

## ISSUING GUIDELINES

### ALTA Endorsement: 12.1-06 (Aggregation - State Limits)

---

#### **Explanation:**

The Aggregation Endorsement is also known as a "tie-in," "cluster," or "spreader" endorsement. In multi-site loan transactions, mortgages securing the debt are frequently recorded in multiple jurisdictions or states, and it is impractical to issue a single Loan Policy for all the covered sites. The value of each property encumbered by the mortgage may be less than the total amount of the secured debt. This Endorsement aggregates the Amounts of Insurance of each Loan Policy listed in the Endorsement into one Aggregate Amount of Insurance for all Loan Policies listed, and creates the same result as a single Loan Policy covering multiple sites. In the event of a loss, this Endorsement permits the insured to take advantage of any increase in the value of a particular property.

In some circumstances, the Aggregate Amount of Insurance for a particular state may be less than the Aggregate Amount of Insurance for the entire transaction. This may occur, for example, if the Company's self-imposed or statutory limits for single risks in a particular state are less than the Aggregate Amount of Insurance for the entire transaction or if a particular state requires payment of mortgage recording tax on the nominal amount of debt secured.

ALTA Endorsement 12-06 (Revised 04-02-13) may be used in situations where the Aggregate Amount of Insurance does not exceed the Company's self-imposed or statutory limits for single risks in a particular state. ALTA Endorsement 12.1-06 may be used in situations where the Company's self-imposed or statutory limits for single risks in a particular state or mortgage recording tax issues may limit the Aggregate Amount of Insurance for that state.

#### **Underwriting Requirements:**

- (1) Dakota Homestead Underwriting must approve issuance of this Endorsement.
- (2) Two or more Loan Policies must be issued by Dakota Homestead.
- (3) The stated amount of the mortgage or deed of trust that is recorded in each state must equal the Aggregate Amount of Insurance stated in the Aggregation Endorsement; i.e., each mortgage, on its own, must be capable of securing the full amount of the secured debt.
- (4) This Endorsement contemplates that Schedule A of each Loan Policy will state an allocated state-specific Amount of Insurance for each specific property. In Section 1 of the Endorsement, insert a list of all aggregated Loan Policies and their state-specific allocated amounts. This list can include the state-specific allocation for the subject property as well. In Section 3 of the Endorsement, insert the Aggregate Amount of Insurance for all Loan Policies (i.e., the total).
- (5) In general, use ALTA Endorsement 12-06 (Revised 04-02-13). The underwriter may choose to use ALTA Endorsement 12.1-06 if the Aggregate Amount of Insurance for all Loan Policies exceeds

the Company's self-imposed or statutory limits for single risks in any state, or if the secured debt in any particular state is less than the Aggregate Amount of Insurance for all Loan Policies. If you use ALTA Endorsement 12.1-06, complete both Section 3.a (by inserting the Aggregate Amount of Insurance for all policies) and Section 3.b (by inserting the state-specific Aggregate Amount of Insurance applicable for a particular state or states). Contact the Reinsurance Department to ascertain current statutory or self-imposed single risk limits.

- (6) Policies with other title insurance underwriters cannot be aggregated with policies issued by Dakota Homestead.

---

**Issuing guideline applies to the following Endorsement(s):**

ALTA 12.1-06 Aggregation - State Limits - 2006 ALTA Loan Policy