



MASTER HOME EQUITY LOAN POLICY
Issued By
WFG NATIONAL TITLE INSURANCE COMPANY

POLICY NUMBER:

Master Loan Policy
For Residential Home Equity Mortgages

SUBJECT TO THE EXCLUSIONS FROM COVERAGE AND THE CONDITIONS AND STIPULATIONS HEREOF, WFG NATIONAL TITLE INSURANCE COMPANY, a South Carolina Corporation, herein called the Company, insures, as of Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of the matters set forth in the Insuring Provisions stated herein.

This Policy shall not be valid or binding until countersigned by either a duly authorized agent or representative of the Company and a Declaration Certificate has been attached hereto.

NOTICE

This is not a standard ALTA Loan Policy. This is a special Policy designed specifically for junior priority loans providing limited protections concerning only those matters specifically defined in the Insuring Provisions set forth herein. Consult with your attorney about the meaning, coverage, exclusions and exceptions of this Policy.

In Witness Whereof, WFG NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by its duly authorized officers as of Date of Policy shown in Schedule A.

WFG NATIONAL TITLE INSURANCE COMPANY

By: 

President

ATTEST: 

Secretary



INSURING PROVISIONS

1. At Date of Policy the mortgagor shown in the Insured Mortgage not being the named grantee on the last document recorded in the Public Records purporting to vest the mortgagor's estate or interest in title to the Land.
2. The description of the Land not being sufficient to impart constructive notice to purchasers and encumbrancers for value and without Knowledge.
3. Any Monetary Lien affecting title to the Land recorded in the Public Records at Date of Policy.
4. Any ad valorem taxes or assessments of any governmental taxing authority which constitute a lien on the title and which appear as due and payable at Date of Policy in the official ad valorem tax records where the Land is located.
5. Invalid execution of the Insured Mortgage because of forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation.
6. Unauthorized execution of the Insured Mortgage (a) under a falsified, expired or otherwise invalid power of attorney; or (b) by a trustee of a trust established for estate planning purposes.
7. The failure of the lien for future advances secured by the Insured Mortgage to have the same priority over Monetary Liens disclosed by the Public Records as advances secured by the Insured Mortgage at Date of Policy.
8. The invalidity or unenforceability of the lien of the Insured Mortgage resulting from the provisions of the Insured Mortgage which provide for changes in the rate of interest.
9. Loss of priority of the lien of the Insured Mortgage resulting from changes in the rate of interest calculated in accordance with the formula provided in the Insured Mortgage at Date of Policy.
10. The Company will also pay costs, attorneys' fees and expenses incurred in the defense of the Insured to the extent provided in the Conditions and Stipulations.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this Policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. Any defect in the title, lien (other than a Monetary Lien) or other encumbrance existing or arising prior to the dated date of the Insured Mortgage including forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation.
2. Except when the Company or its authorized agent is responsible for recording, the failure of the Insured to present the Insured Mortgage for Recording within five (5) business days of the Funding Date to the appropriate governmental agency responsible for maintaining the Public Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property purchasers for value and without Knowledge.
3. The existence of any Monetary Lien securing a loan, the proceeds of which were used in whole or in part to acquire the Land.
4. With respect to paragraphs 5 and 6(a) of the Insuring Provisions, Company shall have no liability if the Company or Company's agent does not conduct the closing of the Insured Mortgage.
5. With respect to paragraph 7 of the Insuring Provisions:
 - (a) ad valorem taxes or assessments;
 - (b) Any advance which is not expressly provided for by or does not constitute an obligatory advance under the terms of the Insured mortgage or its related documents or which is made after receipt by the insured of notice from the Mortgagor of the Insured Mortgage directing the termination of advance;
 - (c) the failure of the Insured Mortgage to state that it secures repayment of future advances.
6. With respect to paragraphs 7, 8 and 9 of the Insuring Provisions:
 - (a) To the extent the Insured has Knowledge of such failure, the failure of the Insured Mortgage to create a lien on the Land; and
 - (b) An advance made subsequent to Knowledge of the Insured that the mortgagor shown on the Insured Mortgage is not the owner of the land at the date of such advance.
7. Defects, liens, encumbrances, adverse claims or other matters;
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) Known to the Insured Claimant, whether or not disclosed in the Public Records;
 - (c) Resulting in no loss or damage to the Insured Claimant; or
 - (d) Recorded in the Public Records subsequent to Date of Policy.
 - (e) Resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
8. Any Monetary Lien securing an obligation disclosed by the Mortgagor's Affidavit or any credit information obtained by the Insured.
9. Any ownership interest adverse to the mortgagor in the Land disclosed to the Insured by the Mortgagor's Affidavit, or any other document.
10. Any loss resulting from a loan which, at the time of making by the Insured or the Insured's Agent, had a principal amount of more than the Amount of Insurance stated on the Declaration Certificate.
11. Any loss regarding a loan for which the Insured or the Insured's Agent did not comply with all procedures required by the Insured or applicable law, statute or regulation for the underwriting of such loan, including but not limited to complying with loan-to-value ratio guidelines, if such noncompliance was a material reason for the loss.
12. Any change or modification of the Insured Mortgage or its related documents other than that described in paragraphs 8 and 9 of the Insuring Provisions that are deemed a novation of the Insured Mortgage.

CONDITIONS AND STIPULATIONS

1. Definition of Terms.

The following terms when used in this Policy mean:

- (a) "Certificate": A certificate to be attached to this Policy which identifies the policy and certificate numbers, name of insured, date of policy, amount of insurance and describes the Land and the Insured Mortgage. Each Certificate attached to this Policy is deemed to be incorporated into and made a part of the Policy and the Certificate together with the Policy to which it is attached shall constitute the entire contract between the Insured and the Company.
- (b) "Funding Date": the date on which the proceeds of the loan secured by the Insured Mortgage, or any portion thereof, first become available as a matter of right to or for the benefit of the mortgagor named in the Insured Mortgage.
- (c) "Insured": the Named Insured and the owner of the indebtedness secured by the Insured Mortgage, except an owner who is an obligor under the provisions of paragraph 8 of these Conditions and Stipulations. The Company reserves all rights and defenses against any Insured acquiring an interest in the Insured Mortgage subsequent to Date of Policy which the Company would have had against the Named Insured or any subsequent Insured.
- (d) "Insured Claimant": an Insured claiming loss or damage hereunder.
- (e) "Insured Mortgage": the mortgage, deed of trust, deed to secure debt, or other security instrument, documented by the Named Insured and identified in and evidenced by a Certificate.
- (f) "Knowledge" or "Known": actual knowledge, not constructive knowledge or notice which may be imputed to an Insured by reason of the Public Records.
- (g) "Land": the land described in the Insured Mortgage and improvements affixed thereto which by law constitute real property. The term "Land" does not include any property beyond the lines of the area described or referred to herein, nor any right, title, interest, estate or easement in abutting streets, roads, alleys, avenues, lanes, ways or waterways.
- (h) "Monetary Lien": any mortgage, deed of trust, deed to secure debt, judgment lien or other lien affecting the title securing an obligation to pay money, but not including any lien created in any easement, covenant, condition, restriction, or declaration of condominium or planned unit development.
- (i) "Mortgagor's Affidavit": any affidavit or other document provided to the Named Insured by the mortgagor named in the Insured Mortgage or any other borrower which provides information relevant to the loan

approval process including information concerning title to the Land or any Monetary Lien.

- (j) "Named Insured": the party named in Declaration Certificate, item 1.
- (k) "Policy": this Master Loan Policy For Residential Home Equity Mortgages.
- (l) "Public Records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge.
- (m) "Record", "Recorded", or "Recording": record and/or file in the Public Records.

2. Defense and Prosecution of Actions; Notice of Claim to be Given by an Insured Claimant.

- (a) Upon written request by the Insured and subject to the options contained in paragraph 4 of these Conditions and Stipulations, the Company, without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim which may cause loss or damage, but only as to those stated causes of action alleging a matter insured against by this Policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of actions which allege matters not insured against by this Policy.
- (b) The Insured shall notify the Company promptly in writing in case (i) of any litigation as set forth in (a) above, (ii) Knowledge that may come to an Insured hereunder of any claim which might cause loss or damage for which the Company may be liable by virtue of this Policy.
- (c) If prompt notice shall not be given to the Company, then all liability of the Company shall cease and terminate in regard to the matter or matters for which prompt notice is required; provided, however, the failure to notify shall in no case prejudice the rights of the Insured under this Policy unless and except to the extent that the Company shall be prejudiced by such failure.
- (d) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to prevent or reduce loss or damage insured against by this Policy and the Company may take any appropriate action, whether or not it shall be liable under the terms of this Policy, and shall not thereby concede liability or waive any provisions of this Policy.

- (e) Whenever the Company shall have brought any action or interposed a defense as required or permitted by the provisions of this Policy, the Company may pursue any litigation to final determination in a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.
- (f) In all cases where this Policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the Insured Claimant shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals related thereto, and permit the Company to use, at its option, the name of the Insured for such purpose. Whenever requested by the Company, the Insured shall give the Company, at the Company's expense, all reasonable assistance (i) in any action or proceeding in effecting settlement, securing evidence, obtaining witnesses, or prosecuting or defending the action or proceeding, and (ii) in any other act which in the opinion of the Company may be necessary or desirable to prevent or reduce loss or damage insured against by this Policy, including but not limited to executing corrective or other documents.

3. Proof of Loss or Damage: Duty of Insured to Cooperate.

In addition to the notices required under paragraph 2 of these Conditions and Stipulations, proof of loss or damage, signed and sworn to by the Insured Claimant shall be furnished to the Company within ninety (90) days after the Insured Claimant shall ascertain or determine the facts giving rise to any claimed loss or damage, and, when appropriate, state the bases of calculating the amount of the loss or damage. Should the proof of loss or damage fail to state facts sufficient to enable the Company to determine its liability hereunder, the Insured Claimant, at the written request of the Company, shall furnish such additional information as may reasonably be necessary to make such determination.

In addition, the Insured Claimant shall, upon the request of the Company, be required to submit to examination under oath and shall produce for examination, inspection and copying, at such times and places as may be designated by the Company, all documents and other evidence which may, in the opinion of the Company, pertain to the loss or damage.

If any such evidence is in the custody or control of a third party, the Insured Claimant shall, upon the request of the Company, grant its written permission to the Company to examine, inspect and copy all such evidence in the custody or control of the third party.

If the Company is prejudiced by the failure of the Insured to furnish the proof of loss or damage or to cooperate as required by this paragraph 3, the

Company's obligations to the Insured under this Policy shall terminate, including its obligation to defend, prosecute or continue any litigation.

4. Options to Pay or Otherwise Settle Claims; Termination of Liability.

In case of a claim under this Policy, the Company shall have the right to exercise the following additional options at any time:

- (a) To Pay or Tender Payment of the Amount of Insurance or to Purchase the Indebtedness.
 - (i) to pay or tender payment of the Amount of Insurance under this Policy together with any costs, attorneys' fees and expenses incurred by the Insured Claimant, which were authorized by the Company, up to the time of payment or tender of payment and which the Company is obligated to pay; or
 - (ii) to purchase the indebtedness secured by the Insured Mortgage for the amount owing thereon together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the time of purchase and which the Company is obligated to pay. If the Company offers to purchase the indebtedness as herein provided, the owner of the indebtedness shall transfer, assign, and convey the indebtedness and the Insured Mortgage, together with any collateral security, to the Company upon payment therefore.

Upon the exercise by the Company of either of the options provided for in paragraphs (a)(i) or (a)(ii), all liability and obligations to the Insured under this Policy, other than to make the payment required in those paragraphs, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation. In the event Insured shall fail to cooperate or refuse either of the options provided in paragraphs (a)(1) or (a)(2), all liability and obligations to the Insured under the Policy shall terminate and the Policy shall be of no further force or effect.

- (b) To Pay or Otherwise Settle with Parties Other than the Insured or with the Insured Claimant.
 - (i) to pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this Policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay; or
 - (ii) to pay or otherwise settle with the Insured Claimant the loss or damage provided for under this Policy, together with any costs, attorneys' fees and expenses incurred by the Insured Claimant which were authorized by the Company up to the

time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (b)(ii), the Company's obligations to the Insured under this Policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

5. Determination and Payment of Loss.

This Policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this Policy and only to the extent herein described.

- (a) The liability of the Company under this Policy shall not exceed the least of:
 - (i) the Amount of Insurance;
 - (ii) the amount of the unpaid principal indebtedness secured by the Insured Mortgage at the time the loss or damage insured against by this Policy occurs, together with interest thereon; or
 - (iii) the difference between the value of the estate or interest in the Land encumbered by the Insured Mortgage, as insured, and the value of that estate or interest subject to the matter insured against by this Policy.
- (b) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with paragraph 2 of these Conditions and Stipulations.
- (c) When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

6. Limitation of Liability.

- (a) If the Company removes an alleged matter insured against by this Policy in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.
- (b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the Insured with respect to matters insured against by this Policy.
- (c) The Company shall not be liable for loss or damage to any Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

- (d) The Company is not obligated or obliged to provide any indemnity or other assurance to any other insurer or third party attempting to rely on the insurance provided in this Policy.

7. Reduction of Insurance.

All payments under this Policy, including payments made for costs, attorneys' fees and expenses, shall reduce the Amount of Insurance pro tanto.

8. Subrogation Upon Payment or Settlement.

Whenever the Company has paid or settled a claim under this Policy, it shall be subrogated to the rights of the Insured Claimant unaffected by any act of the Insured Claimant, limited only by the amount paid by the Company. The Insured Claimant shall cooperate with the Company in enforcing these subrogation rights including, as applicable, assigning to the Company all rights and remedies against any person or property necessary to perfect this right of subrogation and permitting the Company to sue, compromise or settle in the name of the Insured Claimant and use the name of the Insured Claimant in any transaction, litigation or other proceeding involving these rights or remedies.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the Insured to indemnities, guarantees, other policies of insurance or bonds, notwithstanding any terms or provisions contained in those instruments which provide for subrogation rights by reason of this Policy. The Company's right of subrogation shall not be avoided by acquisition of the Insured Mortgage by an obligor who acquires the Insured Mortgage as a result of an indemnity, guarantee, other policy of insurance or bond, and the obligor shall not be an Insured under this Policy notwithstanding paragraph 1(b) of these Conditions and Stipulations.

9. Liability Limited to this Policy; Policy Entire Contract.

- (a) This Policy together with all endorsements, if any, attached hereto by the Company is the entire Policy and contract between the Insured and the Company. In interpreting any provision of this Policy, this Policy shall be construed as a whole.
- (b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to the terms and provisions of this Policy.
- (c) No amendment of or endorsement to this Policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, validating officer or authorized signatory of the Company.

No payment shall be made without producing this Policy for endorsement of the payment unless the Policy is lost or destroyed, in which case proof of such loss or destruction shall be furnished to the satisfaction of the Company

10. Severability.

In the event any provision of this Policy is held invalid or unenforceable under applicable law, this Policy shall be deemed not to include that provision, and all other provisions shall remain in full force and effect.

11. Notices; Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Policy and a copy of the applicable Declaration Certificate and shall be addressed to the Company, Attention: Claims Department, at 12909 SW 68th Pkwy., Suite 350, Portland, OR 97223. WFG National Title Insurance Company's telephone number is (800) 334-8885. Email address: claims@wfgnationaltitle.com.

WFG National Title Insurance Company

IMPORTANT INFORMATION TO POLICYHOLDERS

In the event you need to contact someone about this policy for any reason, please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions, you may contact the insurance company at the following address and phone number:

WFG National Title Insurance Company
12909 SW 68th Pkwy., Suite 350
Portland, OR 97223
(800) 334-8885

If you have been unable to contact or obtain satisfaction from the company or the agent, you may contact the Virginia Bureau of Insurance at:

State Corporation Commission
Bureau of Insurance/Property and Casualty Division
1300 East Main Street
Richmond, VA 23219
(804) 786-3741 or (800) 552-7945

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting your agent, company, or the Bureau of Insurance, have your policy number available.