8.1-06 above. As noted above, fortunately, North Carolina's version of the Uniform Federal Lien Registration Act, NCGS Chapter 44, Article 11A, Sections 44-68.10 *et seq.*, requires that federal environmental liens be filed with the office of the Clerk of Superior Court of the county in which the Land is located in order to establish priority as of the time of that filing.

For issuance of ALTA® Endorsement Form 8.2-06 (Commercial Environmental Protection Lien)

(Adopted 10/16/08): Certification that no environmental protection lien affecting the Land is recorded in those records established under State statutes at or before recording for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge, except as set forth in Schedule B – Exceptions of this Commitment; and specific approval of underwriting counsel for Company.

The ALTA® Endorsement Form 9 series:

This series of endorsements was originally designed to provide coverage to institutional lenders for matters typically contained in covenants, conditions and restrictions, such as private restrictions, building setbacks, encroachments, and mineral rights. Multiple specially designed additional versions have been developed, as described below, extending to owner as well as lenders, depending on the described situation. In 2012 and 2013, the American Land Title Association (ALTA) substantially revised the ALTA® Endorsement Form 9 series, added the separate ALTA® Endorsement Form 28 series (for affirmative coverages regarding encroachments) and added the separate ALTA® Endorsement Form 35 series (regarding mineral and other subsurface rights). In addition, a separate endorsement was created to address “private rights,” i.e., rights of first refusal, options, rights of prior approval of potential purchasers and assessments – the ALTA® Endorsement Form 9.6-06. Coverage for these matters is only provided in this endorsement and only for lender coverage. As with the ALTA® Endorsement Form 3 series (zoning), this series was also expanded to include forms for coverage of projects under development.

The following chart, provided by ALTA (www.alta.org), outlines the coverages and applicable forms:

Coverage	Lender	Owner
Covenants, Conditions & Restrictions (<i>not</i> private rights)	9-06 9.3-06 9.7-06 (Land Under Development) 9.10-06 (no current violations)	9.1-06 (Unimproved) 9.2-06 (Improved) 9.8-06 (Land Under Development)
Private rights: <ul style="list-style-type: none"> assessments (loan only) options rights of first refusal rights of prior approval of future purchasers or occupants 	9.6-06 9.6.1-06 (current assessments)	9.9-06 (not assessments)
Encroachments over boundaries or onto easements	9-06 9.7-06 (Land Under Development) 9.10-06 (current violations) ALTA 28 series	ALTA 28 series
Mineral & subsurface rights	9-06 9.7-06 (Land Under Development) 9.10-06 (current violations) ALTA 35 series	ALTA 35 series

Each endorsement (as applicable):

- Excepts to Exclusions, Exceptions and Conditions of the policy itself
- Defines “Covenant” as “a covenant, condition, limitation or restriction in a document or instrument in effect at Date of Policy.”
- Defines “Improvement” on the property specifically, typically existing buildings, but may include others, depending on the particular endorsement form
- Provides lender coverage for loss by reason of a violation of a Covenant that divests the lien of the Insured Mortgage, impairs the priority of the Insured Mortgage, or affects the Title of the Insured lender after foreclosure (even if no current violation). Other coverages provide protections (depending on the particular form) such as:
 - violations of a Covenant,

- enforced removal of building setback violations, violations of notices of environmental protection liens,
 - encroachments onto neighboring property or easements or onto the Insured Land from neighboring properties,
 - enforced removal of encroachments of Improvements across boundaries,
 - damages for encroachments of Improvements due to exercise of easement maintenance rights, or
 - damages to Improvements from exercise of mineral rights excepted in the legal description or Schedule B.
- Excludes “private rights” other than the 9.6-06 and 9.6.1-06 (loan policy) and 9.9-06 (owner’s policy)
 - Excludes, among other things, leases, obligations for maintenance, repair or remediation, environmental protection covenants not recorded in the Public Records normally searched in a title examination, where applicable, physical issues (contamination, explosion, fire fracturing, vibration, earthquake, or subsidence), and negligence in extracting mineral or other subsurface rights (on loan policy endorsements providing mineral rights coverage).
 - No longer provides owner’s coverage for encroachments (now available to owners through separate specific underwriting of the ALTA® Endorsement Form 28 series) and
 - No longer provides owner’s coverage for minerals and other subsurface rights (now available to owners only through separate specific underwriting of the ALTA® Endorsement Form 35 series).

ALTA® Endorsement Form 9-06 (Restrictions, Encroachments, Minerals – Loan Policy) (Revised 4/2/12)

This endorsement provides a lender an assortment of coverages dealing with violations of restrictions, encroachments by Improvements on the Land or adjoining land and future exercise of a right to use the surface of the Land for the extraction of minerals. It is similar to the CLTA 100 and the Company’s Comprehensive Endorsement. Especially in a commercial context, this indicates that a thorough reading and understanding of applicable covenants, conditions, and restrictions, easements, reservations, or conveyances of mineral or subsurface rights and plats or surveys regarding the Land is needed.

ALTERNATIVE #1 (Loan survey coverage without a survey for existing residential & small commercial):

For issuance of ALTA Endorsement Form 9-06 (Restrictions, Encroachments, Minerals - Loan Policy) (Revised 4/2/12): Receipt of (1) satisfactory verification that there are no violations of any covenants, conditions or restrictions; no violations of any building setback lines; no encroachments of an Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement; and no encroachments onto the Land of improvements appurtenant to adjoining lands; (2) certification from attorney that no third party currently has the present or future right to any minerals located on the Land or, if any, that they require repair of any surface damage caused by exercise of those extraction and development of subsurface rights; and (3) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTERNATIVE #2 (Loan survey coverage with specific survey, for new construction or larger commercial):

For issuance of ALTA Endorsement Form 9-06 (Restrictions, Encroachments, Minerals - Loan Policy) (Revised 4/2/12): Receipt of (1) current and accurate survey of the Land evidencing no violation of any covenants, conditions or restrictions; no violation of any building setback lines; no encroachments of an Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement; and no encroachment onto the Land of improvements appurtenant to adjoining lands; (2) certification from attorney that (a) to the best of attorney’s knowledge the covenants, conditions or restrictions have not been violated, (b) no third party currently has the present or future right to any

minerals located on the Land or, if any, that they require repair of any surface damage caused by exercise of those extraction and development of subsurface rights; and (3) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.1-06 (Covenants, Conditions and Restrictions – Unimproved Land - Owner’s Policy) (Revised 4/2/12)

This endorsement is designed to provide certain frequently requested protections for an owner of unimproved Land concerning private property restrictions or environmental protection liens on the Public Records at Date of Policy unless exception is taken in Schedule B of the policy. (Coverages in pre-2012 versions of the endorsement for encroachments and minerals were removed; the attorney should review the Form 28 and the Form 35 series, as applicable and if available.)

For issuance of ALTA Endorsement Form 9.1-06 (Covenants, Conditions and Restrictions - Unimproved Land - Owner’s Policy) (Revised 4/2/12): Receipt of (1) current and accurate survey of the Land evidencing no violation of any covenants, conditions or restrictions; (2) certification from attorney that to the best of attorney’s knowledge the covenants, conditions or restrictions have not been violated; and (3) verification that owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.2-06 (Covenants, Conditions and Restrictions - Improved Land - Owner’s Policy) (Revised 4/2/12)

This endorsement is designed to provide certain frequently requested protections for an owner of improved Land concerning private property restrictions or environmental protection liens on the Public Records at Date of Policy unless exception is taken in Schedule B of the policy. (Coverages in pre-2012 versions of the endorsement for encroachments and minerals or other subsurface rights were removed; the attorney should review the Form 28 and the Form 35 series, as applicable and if available.)

For issuance of ALTA Endorsement Form 9.2-06 (Covenants, Conditions and Restrictions -- Improved Land - Owner’s Policy) (Revised 4/2/12): Receipt of (1) current and accurate survey of the Land evidencing no violation of any covenants, conditions or restrictions and no violation of any building setback lines; (2) certification from attorney that to the best of attorney’s knowledge the covenants, conditions or restrictions have not been violated; and (3) verification that owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.3-06 (Covenants, Conditions and Restrictions - Loan Policy) (Revised 4/2/12)

This endorsement to the loan policy includes the coverage under the Form 9 above for Improvements on the Land (only) but deletes coverage for encroachments (for which the Form 28 series may still be applicable) and for mineral or other subsurface rights (for which the Form 35 series may be applicable).

For issuance of ALTA Endorsement Form 9.3-06 (Covenants, Conditions and Restrictions - Loan Policy) (Revised 4/2/12): Receipt of (1) current and accurate survey of the Land evidencing no violation of any covenants, conditions or restrictions and no violation of any building setback lines; (2) certification from attorney that to the best of attorney’s knowledge the covenants, conditions or restrictions have not been violated; and (3) verification that owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Forms 9.4-06 and 9.5-06
WITHDRAWN BY ALTA.

ALTA® Endorsement Form 9.6-06 (Private Rights – Loan Policy) (Revised 4/2/13)

This endorsement provides affirmative coverage to an insured lender against loss or damage in the event that “enforcement of a Private Right in a Covenant affecting the Title at Date of Policy (a) results in the invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage, or (b) causes a loss of the Insured’s Title acquired in satisfaction or partial satisfaction of the Indebtedness.” The term “Private Right” is specifically defined as “(i) a private charge or assessment; (ii) an option to purchase; (iii) a right of first refusal; or (iv) a right of prior approval of a future purchaser or occupant.” This coverage had been provided in the earlier Form 9 versions but has now been segregated solely to this ALTA form endorsement, in response to the case of *Nationwide Life Insurance Company v. Commonwealth Land Title Insurance Company*, 579 F.3d 304 (3d Cir. 2009), *aff’d*. 687 F.3d 620 (3d Cir. 2012). *NOTE: If any instrument of title reflects these matters which have not been waived of record, it must be specifically referenced under provision 4.d. of the endorsement.*

For issuance of ALTA Endorsement Form 9.6-06 (Private Rights - Loan Policy) (Revised 4/2/13):

Receipt of certification from attorney that (1) Title to the Land does not reveal an option to purchase, right of first refusal or right of prior approval of a future purchaser or occupant (whether in covenants, conditions or restrictions, or in a separate instrument) with priority over the lien of the Insured Mortgage or the recording information for any instrument by which any such right has been waived or subordinated of record to the Insured Mortgage and (2) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.6.1-06 (Private Rights – Current Assessments -- Loan Policy) (Adopted 4/2/15)

This endorsement would provide lender with some assurance regarding residential owners’ association assessment liens in states with “super-priority” statutes. Since North Carolina condominium and planned community statutes do not currently provide for super-priority of owners’ association assessment liens over mortgages, this endorsement is probably not appropriate for use in North Carolina

For issuance of ALTA Endorsement Form 9.6.1-06 (Private Rights – Current Assessments - Loan Policy)

(Adopted 4/2/15): Receipt of certification from attorney that (1) Title to the Land does not reveal an option to purchase, right of first refusal or right of prior approval of a future purchaser or occupant (whether in covenants, conditions or restrictions, or in a separate instrument) with priority over the lien of the Insured Mortgage or the recording information for any instrument by which any such right has been waived or subordinated of record to the Insured Mortgage and (2) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.7-06 (Restrictions, Encroachments, Minerals – Land Under Development - Loan Policy) (Adopted 4/2/12)

This endorsement to the loan policy includes the coverage under the Form 9-06 above for Future Improvements in compliance with specified Plans on the Land specifically identified in the endorsement.

For issuance of ALTA Endorsement Form 9.7-06 (Restrictions, Encroachments, Minerals - Land Under

Development - Loan Policy) (Adopted 4/2/12): Receipt of (1) architect’s or engineer’s Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (2) a current and accurate survey of the Land; (3) verification from Plans and current survey that current Improvements and Future Improvements create no violation of any covenants, conditions or restrictions; no violation of any building setback lines; no encroachments of an Improvement or Future Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement; no encroachment onto the Land of improvements appurtenant to adjoining lands; and that the contemplated Future Improvements will not create any such violation or encroachment; (4) certification from attorney that (a) to the best of attorney's knowledge the covenants, conditions or restrictions have not been violated and

will not be violated by the Future Improvements, (b) no third party currently has the present or future right to any minerals located on the Land or, if any, that they require repair of any surface damage caused by exercise of those extraction and development of subsurface rights; and (5) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.8-06 (Covenants, Conditions and Restrictions – Land Under Development – Owner’s Policy) (Adopted 4/2/12)

This endorsement to the owner’s policy includes the coverage under the Form 9.2-06 above for Future Improvements in compliance with Plans on the Land specifically identified in the endorsement. Coverage for encroachments and minerals or other subsurface rights are not included; the attorney should review endorsement forms 28.1-06 and the Form 35 series for that coverage, if available.)

For issuance of ALTA Endorsement Form 9.8-06 (Covenants, Conditions and Restrictions - Land Under Development - Owner's Policy) (Adopted 4/2/12): Receipt of (1) architect’s or engineer’s Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (2) a current and accurate survey of the Land; (3) verification from Plans and current survey that current Improvements and Future Improvements create no violation of any covenants, conditions or restrictions and no violation of any building setback lines and that the contemplated Future Improvements will not create any such violation; (4) certification from attorney that to the best of attorney’s knowledge the covenants, conditions or restrictions have not been violated and will not be violated by the Future Improvements; and (5) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 9.9-06 (Private Right – Owner’s Policy) (Adopted 4/2/13)

This endorsement provides affirmative coverage to an insured lender against loss or damage in the event that “if enforcement of a Private Right in a Covenant affecting the Title at Date of Policy based on a transfer of Title on or before Date of Policy causes a loss of the Insured’s Title.” In contrast to the Form 9.6-06 above, the term “Private Right” is specifically limited to “(i) an option to purchase; (ii) a right of first refusal; or (iii) a right of prior approval of a future purchaser or occupant.” This endorsement does *not* provide coverage for assessments or owners’ association dues.

NOTE: As with the Form 9.6-06, if any instrument of title reflects these matters and which have not been waived of record, it must be specifically referenced under provision 4.d. of the endorsement.

For issuance of ALTA Endorsement Form 9.9-06 (Private Rights – Owner’s Policy) (Adopted 4/2/13): Receipt of certification from attorney that Title to the Land does not reveal an option to purchase, right of first refusal or right of prior approval of a future purchaser or occupant (whether in covenants, conditions or restrictions, or in a separate instrument); or the recording information for any instrument by which any such right has been waived or subordinated of record to the interest of Insured Owner.

ALTA® Endorsement Form 9.10-06 (Restrictions, Encroachments, Minerals – Current Violations – Loan Policy) (Adopted 4/2/13)

Like the Form 9-06 above, this endorsement provides a lender an assortment of coverages dealing with violations of restrictions, encroachments by Improvements on the Land or adjoining land and future exercise of a right to use the surface of the Land for the extraction of minerals. However, this Form 9.10-06 specifically provides affirmative coverage under paragraph 3.a. with regard to a violation that exists *at Date of Policy* and does not extend to any future violations; thus, the Form 9.10-06 is similar to the ALTA® Endorsements Form 4 and Form 5 which have limited coverage for existing violations only. This endorsement would be appropriate in situations in which waivers or subordinations of existing violations may have been obtained for the particular transaction or for the particular violation, but the Covenants do not contain an ongoing provision subordinating violations to the liens of mortgagees. As with the Form 9-06 above, especially in a commercial context, this necessitates a thorough review of the applicable Covenants in conjunction with plats and surveys of the Land.

For issuance of ALTA Endorsement Form 9.10-06 (Restrictions, Encroachments, Minerals – Current Violations - Loan Policy) (Adopted 4/2/13): Receipt of (1) current and accurate survey of the Land identifying any violations of any covenants, conditions or restrictions or building setback lines as well as any encroachments of an Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement and any encroachment onto the Land of improvements appurtenant to adjoining lands; (2) certification from attorney that (a) to the best of attorney's knowledge the covenants, conditions or restrictions have not been violated other than as shown on the survey, (b) no third party currently has the present or future right to any minerals located on the Land or, if any, that they require repair of any surface damage caused by exercise of those extraction and development of subsurface rights; and (3) owners' association dues and special assessments, if any are applicable, are paid current through Date of Policy.

ALTA® Endorsement Form 10 (Assignment) (07-01-2021)

This endorsement provides coverage regarding the effectiveness of the assignment of Insured Mortgage but does not cover matters of record after the Date of Policy of the original loan policy (as otherwise endorsed), except to insure that there have been no releases or conveyances that appear of record unless reflected in the endorsement. This form does not include an update of Date of Policy or title coverage. All modifications, releases or partial releases partial or full reconveyances or discharges of the Insured Mortgage must be shown in the endorsement. And owner's estoppel regarding current good standing of the loan should be obtained. In the event that the loan is non-performing, additional underwriting and exceptions may apply.

For issuance of ALTA Endorsement Form 10 (Assignment) (07-01-2021): Receipt of (1) verification of recording of satisfactory assignment of Indebtedness(es) secured by Insured Mortgage, which assignment has been properly executed by the current owner(s)/holder(s) of the Indebtedness evidenced by the Insured Mortgage, and delivery of original note to Assignee through continuous chain of assignment endorsements on the original note or other evidence of Indebtedness(es) or allonge(s) attached thereto; (2) attorney's certification of current ownership of the Indebtedness(es) secured by the Insured Mortgage and the existence of any amendments, modifications, assignments, partial or full reconveyances, releases, or discharges of the lien of the Insured Mortgage through and including Date of Endorsement, which matters may be shown in the endorsement; and (3) verification of status of the loan payment - current or non-performing. For any assignment of an Insured Mortgage more than 1 year old for which either (a) the Land is other than a 1-4 family residential property or (b) the assignor is a non-institutional lender, a written sworn statement by the record owner of the Land stating that the lien of the Insured Mortgage is still good and valid, and in all respects, free from all defenses, both in law and in equity, should be furnished to the Company.

ALTA® Endorsement Form 10.1 (Assignment and Date Down) (07-01-2021)

This endorsement provides the same coverage as Form 10 (above) and provides additional coverage regarding certain matters occurring after the original Date of Policy and before the Date of Endorsement. This endorsement is subject to the same requirements as the Form 10-06 above. In addition, an updated title opinion by the North Carolina approved attorney will be required. Additional title matters reflected in the title update must be reflected in the endorsement, including real estate taxes or assessments, intervening defects liens or encumbrances, federal tax liens and bankruptcy proceedings.

For issuance of ALTA Endorsement Form 10.1 (Assignment and Date Down) (07-01-2021): Receipt of (1) verification of recording of satisfactory assignment of Indebtedness(es) secured by Insured Mortgage, which assignment has been properly executed by the current owner(s)/holder(s) of the Indebtedness evidenced by the Insured Mortgage, and delivery of original note to Assignee through continuous chain of assignment endorsements on the original note or other evidence of Indebtedness(es) or allonge(s) attached thereto; (2) attorney's certification of current ownership of the Indebtedness(es) secured by the Insured Mortgage and certification of Title to the Land through and including Date of Endorsement; (3) verification of status of the loan payment - current or non-performing, and (4) an updated title opinion by the North Carolina approved attorney through recording of the assignment. For any assignment of an Insured Mortgage more than 1 year old for which either (a) the Land is other than a 1-4 family residential property or (b) the assignor is a non-institutional lender, a written sworn statement by the record owner of the Land stating that the lien of the Insured Mortgage is still good and valid, and in all respects, free from all defenses, both in law and in equity, should be furnished to the Company. Matters revealed to the Company may be shown in the endorsement unless resolved to the satisfaction of Company.

ALTA® Endorsement Form 11 (Mortgage Modification) (07-01-2021)

This endorsement insures the lender that the modification of the Insured Mortgage evidenced by the document referred to within the endorsement does not impair the validity, enforceability or priority of the Insured Mortgage. NOTE: These endorsements do not extend the coverage date of any previously issued endorsements, such as other ALTA coverages (zoning, survey, subdivision, etc.) unless specifically addressed. These endorsements also include a creditors' rights exclusion regarding the Modification itself, consistent with the similar exclusion in the original Loan Policy.

For issuance of ALTA Endorsement Form 11 (Mortgage Modification) (07-01-2021): Receipt of (1) verification of recording of satisfactory modification of the Insured Mortgage ("Modification") which Modification has been properly executed by (a) the current record owner(s) of the Land, and spouses, if any; and (b) the current record owner(s) of the Indebtedness evidenced by the Insured Mortgage; and (2) attorney's certification of Title to the Land through and including the date and time of recording of the Modification. If the Modification, attorney's certification or other information provided to Company reveals anything which, as of Date of Endorsement, may impair the validity, enforceability or priority of the Insured Mortgage (including potential mechanics' and materialmen's liens or rights of tenants in possession), those matters will be shown in the endorsement unless (1) resolved to the satisfaction of Company; or (2) in the case of a superior interests, subordinated to the lien of the Insured Mortgage as modified.

If survey coverage is required through Date of Endorsement, Company must be provided with a current and accurate survey of the Land. Note: If survey coverage is provided in the policy and there have been no improvements or alterations since Date of Policy, survey coverage may be extended through Date of Endorsement if Company is provided with a satisfactory survey affidavit.

ALTA® Endorsement Form 11.1 (Mortgage Modification with Subordination) (07-01-2021)

This endorsement is substantially similar to the ALTA® Endorsement Form 11 above but includes an item #3 for itemization of subordinate items. Those would typically be intervening matters which are and remain subordinate to the lien of the Insured Mortgage as modified, but still do affect the Title to the Land. The requirements are substantially the same as for the ALTA® Endorsement Form 11 (above).

For issuance of ALTA Endorsement Form 11.1 (Mortgage Modification with Subordination) (07-01-2021): Receipt of (1) verification of recording of satisfactory modification of the Insured Mortgage ("Modification") which Modification has been properly executed by (a) the current record owner(s) of the Land, and spouses, if any; and (b) the current record owner(s) of the Indebtedness evidenced by the Insured Mortgage; and (2) attorney's certification of Title to the Land through and including the date and time of recording of the Modification. If the Modification, attorney's certification or other information provided to Company reveal anything which, as of Date of Endorsement, may impair the validity, enforceability or priority of the Insured Mortgage (including potential mechanics' and materialmen's liens or rights of tenants in possession), those matters will be shown in the endorsement unless (1) resolved to the satisfaction of Company; or (2) in the case of a superior interests, subordinated to the lien of the Insured Mortgage as modified.

If survey coverage is required through Date of Endorsement, Company must be provided with a current and accurate survey of the Land. Note: If survey coverage is provided in the policy and there have been no improvements or alterations since Date of Policy, survey coverage may be extended through Date of Endorsement if Company is provided with a satisfactory survey affidavit.

ALTA® Endorsement Form 11.2 (Mortgage Modification with Additional Amount of Insurance) (07-01-2021)

This endorsement is substantially similar to the ALTA® Endorsement Form 11-06 and Form 11.1-06 above, but includes item #3.b. for additional priority matters (typically intervening matters or even prior matters that have not been adequately subordinated to the new modification) and item #3.c. for itemization of subordinate items (typically intervening matters which are subordinate or have been subordinated to the lien as modified, but still do affect the Title to the Land, or prior matters which have been re-subordinated to the modified Insured Mortgage). The requirements are increased from those of the ALTA® Endorsement Form 11-06 and 11.1-06 primarily because of the additional Amount of Insurance – the “new money.” In North Carolina, the last bracketed item on the ALTA form, addressing mortgage and intangibles taxes, may be deleted as none apply in this state. NOTE: The increase in Amount of Insurance under the policy should be distinguished from the determination of the priority of the advance or even modification within the maximum principal amount in the existing recorded Insured Mortgage (as previously amended, if applicable). If the maximum principal amount, obligations secured and future advance provisions under the Insured Mortgage (and any prior amendments of record) are sufficiently broad to include the advance under the *priority* protections of the North Carolina future advance statutes, NCGS 45-67 *et seq.*, if applicable, the increase in Amount of Coverage of the *policy* may not change that pre-existing priority of record over intervening matters.

For issuance of ALTA Endorsement Form 11.2 (Mortgage Modification with Additional Amount of Insurance) (07-01-2021): Receipt of (1) verification of recording of satisfactory modification of the Insured Mortgage ("Modification") which Modification reflects the increase in maximum liability amount sufficient for the additional Amount of Insurance requested and has been properly executed by (a) the current record owner(s) of the Land, and spouses, if any; and (b) the current record owner(s) of the Indebtedness evidenced by the Insured Mortgage; (2) attorney's certification of Title to the Land through and including the date and time of recording of the Modification; (3) subordination of any intervening priority matters and re-subordination of any prior matters for which the earlier subordination was inadequate to extend to the Modification, if those matters are to be reflected in the Endorsement as

subordinate matters, as opposed to being included as additional Schedule B-I Exceptions; and (4) payment applicable additional premium for the additional Amount of Insurance. If the Modification, attorney's certification or other information provided to Company reveals anything which, as of Date of Endorsement, may impair the validity, enforceability or priority of the Insured Mortgage, as modified (including potential mechanics' and materialmen's liens or rights of tenants in possession), those matters will be shown as exceptions in the endorsement unless (1) resolved to the satisfaction of Company; or (2) in the case of a superior interests, subordinated to the lien of the Insured Mortgage as modified.

If survey coverage is required through Date of Endorsement, Company must be provided with a current and accurate survey of the Land. Note: If survey coverage is provided in the policy and there have been no improvements or alterations since Date of Policy, survey coverage may be extended through Date of Endorsement if Company is provided with a satisfactory survey affidavit.

ALTA® Endorsement Form 12 (Aggregation – Loan Policy) (07-01-2021)

This endorsement has also been called the "Tie-in" endorsement. Frequently, deeds of trust and/or mortgages covering many parcels in different recording districts or jurisdictions or states are recorded for the full amount of the loan. Instead of combining all of the parcels into one large policy, this endorsement allows an insurer to issue a number of policies for lesser amounts relative to the allocated value of the individual Land in each policy, but to aggregate the total coverage under the combined policies, with the maximum Aggregate Amount of Insurance. The Insured can take advantage of any increases in the value of a particular parcel should there be a loss. NOTE: Some states prohibit aggregation, either within or outside of the state. Most states have a maximum allowed "single risk" which must be addressed in larger transactions. North Carolina has one of the most conservative levels. The total of the Amount of Insurance of all policies added together must equal the Aggregate Amount of Insurance. The endorsement was substantially modified in 2021 to address Conditions under the policy.

For issuance of ALTA Endorsement Form 12 (Aggregation – Loan Policy) (07-01-2021): Identification of all policies (policy number/state/county/amount) issued insuring the liens of Insured Mortgage(s) on multiple properties and verification that the Insured Mortgage(s) contain cross-default and cross-collateralization provisions securing the full amount of the same Indebtedness(es), such that, in the event of default, the Insured lender may foreclose on any one or all properties.

ALTA® Endorsement Form 12.1 (Aggregation – State Limits – Loan Policy) (07-01-2021)

Though similar to the Form 12 above in providing the Aggregate Amount of Insurance, this endorsement allows for lesser amounts in some jurisdictions (such as North Carolina) in which the title insurer's single risk limit may be lower. This avoids inadvertently triggering the need for coinsurance or reinsurance by having an Aggregate Amount of Insurance which is within some of the applicable states' single risk limit for the insurer but exceeds others.

For issuance of ALTA Endorsement Form 12.1 (Aggregation – State Limits – Loan Policy) (07-01-2021): Identification of all policies (policy number/state/county/amount) issued insuring the liens of Insured Mortgage(s) on multiple properties; identification of states and single risk limitation below the Aggregate Amount of Insurance proposed; and verification that the Insured Mortgage(s) contain cross-default and cross-collateralization provisions securing the full amount of the same Indebtedness(es), such that, in the event of default, the Insured lender may foreclose on any one or all properties.

ALTA® Endorsement Form 13-06 (Leasehold – Owner’s) (Revised 4/2/12)

This endorsement provides additional tailored coverages for the lessee-owner of a Leasehold Estate (replacing the former ALTA Leasehold Owner's Policy). The Insured is provided coverage for net loss or damage from Eviction from all or a portion of the Land which constitutes the Leasehold Estate, so long as the loss is due to a defect insured under the policy, including (1) Valuation of remainder of the term and any Tenant Leasehold Improvements, either as a whole or separately (net of any rent no longer required), (2) reasonable cost of removing and relocating Personal Property such as trade fixtures, and restoring the Land if required by the Lease, (3) net rental due despite Eviction, and (4) costs to obtain and relocate to replacement leasehold reasonably equivalent to the original Leasehold Estate. However, the endorsement excludes loss or damage from remediation due to environmental damage or contamination. The endorsement requires recordation of the lease agreement or a memorandum thereof in compliance with applicable state law, NCGS § 47-18, G.S. § 47-118 and NCGS § 47-120. NOTE: To the extent the lease contains an option, right of first refusal or other potential interest, these must be addressed separately and are not covered matters under the ALTA Endorsement Form 13 series.

For issuance of ALTA Endorsement Form 13-06 (Leasehold-Owner's) (Revised 4/2/12): Receipt of verification of recordation of satisfactory lease (or memorandum thereof) evidencing the Leasehold Estate in the Land to be insured.

ALTA® Endorsement Form 13.1-06 (Leasehold – Loan) (Revised 4/2/12)

This endorsement provides additional tailored coverages for the insured lender substantially similar to the Form 13-06 for the owner, for which the security interest is in a Leasehold Estate (replacing the former ALTA Leasehold Loan Policy).

For issuance of ALTA Endorsement Form 13.1-06 (Leasehold-Loan) (Revised 4/2/12): Receipt of verification of recordation of satisfactory lease (or memorandum thereof) and leasehold Insured Mortgage evidencing the Leasehold Estate in the Land to be insured.

ALTA® Endorsement Form 14 (Future Advance – Priority) (07-01-2021)

This endorsement provides for continued priority of future advances, which are otherwise post-closing matters not included within the covered risks under the ALTA policies. NCGS 45-67 *et seq.*, which sets out priority in North Carolina, does not distinguish between an obligatory and a non-obligatory (optional) advance, so long as the advance falls within the obligations to be secured and time period set forth the Insured Mortgage (as previously amended of record) and in compliance with the statute. If the Insured Mortgage complies with the statute, the advances have priority as to later recorded liens or encumbrances, other than issues regarding special situations, such as federal tax liens, mechanics' liens, environmental protection liens or bankruptcy. Priority regarding mechanics' liens should be underwritten and coverage determined at time of policy issuance; that determination would apply to this endorsement coverage as well. In addition, a lender making advances after they have notice of financial problems risks losing coverage under the policy for failing to mitigate their losses under the policy exclusions and definition of loss. Thus, even if the lender is aware of an adverse matter, and even if their statutory priority remains intact under the statute, their knowledge or record notice of an adverse matter prior to an advance may affect the calculation of loss under the policy coverage provisions.

For issuance of ALTA Endorsement Form 14 (Future Advance-Priority) (07-01-2021): Verification that the Insured Mortgage contains notice that it will secure defined future advances and obligations (including revolving line of credit, if applicable); states the maximum principal amount to be secured at any one time; that all advances must be made within 30 years from the date thereof; and, as applicable, either (1) the future advances or future obligations or both which are to be secured (in compliance with NCGS 45-67 *et seq.*) for revolving credit lines, future advance loans, or construction loan transactions or

(2) it secures an equity line of credit and that it is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations). If removal of the bracketed exception for mechanics' and materialmen's lien priority is required, potential liens for labor, services or materials must be appropriately waived or subordinated to the lien of the Insured Mortgage.

ALTA® Endorsement Form 14.1 (Future Advance – Knowledge) (07-01-2021)

This endorsement provides the same coverage as Form 14-06 above but excludes coverage for advances made after Insured has actual Knowledge of an intervening lien, encumbrance or other matter affecting Title. (This form is not customarily issued in North Carolina.)

For issuance of ALTA Endorsement Form 14.1 (Future Advance-Knowledge) (07-01-2021): Verification that the Insured Mortgage contains notice that it will secure future advances and obligations (including revolving line of credit, if applicable); states the maximum principal amount to be secured at any one time; that all advances must be made within 30 years from the date thereof; and, as applicable, either (1) the future advances or future obligations or both which are to be secured (in compliance with NCGS 45-67 et seq.) for revolving credit lines, future advance loans, or construction loan transactions or (2) it secures an equity line of credit and that it is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations). If removal of the bracketed exception for mechanics' and materialmen's lien priority is required, potential liens for labor, services or materials must be appropriately waived or subordinated to the lien of the Insured Mortgage.

ALTA® Endorsement Form 14.2 (Future Advance – Letter of Credit) (07-01-2021)

This endorsement provides similar coverage of future advances as the Form 14-06 above in situations where the "agreement" involves a letter of credit and reimbursement agreement. So, in addition to the requirements of the Form 14 above, for issuance of this endorsement, the attorney must provide verification that (a) the Letter of Credit has been issued and fully executed prior to or simultaneously with closing and recording of the Insured Mortgage and (b) the Insured Mortgage adequately references and incorporates the terms of the Letter of Credit.

For issuance of ALTA Endorsement Form 14.2 (Future Advance-Letter of Credit) (07-01-2021): (1) Verification that the Insured Mortgage contains notice that it will secure future advances and obligations (including revolving line of credit, if applicable) under a defined Letter of Credit; states the maximum principal amount to be secured at any one time; that all advances must be made within 30 years from the date thereof; and, as applicable, either (a) the future advances or future obligations or both which are to be secured (in compliance with NCGS 45-67 et seq.) for revolving credit lines, future advance loans, or construction loan transactions or (b) it secures an equity line of credit and that it is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations); (2) verification that (a) the Letter of Credit has been issued and fully executed prior to or simultaneously with closing and recording of the Insured Mortgage and (b) the Insured Mortgage adequately references and incorporates the terms of the Letter of Credit; and (3) if removal of the bracketed exception for mechanics' and materialmen's lien priority is required, potential liens for labor, services or materials must be appropriately waived or subordinated to the lien of the Insured Mortgage.

ALTA® Endorsement Form 14.3 (Future Advance – Reverse Mortgage) (07-01-2021)

This endorsement provides coverage to a lender on a reverse mortgage transaction pursuant to the HUD Home Equity Conversion Mortgage Program requirements and the North Carolina Reverse Mortgage Act, Article 21 of Chapter 53 of the North Carolina General Statutes.

For issuance of ALTA Endorsement Form 14.3 (Future Advance-Reverse Mortgage) (07-01-2021): Verification (1) that the Insured Mortgage contains notice that it is a reverse mortgage and secures future advances (including revolving line of credit, if applicable); states the maximum principal amount to be secured at any one time; that all advances must be made within 30 years from the date thereof; and, as applicable, either (a) whether future advances or future obligations or both are to be secured (in compliance with NCGS 45-67 et seq.) for revolving credit lines, future advance loans, or construction loan transactions or (b) that it secures an equity line of credit and that it is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations); and (2) that mortgagors are at least 62 years of age as of Date of Policy. NOTE: If the Insured Mortgage is other than a HUD Home Equity Conversion Mortgage (HECM) or Fannie Mae HomeKeeper security instrument, attorney should contact Company prior to closing this transaction. If removal of the bracketed exception for mechanics' and materialmen's lien priority is required, potential liens for labor, services or materials must be appropriately waived or subordinated to the lien of the Insured Mortgage.

ALTA Endorsement series 15, Non-imputation coverage (Owner policies)

These ALTA series endorsements provide coverage to investors in equity interests in the *entities* holding title (incoming partners, members, or shareholders, sometimes referenced as “Additional Insureds”), rather than acquiring ownership interests in the real estate Title itself. The coverage extends to matters imputed to the owning entities by actions of specified holders of equity interests in those entities which may encumber the Title by operation of law. Since matters of record would already be reflected in the owner’s policy itself in Schedule B, the matters relevant to non-imputation endorsements are typically off-record matters, such as mechanics’ lien risks, contracts, leases, rights or options, or other matters which are binding on the entities but not of record for constructive notice vis-à-vis third-party purchasers or lenders. And these incoming partners, members or shareholders are not taking title by deed so are not protected by the recording acts. Thus, these endorsements provide extended protection to the incoming partners, members, or shareholders from loss against loss which would otherwise be excluded under the Owner’s Policy for matters suffered, assumed or agreed to, or known but not disclosed by the Insured Owner itself. NOTE: The investor’s coverage is limited; coverage is only to the extent that the incoming investor acquired the interest in the entity as “a purchaser for value without Knowledge of the asserted defect, lien, encumbrance, adverse claim, or other matter insured against by the policy.”

Since this coverage involves unrecorded matters known only to involved parties, this coverage is HIGH RISK to the incoming partner, member, or shareholder and to the title insurer. Thus, the title insurer may require substantial additional information, depending on the circumstances and parties, such as:

- More detailed information regarding the parties, status of off-record issues (construction, leases, options, contracts, etc.), type of property and uses, nature of the transaction, knowledge, and relationship of the proposed Additional Insured to the Land and the project, such as if an independent financial investor, and *not* a current equity owner.
- Organizational charts reflecting entity ownership before and after the proposed equity transfer
- Affidavit(s) regarding the Title and especially off-record matters from knowledgeable affiant(s)
- Indemnity from financially sold creditworthy indemnitor(s), possibly supported by financial reports

The endorsements

ALTA	Endorsement coverage	Insured under Policy Sch. A	Insured under Endorsement	Amount of Insurance
15	Full Equity Interest	Entity with Title ownership	Investor in the full equity interest	Full Title

15.1	Partial Equity interest	Entity with Title ownership	Investor in the partial equity interest (to the extent of their percentage interest acquired)	Full Title
15.2	Partial Equity interest	Investor in the equity interest		Interest of the investor

ALTA® Endorsement Form 15-06 (Nonimputation – Full Equity Transfer) (Adopted 06/17/06)

This endorsement provides coverage of the incoming partner, member or shareholder in the title-holding entity against loss due to knowledge imputed to title-holding Entity solely by operation of law due to knowledge or action of named outgoing partners, members, managers, officers or directors on transfer of the entire equity ownership to new incoming partners, members or shareholders.

For issuance of ALTA Endorsement Form 15-06 (Nonimputation - Full Equity Transfer) (Adopted 6/17/06): (1) Verification that the full equity interest in the Proposed Insured owner (Entity) is to be transferred to the incoming equity purchaser for full value without knowledge by the said purchaser of any defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land not disclosed to Company prior to closing; (2) receipt by Company of satisfactory Non-Imputation Affidavit and Indemnity with Affidavit by knowledgeable parties (partners, members, managers, officers or directors, as applicable) of all outgoing equity holders of the Insured Entity that they know of no defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land, not disclosed to Company prior to closing, which would be imputed to Proposed Insured Entity, and with Indemnity of creditworthy indemnitor.

ALTA® Endorsement Form 15.1-06 (Nonimputation – Additional Insured) (Adopted 06/17/06)

This endorsement provides coverage of incoming purchasing partner, member, or shareholder (the “Additional Insured”) purchasing an interest in the title-holding Entity, for their purchased percentage interest only, against loss due to knowledge imputed to the title-holding Entity (the Proposed Insured Title owner) solely by operation of law due to knowledge or action of named partners, members, managers, officers or directors of the Insured title-holding Entity. Since the policy itself insures the title-holding Entity, they must consent to this coverage being for the benefit of the Additional Insured, rather than the title-holding Entity.

For issuance of ALTA Endorsement Form 15.1-06 (Nonimputation - Additional Insured) (Adopted 6/17/06): (1) Verification that the equity interest in the Proposed Insured owner (Entity) is to be transferred to the proposed Additional Insured incoming equity purchaser for full value without knowledge by said Additional Insured of any defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land not disclosed to Company prior to closing; and (2) receipt by Company of satisfactory Non-Imputation Affidavit and Indemnity, with Affidavit by knowledgeable parties (all outgoing equity holders, partners, members, managers, officers or directors, as applicable, and any remaining general partners if a partnership) that they know of no defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land, not disclosed to Company, which would be imputed to Proposed Insured Entity and with Indemnity of a creditworthy indemnitor.

ALTA® Endorsement Form 15.2-06 (Nonimputation – Partial Equity Transfer) (Adopted 06/17/06)

This endorsement provides coverage of incoming purchasing partner, member, or shareholder, (the “Insured”) purchasing an interest in the title-holding Entity (the vested owner of the Title in Schedule A) from outgoing partners, members or shareholders, against loss due to knowledge imputed to such Entity solely by operation of law due to knowledge or action of named outgoing partners, members, managers, officers or directors.

NOTE: For Form 15.2-06 (but not for Form 15-06 or 15.1-06), it may be necessary to coordinate the benefits of the Owners Policy to which it is attached and any other Owner’s Policy which the Company may have previously issued naming the Entity vested with Title as the Insured on Schedule A. This coordination may be accomplished with an exception on Schedule B of both policies that provides that the Company’s liability thereunder is noncumulative. Such an exception might read as follows “It is understood that the Amount of Insurance under this policy shall be reduced by any amount the Company may pay under [identify other Owner’s Policy], and the amount so paid shall be deemed a payment under this policy to the Insured.”

For issuance of ALTA Endorsement Form 15.2-06 (Nonimputation - Partial Equity Transfer) (Adopted 6/17/06): (1) Verification that the equity interest in the owning Entity is to be transferred to the Proposed Insured incoming equity purchaser for full value without knowledge by said purchaser of any defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land not disclosed to Company prior to closing; (2) receipt by Company of satisfactory Non-Imputation Affidavit and Indemnity, with Affidavit by knowledgeable parties (all outgoing equity holders, partners, members, managers, officers or directors, as applicable, and any remaining general partners if a partnership) that they know of no defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land not disclosed to Company, which would be imputed to the owning Entity, and with Indemnity of creditworthy indemnitor; and (3) agreement of owning Entity and Proposed Insured as to coordination of benefits between ownership policy and policy regarding equity interest to be insured hereunder.

ALTA® Endorsement Form 16-06 (Mezzanine Financing) (Adopted 06/17/06)

This endorsement provides for direct claim of mezzanine lender under a mezzanine financing arrangement which is not taking a security interest in the Title to the Land. The endorsement is for an owner’s policy in Land not serving as security interest under a mortgage but owned by borrower under mezzanine financing arrangement. The lender’s security may include a pledge of stock or partnership interests or membership interests in a limited liability company -- all personal property interests. The endorsement provides assurances to the lender against denial of coverage if they must exercise their pledge on default, as well as non-imputation type coverage. Thus, a non-imputation Affidavit and Indemnity (similar to the ALTA 15 series above) is typically required. NOTE: Lenders often also request UCC coverage, which is a separate insurance coverage *not* a part of a title insurance policy. Since this directly affects potential coverage of the Insured owner, the Insured must sign the endorsement agreeing to the coverage being shared with the mezzanine lender.

For issuance of ALTA Endorsement Form 16-06 (Mezzanine Financing) (Adopted 6/17/06): Verification of (1) agreement of Insured to assign policy protections to lender by execution of endorsement and to delivery of original owner's policy with endorsement to lender, and (2) receipt by Company of satisfactory Non-Imputation Affidavit and Indemnity, with Affidavit by knowledgeable parties (partners, members, managers, officers or directors, as applicable,)including general partners if a partnership) that they know of no defect, lien, encumbrance, adverse claim or other matter affecting Title to the Land, not disclosed to Company prior to closing, which would be imputed to the Insured or Proposed Insured lender, and with Indemnity of creditworthy indemnitor.

ALTA® Endorsement Form 17-06 (Access and Entry) (Adopted 06/17/06)

This endorsement provides coverage against loss due to lack of access to named open, public street, including curb cuts. (In the event that no curb cuts or other accesses are known or available, *see* more limited “Land Abuts Street” or a modified non-ALTA access endorsement removing “vehicular” access, as applicable under the given circumstances.)

For issuance of ALTA Endorsement Form 17-06 (Access and Entry) (Adopted 6/17/06): Verification satisfactory to Company and current survey reflecting: (1) the name of the public street which provides access to the Land; (2) that the street is in fact a physically open public street, maintained by a public authority (city or state); (3) that the Land abuts thereon; (4) that access is not prohibited or limited in any way, either legally (such as controlled access) or physically (i.e. no physical impediment to vehicular or pedestrian access); and (5) Insured has right to use existing curb cuts or entries, if any, along that portion of the street abutting the Land.

ALTA® Endorsement Form 17.1-06 (Indirect Access and Entry) (Adopted 06/17/06)

This endorsement provides coverage against loss due to lack of access over a private easement or right-of-way to named open public street, including curb cuts.

For issuance of ALTA Endorsement Form 17.1-06 (Indirect Access and Entry) (Adopted 6/17/06): Verification satisfactory to Company and current survey reflecting: (1) the name or identification of the private access easement ("easement") to be insured and name of the public street ("street") to which such easement provides access; (2) that the easement is created by duly recorded instrument; (3) Title to the easement is certified such that same can be identified as an insured parcel under Schedule A of the policy and exception taken to any relevant matters related thereto including the terms and conditions of the creating instrument; (4) that the street is in fact a physically open public street, maintained by a public authority (city or state); (5) that the Land abuts the easement and the easement abuts the street; (6) that access over the easement onto the street is not prohibited or limited in any way, either legally (such as controlled access) or physically (i.e. no physical impediment to vehicular or pedestrian access); and (7) Insured has the right to use existing curb cuts or entries, if any, along the easement or street.

ALTA® Endorsement Form 17.2-06 (Utility Access) (Adopted 10/16/08)

This endorsement provides coverage against loss to an insured lender or owner in the event the Land does not have access to specified utilities which must be checked on the form, including water service, electrical power service, telephone service, storm water drainage or other service (filled in by the drafter), due to a gap in easement or a termination by the grantor.

For issuance of ALTA Endorsement Form 17.2-06 (Utility Access) (Adopted 10/16/08): Certification from attorney or utility provider as to those utilities (such as water service, electrical power service, telephone service, storm water drainage or other service) currently available to service the Land either over, under or upon public rights-of-way directly adjacent to the Land, or over, under or upon an easement (not terminable by the grantor thereof or by his heirs, personal representatives, successors or assigns) for the benefit of said Land that connects to public rights-of-way. This would typically be from review of a current survey, verification from a third party that the reflected public utilities are direct, public and in place, and title certification of private easements by the certifying attorney.

ALTA® Endorsement Form 18-06 (Single Tax Parcel) (Adopted 06/17/06)

This endorsement provides coverage to an insured lender or owner that Land is single separate tax parcel, not included within a larger parcel.

For issuance of ALTA Endorsement Form 18-06 (Single Tax Parcel) (Adopted 6/17/06): Certification from attorney that all of insured Land is covered within the tax parcel number(s) assigned to said Land and that the number(s) do(es) not include any additional land.

ALTA® Endorsement Form 18.1-06 (Multiple Tax Parcel - Easements) (Adopted 06/17/06)

Though providing similar coverage as the above ALTA® Endorsement Form 18, this endorsement identifies the actual tax parcel identification numbers of multiple parcels, as well as providing assurance regarding appurtenant easements for which Title is certified by the NC approved attorney and which are included as Land in Schedule A.

For issuance of ALTA Endorsement Form 18.1-06 (Multiple Tax Parcel - Easements) (Adopted 6/17/06): Certification from attorney as to tax identification numbers covering insured Land, that all of insured Land is covered within said numbers and that the numbers do not include any additional land. NOTE: If an easement is to be insured, the easement interest should be listed for ad valorem tax purposes in the name of the Proposed Insured easement owner.

ALTA® Endorsement Form 18.2-06 (Multiple Tax Parcel) (Adopted 08/01/16)

Though providing similar coverage as the above ALTA® Endorsement Form 18.1-06, this endorsement identifies the actual tax parcel identification numbers of multiple parcels but removed any assurance regarding easements. This may be because no easements are being insured, or because priority of easements over ad valorem taxes cannot be assured, or because the ad valorem taxes on the easement parcel(s) are not paid current.

For issuance of ALTA Endorsement Form 18.2-06 (Multiple Tax Parcel) (Adopted 08/01/16): Certification from attorney as to tax identification numbers covering insured Land, that all of insured Land is covered within said numbers and that the numbers do not include any additional land.

ALTA® Endorsement Form 18.3-06 (Single Tax Parcel and ID) (Adopted 12/1/18)

This endorsement provides coverage to an insured lender or owner that the Land is a single separate tax parcel, not included within a larger parcel, and identifies the actual tax identification number of the single parcel.

For issuance of ALTA Endorsement Form 18.3-06 (Single Tax Parcel and ID) (Adopted 12/01/18): Certification from attorney as to tax identification number covering insured Land, that all of insured Land is covered within said number and that the number does not include any additional land.

ALTA® Endorsement Form 19-06 (Contiguity – Multiple Parcels) (Adopted 06/17/06)

This endorsement provides assurances to the insured lender or owner regarding contiguous boundary lines of multiple parcels being insured, identifying the particular parcels and boundaries.

For issuance of ALTA Endorsement Form 19-06 (Contiguity-Multiple Parcels) (Adopted 6/17/06): Current survey of parcels comprising Land to be insured evidencing that the parcels are contiguous with no gaps, strips or gores separating any of the contiguous boundary lines.

ALTA® Endorsement Form 19.1-06 (Contiguity – Single Parcel) (Adopted 06/17/06)

This endorsement provides assurances to the insured lender or owner regarding contiguity of Land to other parcels, not insured under the policy.

For issuance of ALTA Endorsement Form 19.1-06 (Contiguity-Single Parcel) (Adopted 6/17/06): Current survey of Land to be insured evidencing that the Land is contiguous to specifically identified

parcel(s) not insured hereunder with no gaps, strips or gores separating any of the contiguous boundary lines.

ALTA® Endorsement Form 19.2-06 (Contiguity – Specified Parcels) (Adopted 4/2/15)

This endorsement provides assurances to the insured lender or owner regarding contiguous boundary lines of multiple, often numerous, parcels being insured, by referencing only the parcels insured as contiguous and the applicable survey, without identifying the respective contiguous boundaries. (NOTE: The footer of this endorsement is not the standard ALTA format, intentionally.)

For issuance of ALTA Endorsement Form 19.2-06 (Contiguity-Specified Parcels) (Adopted 04/02/15): Current survey of parcels comprising Land to be insured evidencing that the parcels are contiguous with no gaps, strips or gores separating any of the contiguous boundary lines.

ALTA® Endorsement Form 20-06 (First Loss – Multiple Parcel Transactions) (Adopted 06/17/06)

This endorsement allows for recognition of a “loss” in a multi-site lender coverage, if any matter covered by the policy for which a claim is made would decrease the value of all of the collateral providing security for the loan below the outstanding loan amount, without requiring acceleration of the debt and foreclosure of all properties.

For issuance of ALTA Endorsement Form 20-06 (First Loss - Multiple Parcel Transactions) (Adopted 6/17/06): Verification that the Land to be insured is comprised of more than one parcel.

ALTA® Endorsement – (FORMER) Form 21-06 (Creditors’ Rights) (6/17/06) NO LONGER AVAILABLE

THIS ENDORSEMENT HAS BEEN WITHDRAWN AND DECERTIFIED. It had provided insurance against certain losses due to a fraudulent transfer or a preference under federal bankruptcy, state insolvency or similar creditors' rights laws, which risks are otherwise Exclusions from Coverage under the ALTA® Owner's Policy (6-17-06) and/or the ALTA® Loan Policy (6-17-06). Issuance of this endorsement required prior approval by the appropriate official(s) of the title insurer, depending on the nature of the transaction, which required submission of substantial information regarding the nature of the transaction, including (a) the structure of the transaction (antecedent debt, upstream or downstream financing, sale-leaseback, leverage buyout, etc.); (b) names and affiliations of parties to or connected with the transaction; (c) the consideration to be paid, including the source of funds (if any); (d) the intended use of proceeds of any loan to be insured; (e) any facts related to the financial status of the borrower or seller; and (f) any additional information which might materially affect the nature of the risk to be insured. This coverage was very high risk and unrelated to title to the real estate.

ALTA® Endorsement Form 22-06 (Location) (Adopted 06/17/06)

This endorsement provides assurances against loss to an insured owner or lender if the Land described in Schedule A is not located at an identified address at Date of Policy or is not of the general type of improvement (residence, apartment building, or commercial office building, for example, and not details such as square footage, number of floors or quality or type of construction). This requires some type of independent verification such as appraisal, survey or attorney’s opinion and should be consistent with tax records.

For issuance of ALTA Endorsement Form 22-06 (Location) (Adopted 6/17/06): Adequate independent verification (such as survey, appraisal, aerial tax map) of the type of current improvements on the Land (i.e., residence, apartment building, office building) and the street address of the Land according to the numbering system in use in the jurisdiction in which the Land is located.

ALTA® Endorsement Form 22.1-06 (Location and Map) (Adopted 06/17/06)

This endorsement provides assurances against loss to an insured owner or lender if the Land described in Schedule A is not located at an identified street address at Date of Policy or is not the property shown on a map or plat (presumably the recorded plat referenced in the legal description) *attached to the policy* or is not of the general type of improvement (residence, apartment building, or commercial office building, for example, and not details such as square footage, number of floors or quality or type of construction). This type of endorsement has rarely been used in North Carolina since historically title insurers do not attach maps or plats to policies.

For issuance of ALTA Endorsement Form 22.1-06 (Location and Map) (Adopted 6/17/06): Adequate independent verification (such as survey, appraisal, aerial tax map) of the type of current improvements on the Land (i.e., residence, apartment building, office building) and the street address of the Land according to the numbering system in use in the jurisdiction in which the Land is located; and copy of recorded map or plat which accurately depicts the location and dimensions of the Land.

ALTA® Endorsement Form 23-06 (Co-Insurance - Single Policy) (Revised 10/16/08)

This endorsement (sometimes called a “MeToo” endorsement) is attached to a single policy for an insured owner or lender, issued by the Issuing Co-Insurer, in which more than one insurer (the “Co-Insurers”) have liability for the Land and transaction insured, - each in the amounts and proportions of insurance specified in the endorsement for that Co-Insurer’s liability only. The endorsement evidences that the Co-Insurers executing the endorsement adopt the Covered Risks, Exclusions, Conditions, Schedules and Endorsements of the policy issued by the Issuing Co-Insurer and, unlike traditional co-insurance, only the single policy of the Issuing Co-Insurer is actually issued; Co-Insurers do not issue separate identical policies. NOTE: This endorsement excepts to the ALTA® Endorsement Form 12 or 12.1 aggregation coverage. A specific ALTA 23 form will be required for each aggregated policy.

For issuance of ALTA Endorsement Form 23-06 (Co-Insurance - Single Policy) (Revised 10/16/08): Specific separate approval from and compliance with any requirements of the Underwriting Department for each of the Co-Insuring Companies. Terms and conditions of the coinsurance agreement will be evidenced by separate execution of the Endorsement by the Issuing Co-Insurer and each Co-Insurer. Additional premium may be required.

ALTA® Endorsement Form 23.1 (Co-Insurance – Multiple Policies) (05-12-2022)

This endorsement provides the co-insurance coverage of the ALTA® Endorsement Form 23-06 above in situations where each Co-insurer is issuing multiple policies which will be aggregated (typically using the ALTA 12-06 or ALTA 12.1-06). So this endorsement recognizes that each Co-insurer’s policy liability is also aggregated with other policies of the particular Co-insurer as well as providing co-insurance with the other Co-insurers. A specific ALTA 23 form will be required for each aggregated policy.

For issuance of ALTA Endorsement Form 23.1 (Co-Insurance – Multiple Policies) (05-12-2022): Specific separate approval from and compliance with any requirements of the Underwriting Department for each of the Co-Insuring Companies. Terms and conditions of the coinsurance agreement will be evidenced by separate execution of the Endorsement by the Issuing Co-Insurer and each Co-Insurer, as well as the ALTA Endorsement Form 12-06 or 12.1-06, as applicable. Additional premium may be required.

ALTA® Endorsement Form 24-06 (Doing Business) (Adopted 10/16/08)

This endorsement provides assurances against loss by an insured lender in the event the Insured Mortgage is invalid or unenforceable solely because the lender did not qualify to do business in the State in which the Land is located. It is preferable that the lender comply, as applicable, with the North Carolina Mortgage Lending Act by filing with the North Carolina Commissioner of Banks, with the filing requirements of the North Carolina Secretary of State, or with any other State or federal applicable banking or regulatory requirements. However, that is not a requirement of issuance of the endorsement since failure to so file or qualify will not invalidate the lien of the Insured Mortgage or render it unenforceable.

For issuance of ALTA Endorsement Form 24-06 (Doing Business) (Adopted 10/16/08): Verification that the Insured either has complied with the requirements of the Mortgage Lending Act by filing with the Commissioner of Banks, or has complied with the filing requirements with the Secretary of State of North Carolina, or is a bank, savings bank, credit union, FHA or VA approved lender, insurance company or other nationally recognized lending institution.

ALTA® Endorsement Form 25-06 (Same As Survey) (Adopted 10/16/08)

This endorsement provides assurances against loss or damage to an insured lender or owner if the Land described in the policy is not identical to that property shown on a designated survey. (This is substantially similar to the former CLTA Endorsement 116.1.)

For issuance of ALTA Endorsement Form 25-06 (Same as Survey) (Adopted 10/16/08): Review of specified survey and determination that the Land depicted on the survey is identical to the Land insured under the policy.

ALTA® Endorsement Form 25.1-06 (Same as Portion of Survey) (Adopted 10/16/08)

This endorsement is similar to the Form 25 and has similar requirement for issuance. However, this endorsement form limits its coverage to a specified lot, parcel or tract shown on the referenced survey, and *not all* of the property on the survey. Thus, the endorsement would be applicable when only an identifiable and separately labeled portion of property shown on the survey is actually being insured under the policy.

For issuance of ALTA Endorsement Form 25.1-06 (Same as Portion of Survey) (Adopted 10/16/08): Review of specified survey and determination that the Land to be insured under the policy is identical to an identifiable segregated lot, tract or parcel depicted on the survey.

ALTA® Endorsement Form 26 (Subdivision) (07-01-2021)

This endorsement provides assurances against loss or damage to an insured lender or owner if the Land fails to comprise a lawfully created parcel according to the applicable subdivision statutes or ordinances. The appeal period must have expired for any recent changes, or special approval from underwriting counsel would be required.

For issuance of ALTA Endorsement Form 26 (Subdivision) (07-01-2021): Receipt of (i) a satisfactory survey setting forth compliance with all applicable subdivision laws, ordinances, resolutions, regulations and rules, or (ii) certification from an attorney or surveyor that the insured Land is in compliance with all applicable subdivision laws, ordinances, resolutions, regulations and rules. Special approval from underwriting counsel for Company is required if the appeal period for any recent changes has not expired.

ALTA® Endorsement Form 27 (Usury) (07-01-2021)

This endorsement provides assurances against loss or damage to an insured lender in the event the Insured Mortgage is found unenforceable or invalid as a result of violation of the usury laws of the state in which the Land is located. For North Carolina property, this endorsement can be issued so long as the loan is exempt, as defined under NCGS 24-9, *i.e.*

- a. The loan amount is three hundred thousand dollars (\$300,000) or more; or
- b. The borrower is a person other than a natural person; or
- c. The loan is obtained by a natural person primarily for a purpose other than a personal, family, or household purpose. Whether a loan is obtained primarily for a purpose other than a personal, family, or household purpose shall be guided by the standards established by the federal Truth In Lending Act (Title 1 of Public Law 90-321; 82 Stat. 146; 15 U.S.C. § 160, et seq.) and all regulations and rulings issued pursuant to that Act, as the same may be amended from time to time.

However, coverage under the endorsement must be limited to North Carolina usury laws. So the ALTA® Endorsement Form 27-06 specifically provides that the coverage is limited to the usury law of the State where the Land is located.

For issuance of ALTA Endorsement Form 27 (Usury) (07-01-2021): Receipt of attorney’s certification that the loan is exempt under NCGS 24-9, *i.e.* (a) the loan amount is three hundred thousand dollars (\$300,000) or more; or (b) the borrower is a person other than a natural person; or (c) the loan is obtained by a natural person primarily for a purpose other than a personal, family, or household purpose as determined by the standards established by the federal Truth In Lending Act (Title 1 of Public Law 90-321; 82 Stat. 146; 15 U.S.C. § 160, et seq.) and all regulations and rulings issued pursuant to that Act, as the same may be amended from time to time.

ALTA Endorsement Form 28 Series

These endorsements provide affirmative coverage regarding particular types of encroachments, depending on the particular form chosen. The below chart gives an outline of the types of “Improvements” and the coverages.

	ALTA 28	ALTA 28.1	ALTA 28.2	ALTA 28.3
Improvement -	Existing building on Land	Existing building on Land or adjoining land	Must be itemized	Current & future, building, structure, paved area per Site plan
Coverages:				
Damage – easement holder exercises right, specific exceptions covered	✓			
Encroachment over boundary or onto easement		Unless in Sch B	Unless in Sch B	Unless in Sch B
Enforced removal – easement holder exercises right	✓	Unless item 4 notation	Unless item 4 notation	Unless item 4 notation
Enforced removal on adjoiner		Unless item 4 notation	Unless item 4 notation	Unless item 4 notation

ALTA® Endorsement Form 28-06 (Easement – Damage or Enforced Removal) (Revised 2/3/10)

This endorsement provides assurances against loss or damage to an insured lender or owner for damage to or enforced removal or alteration of an existing building located on the Land which encroaches into or over an easement identified by exception number designation in Schedule B – Exceptions of the policy solely as a result of the exercise of the right of use or maintenance of the specified easement according to its terms. Typically, provision of this coverage will require prior approval by the title insurer based upon review of a current survey of the Land showing the improvements, a copy of the recorded easement document and information about the use of the improvements (current and intended) in conjunction with any other relevant surrounding facts.

For issuance of ALTA Endorsement Form 28-06 (Easement - Damage or Enforced Removal) (Revised 2/3/10): Review of easement(s) recorded in Book _____, page _____; identification of encroachment(s) onto the easement(s) based on a current survey; determination of the purpose for which the affirmative coverage is requested; and prior approval of the Company's Underwriting Department to provide coverage over these encroachment(s).

ALTA® Endorsement Form 28.1 (Encroachments – Boundaries and Easements) (07-01-2021)

This endorsement provides coverage against loss or damage to an Insured (owner or lender) due to encroachment of an Improvement on the Land onto adjoining land or an easement, or encroachment of an improvement on adjoining land onto the Land, other than encroachments itemized in specified exceptions on Schedule B, as well as loss or damage due to enforced removal of encroachments by existing Improvements on the Land onto easements or adjoining property, unless an exception is taken in the endorsement itself. It contains the same preamble language used in the 2012 revisions to the ALTA 9 series, i.e. “The insurance provided by this endorsement is subject to the exclusions in Section 4 of this endorsement [*encroachments excepted in Schedule B of the policy*]; and the Exclusions from Coverage, the Exceptions from Coverage contained in Schedule B, and the Conditions in the policy.” Issuance of this endorsement would require review of a survey of the Land and analysis of the significance and possible need for waivers or other curative action regarding any encroachments thereon.

For issuance of ALTA Endorsement Form 28.1 (Encroachments - Boundaries and Easements) (07-01-2021): Receipt of current accurate survey or inspection of the Land verifying that there are no encroachments of an Improvement on the Land onto adjoining land or an easement, and no encroachments of an improvement on adjoining land onto the Land. If any encroachments are identified, prior approval must be obtained for additional Requirements (waivers or curative action) or Exceptions under Schedule B and Item 4 of this endorsement.

ALTA® Endorsement Form 28.2-06 Encroachments – Boundaries and Easements – Described Improvements (Adopted 4/2/13)

This endorsement provides assurances regarding specifically identified Improvements, which must be actually itemized in the endorsement. Similar to the Form 28 and Form 28.1 above, this endorsement provides coverage against loss or damage to an Insured (owner or lender) due to encroachment of the itemized Improvement(s) on the Land onto adjoining land or an easement, or encroachment of an itemized Improvement on adjoining land onto the Land, other than encroachments itemized in specified exceptions on Schedule B, as well as loss or damage due to enforced removal of encroachments of the itemized Improvements on the Land onto easements or adjoining property, unless exception is taken in the endorsement itself. Issuance of this endorsement would require review of a survey of the Land and analysis of the significance and possible need for waivers or other curative action regarding any encroachments thereon.

For issuance of ALTA Endorsement Form 28.2-06 (Encroachments - Boundaries and Easements – Described Improvements) (Adopted 4/2/13): Receipt of (1) current accurate survey of the Land, (2)

itemization of the Improvements for which this affirmative coverage is requested, and (3) verification from current survey that Improvements create no encroachments of an Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement and no encroachment onto the Land of improvements appurtenant to adjoining lands. If any encroachments are identified, prior approval must be obtained for additional Requirements (waivers or curative action) or Exceptions under Schedule B and Item 4 of this endorsement.

ALTA® Endorsement Form 28.3-06 Encroachments – Boundaries and Easements –Land Under Development (Adopted 4/2/15)

This endorsement provides assurances regarding specifically defined Improvements existing at Date of Policy, or Future Improvements to be built or constructed according to the Plans specifically identified in the endorsement. Issuance of this endorsement would require review of a survey of the Land as well as the Plans, with analysis of the significance and possible need for waivers or other curative action regarding any encroachments reflected.

For issuance of ALTA Endorsement Form 28.3-06 (Encroachments - Boundaries and Easements – Described Improvements and Land Under Development) (Adopted 4/2/15): Receipt of (1) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (2) a current accurate survey of the Land; (3) verification from Plans and current survey that current Improvements and Future Improvements create no encroachments of an Improvement or Future Improvement located on the Land onto adjoining land or onto that portion of the Land subject to an easement; no encroachment onto the Land of improvements appurtenant to adjoining lands; and that the contemplated Future Improvements will not create any such encroachment. If any encroachments are identified, prior approval must be obtained for additional Requirements (waivers or curative action) or Exceptions under Schedule B and Item 4 of this endorsement.

ALTA® Endorsement Form 29-06 (Interest Rate Swap Endorsement - Direct Obligation) (Adopted 2/3/10)

This endorsement provides assurances against loss or damage to an insured lender that breakage fees under an interest rate exchange or swap agreement executed and in existence at Date of Endorsement will be included in the definition of Indebtedness in Conditions 1(d) and will not be excluded as post-policy under Exclusions from Coverage 3(d) of the ALTA Loan Policy. The endorsement specifically excludes coverage with respect to laws relating to bankruptcy, usury, unconscionability or unreasonableness. This Form 29-06 treats the swap obligation amount as additional principal so the Amount of Insurance should be within the maximum stated in the Insured Mortgage. The swap agreement and Insured Mortgage should be reviewed by underwriting counsel.

For issuance of ALTA Endorsement Form 29-06 (Interest Rate Swap - Direct Obligation) (Adopted 2/3/10): Receipt of verification that (1) the Insured Mortgage contains notice that it will secure future advances and obligations (including specifically obligations of the lender for breakage fees under the swap or interest exchange agreement), states the maximum principal amount (including breakage fees under the swap or interest exchange agreement), specifically identifies the Indebtedness(es) (both the note and the swap or interest exchange agreement) to be secured which must be active and in place at Date of Endorsement; and (2) as applicable, states either (a) that all future obligations must be incurred within 30 years from the date thereof (in compliance with NCGS 45-67 et seq.) for future advance or construction loan transactions, or (b) that it secures an equity line of credit and is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.).

ALTA® Endorsement Form 29.1-06 (Interest Rate Swap Endorsement - Additional Interest)
(Adopted 2/3/10)

This endorsement provides assurances against loss or damage to an Insured similarly to the ALTA® Endorsement Form 29-06 above, except that the amounts advanced under the swap obligation would be treated as additional interest. While Conditions 1 (d) (iv) of the 2006 ALTA Loan Policy includes “interest on the loan” as part of the definition of Indebtedness, the endorsement is necessary in order to insure the validity, priority and enforceability of post-policy interest. This Form 29.1-06 treats the swap obligation amount as additional principal and additional interest so the Amount of Insurance should be within the maximum stated in the Insured Mortgage. The requirements for issuance are, otherwise, the same as for the ALTA® Endorsement Form 29-06.

For issuance of ALTA Endorsement Form 29.1-06 (Interest Rate Swap - Additional Insured) (Adopted 2/3/10): Receipt of verification that (1) the Insured Mortgage contains notice that it will secure future advances and obligations (including specifically obligations of the lender for breakage fees under the swap or interest exchange agreement), states the maximum principal amount (including breakage fees under the swap or interest exchange agreement and interest on the loan), specifically identifies the Indebtedness (es) (both the note and the swap or interest exchange agreement including interest on the loan) to be secured which must be active and in place at Date of Endorsement; and (2) as applicable, states either (a) that all future obligations must be incurred within 30 years from the date thereof (in compliance with NCGS 45-67 et seq.) for future advance or construction loan transactions, or (b) that it secures an equity line of credit and is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.).

ALTA® Endorsement Form 29.2-06 (Interest Rate Swap Endorsement – Direct Obligation – Defined Amount) (Adopted 8/1/11)

Though this endorsement is not typically used in North Carolina since the endorsement itself does not require a maximum amount to be stated in the Insured Mortgage, it can be issued so long as the Insured Mortgage complies with the North Carolina future advance statute, NCGS 45-67, which *does* require the maximum principal amount. So the requirement is the same as for the ALTA® Endorsement Form 29-06 above. The Form 29.2-06 allows the additional amount of liability to be separately shown in the endorsement.

For issuance of ALTA Endorsement Form 29.2-06 (Interest Rate Swap Endorsement - Direct Obligation – Defined Amount) (Adopted 8/1/11): Receipt of verification that (1) the Insured Mortgage contains notice that it will secure future advances and obligations (including specifically obligations of the lender for breakage fees under the swap or interest exchange agreement), states the maximum principal amount (including breakage fees under the swap or interest exchange agreement), specifically identifies the Indebtedness(es) (both the note and the swap or interest exchange agreement) to be secured which must be active and in place at Date of Endorsement; and (2) as applicable, states either (a) that all future obligations must be incurred within 30 years from the date thereof (in compliance with NCGS 45-67 et seq.) for future advance or construction loan transactions, or (b) that it secures an equity line of credit and is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.).

ALTA® Endorsement Form 29.3-06 (Interest Rate Swap Endorsement – Additional Interest – Defined Amount) (Adopted 8/1/11)

Though this endorsement is not typically used in North Carolina since the endorsement itself does not require a maximum amount to be stated in the Insured Mortgage, it can be issued so long as the Insured Mortgage complies with the North Carolina future advance statute, NCGS 45-67, which *does* requirement statement of the maximum principal amount. So the requirements is the same as for the ALTA® Endorsement Form 29.1-06 above. The Form 29.3-06 allows the additional amount of liability to be separately shown in the endorsement

For issuance of ALTA Endorsement Form 29.3-06 (Interest Rate Swap Endorsement - Additional Insured – Defined Amount) (Adopted 8/1/11): Receipt of verification that (1) the Insured Mortgage contains notice that it will secure future advances and obligations (including specifically obligations of the lender for breakage fees under the swap or interest exchange agreement), states the maximum principal amount (including breakage fees under the swap or interest exchange agreement and interest on the loan), specifically identifies the Indebtedness (es) (both the note and the swap or interest exchange agreement including interest on the loan) to be secured which must be active and in place at Date of Endorsement; and (2) as applicable, states either (a) that all future obligations must be incurred within 30 years from the date thereof (in compliance with NCGS 45-67 et seq.) for future advance or construction loan transactions, or (b) that it secures an equity line of credit and is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.).

ALTA® Endorsement Form 30 (One-to-Four Family Shared Appreciation Mortgage) (07-01-2021)

This endorsement provides assurances against loss or damage to an insured lender on a shared appreciation mortgage loan, including defense costs, coverage of post-policy appreciation in value according to the formula in the loan documents. It is designed for use with one-to-four family residential transactions, in connection with loan workouts or other finance transactions. The loan documentation must be reviewed by counsel to assure that (a) the recorded Insured Mortgage and loan documentation provide for shared appreciation, *i.e.* a portion of the appreciation in value of the Land accrues to the Lender in addition to interest, as a portion of secured amount due to Proposed Insured lender, (b) the transaction is an arm's length loan transaction and is not a joint venture, and (c) that the Proposed Insured lender does not have significant management or control authority such that the transaction is at risk of recharacterization as a joint venture. The endorsement excludes coverage for usury or Consumer Protection Laws. Therefore, the endorsement can be issued in North Carolina, notwithstanding that the shared appreciation provisions may be subject to usury concerns under the predatory lending act and probably would not be exempt under NCGS 24-9. The endorsement also excludes coverage for failure to comply with applicable shared appreciation laws and regulations and for creditors' rights issues.

For issuance of ALTA Endorsement Form 30 (One to Four Family Shared Appreciation) (07-01-2021): Receipt of verification that (1) the Land is a one-to-four family residence; (2) the Insured Mortgage is not a reverse mortgage; (3) the recorded Insured Mortgage expressly states that it is a Shared Appreciation Mortgage; *i.e.*, a portion of the appreciation in value of the Land accrues to the Lender in addition to interest, as a portion of secured amount due to Proposed Insured lender and includes the actual formula or calculation method used to determine the lender's share (not just incorporation by reference); (4) the transaction is an arms-length loan transaction and is not a joint venture; and (5) the Proposed Insured lender does not have significant management or control authority such that the transaction is at risk of recharacterization as a joint venture.

ALTA® Endorsement Form 30.1 (Commercial Participation Interest) (07-01-2021)

This endorsement provides assurances against loss or damage to an insured lender on an Insured Mortgage in a commercial transaction securing a loan involving lender sharing in appreciation in value, cash flow and/or increase in equity from the Land, including defense costs, according to the formula in the loan documents, including the Insured Mortgage. The loan documentation must be reviewed by counsel to assure that (a) the recorded Insured Mortgage and loan documentation expressly state the formula for shared appreciation (*i.e.* a portion of the appreciation in value of the Land accrues to the Lender in addition to interest), cash flows or increases in equity, as a portion of secured amount due to Proposed Insured lender, (b) the transaction is an arm's length loan transaction and is not a joint venture, and (c) that the Proposed Insured lender does not have significant management or control authority such that the transaction is at risk of recharacterization as a joint venture. The Amount of Insurance should, at a minimum, be the sum of principal debt plus a reasonable estimate of the amount of the shared appreciation. The endorsement excludes coverage for usury, unconscionability or Consumer Protection Laws. Therefore, the endorsement can be issued in North Carolina, notwithstanding that the shared appreciation provisions may be subject to usury concerns under the predatory lending act and probably would not be exempt under NCGS 24-9. The endorsement also excludes coverage for failure to comply with applicable shared appreciation laws and regulations, for creditors' rights issues and for post-policy mechanics' liens.

For issuance of ALTA Endorsement Form 30.1 (Commercial Participation Interest) (07-01-2021):

Receipt of verification that (1) recorded Insured Mortgage expressly states that it is a shared appreciation mortgage, *i.e.* a portion of the appreciation in value of or equity in or cash flow from the Land (as the case may be) accrues to the Lender in addition to interest, as a portion of secured amount due to Proposed Insured lender; and expressly includes the actual formula or calculation method used to determine the lender's share (not just incorporation by reference); (2) the transaction is an arm's length loan transaction and is not a joint venture; and (3) the Proposed Insured lender does not have significant management or control authority such that the transaction is at risk of recharacterization as a joint venture.

ALTA® Endorsement Form 31-06 (Severable Improvements Endorsement) (Adopted 2/3/11)

This endorsement is designed to include in the Amount of Insurance and calculation of loss under the policy the diminution in value of and costs of removal and relocation (up to 100 miles) of certain "severable improvements". "Severable Improvements" are defined in the endorsement as "property affixed to the Land on or after Date of Policy that by law does not constitute real property because: a. of its character and manner of attachment to the Land; and b. it can be severed from the Land without causing material damage to it or to the Land." Absent the endorsement, since these are personal property, no coverage would be afforded. The endorsement does not provide coverage that these improvements are owned as personal property nor does it provide any assurances regarding security interests therein. The endorsement only provides an addition to the calculation of loss, but the coverage itself is only triggered in the event of a title loss due to defects, liens or encumbrances on the Title to the Land. So, the Amount of Insurance should be calculated to address these additional potential loss amounts in excess of amounts otherwise applicable for the Title to the Land only. The endorsement also specifically states that it is not in addition to valuations of the Title otherwise provided in the policy and endorsements, such as the ALTA 13 and ALTA 36 series endorsements. The Amount of Insurance should include a calculation for the possible loss under this endorsement as well as the Title itself.

For issuance of ALTA Endorsement Form 31-06 (Severable Improvements) (Adopted 2/3/11): Receipt of verification (1) that the vesting instrument regarding any interest in the Land provides for the removal by Insured of Severable Improvements (*i.e.*, property affixed to the Land on or after Date of Policy that by law does not constitute real property because of its character and manner of attachment to the Land; and it can be severed from the Land without causing material damage to it or to the Land); and (2) to

determine the additional Amount of Insurance for this coverage, the additional potential diminution in value and costs of removal and relocation of those Severable Improvements (up to 100 miles) in the event of a defect, lien, encumbrance or other matter covered by the policy affecting Title to the Land.

The ALTA® Endorsement Form 32 and Form 33 series:

NOTE: The issuance of construction lien or mechanics' lien coverage is considered an extra-hazardous risk, in situations involving "broken priority," i.e. the Proposed Insured lender cannot under NC law or will not under the circumstances obtain all necessary waivers or subordinations to assure legal statutory priority of their Proposed Insured Mortgage. Therefore, the specific requirements of the underwriting title insurer must be followed strictly. Underwriting counsel should be consulted.

The ALTA® Endorsement Form 32 series endorsements are applicable in situations in which the Insured Mortgage may not have legal priority over the Construction Loan Advance, as defined in the endorsement - typically in situations in which the Insured lender could have but did not obtain statutory priority. So the Company (the title insurance underwriter) may be unwilling to provide coverage against mechanics' liens other than on this narrowly focused coverage. In North Carolina, obtaining waivers or subordinations in compliance with the lien agent procedures contained in NCGS 44A-11.1 *et seq.*, including those filing within 15 days after recordation of the Insured Mortgage, may assure priority. To that end, the commitment should also contain appropriate requirements for appointment of lien agent, affidavits, waivers and subordinations, as appropriate for the transaction, in order to obtain priority of the Insured Mortgage. However, additional assurances, possibly indemnities of satisfactory indemnitors, may be required if priority cannot be assured at time of policy issuance.

Each of the ALTA® Endorsement Form 32 series endorsements addresses only payments made *prior to* Date of Coverage, as identified in the endorsement, providing coverage for:

- (1) invalidity or unenforceability of the lien of the Insured Mortgage as security for each Construction Loan Advance made on or before Date of Coverage;
- (2) lack of priority of the lien of the Insured Mortgage as security for each Construction Loan Advance made on or before Date of Coverage over any lien or encumbrance recorded in the Public Records; and
- (3) lack of priority of the lien of the Insured Mortgage as security for each Construction Loan Advance made on or before Date of Coverage over any Mechanic's Lien if notice of the Mechanic's Lien is not filed or recorded in the Public Records (though specific claimants vary by endorsement).

The Construction Loan Advance is narrowly and specifically defined as "[a]n advance that constitutes Indebtedness made on or before the Date of Coverage for the purpose of financing in whole or in part the construction of improvements on the Land."

However, the limitations and coverages of each of the endorsements differs based on the specific draw request required, the payor (Insured or Company) and the payee:

- The ALTA 32 covers payments itemized in a draw request, *i.e.* "designated for payment in the documents supporting a Construction Loan Advance disbursed by or on behalf of the Insured" (which may often identify the services and supplies, but might not include the payees) (Form 32),
- The ALTA 32.1 is for use in situations of direct payments by the Company or by the Insured with the Company's approval to the particular provider, *i.e.* "direct payment to the Mechanic's Lien claimant for the charges for the services, labor, materials or

equipment for which the Mechanic's Lien is claimed has been made by the Company or by the Insured with the Company's written approval." (Form 32.1) or

- The ALTA 32.2 covers liens for payments by the Insured directly *i.e.* "direct payment to the Mechanic's Lien claimant for the charges for the services, labor, materials or equipment for which the Mechanic's Lien is claimed has been made by the Insured or on the Insured's behalf." (Form 32.2).

Endorsement	Payor	Payee	"Claims" covered
32	By or on their behalf of Insured	By labor, service, material	Labor services or materials in documents
32.1	By Company or with Company's written approval	Identified Mechanic's Lien claimant	Identified Mechanics' Lien claimant for the specific labor, service or materials
32.2	Insured or on Insured's behalf	Identified Mechanic's Lien claimant	Identified Mechanics' Lien claimant for the specific labor, service or materials

All of the Form 32 series endorsements are subject to the policy Exclusions from Coverage, Conditions and Exceptions in Schedule B, including:

Exclusion 3(a) (matters created, suffered, assumed or agreed to by the Insured – such as failure to fully disburse, retainage, disputes over services, or improper disbursement procedure),

Exclusion 3(b) (matters not recorded in the Public Records that are known by the Insured and not known by the Company),

Exclusion 3(c) (matters resulting in no loss – such as where there is equity in the property, no value to the collateral, or failure to fully disburse), and

Exclusion 3(d) (matters attaching or created after Date of Policy – such as improvements contracted for, commenced, or continued after Date of Policy).

Date of Coverage will *not* be extended by the ALTA 32 series endorsement; however, each endorsement states that the Date of Coverage may be extended by compliance with requirements for and issuance of the ALTA® Endorsement Form 33-06 (Disbursement), discussed further below, related to the particular ALTA 32 series endorsement in the given Loan Policy.

Until absolute priority can be established by appropriate subordinations and waivers, the issuance of these endorsements necessitates the following exception be included in Schedule B of the policy in the place of the general mechanic's lien exception:

Any statutory lien or claim of lien, affecting the Title, that arises from services provided, labor performed, or materials or equipment furnished, except as insured by the attached ALTA® Endorsement Form 32 [or 32.1 or 32.2, whichever is used] as it may be revised by ALTA® Endorsement Form 33-06 (Disbursement).

ALTA® Endorsement Form 32 (Construction Loan) (07-01-2021)

The endorsement provides limited assurance regarding misdisbursement of Construction Loan Advances, as discussed above, “but only to the extent that the charges for the services, labor, materials or equipment were designated for payment in the documents supporting a Construction Loan Advance disbursed by or on behalf of the Insured on or before Date of Coverage.” This mis-disbursement coverage does not require the names of the parties providing the services, labor or material being paid for and covers lower tier derivative liens such as material suppliers of a paid subcontractor. Note that the mis-disbursement risk includes the risk of inadequate descriptions of who is doing the work and how much they were paid.

For issuance of ALTA Endorsement Form 32 (Construction Loan) (07-01-2021): Receipt of (a) verification that no notice of claim of lien on real property is filed or recorded in the Public Records; (b) evidence of sufficiency of funds to pay for the cost of construction; (c) draw by draw documentation indicating who is to be paid or what is to be paid and how much is to be paid from the various parties at different levels being paid; (d) evidence of payment at each Construction Loan Advance (usually in the form of lien waivers indicating payment); and (e) indemnification from each payee at time of payment to cover misdisbursement or non-payment by any party at any level, since funds may flow from the owner to the contractor to lower tier subcontractors and suppliers for the defined work. Prior approval by Company underwriting counsel is required and additional financial assurances may be required if priority of the Insured Mortgage cannot be established at time of policy issuance.

ALTA® Endorsement Form 32.1 (Construction Loan - Direct Payment) (07-01-2021)

The endorsement provides limited assurance regarding misdisbursement of Construction Loan Advances, as discussed above, “but only to the extent that direct payment to the Mechanic’s Lien claimant for the charges for the services, labor, materials or equipment for which the Mechanic’s Lien is claimed has been made by the Company or by the Insured with the Company’s written approval.” And this endorsement only provides coverage for direct payments to claimants, not their lower tier suppliers or subcontractors.

For issuance of ALTA Endorsement Form 32.1 (Construction Loan - Direct Payment) (07-01-2021): Receipt of (a) verification that, other than potential lien claimants being paid through this Construction Loan Advance, no claim of lien on funds has been served on the owner or payee, no Notice to Lien Agent has been filed, and no notice of claim of lien on real property is filed or recorded in the Public Records; (b) evidence of sufficiency of funds to pay for the cost of construction; (c) draw by draw documentation indicating and evidence of payment by the Company or the Insured lender, with Company’s written approval, to and receipt by potential lien claimants (usually in the form of lien waivers indicating payment) for each Construction Loan Advance; and (d) indemnification from each payee at time of payment to cover misdisbursement or non-payment by any party at any level, since funds may flow from the owner to the contractor to lower tier subcontractors and suppliers for the defined work. Prior approval by Company underwriting counsel is required and additional financial assurances may be required if priority of the Insured Mortgage cannot be established at time of policy issuance.

ALTA® Endorsement Form 32.2 (Construction Loan – Insured’s Direct Payment) (07-01-2021)

The endorsement provides limited assurance regarding misdisbursement of Construction Loan Advances, as discussed above, “but only to the extent that direct payment to the Mechanic’s Lien claimant for the charges for the services, labor, materials or equipment for which the Mechanic’s Lien is claimed has been made by the Insured or on the Insured’s behalf on or before Date of Coverage.” And it only provides coverage for direct payments to claimants, not their lower tier suppliers or subcontractors.

For issuance of ALTA Endorsement Form 32.2 (Construction Loan– Insured’s Direct Payment) (07-01-2021): Receipt of (a) verification that, other than potential lien claimants being paid through this Construction Loan Advance, no claim of lien on funds has been served on the owner or payee, no Notice to Lien Agent has been filed, and no notice of claim of lien on real property is filed or recorded in the Public Records; (b) evidence of sufficiency of funds to pay for the cost of construction; (c) draw by draw documentation indicating and evidence of payment by or on behalf of the Insured (lender) to and receipt by potential lien claimants (usually in the form of lien waivers indicating payment) at each Construction Loan Advance; and (d) indemnification from each payee at time of payment to cover misdisbursement or non-payment by any party at any level, since funds may flow from the owner to the contractor to lower tier subcontractors and suppliers for the defined work. Prior approval by Company underwriting counsel is required and additional financial assurances may be required if priority of the Insured Mortgage cannot be established at time of policy issuance.

ALTA® Endorsement Form 33-06 (Disbursement Endorsement) (Adopted 2/3/11)

The endorsement provides a date down of the “Date of Coverage” regarding mechanic’s liens (but may not be changing Date of Policy). It also contemplates possible changes to Schedules A and B. It is not unusual to do the disbursement (current and total) endorsement based upon information from the lender together with updated Title opinion from the NC certifying attorney through Date of Coverage. Issuance would require assured priority pursuant to a compliant future advance Mortgage (in compliance with NCGS 45-67 *et seq.* or NCGS 45-81 *et seq.*), updated title opinion through the Date of Coverage (including lien agent report), updated survey information (or survey exception for matters subsequent to existing survey coverage, if any) along with either (a) all required subordinations of potential mechanics’ lien claimants or (b) limited lien coverage under applicable ALTA® Endorsement Forms 32or 32.1above, as well as appropriate lien subordinations or waivers and survey information regarding the extension of Date of Coverage. Any matters shown therein and not resolved prior to Date of Coverage or already shown in Schedule B, shall be reflected in the ALTA® Endorsement Form 33-06, when issued.

For issuance of the ALTA Endorsement Form 33-06 (Disbursement) (Adopted 2/3/11): Receipt of (a) attorney’s certification of assured priority pursuant to compliance of the Insured Mortgage with either (1) Chapter 45, Article 7 of the North Carolina General Statutes (NCGS 45-67 *et seq.*) for revolving credit lines, future advance loans, or construction loan transactions or (2) Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 *et seq.*) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations); (b) attorney’s updated opinion on title through the Date of Coverage at each Construction Loan Advance endorsement request, including mechanics’ lien agent report and addition of any intervening matters as exceptions; (c) updated survey information (or endorsement will include exception to intervening matters of survey subsequent to existing survey coverage, if any) if update of Title is requested; and (d) either (1) all required subordinations of potential mechanics’ lien claimants or (2) limited lien coverage under applicable ALTA Endorsement Form 32, 32.1, or 32.2 as well as appropriate lien subordinations or waivers and survey information regarding the extension of Date of Coverage. Any matters shown therein and not resolved prior to Date of Coverage shall be reflected in the ALTA Endorsement Form 33-06, when issued.

ALTA® Endorsement Form 34 series – Identified Risk Coverages

These endorsements were designed to be used when a title examination or survey uncover a nominal title risk for which the title insurer is willing to provide affirmative coverage *limited to loss caused by the title risk, i.e. the “Identified Risk,”* regarding an itemized exception in Schedule B. The endorsements are intended to be used to standardize “affirmative coverage” and would replace (*i.e.*, are not in addition to) the various affirmative coverage provisions sometimes added to the exception for the title risk itself in Schedule B. The endorsements address defense coverage, marketability coverage (insurability only) and clarify that the coverage is subject to the other Conditions of the policy. These endorsements and the revisions to many of the earlier endorsements (such as the ALTA® Endorsement Form 3 and 9 series) above were in response to the decision in *Alliance Mortgage Company v. Rothwell* 32 Cal. Rptr. 2d 592, 27 Cal. App. 4th 218 (Cal. App. 1 Dist. 1994), in which the affirmative language “insures against loss ...” due to an affirmative statement of the condition of the property (*i.e.* the property is located at X address) was held to render the insurer liable for substantial non-title losses, totally unrelated to the Title or the title insurance coverage. Though the loss is triggered by entry of a final decree, the endorsement as written does not relieve the Company of the duty to defend.

The “Identified Risk” is *not* the entire exception. The “Identified Risk” is the particular harm to the Insured and the type of affirmative coverage to be provided. The exception still exists, such as the covenants or lease or encroachment. But the endorsement may provide protection against enforced removal or attempted enforcement or even prohibition of a particular activity. The ALTA 9 series and ALTA 28 series should be considered for matters covered under those endorsements. The ALTA 34 and 34.1 should be used for other types of issues. A few examples:

- Attempted enforcement of an old deed of trust which has long ago expired or is known to have been paid in full, but for which a satisfaction of record cannot be obtained.
- Attempted enforcement of a particular restriction in covenants to prevent certain action or violations, such as a long-existing violation for which a statutory limitations period has run so it is no longer enforceable for the particular violation.
- Attempted enforcement of a lease provision or prohibition of sale of X types of products in a retail shopping center, such as insuring incoming Big Box retailer against attempted enforcement of a sale of particular types of items under another tenant’s more general lease prohibitions, especially if the smaller tenant is no longer in business.
- Damage, enforced removal or alteration of a defined improvement caused by an encroachment crossing a boundary line to land or a condominium unit, other than an easement, other than the ALTA 28 series coverages.

ALTA® Endorsement Form 34-06 (Identified Risk Coverage) (Adopted 8/1/11)

This endorsement is no longer the preferred version of the ALTA 34 series since the ALTA® Endorsement Form 34.1 (below) is more specific and clearer. Substantively, however, they are both as described above.

For issuance of ALTA Endorsement Form 34-06 (Identified Risk Coverage) (Adopted 8/1/11): Verification of the particular “Identified Risk” for which affirmative coverage is requested, and determination of appropriate affirmative coverage based on applicable Company underwriting procedures, including but not limited to review and approval by Company counsel.

ALTA® Endorsement Form 34.1 (Identified Exception & Identified Risk Coverage) (07-01-2021)

The ALTA® Endorsement Form 34.1 provides the same coverage and exclusions as the ALTA Form 34 above. This revised form was created for more clarity, distinguishing the “Identified Risk” more clearly from the exception or encumbrance to which it relates. So the requirement for coverage would be the same.

For Issuance of ALTA Endorsement Form 34.1 (Identified Exception & Identified Risk Coverage) (07-01-2021): Verification of the particular "Identified Risk" for which affirmative coverage is requested, and determination of appropriate affirmative coverage based on applicable Company underwriting procedures, including but not limited to review and approval by Company counsel.

ALTA® Endorsement Form 35-06 (Minerals and Other Subsurface Substances - Buildings)
(Adopted 4/2/12)

This endorsement is available to lenders or owners to provide coverage against loss due to enforced removal or alteration of existing Buildings on the Land resulting from the future exercise of rights to use the surface of the Land to extract and develop subsurface minerals or other subsurface substances. Lenders still have some mineral or subsurface rights coverage available in the ALTA® Endorsement Forms 9-06, 9.7-06 and 9.10-06.

For issuance of ALTA Endorsement Form 35-06 (Minerals & Other Subsurface Substances-Buildings) (Adopted 4/2/12): Verification that no third party currently has the present or future right to any minerals located on Land; or, if any, that they require repair of any surface damage or damage to Improvements (as defined in the endorsement) caused by exercise of those extraction and development of subsurface rights.

ALTA® Endorsement Form 35.1-06 (Minerals and Other Subsurface Substances – Improvements)
(Adopted 4/2/12)

This endorsement provides similar protect as the ALTA® Endorsement Form 35-06, but with regard to Improvements on the Land, as defined in the endorsement to include “a building, structure located on the surface of the Land, and any paved road, walkway, parking area, driveway, or curb, affixed to the Land at Date of Policy and that by law constitutes real property, but excluding any crops, landscaping, lawn, shrubbery, or trees.”.

For issuance of ALTA Endorsement Form 35.1-06 (Minerals & Other Subsurface Substances-Improvements) (Adopted 4/2/12): Verification that no third party currently has the present or future right to any minerals located on Land; or, if any, that they require repair of any surface damage or damage to Improvements (as defined in the endorsement) caused by exercise of those extraction and development of subsurface rights.

ALTA® Endorsement Form 35.2-06 (Minerals and Other Subsurface Substances – Described Improvements) (Adopted 4/2/12)

This endorsement provides similar protect as the ALTA® Endorsement Form 35-06, but with regard to Improvements on the Land, as specifically itemized in the endorsement or an attached exhibit, based on negotiation between the proposed Insured and the Company.

For issuance of ALTA Endorsement Form 35.2-06 (Minerals & Other Subsurface Substances-Described Improvements) (Adopted 4/2/12): Verification that no third party currently has the present or future right to any minerals located on Land; or, if any, that they require repair of any surface damage or damage to Improvements (as itemized in the endorsement or an attached exhibit) caused by exercise of those extraction and development of subsurface rights.

ALTA® Endorsement Form 35.3-06 (Minerals and Other Subsurface Substances – Land Under Development) (Adopted 4/2/12)

This endorsement provides similar protect as the ALTA® Endorsement Form 35-06, but with regard to specifically identified Improvements and Future Improvements on the Land based on Plans specifically identified in the endorsement. This endorsement provides the following definitions:

1. “Improvement” means a building, structure located on the surface of the Land, and any paved road, walkway, parking area, driveway, or curb, affixed to the Land at Date of Policy and that by law constitutes real property, but excluding any crops, landscaping, lawn, shrubbery, or trees.
2. “Future Improvement” means a building, structure, and any paved road, walkway, parking area, driveway, or curb to be constructed on or affixed to the Land in the locations according to the Plans and that by law will constitute real property, but excluding any crops, landscaping, lawn, shrubbery, or trees.
3. “Plans” means the survey, site and elevation plans or other depictions or drawings prepared by (insert name of architect or engineer) dated ____, last revised _____, designated as (insert name of project or project number) consisting of ____ sheets.

For issuance of ALTA Endorsement Form 35.3-06 (Minerals & Other Subsurface Substances-Land Under Development) (Adopted 4/2/12): Verification that no third party currently has the present or future right to any minerals located on Land; or, if any, that they require repair of any surface damage or damage to Improvements on the Land at Date of Policy or Future Improvements to be constructed on or affixed to the Land in the locations according to the Plans caused by exercise of those extraction and development of subsurface rights.

ALTA® Endorsement Form 36 Series – Energy Projects

Energy projects involve many traditional real estate concepts, which recur in often unique ways. As with any large development, they involve large numbers of contiguous and interdependent tracts in an integrated project, often including easements and long-term leasehold interests. So coverage similar to the ALTA® Endorsement Forms 13-06 and 13.1-06 are applicable. Severable improvements are typically involved, necessitating coverage similar to that provided in other contexts by the ALTA® Endorsement Form 31-06. So all of these coverages, where applicable are incorporated into this Form 36 series of endorsements; the Forms 13, 13.1 and 36 should *not* be used.

ALTA® Endorsement Form 36-06 (Energy Project – Leasehold/Easement – Owner’s) (Adopted 4/2/12)

This endorsement for the owner’s policy (1) includes energy project specific definitions, (2) includes coverage for insured easement interests (as well as for insured leasehold estates) that are often utilized in lieu of or along with leases to create the rights in the Land for some or all of the project improvements (as well as other more traditional easement purposes), (3) expands the “Valuation of Title” section to make clear that the computation of loss or damage for a covered defect affecting one parcel (or fewer than all parcels) shall include resulting loss or damage to the “integrated project,” (4) builds in coverage pertaining to “Severable Improvements” (as defined) that is also available through the ALTA® Endorsement Form 31-06 (“Severable Improvements”) adopted effective 2/3/11, (5) tailors the “Additional Items of Loss” section as appropriate to the energy project context, and (6) adds a new exclusion addressing costs of remediation resulting from environmental damage or contamination.

For issuance of ALTA Endorsement Form 36-06 (Energy Project – Leasehold/Easement – Owner’s) (Adopted 4/2/12): Receipt of (1) verification that the Land for the energy project includes leasehold and easement rights which are a common component of energy projects; (2) verification of recordation of satisfactory Lease (or memorandum thereof) evidencing the Leasehold Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the Lease; (3) verification of recordation

of satisfactory Easement to be insured, including any terms, covenants, conditions or restrictions contained in the Easement; (4) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (5) a current and accurate survey of the Land; (6) verification that the Lease and Easement provide for the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land); and (7) in order to calculate the additional Amount of Insurance for this coverage, the additional potential losses and costs of removal and relocation of those Severable Improvements for which coverage is provided by this endorsement, in the event of Eviction due to a defect, lien, encumbrance or other matter covered by the Policy affecting the Title to the Land. Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.1-06 (Energy Project – Leasehold/Easement – Loan) (Adopted 4/2/12)

This endorsement is the loan policy counterpart to the ALTA® Endorsement Form 36-06 above.

For issuance of ALTA Endorsement Form 36.1-06 (Energy Project – Leasehold/Easement – Loan) (Adopted 4/2/12): Receipt of (1) verification that the Land for the energy project includes leasehold and easement rights which are a common component of energy projects; (2) verification of recordation of satisfactory Lease (or memorandum thereof) evidencing the Leasehold Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the Lease; (3) verification of recordation of satisfactory Easement to be insured, including any terms, covenants, conditions or restrictions contained in the Easement; (4) verification of recordation of satisfactory Insured Mortgage encumbering the Lease and Easement(s) interests in the Land; (5) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (6) a current and accurate survey of the Land; and (7) verification that the Lease and Easement provide for the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land). Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.2-06 (Energy Project – Leasehold – Owner's) (Adopted 4/2/12)

This endorsement for the owner's policy is substantially similar to the ALTA® Endorsement Form 36-06, but would apply to a leasehold project for which no easement interests are being insured.

For issuance of ALTA Endorsement Form 36.2-06 (Energy Project – Leasehold – Owner's) (Adopted 4/2/12): Receipt of (1) verification that the Land for the energy project includes leasehold interest only; (2) verification of recordation of satisfactory Lease (or memorandum thereof) evidencing the Leasehold Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the Lease; (3) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (4) a current and accurate survey of the Land; (5) verification that the Lease provides for the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land); and (6) in order to calculate the additional Amount of Insurance for this coverage, the additional potential losses

and costs of removal and relocation of those Severable Improvements for which coverage is provided by this endorsement, in the event of Eviction due to a defect, lien, encumbrance or other matter covered by the Policy affecting the Title to the Land. Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.3-06 (Energy Project – Leasehold – Loan) (Adopted 4/2/12)

This endorsement is the loan policy counterpart to the ALTA® Endorsement Form 36.2-06 above, applicable to situations involving a Leasehold Estate only, for which no easement interested are being insured.

For issuance of ALTA Endorsement Form 36.3-06 (Energy Project – Leasehold – Loan) (Adopted 4/2/12): Receipt of (1) verification that the Land for the energy project includes leasehold interest only; (2) verification of recordation of satisfactory Lease (or memorandum thereof) evidencing the Leasehold Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the Lease; (3) verification of recordation of satisfactory Insured Mortgage encumbering the Leasehold interest in the Land; (4) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (5) a current and accurate survey of the Land; and (6) verification that the Lease and Easement provide for the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land). Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.4-06 (Energy Project – Covenants, Conditions and Restrictions -- Land Under Development – Owner's) (Adopted 4/2/12)

This endorsement is patterned after the ALTA® Endorsement Form 9.8-06, but tailored for providing coverage to an owner regarding new construction in progress on energy projects, to provide coverage for defined Covenants, including violations or enforced removal of any "Electricity Facility" or "Severable Improvement," as defined on Date of Policy and to be constructed pursuant to Plans specifically identified in the endorsement.

For issuance of ALTA Endorsement Form 36.4-06 (Energy Project – Covenants, Conditions and Restrictions - Land Under Development – Owner's) (Adopted 4/2/12): Receipt of (1) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Electricity Facility or Severable Improvements contemplated; (2) a current and accurate survey of the Land; (3) verification from Plans and current survey that current Improvements and Electricity Facility or Severable Improvements create no violation of any covenants, conditions or restrictions and no violation of any building setback lines, and that the contemplated Electricity Facility or Severable Improvements will not create any such violation; and (4) certification from attorney that, to the attorney's knowledge, the covenants, conditions or restrictions have not been violated and will not be violated by the Electricity Facility or Severable Improvements. Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.5-06 (Energy Project – Covenants, Conditions and Restrictions – Land Under Development – Loan) (Adopted 4/2/12)

This endorsement is patterned after the ALTA® Endorsement Form 9.7-06 (without coverage regarding encroachments, *see* Form 36.6-06 below, or minerals, *see* Form 35 series above), but tailored for providing coverage to a lender regarding new construction in progress on energy projects, to provide coverage for defined Covenants, including violations or enforced removal of any “Electricity Facility” or “Severable Improvement,” as defined on Date of Policy and to be constructed pursuant to Plans specifically identified in the endorsement. It is the loan policy equivalent of ALTA® Endorsement Form 36.4-06 above.

For issuance of ALTA Endorsement Form 36.5-06 (Energy Project – Covenants, Conditions and Restrictions – Land Under Development – Loan) (Adopted 4/2/12): Receipt of (1) architect’s or engineer’s Plans (survey, site, elevation & other drawings) for specific Electricity Facility or Severable Improvements contemplated; (2) a current and accurate survey of the Land; (3) verification from Plans and current survey that current Improvements and Electricity Facility or Severable Improvements create no violation of any covenants, conditions or restrictions and no violation of any building setback lines, and that the contemplated Electricity Facility or Severable Improvements will not create any such violation; and (4) certification from attorney that, to the attorney’s knowledge, the covenants, conditions or restrictions have not been violated and will not be violated by the Electricity Facility or Severable Improvements. Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.6-06 (Energy Project - Encroachments) (Adopted 4/2/12)

This endorsement provides coverage to an owner or lender, similar to the ALTA® Endorsement Form 28.1-06, but tailored for energy projects. The coverage includes loss from encroachments (other than those excepted in Schedule B of the policy) by Improvements on the Land onto adjoining property or easement areas (including enforced removal coverage) or by neighboring improvements onto the Land. This includes coverage against enforced removal of any encroaching “Electricity Facility” or “Severable Improvement,” the definitions of which include those existing at Date of Policy and those affixed later in the locations identified on the set of defined Plans.

For issuance of ALTA Endorsement Form 36.6-06 (Energy Project - Encroachments) (Adopted 4/2/12): Receipt of (1) architect’s or engineer’s Plans (survey, site, elevation & other drawings) for specific Electricity Facility or Severable Improvements contemplated; (2) a current and accurate survey of the Land; and (3) verification from Plans and current survey that (a) current Improvements and Electricity Facility or Severable Improvements contemplated create no encroachments of an Improvement or Electricity Facility or Severable Improvements located on the Land onto adjoining land or onto that portion of the Land subject to an easement and (b) that there are no encroachments onto the Land or easements of improvements appurtenant to adjoining lands.

ALTA® Endorsement Form 36.7-06 (Energy Project – Fee Estate – Owner’s Policy) (Adopted 12/01/14)

The ALTA® Endorsement Form 36.7-06 applies to an Owner’s Policy and is the fee estate equivalent to the ALTA® Endorsement Forms 36-06 and 36.2-06 for leasehold and easement interests, respectively.

For issuance of ALTA Endorsement Form 36.7-06 (Energy Project – Fee Estate – Owner’s) (Adopted 12/01/14): Receipt of (1) verification that the Land for the energy project includes ownership rights sufficient for common components of an Electricity Facility; (2) verification of recordation of satisfactory deed to the Insured evidencing the Fee Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the deed; (3) verification of recordation of satisfactory Insured Mortgage (if applicable) encumbering the Fee Estate interest(s) in the Land; (4) architect’s or engineer’s Plans (survey, site, elevation & other drawings) for specific Future Improvements

contemplated; (5) a current and accurate survey of the Land; and (6) verification that the conveyance does not limit or restrict the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land). Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 36.8-06 (Energy Project – Fee Estate – Loan Policy) (Adopted 12/01/14)

The ALTA® Endorsement Form 36.8-06 applies to the Loan Policy and is the fee estate equivalent to the ALTA® Endorsement Forms 36.1-06 and 36.3-06 for leasehold and easement Insured Mortgages. This endorsement is the loan policy counterpart to the ALTA® Endorsement Form 36.7-06 above, applicable to situations involving a Fee Estate.

For issuance of ALTA Endorsement Form 36.8-06 (Energy Project – Fee Estate – Loan) (Adopted 12/01/14): Receipt of (1) verification that the Land for the energy project includes ownership rights sufficient for common components of an Electricity Facility; (2) verification of recordation of satisfactory deed to the Insured evidencing the Fee Estate in the Land to be insured, including any covenants, conditions or restrictions contained in the deed; (3) verification of recordation of satisfactory Insured Mortgage encumbering the Fee Estate interest(s) in the Land; (4) architect's or engineer's Plans (survey, site, elevation & other drawings) for specific Future Improvements contemplated; (5) a current and accurate survey of the Land; and (6) verification that the conveyance does not limit or restrict the removal by the Insured of Severable Improvements (i.e. property affixed to the Land at Date of Policy or to be affixed in the locations according to the Plans, that would constitute an Electricity Facility but for its characterization as personal property, and that by law does not constitute real property because (a) of its character and manner of attachment to the Land and (b) the property can be severed from the Land without causing material damage to the property or to the Land). Prior approval by Company underwriting counsel is required.

ALTA® Endorsement Form 37-06 (Assignment of Rents or Leases) (Adopted 12/3/12)

Often, for loan involving Land with tenants in possession or anticipated future tenants, such as an apartment complex, retail shopping center or office building, as additional collateral the lender will require a recorded assignment of the owner-borrower's interest as a landlord under certain specified leases. Priority of such an assignment of leases and rents can be verified according to the priority statute, NCGS §47-20. (NOTE: This endorsement is not appropriate for transactions in which the assignment of rents or leases is incorporated in the Insured Mortgage instead of by separate document. A non-ALTA form may be available when appropriate.)

For issuance of ALTA Endorsement Form 37-06 (Assignment of Rents or Leases) (Adopted 12/3/12): Receipt of duly authorized recorded Assignment of Rents or Leases, executed by the appropriate representatives of the borrower-assignor in favor of the Insured Lender, and attorney's verification that no other assignments of leases or rents remain outstanding of record affecting the Land, including in prior deeds of trust, except as such assignments are specifically excepted in Schedule B.

ALTA® Endorsement Form 38-06 (Mortgage Tax) (Adopted 12/3/12)

Some states impose a tax to be paid at the time of recording of the Insured Mortgage. This endorsement would provide affirmative coverage to a lender against invalidity or unenforceability of the Insured Mortgage due to failure to pay the appropriate mortgage tax (but not the tax itself which is the obligation of the Insured under Exclusion 3(a)). However, North Carolina does not impose such a tax, so this ALTA® Endorsement is not applicable in North Carolina.

ALTA® Endorsement Form 39-06 Policy Authentication (Adopted 4/2/13)

As commitments and policies are increasingly generated electronically, without “wet” signatures, this endorsement was developed to provide additional assurance that coverage is not invalidated if solely generated and delivered electronically, despite Condition 15(c) of the ALTA Owner’s Policy and Condition 14(c) of the ALTA Loan Policy, which provides: “*c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.*” This endorsement can be provided upon request and no requirement is necessary. The affirmative assurance is now included in the ALTA 2021 policy forms and this endorsement is no longer necessary, though it will remain available if requested for pre-2021 ALTA policy forms.

ALTA® Endorsement Form 40-06 (Tax Credit – Owner’s Policy) and ALTA® Endorsement Form 40.1-06 (Tax Credit – Defined Amount – Owner’s Policy) (Adopted 4/2/14)

The U.S. Internal Revenue Code as well as some other federal, state and local programs provide for tax credits to investors in certain types of commercial real estate projects, such as certain qualifying low-income housing projects. In these transactions, the value of the property and the investment in the project by the investor is largely due to the tax credits available. Therefore, these endorsements add additional coverage for the specifically identified Tax Credit Investor (not the Insured Owner under the policy) for the value of the benefit of these tax credits themselves (in addition to the standard policy coverage for the Insured Owner). This additional endorsement coverage is, however, limited to the extent that the defect, lien or encumbrance triggering the policy coverage is also the cause of the loss of or damage to the tax credit. The Form 40.1-06 also bifurcates the coverage between the basic policy coverage and a separate specified amount, the “Additional Amount of Insurance,” allocated solely to the tax credit loss suffered by the Tax Credit Investor.

For issuance of the ALTA Endorsement Form 40-06 (Tax Credit – Owner’s Policy) (Adopted 4/2/14):

Receipt of (1) verification that the transaction and the Title to the Land qualify for a tax credit in effect at Date of Policy pertaining to the Land that is available to the Tax Credit Investor under applicable federal, State or local law; and (2) identification of the Tax Credit Investor to be insured specifically. NOTE: The Insured must also sign the endorsement, given the assignment and acknowledgment in item #6 of the endorsement.

For issuance of the ALTA Endorsement Form 40.1-06 (Tax Credit – Defined Amount – Owner’s Policy) (Adopted 4/2/14):

Receipt of (1) verification that the transaction and the Title to the Land qualify for a tax credit in effect at Date of Policy pertaining to the Land that is available to the Tax Credit Investor under applicable federal, State or local law; (2) identification of the Tax Credit Investor to be insured specifically; and (3) the Additional Amount of Insurance to be allocated specifically to loss or damage payable as a result of the tax credit endorsement coverage. NOTE: Additional premium will be required for the Additional Amount of Insurance.

ALTA® Endorsement Form 41 Series: Water Endorsements

These Endorsements are designed for issuance on commercial or residential property, to provide assurance against loss or damage by reason of the enforced removal or alteration of any Improvement [defined by each endorsement] because of exercise of any right existing at Date of Policy to use the surface of the Land for the extraction or development of water excepted from the legal description or excepted in Schedule B of the policy, with exclusion number 4 regarding loss or damage resulting from contamination, explosion, fire, flooding, vibration, fracturing, earthquake or subsidence, or negligence by a person or Entity exercising a right to extract or develop water. These are structured similarly to the ALTA 35 Series “Minerals and Other Subsurface Substances” Endorsements. Any interest excluded from coverage should be identified at Item 4.c. of the endorsement or the word “none” inserted.

It is not anticipated that these endorsements will be applicable in North Carolina with any frequency. So any request for issuance should be discussed in advance with Underwriting Counsel.

ALTA ® Endorsement Form 41-06 (Water – Buildings) (Adopted 12/2/13)

For purposes of this Water Endorsement, Improvements means a building on the Land at Date of Policy (“Building”).

For issuance of ALTA Endorsement Form 41-06 (Water - Buildings) (Adopted 12/2/13): Verification that no third party currently has the present or future right for extraction or development of any water located on Land, including well easements. If such rights exist, prior approval of Company underwriting counsel is required for issuance of this endorsement. Company must be provided with the area of Land impacted by these rights, whether Improvements on the Land could be affected, and evidence that those exercising these rights are required to repair or replace any resulting damage to Improvements.

ALTA® Endorsement Form 41.1-06 (Water – Improvements) (Adopted 12/2/13)

For purposes of this Water Endorsement, Improvements means a building, structure located on the surface of the Land, and any paved road, walkway, parking area, driveway or curb, affixed to the Land at Date of Policy and that by law constitutes real property, but excluding any crops, landscaping, lawn, shrubbery or trees.

For issuance of ALTA Endorsement Form 41.1-06 (Water - Improvements) (Adopted 12/2/13): Verification that no third party currently has the present or future right for extraction or development of any water located on Land, including well easements. If such rights exist, prior approval of Company underwriting counsel is required for issuance of this endorsement. Company must be provided with the area of Land impacted by these rights, whether Improvements on the Land could be affected, and evidence that those exercising these rights are required to repair or replace any resulting damage to Improvements.

ALTA® Endorsement Form 41.2-06 (Water – Described Improvements) (Adopted 12/2/13)

For purposes of this Water Endorsement, Improvements means those improvements on the Land at Date of Policy listed in the endorsement or in an attachment.

For issuance of ALTA Endorsement Form 41.2-06 (Water - Described Improvements) (Adopted 12/2/13): Verification that no third party currently has the present or future right for extraction or development of any water located on Land, including well easements. If such rights exist, prior approval of Company underwriting counsel is required for issuance of this endorsement. Company must be provided with the area of Land impacted by these rights, whether Improvements on the Land could be affected, and evidence that those exercising these rights are required to repair or replace any resulting damage to Improvements.

ALTA® Endorsement Form 41.3-06 (Water – Land Under Development) (Adopted 12/2/13)

This Water Endorsement insures with respect to the existing Improvements and Future Improvements as shown on Plans specifically identified in the endorsement. Those Improvements include, but are not limited to, a building, structure, paved road, walkway or driveway. Crops, landscaping, lawn, shrubbery, and trees are excluded.

For issuance of ALTA Endorsement Form 41.3-06 (Water - Land Under Development) (Adopted 12/2/13): Verification that no third party currently has the present or future right for extraction or development of any water located on Land, including well easements. If such rights exist, prior approval of Company underwriting counsel is required for issuance of this endorsement. Company must be provided with the area of Land impacted by these rights; whether Improvements on the Land could be affected; a copy of the survey, site and elevation plans; and evidence that those exercising these rights are required to repair or replace any resulting damage to Improvements.

ALTA® Endorsement Form 42-06 (Commercial Lender Group Endorsement) (Adopted 12/2/13)

This loan policy endorsement may be appropriate when a group of lenders own portions of the indebtedness and the Land is *not* improved with a one-to-four family residential dwelling. The endorsement provides coverage against invalidity, unenforceability or loss of priority of the lien of the Insured Mortgage because of transfers after Date of Policy of portions of the Indebtedness by the Participants (members of the Lender Group owning portions of the Indebtedness). *No additional requirement applies for issuance of this endorsement.*

ALTA® Endorsement Form 43-06 (Anti-Taint) (Adopted 12/2/13)

This loan policy endorsement may be appropriate when a portion of the Indebtedness secured by the Insured Mortgage is a revolving credit facility and a portion is a term loan facility. The endorsement insures against loss of priority of the lien of the Insured Mortgage as security for the amount of Indebtedness advanced as the Term Loan (as defined in the endorsement) resulting from reductions and subsequent increases in the principal amount of the Indebtedness payable as the Revolving Credit Loan (as defined in the endorsement).

For issuance of ALTA Endorsement Form 43-06 (Anti-Taint)(Adopted 12/2/13): Verification that the Insured Mortgage contains notice that it will secure both a term loan and a revolving line of credit loan; states the maximum principal amount to be secured at any one time; that all advances must be made within 30 years from the date thereof; and, as applicable, either (1) whether future advances or future obligations or both are to be secured (in compliance with NCGS 45-67 et seq.) for revolving credit lines, or (2) that it secures an equity line of credit and that it is governed by the provisions of Chapter 45, Article 9 of the North Carolina General Statutes (NCGS 45-81 et seq.) for an equity line of credit (i.e. securing future advances thereunder, but not future obligations). Company must additionally be provided with a copy of the Loan Agreement to be specifically identified in the endorsement.

ALTA® Endorsement Form 44-06 (Insured Mortgage Recording - Loan) (Adopted 12/2/13)

This endorsement specifically identifies the Insured Mortgage in situations in which Paragraph 4 of Schedule A of the policy as originally issued was not complete as to recording information for the Insured Mortgage, such as if the policy was issued at time of closing. In North Carolina, the policy originally issued typically includes this information in Schedule A. Under the Good Funds Settlement Act, no “gap” should apply in a residential transaction; so this endorsement should not be applicable in a residential transaction. If the closing is based on “gap” coverage (i.e. sometimes applicable in a commercial transaction), any requirements and intervening matters should have been addressed in the original policy underwriting. Prior approval by Company underwriting counsel is required.

For issuance of ALTA Endorsement Form 44-06 (Insured Mortgage Recording – Loan) (Adopted 12/2/13): Receipt of the applicable premium and the attorney’s final title certification through and including the date, time, book and page of final recording of the Insured Mortgage and any related documents and compliance with all requirements contained in the corresponding Commitment. If the attorney’s certification or other information provided to Company reveals any matters not previously disclosed to Company which may impair the validity, enforceability or priority of the Insured Mortgage or the coverage provided by the policy (including potential mechanics’ and materialmen’s liens or rights of tenants in possession), those matters will be shown as exceptions in an endorsement to the policy unless (1) resolved to the satisfaction of Company; or (2) in the case of a superior interests, subordinated to the lien of the Insured Mortgage.

ALTA® Endorsement Form 45-06 (Pari Passu Mortgage – Loan Policy) (Adopted 12/01/14)

This endorsement would be requested and applicable for situations in which multiple lenders may obtain separate *but co-equal* liens on the same Land. This endorsement coverage is typically requested for credit facility transactions with multiple lenders, virtually simultaneous Insured Mortgages on the same Land (whether one or multiple parcels), associated with an intercreditor agreement addressing the terms of equal priority, especially with regard to foreclosure and partial payments. The Insured Mortgages must provide that they have equal priority even though securing separate loans, even if possibly differing amounts and terms, payable to separate lenders or beneficiaries. The Pari Passu endorsement would be attached to each of the loan policies, each cross-referencing the other equal priority Insured Mortgages on the property which would also be exceptions in Schedule B, Part I, of the policy with a notation referencing the Pari Passu endorsement. The coverage is conditioned on the lenders complying with the intercreditor agreement. In the event of a dispute, the endorsement does not provide coverage for the costs of litigating the dispute but instead provides for interpleader of the loss amount so that the title insurer is no longer involved in the dispute between multiple Insureds. Underwriting Counsel approval is required. In addition to itemizing the specific Insured Mortgages to be recorded in Schedule B, Requirements, of the Commitment, the below requirement should be included.

For issuance of ALTA Endorsement Form 45-06 (Pari Passu Mortgage – Loan Policy) (Adopted 12/01/14): The Mortgages to be insured referenced in the Schedule B, Part I - Requirements above must be recorded with satisfactory reference to the co-parity provisions of each to the other, and/or an adequate intercreditor agreement or memorandum thereof must be recorded referencing same. Underwriting Counsel review and approval of the co-parity provisions of the Proposed Insured Mortgages and intercreditor agreement (or memorandum thereof) to be recorded are required.

ALTA® Endorsement Form 46-06 (Option) (Adopted 8/01/15)

This endorsement is designed for use in situation in which the Insured named in a policy is also the holder of an option on a specified parcel of Land, under a written option agreement giving the holder of the option the right, but not the obligation, to acquire an interest in the Land for a specific price or terms within a specified time. However, this particular form does not provide any assurances regarding priority of the option right upon recordation of the option agreement. Given that North Carolina provides for such priority rights under NCGS 47-18, and that we do not insure options unless the option (or a sufficient memorandum thereof) is recorded, this endorsement will presumably not be the preferred coverage in North Carolina. However, any request to insure an option to purchase should be discussed with underwriting counsel.

ALTA® Endorsement Form 47 “Operative Law” Series (Adopted 04-02-2021)

The U.S. Supreme Court issued a decision on July 9, 2020, in the case of *McGirt v. Oklahoma* (140 S.Ct. 2452 (2020)). The decision addressed jurisdiction by a tribal government over a geographic area once widely understood to have been disestablished as a tribal reservation. The ALTA standard forms never intended for an interpretation of “jurisdiction” to include tribal governing bodies. The

operative law endorsements were adopted to clarify the intended operative law for interpretation of the 2006 ALTA policies. These forms modify the definitions of “State” and “Tribe” and modify the Choice of Law and Choice of Forum provisions for pre-2021 policy forms, and exclude coverage for defects, liens, encumbrances, adverse claims, notices, or other matters under records maintained for Tribal law unless a search of those records has also been provided so they are otherwise addressed in the policy. This is consistent with the updated versions in the 2021 policy forms. The endorsement form applicable is specific to the type of ALTA policy previously issued, as follows:

Endorsement	Policy
47	Operative Law – 2006 Owner’s Policy
47.1	Operative Law – 2006 Loan Policy
47.2	Operative Law – 2013 Homeowner’s Policy
47.3	Operative Law – 2015 Expanded Coverage Residential Loan Policy

ALTA® Endorsement Form 48 (Tribal Waivers and Consents) (04-02-2022)

The doctrine of sovereign immunity provides that neither the United States nor any State may be sued without its consent. This has been extended to Native American tribes and tribally owned entities. This endorsement modifies the Choice of Law provisions of the ALTA policies, which are limited to a state or federal court having jurisdiction over the Land, for waiver of sovereign immunity, waiver of defense of exhaustion of remedies in tribal courts and consent to jurisdiction of and venue in the federal courts of the United States and courts of the state(s) in which the Land is located. This endorsement is applicable with any loan or owner’s policy insuring a Native American tribe or tribal entity. This endorsement requires consent by an authorized signer of the Tribe or the tribally owned entity Insured.

For issuance of the ALTA Endorsement Form 48 (Tribal Waivers and Consents) (04-02-2022): The written agreement and consent of the Proposed Insured as evidenced by the signature thereon by an authorized representative of the Proposed Insured, and the Tribe if different from the Proposed Insured. The Company will require satisfactory evidence of the authority of the signor(s) to execute this endorsement.