

ISSUING GUIDELINES

ALTA Endorsement: 30.1-06 (Commercial Participation Interest)

Explanation:

ALTA Endorsement 30.1-06 is designed for loan policies for commercial transactions where the loan agreement includes a “Participation Interest”, defined in the endorsement as “interest based on the equity in the Title, increase in value of the Title or cash flow as provided in the loan documents.”

This endorsement insures against loss or damage by reason of:

- (a) the invalidity or unenforceability of the lien of the Insured Mortgage resulting from the provisions of the Insured Mortgage or Loan Documents containing a participation interest;
- (b) lack of priority of the lien of the Insured Mortgage at Date of Policy, securing (i) the unpaid principal balance of the loan and (ii) the interest on the loan, including the participation interest, if any, which lack of priority is caused by the provisions in the Loan Documents for payment or allocation to the Insured of any participation interest.

This endorsement contains exclusions from coverage.

Underwriting Requirements:

1. Obtain a copy of all applicable loan documents.
2. Verify the loan documents include a participation interest.
3. Obtain approval from Dakota Homestead prior to issuance.

Issuing guideline applies to the following Endorsement(s):

ALTA 30.1-06 Commercial Participation Interest - 2006 ALTA Loan Policy