

Question of the Month:



How do I prepare a policy/policies if there is a first and a second mortgage in the same transaction?

Lenders will request title coverage for the full amount of both loans, sometimes indicating that they will accept one policy for the total amount. Two separate policies must be issued – one policy for the first mortgage amount and a second policy for the second mortgage amount. The proper procedure for the issuance of these policies is:

First Mortgagee Policy, issued for the amount of the first mortgage, indicating all permanent encumbrances on Schedule B, Part I and indicating the new second mortgage on Schedule B, Part II. If an Owner's Policy is to be issued, you may use the combined inserts here.

Second Mortgagee Policy, issued for the amount of the second mortgage, indicating all permanent encumbrances, including the new first mortgage, on Schedule B, Part I. The policy inserts for a mortgagee policy (not combined) should be used here.

One Owner's Affidavit can be executed and you should indicate both policy numbers on page two of the Affidavit.

The amount of the first mortgagee policy and the second mortgagee policy cannot be added together to calculate the policy premium amount. You must charge for each policy separately, and each policy has a minimum charge of \$100.00.

If you have a question you would like to have answered in this space, fax it to your CATIC branch office or e-mail us at wellesley@catic-e.com.

Standard Policy Exceptions:

On a Mortgagee Policy, typically the lender will ask that the general exceptions from coverage on the policy be deleted. The general exceptions can be found on Schedule B, Part I of your policy. The general exceptions are:

- A. Rights of persons in possession other than the insured;
- B. Discrepancies, conflicts in boundary lines, short ages in area, easements not shown by the public records, encroachments and facts which an accurate survey and inspection of the premises would disclose;
- C. Unrecorded mechanic's, materialmen's and laborer's liens.

In order to delete the general exceptions on a Mortgagee Policy (the blue jacket policy), you need to insert "A, B and C" in the section "Exceptions lettered _____ are hereby deleted and subject to all other provisions hereof, the Insured is insured against loss by reason of matters mentioned in such exceptions."



On a standard Owner Policy (the red jacket policy), the general exceptions should not be deleted without prior approval from a CATIC underwriter. On Schedule B, Part I of your policy, please insert "none" in the section "Exceptions lettered _____ are hereby deleted and subject to all other provisions hereof, the Insured is insured against loss by reason of matters mentioned in such exceptions."

On an Expanded Policy the general exceptions are typically deleted on both Owner and Mortgagee Policies.


Tracking Down a Discharge:



The Agent Support Coordinators at CATIC are here to help you. We have the resources to assist you in tracking down discharges and searching for old assignments. Give them a call!

CATIC also provides a service which tracks down discharges of mortgages which have been paid off. CATIC Trac is available to all CATIC agents. For more information, contact your Agent Support Coordinator or visit www.catic-e.com.

TechnoTip:



Getting a new computer or server? If your PC is being replaced, be sure to save the prepexpress.mdb file, which is the data base containing all your PrepExpress® files. In most cases, we can save that database and put it on your new computer, which will give you access to all your files.

If your office is networked and your PC is not the server, or does not contain the prepexpress.mdb file, don't worry. When the file is on a different computer, all we need to do is specify the data path to the data file. This is a simple procedure and we can even walk you through it over the phone. Just give us a call, at the PrepExpress® Hotline: (800) 842-2216.

Expanded Policies:

An Expanded Policy may not be written for property that is commercial or vacant land. If the property is new construction, within the past year, please call your CATIC underwriter for assistance.

Upcoming Seminars:

2005 Seminars

Real Property Pursuit:

Springfield - April 6 and April 13
Rockland - April 6, April 13 and April 20

Understanding Title Policies:

Wakefield - May 6
Raynham May 11
Westborough May 17

Watch your mail for seminar brochures and information. You can also visit our website, www.catic-e.com, to register for a seminar or find further information. If you have questions, please contact your Agent Support Coordinator.

CATIC®

Tower Square
1500 Main Street, Suite 926
Springfield, MA 01115
(413) 737-0771 / (800) 552-2842
Fax: (413) 737-0812

40 William Street, Suite G-90
Wellesley, MA 02481
(781) 237-8770 / (877) 502-2842
Fax: (781) 237-8775