

## ISSUING GUIDELINES

### ALTA Endorsement: 9.6-06 (Private Rights)

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#### **Explanation:**

ALTA Endorsement 9.6-06 is designed for loan policies and insures as of Date of Policy against loss or damage by reason of enforcement of a Private Right resulting in:

- (a) the invalidity or unenforceability of the lien of the Insured Mortgage; or
- (b) a loss of Title acquired in satisfaction of the Indebtedness.

A Private Right is:

- (a) a private charge or assessment;
- (b) an option to purchase;
- (c) a right of first refusal; or,
- (d) a right of prior approval of a future purchaser or occupant.

A Covenant is a covenant, condition, limitation or restriction in a document or instrument recorded in the Public Records at Date of Policy.

#### **Underwriting Requirements:**

- (a) Verify that any maintenance lien in the Covenant(s) is expressly subordinate to the lien of the Insured Mortgage and that prior assessments are paid before closing. If the Covenant(s) create a maintenance lien and do not expressly subordinate the maintenance lien to the lien of the Insured Mortgage, do not issue this endorsement.
  - (b) Verify that any option to purchase in the Covenant(s) is expressly subordinate to the lien of the Insured Mortgage and that the option has not been previously exercised. If the Covenant(s) create an option to purchase and do not expressly subordinate the option to the lien of the Insured Mortgage, do not issue this endorsement.
  - (c) Verify that any right of first refusal in the Covenant(s) is expressly subordinate to the lien of the Insured Mortgage and that the right of first refusal has not been previously exercised. If the Covenant(s) create a right of first refusal and do not expressly subordinate the right of first refusal to the lien of the Insured Mortgage, do not issue this endorsement.
  - (d) Verify that any right of prior approval of a future purchaser or occupant in the Covenant(s) is expressly subordinate to the lien of the Insured Mortgage. If the Covenant(s) create a right of prior approval and do not expressly subordinate the right of prior approval to the lien of the Insured Mortgage, do not issue this endorsement.
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**Issuing guideline applies to the following Endorsement(s):**

ALTA 9.6-06 Private Rights - 2006 ALTA Loan Policy