

ISSUING GUIDELINES

ALTA Endorsement: 15-06 (Non-imputation – Full Equity Transfer)

Explanation:

This endorsement, while available for a Loan Policy, is designed for simultaneous issuance with an Owner's Policy. It contemplates acquisition by the new investors of the full interest in the entity owning the land and named as the "insured" under the policy.

The endorsement limits applicability of:

- Exclusion 3(a) - "created, suffered, assumed or agreed to by the insured claimant"
- Exclusion 3(b) - "not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy"
- Exclusion 3(e) - "resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy"

Pursuant to this Endorsement, those Exclusions will not apply with respect to a matter by reason of action, inaction, or knowledge, at Date of Policy, of other or former stockholders, officers, directors, managers, partners or members (of an LLC) of the insured, provided that the "incoming" partner, member or stockholder acquired its interest as a purchaser for value without knowledge of the matter otherwise insured against. The endorsement is designed for issuance simultaneously with an Owner's Policy showing the titleholder as the insured, since it relates to action, inaction or knowledge as of Date of Policy.

Underwriting Requirements:

We require the following in order to issue this endorsement to an Owner's Policy:

- We require execution of the ALTA Non-imputation Affidavit 1 by those persons (Affiants) whose knowledge, action or inaction is covered by the endorsement.
- We require financial disclosures by the Affiants showing the financial strength of those parties.
- We require an explanation of the transaction and reasons for the endorsement. The transaction may, for instance, suggest other issues, such as creditor's rights.

The ALTA Endorsement 15 (Non-imputation-Full Equity) should show in the first paragraph the names of specific persons (e.g. the names of the officers, directors, shareholders, members, partners) whose knowledge and participation in the insured entity is of concern. The second paragraph should name the new participants or investors, who are concerned about the knowledge and participation of other parties. The names should be specific and should not be general (e.g. insert "Jane Doe" and do not insert "all officers (or shareholders) of XYZ, Inc.").

The "Name of Insured" in Schedule A of the Owner's Policy should be the record owner.

Dakota Homestead Underwriting Personnel must approve issuance of the Endorsement.

Issuing guideline applies to the following Endorsement(s):

ALTA 15-06 Non-imputation – Full Equity Transfer - 2006 ALTA Loan and Owner's Policy