

## ISSUING GUIDELINES

### ALTA Endorsement: 14.1-06 (Future Advance - Knowledge)

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#### **Explanation:**

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;
- (4) invalidity or unenforceability of the insured mortgage because of adjustment of interest or addition of interest to principal, and
- (5) loss of priority of the insured mortgage caused by adjustment of interest rates and addition of interest to principal.

This endorsement contains exclusions from coverage (similar to those in ALTA Endorsement 14 and 14-06): advances after a bankruptcy, real estate taxes and assessments, federal tax liens filed more than 45 days before the advance, federal or state environmental protection liens, and usury or consumer credit protection or truth in lending law. Unlike the ALTA Endorsement 14 and 14-06, this endorsement contains an exclusion for lack of priority of any Advance made after the insured has knowledge of a lien, encumbrance or other matter affecting the land.

#### **Underwriting Requirements:**

We require the following:

1. Verify the mortgage expressly secures future Advances and complies with applicable state requirements for disclosure of future Advances in Virtual Underwriter under 17.46.12 "Future Advance Forms to Use for Each State".
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.

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

ALTA 14.1-06 Future Advance-Knowledge - 2006 ALTA Loan Policy