

ISSUING GUIDELINES

ALTA Endorsement: xx.xx-06 (xxxxxxxxxx)

Explanation:

This endorsement is designed for insurance of a mortgage securing a letter of credit or letter of credit reimbursement agreement.

This endorsement insures against

- (1) invalidity or unenforceability of the insured mortgage as security for Advances;
- (2) lack of priority of the lien of the insured mortgage as security for Advances; and
- (3) invalidity or unenforceability of the mortgage because of Re-Advances and repayments, lack of outstanding debt before an Advance, and failure to comply with legal requirements for Advances.

Unlike ALTA Endorsements 14 and 14.1, this endorsement does not insure with respect to interest rate adjustments. Like ALTA Endorsements 14 and 14.1, this endorsement contains exclusions from coverage: real estate taxes and assessments, federal tax liens filed more than 45 days before the advance, federal or state environmental protection liens, and usury. Like other ALTA endorsements and policies, this endorsement does not insure the amount that may be recovered from a mortgagor or mortgagor's estate. We have two versions of the endorsement - one which contains a mechanic's lien exception (Endorsement 14.2 W/MML at paragraph 3.d) and the other which does not contain a mechanic's lien exception (Endorsement 14.2 WO/MML). This endorsement may be issued only on commercial transactions.

Underwriting Requirements:

We require the following:

1. Verify the mortgage (a) expressly secures reimbursement to the lender of Advances pursuant to a Reimbursement Agreement executed in connection with the issuance by the lender of an existing letter of credit, surety or other reimbursement obligation, and (b) complies with state requirements for disclosure of future Advances.
2. Verify the mortgage establishes a maximum time for Advances.
3. Verify the mortgage establishes a maximum amount of Advances.
4. Comply with our underwriting instructions.

Issuing guideline applies to the following Endorsement(s):

ALTA 14.2-06 Future Advance – Letter of Credit - 2006 ALTA Owner's Policy