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UNDERWRITING BULLETIN

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Among the more perilous transactions that the Company is asked to insure are “Hard Money” loans. Typically these are loans arranged by a Broker and parceled out to individual investors.

These types of loans are a fertile breeding ground for claims based on forgery, fraud and elder abuse allegations. Extreme care must be taken in processing this sort of transaction. Since the lender is a “Lender of Last Resort”, special care needs to be taken with the General Index run because the possibility of liens and judgments is greater. Signatures must be carefully compared with existing signatures of record, and looked at for consistency in the documents we receive.

Beyond due care, this Company has certain requirements to insure:

1. There can be no more than six (6) beneficiaries.
2. The following exceptions must be taken in Schedule B:
 - a. Lack of possession of the original promissory note secured by the insured mortgage.*
 - b. Any claim which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of federal or state securities law.*
 - c. The absence from the original promissory note of a proper endorsement if the Insured named in Schedule A is an assignee of said note.*
3. TransUnion prefers to only issue CLTA coverage for these transactions, however the ALTA loan policy may be issued. Under no circumstances are endorsements appended to the policy. That means no 100, 116 or any other endorsement. If you have information that the loan is for construction purposes, only the CLTA form may be used.

From time to time you may get a customer who wants to find a way around these requirements and limitations. The cap on beneficiaries continues post-policy. If the original policy is in favor of a single entity like “Dave’s Honest Loans and Live Bait, LLC” and a week later he sends you an assignment (to twenty-six of his closest friends) together with a request for a 104.1 endorsement, refuse to issue that endorsement.