INSTRUCTIONS FOR ALTA ENDORSEMENT FORM 11

**MORTGAGE MODIFICATION**

## PURPOSE OF ENDORSEMENT

The ALTA 11 Mortgage Modification Endorsement covers loss resulting from a modification of mortgage when that modification causes the invalidity, unenforceability or loss of priority of the Insured Mortgage.

## UNDERWRITING REQUIREMENTS

The endorsement is available if the modification is properly executed and recorded, and if the original mortgage is insured by CATIC. In order to provide this endorsement, a title rundown from the existing effective Date of Policy must be done in situations where the modification has the potential to increase the obligation or indebtedness imposed upon the borrower. Examples of situations where the obligation or indebtedness may increase include cases where the modification:

• changes the interest rate from fixed to adjustable or from adjustable to fixed

• increases the interest rate

If the title rundown reveals the recording of liens between the date of original mortgage (or the date of the last modification endorsement) and the date of the new modification, these intervening recorded interests should be added as exceptions to Section 2 of the endorsement

In cases where the modification can affect the validity, enforceability or priority of the modified mortgage because the modification substantially alters the nature and character of the obligation, CATIC requires prior review and approval from a member of CATIC's underwriting staff. Examples of such substantial alterations include:

• increases in the amount of an existing loan or adding a new loan

• substitution or replacement of constituent documents

• adding land or other new collateral

The endorsement by its terms does not extend the effective Date of Policy nor does it increase the policy's face amount. If the insured lender requests these changes, please contact a member of CATIC's underwriting staff for underwriting and pricing information. In these cases, CATIC will assist by issuing the requested modification. Please contact the Industry Relations Department with endorsement requests relating to more complex mortgage modifications or in cases where additional coverage is requested.

***Please contact a member of CATIC's underwriting staff if there are questions about the issuance of this endorsement.***

ALTA 11 MORTGAGE MODIFICATION ENDORSEMENT

This endorsement is issued as part of Policy Number

issued by CATIC

1. The Company insures against loss or damage sustained by the Insured by reason of:

a. The invalidity or unenforceability of the lien of the Insured Mortgage upon the Title at the Date of Endorsement as a result of the agreement dated      , recorded       (“Modification”); and

b. The lack of priority of the lien of the Insured Mortgage, at the Date of Endorsement, over defects in or liens or encumbrances on the Title, except for those shown in the policy or any prior endorsement and except: *[Drafting Instruction: Specify exceptions, if any]*

2. This endorsement does not insure against loss or damage, and the Company will not pay costs, attorneys’ fees, or expenses, by reason of any claim that arises out of the transaction creating the Modification by reason of the operation of federal bankruptcy, state insolvency, or similar creditors’ rights law that is based on the Modification being a:

a. fraudulent conveyance or fraudulent transfer;

b. voidable transfer under the Uniform Voidable Transactions Act; or

c. preferential transfer to the extent the Modification is not a transfer made as a contemporaneous exchange for new value or for any other reason unless the preferential transfer results solely from the failure:

i. to timely record the Modification in the Public Records after execution and delivery of the Modification to the Insured; or

ii. of the recording of the Modification in the Public Records to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements.

Date of Endorsement:

CATIC



JAMES M. CZAPIGA, PRESIDENT