

## Alternative Title Policy

- Known by various proprietary names and acronyms
- NOT mortgage impairment insurance (casualty product)
- Widely used in equity loan origination
- Must be 1-4 family, improved land
- Generally more cost efficient than full ALTA Policy and Junior Loan Policy
- "Master" form of policy
  - one master policy issued per originator
  - per loan transaction certificates evidence inclusion under master policy
- Pre-closing report usually limited to legal description and vesting information
  - lien information and lien position determined by insured lender
    - review of borrower credit report
    - affidavit containing borrower disclosures
- The Alternative Title Policy generally against loss or damage due to:
  - the mortgagor or trustor shown in the insured mortgage or deed of trust not being the named grantee in the last document recorded in the public records purporting to vest the mortgagor's or trustor's estate or interest to the land
  - the description of the land not being sufficient to impart constructive notice to purchasers and encumbrancers for value and without knowledge of the mortgage or deed of trust
  - any undisclosed monetary lien affecting the title recorded in the public records
  - any undisclosed ad valorem taxes or assessments of a governmental taxing authority which constitute a lien on the title and which appear on date of policy in the official ad valorem tax records where the land is located
  - invalid execution of the insured mortgage or deed of trust because of forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation

- unauthorized execution of the insured mortgage or deed of trust:
  - under a falsified or invalid power of attorney
  - by a trustee of trust established for estate planning purposes
- the failure of future advances under the insured mortgage or deed of trust to have the same lien priority as the initial advance
- the invalidity or unenforceability of the lien of the insured mortgage or deed of trust resulting from provisions which provide for changes in the rate of interest
- loss of priority of the lien of the insured mortgage or deed of trust because of changes in the rate of interest calculated according to a formula contained in the insured mortgage or deed of trust
- The Alternative Title Policy generally does not insure:
  - any defect in the chain of title other than monetary liens, e.g., outstanding ownership interests
  - marketability of title
  - the validity or enforceability of the insured mortgage or deed of trust other than as stated above
- Revolving credit and variable rate endorsements are built in to the policy, and no other endorsements are generally available