

ISSUING GUIDELINES

ALTA Endorsement: 15.1-06 (Non-imputation – Additional Insured)

Explanation:

This endorsement, while available for a Loan Policy, is designed for issuance with an Owner's Policy. It contemplates acquisition of an interest in the "insured" under the policy (i.e., the record owner) and adds an "Additional Insured" (the new investor in that record owner) by the endorsement. The endorsement does not down-date the policy; consequently, in order for the Additional Insured to be protected as of date of issuance of the endorsement as to matters known or created by the other parties, the Additional Insured should require a new policy or a down-date of the existing policy. Like the ALTA Endorsement 15, this 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"

Those Exclusions will not apply to the extent of the percentage interest in the insured acquired by the Additional Insured 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 (Additional Insured) acquired its interest as a purchaser for value without knowledge of the matter otherwise insured against.

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.

This endorsement should show in the first paragraph the names of the new participants or investors (Additional Insureds), who are concerned about the knowledge and participation of other parties. The second blank should name 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 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, not the new investor (The Additional Insured) in that record owner.

Dakota Homestead Underwriting Personnel must approve issuance of the Endorsement.

The existing insured must sign the endorsement, evidencing approval of issuance of the endorsement.

Issuing guideline applies to the following Endorsement(s):

ALTA 15.1-06 Non-imputation – Additional Insured - 2006 ALTA Owner's Policy