



Standard Exception Waiver Endorsement - Residential

Certificate Number:

This Endorsement shall be effective if a residence (1 to 6 family units) is affixed to the Land.

Standard Exception(s) _____ has(have) been deleted.

This Endorsement is issued as part of the Certificate. Except as it expressly states, it does not (i) modify any of the terms and provisions of the Certificate, (ii) modify any prior endorsements, (iii) extend the Date of Certificate, or (iv) increase the Amount of Coverage. To the extent a provision of the Certificate 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 Certificate and of any prior endorsements.

Standard Exception Waiver Endorsement - Residential Instructions

The Standard Exception Waiver Endorsement - Residential is only available with a residential Owner Certificate to waive Standard Exceptions 1 through 5, known as “extended coverage”. If “extended coverage” is requested for commercial land (seven or more residential units, industrial or other nonresidential property) or vacant land, please refer to the instructions for the Standard Exception Waiver Endorsement - Commercial, as more stringent requirements must be met.

The Participant will need to make:

1. A review of a current survey for matters of possession, encroachments, legal description problems, or other adverse matters;
2. A review of executed Composite Mortgage Affidavits (CMAs), by the sellers and the buyers; and,
3. A review of real estate tax and special assessment search.

To determine if one or more of the following Standard Exceptions may be waived:

Standard Exception No. 1: “Rights or claims of parties in possession not shown by the Public Records.”

To waive this exception from the Owner Certificate, obtain and review a CMA from all buyers and sellers/titleholders. All matters disclosed by the CMA will appear as Special Exception(s) in Schedule B in lieu of Standard Exception No. 1 unless satisfactory disposition thereof is otherwise made. Also, a current survey discussed below should provide independent observation regarding signs of possession.

Standard Exception No. 2: “Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land.”

To waive this exception for properties \$500,000 or less from the Owner Certificate, the Participant must obtain a survey showing the boundary lines, the location of all improvements relative to the property lines, easements, building setback lines, property dimensions and showing no signs of possession or possible encroachments. To waive this exception for properties over \$500,000 the Participant must obtain a survey made in accordance with the “Minimum Standard Detail Requirements for Land Title Surveys as adopted by the American Title Association Congress on Surveying and Mapping.” The survey must be dated within three months of closing and must name the Division as an addressee.

Look for recorded and unrecorded easements, setback lines, encroachments and possible boundary disputes on the survey. All easements, setback lines, encroachments onto easements, violations of setback lines, encroachments onto adjoining property, encroachments from adjoining property onto the guaranteed Land, and any adverse matters must be raised as Special Exceptions on Schedule B of the Owner Certificate.

If encroachment coverage is requested, consult the Underwriting section of the Title Guaranty Manual regarding encroachments.

Standard Exception No. 3: “Easements, or claims of easements, not shown by the Public Records.”

To waive this exception from the Owner Certificate, the Participant must obtain a survey in compliance with the requirements noted in Standard Exception No. 2 above.

Standard Exception No. 4: “Any lien or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the Public Records.” To waive this exception from the Owner Certificate, the Participant must obtain

1. CMA executed by all parties holding title to the Land during the 90 days preceding the date of closing verifying no materials delivered or work performed, or
2. Satisfactory evidence of payment in full of the cost of furnishing services, labor, and materials in connection with any improvement made to the Land 90 days prior to closing. It is advisable to obtain and review affidavits from the owner and general contractor disclosing all materialmen and all persons contracted with on the property along with all final lien waivers attached thereto, or
3. If materials provided and/or work performed but final mechanic lien waivers were not obtained, the proposed Guaranteed must provide by final appraisal or other satisfactory evidence that all construction is completed. Upon the expiration of the 90 mechanic lien period after the date of completion, a mechanic lien search may be completed disclosing no mechanic lien claims upon which an Owner Certificate may be issued along with the Standard Exception Waiver Endorsement deleting Standard Exception No. 4.

If a mechanic lien is found, a mechanic’s lien may be discharged by the owner, principal contractor, or intermediate subcontractor by filing with the clerk of the district court of the county in which the property is located a bond in twice the amount of the sum for which the claim for the lien is filed, with surety or sureties, to be approved by the clerk.

Any indemnification taken as a condition precedent to the waiver of Standard Exception No. 4 must be pre-approved in writing from the Division.

Standard Exception No. 4 remains if clearance is not obtained.

Standard Exception No. 5: “Taxes or special assessments which are not shown as existing liens by the Public Records.” To waive this exception from the Owner Certificate, the Participant must review the CMAs and the abstract/search for special assessments and taxes and raise such matters as exceptions on Schedule B.

Complete this Endorsement by inserting the number(s) of the standard exceptions to be deleted from the Certificate into the blank area on the Endorsement.