

Junior Loan Policy

- Also known as a "JLP" and other various proprietary acronyms
- Widely used in equity loan origination
- Must be 1-4 family, improved land
- Generally more cost efficient than full ALTA Policy
- Issued without a commitment
- Contains transaction specific exceptions
 - mortgages and deeds of trust
 - involuntary liens, e.g., federal tax liens
 - taxes
- Based on a limited, usually "current owner" search of the public records, the Junior Loan Policy generally insures against loss or damage due to:
 - the grantee named in the policy not being the named grantee in the last document recorded in the public records purporting to vest the fee estate in the land
 - the description of the land in the policy not being the same description as contained in the last document recorded in the public records purporting to vest the fee estate in the land
 - 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
- The Junior Loan 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
- JR1 Endorsement
 - "datedown endorsement"
 - mortgage or deed of trust recording information and amount
 - intervening matters, e.g., liens and deeds (no GAP coverage)
- JR2 Endorsement
 - combination variable rate and revolving credit endorsement