

CLTA & ALTA Homeowner's Policies

These title insurance policies are not like any title policy you have ever seen before. "CLTA Policy" used to mean less coverage than "ALTA Policy". Not anymore—as long as you have a one to four family residence. The CLTA Homeowner's Policy and the ALTA Homeowner's Policy are identical. Note that the word "homeowner's" in the name of the policy distinguishes these policies from other forms of title insurance.

The following is an outline of the affirmative coverages you get with these new policies. Please refer to the policy for a complete explanation of exclusions, conditions, stipulations and deductibles. Each policy will also contain exceptions that pertain to the particular property and parties involved in each transaction.

BASIC COVERAGE

1. Someone else owns an interest in your title.
2. Someone else has rights affecting your title arising out of leases, contracts, or options.
3. Someone else claims to have rights affecting your title arising out of forgery or impersonation.
4. Someone else has an easement on the land.
5. Someone else has a right to limit your use of the land.
6. Your title is defective.

FUTURE TITLE DEFECTS

7. Any of covered risks 1 through 6 occurring after the policy date. (This means that for the first time, the policy covers post-policy adverse possession, prescriptive easements and recorded documents mistakenly or intentionally containing a description of the insured's land.)

LIENS

8. Someone else has a lien on your title, including a:
 - A. Mortgage;
 - B. Judgment, state or federal tax lien, or special assessment;
 - C. Charge by a homeowner's or condominium association; or
 - D. Lien, occurring before or after the policy date, for labor and material furnished before the policy date.

ENCUMBRANCES

9. Someone else has an encumbrance on your title.

MORE BASIC COVERAGE

10. Someone else claims to have rights affecting your title arising out of fraud, duress, incompetency or incapacity.

ACTUAL ACCESS

11. You do not have both actual vehicular and pedestrian access to and from the land, based upon a legal right.

CC&R VIOLATIONS

12. You are forced to correct or remove an existing violation of any covenant, condition or restriction affecting the land, even if the covenant, condition or restriction is excepted in Schedule B.
13. Your title is lost or taken because of a violation of any covenant, condition or restriction, which occurred before you acquired your title, even if the covenant, condition or restriction is excepted in Schedule B.

SUBDIVISION MAP ACT VIOLATIONS

14. Because of an existing violation of a subdivision law or regulation affecting the land:
 - A. You are unable to obtain a building permit;
 - B. You are forced to correct or remove the violation; or
 - C. Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

The amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

BUILDING PERMITS

15. You are forced to remove or remedy your existing structures, or any part of them—other than boundary walls or fences—because any portion was built without obtaining a building permit from the proper government office. The amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

ZONING VIOLATIONS

16. You are forced to remove or remedy your existing structures, or any part of them, because they violate an existing zoning law or zoning regulation. If you are required to remedy any portion of your existing structures, the amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.
17. You cannot use the land because use as a single-family residence violates an existing zoning law or zoning regulation.

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ENCROACHMENT OF INSURED'S STRUCTURES

18. You are forced to remove your existing structures because they encroach onto your neighbor's land. If the encroaching structures are boundary walls or fences, the amount of your insurance for this covered risk is subject to your deductible amount and our maximum dollar limit of liability shown in Schedule A.

ENCROACHMENT OF NEIGHBOR'S STRUCTURES

(Sale falls through)

19. Someone else has a legal right to, and does, refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it because your neighbor's existing structures encroach onto the land.

ENCROACHMENT ONTO EASEMENT OR SETBACK

20. You are forced to remove your existing structures because they encroach onto an easement or over a building set-back line, even if the easement or building set-back line is excepted in Schedule B.

103.1 ENDORSEMENT

21. Your existing structures are damaged because of the exercise of a right to maintain or use any easement affecting the land, even if the easement is excepted in Schedule B.

EXERCISE OF MINERAL RIGHTS

22. Your existing improvements (or a replacement or modification made to them after the policy date), including lawns, shrubbery or trees, are damaged because of the future exercise of a right to use the surface of the land for the extraction or development of minerals, water or any other substance, even if those rights are excepted or reserved from the description of the land or excepted in Schedule B.

DISCRIMINATORY COVENANTS

23. Someone else tries to enforce a discriminatory covenant, condition or restriction that they claim affects your title which is based upon race, color, religion, sex, handicap, familial status, or national origin.

"ESCAPE ASSESSMENTS"

24. A taxing authority assesses supplemental real estate taxes not previously assessed against the land for any period before the policy date because of construction or a change of ownership or use that occurred before the policy date.

NEIGHBOR'S POST-POLICY ENCROACHMENT

25. Your neighbor builds any structures after the policy date—other than boundary walls or fences—which encroach onto the land.

26. Your title is unmarketable, which allows someone else to refuse to perform a contract to purchase the land, lease it or make a mortgage loan on it.

27. A document upon which your title is based is invalid because it was not properly signed, sealed, acknowledged, delivered or recorded.

116 ENDORSEMENT

28. The residence with the address shown in Schedule A is not located on the land at the policy date.

MAP

29. The map, if any, attached to this policy does not show the correct location of the land according to the public records.

ETERNITY AND ADDITIONAL INSURED

30. This policy insures you forever, even after you no longer have your title. You cannot assign this policy to anyone else. This policy also insures: (1) anyone who inherits your title because of your death; (2) your spouse who receives your title because of dissolution of your marriage; (3) the trustee or successor trustee of a trust to whom you transfer your title after the policy date; or (4) the beneficiaries of your trust upon your death.

INFLATION

31. The policy amount will increase by ten percent (10%) of the policy amount shown in Schedule A each year for the first five years following the policy date shown in schedule a, up to one hundred fifty percent (150%) of the policy amount shown in Schedule A.

CLTA & ALTA HOMEOWNER'S POLICIES—DEDUCTIBLES

Coverage	Your Deductible Amount	Maximum Policy Liability
Covered Risk 14 (Subdivision Law Violation)	1% of policy amount or \$2,500 (whichever is less)	\$10,000
Covered Risk 15 (Building Permit)	1% of policy amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 16 (Zoning)	1% of policy amount or \$5,000 (whichever is less)	\$25,000
Covered Risk 18 (Encroachment of Boundary Walls or Fences)	1% of policy amount or \$2,500 (whichever is less)	\$5,000

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