

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY Agency University
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Duty to Indemnify

Conditions

8. DETERMINATION AND EXTENT OF LIABILITY

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.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

- ➔ (i) the Amount of Insurance; or
- ➔ (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

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(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

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(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

Value without the Easement \$200,000 - Value with the Easement \$180,000 = DIV \$20,000

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- ➔ (i) the Amount of Insurance; or
- ➔ (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(i) = \$150,000.00
✓ (ii) = \$20,000.00

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(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

Value as Insured \$500,000	-	Value Void \$0	=	DIV \$500,000
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The diagram shows two houses. The left house is solid grey with a blue arrow pointing up, representing a full value. The right house is partially grey and partially white with a red 'VOID' stamp and a label 'BREAK IN CHAIN OF TITLE' below it, representing a value of zero.

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- ➔ (i) the Amount of Insurance; or
- ➔ (ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

✓ (i) = \$480,000.00
(ii) = \$500,000.00

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Right to Cure

5. DEFENSE AND PROSECUTION OF ACTIONS

(b) The Company shall have the right...to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured...

The diagram illustrates two adjacent lots separated by a dashed yellow line. On the left lot, a blue house is labeled 'Insured Property'. On the right lot, a green house is labeled 'Neighbor'. A blue oval representing a utility line is located in the shared area between the two lots. A line connects the utility line to the green house, indicating a shared utility connection.

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Right to Cure

5. DEFENSE AND PROSECUTION OF ACTIONS

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Right to Cure

5. DEFENSE AND PROSECUTION OF ACTIONS

(b) The Company shall have the right...to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured...

- Unrecorded Mortgage
- Execution Defect
- Legal Description Error
- Prior Taxes
- Prior Judgment
- Prior Mortgage

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Policy Benefits

Duties – Policy Obligations

- Indemnity
- Defense

Rights – Policy Options

- Cure
- Pay Loss

A pair of hands in white sleeves holds a small white house on a dark blue background. Above the house, there are white clouds and vertical lines representing rain falling.

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Missed Easement for Cable

A photograph showing a residential neighborhood with several houses and a large open field in the foreground. In the background, there are snow-capped mountains under a clear blue sky.

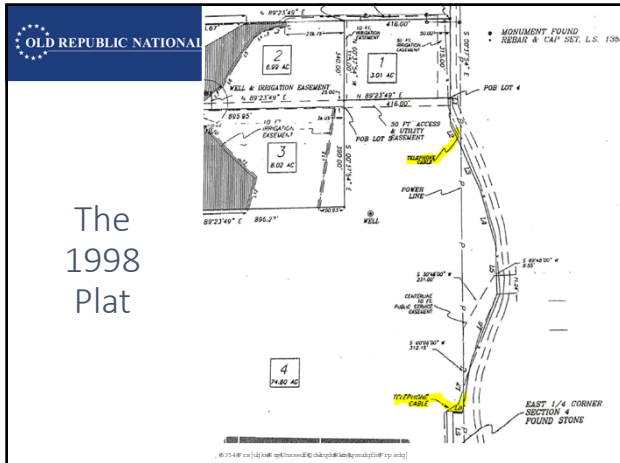
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The title policy exception:

- RESERVATION OF ALL INTEREST IN ALL OIL, GAS AND OTHER MINERAL RIGHTS, AS RESERVED BY ROBERT E. PRETTI AND DOROTHY G. PRETTI IN THE DEED TO JOHN CONTO RECORDED AUGUST 27, 1965, IN BOOK 369 AT PAGE 175 AS RECEPTION NO. 231379, AND ANY AND ALL ASSIGNMENTS THEREOF, OR INTEREST THEREIN.
- AFFECTS SECTION 3 ONLY
- TERMS, CONDITIONS AND PROVISIONS OF RESOLUTION NO. 9847 RECORDED JULY 02, 1998 IN BOOK 1076 AT PAGE 375.
- EASEMENTS, RIGHTS OF WAY, AND ALL MATTERS SHOWN ON THE PLAT OF WILLS SUBDIVISION EXEMPTION RECORDED JULY 13, 1998 AS RECEPTION NO. 328540
- RESTRICTIVE COVENANTS, WHICH DO NOT CONTAIN A FORFEITURE OR REVERTER CLAUSE, BUT OMITTING ANY COVENANT OR RESTRICTION BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND

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RECORDER'S OFFICE OF GARFIELD COUNTY CLERK
 FILE # 420332
 BOOK 7965 PAGE 307

RIGHT-OF-WAY EASEMENT

The undersigned Grantor (with and all of them if more than one) for and in consideration of Six Hundred Thirteen Dollars (\$613.00) and other good and valuable consideration in hand paid by the Grantee, the receipt whereof is hereby acknowledged, bargain, grant, bargain and convey unto **THE MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY, a Colorado Corporation**, its successors, assigns, heirs, executors, administrators and assigns, **the right to use, run, and operate a right-of-way for, across and over the right-of-way easement, easement and right-of-way easement and other easements from time to time as said easement may require upon, under and across the following described land which the Grantor owns or in which the Grantor has any interest, to wit:**

see Exhibit "A" for exact description attached hereto and incorporated herein by this reference.

a part of the northeast quarter and southeast quarter of Section 4, and the northeast quarter of Section 3, Township 6 South, Range 92 West of the 6th Principal Meridian.

Situate in County of Garfield, State of Colorado, TOGETHER with the right of ingress and egress over and across the lands of the Grantor to and from the above-described property, the right to clear and keep cleared all trees and other obstructions as may be necessary, and the right to permit other utility companies to use the Right-of-Way jointly with the Grantee for their utility purposes.

The Grantor reserves the right to occupy, use and cultivate said property for all purposes not inconsistent with the rights herein granted.

Signed and delivered this 26 day of October A.D., 1992

AT: Rocky Mountain Grantor
John M. Lovell Grantor

STATE OF COLORADO
 County of Garfield, ss. The foregoing instrument was acknowledged before me this 26 day of October, 1992, by John M. Lovell
 My Commission expires April 11, 1993
 Witness my hand and official seal.
John M. Lovell
 Notary Public
 Address: 107 W. 4th Street
Rocky Mountain, Colorado

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Missed Easement for Cable

Policy Benefit – Option to Cure

- Paid to Cure: \$225,000
 Cost to move the telephone cable.

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Access and Parking

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Owner's Policy
Amount of Insurance = \$180,000

Diminution in Value?
\$18,000

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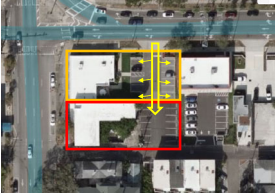
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Owner's Policy
Amount of Insurance = **\$180,000**

Date of Loss – Discovery

- Value as insured \$2,000,000
- Value Subject to Easement \$1,800,000

DIV= \$200,000




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Access and Parking

Policy Benefit – Duty to Indemnify

- Loss Paid: \$180,000



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Frequent Questions:

- What is your most common claim?
- What is your most costly claim?
- What is your most preventable claim?

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Most Common Claim: Prior Mortgages



Mortgages:
Sometimes mortgages can be paid down, but not closed out creating problems. Recorded releases are the only way to know for sure the lien is extinguished.

Home Equity Lines of Credits:
HELOCs are hard to close out sometimes, and can be tough to get released after the fact. HELOC borrowers sometimes use their "credit cards" and often run the balance back up after closing. This is because the HELOC was only paid down to \$0 and not officially released.

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Prior Mortgages:

Potential Claims Issues from Failure to Close out Prior Mortgages

What to look for:

- Obtain an update to see if any new mortgages have been recorded.
- Make sure you have an updated Payoff Statement.

What to do at closing:

- Be sure to comply with all requirements of the Payoff Statement.
- Is it just "paying it down" or closing it?
- Does it require the borrower's authorization?
- Does it have a tiny little box in the middle that needs to be checked or something that needs to be initialed prior to sending in? See example on following page.

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OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY tcf bank

Authorization to Restrict, Modify or Close Line of Credit

Lender:
TCF National Bank
Attn: Customer Service
Mail Code PCC-DEP
1405 Xenium Lane N
Plymouth, MN 55411

Loan Number: _____
Borrower(s): _____
Property Address: _____

I hereby authorize TCF National Bank to:

- Do not allow additional extensions of credit (advances) on my home equity line of credit. No further advances will be permitted. Reinstatement of advance privileges is subject to a written request, signed by all borrowers and TCF in view of approval.
- Permanently reduce the credit line on my home equity line of credit to \$ _____ You must sign a loan modification agreement.
- Close / terminate my home equity line of credit. County Release / Satisfaction fees may apply.

Borrower Signature _____ Date _____
Name (printed) _____
Co-Borrower Signature _____ Date _____
Name (printed) _____

Please return signed form to TCFloanapproval@tcfbank.com or fax to 763-337-4996. If you have questions, call Loan Servicing at 1-800-823-4363 or 763-337-4826. Hearing impaired TTY # is: 763-488-6294.

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Most Costly Claim: Real Estate Wire Fraud

E&O Policies

- Unfortunately, E&O Policies typically do not cover these email account compromise schemes.
- This is true even if the attorney has a cyber liability endorsement to the policy.
- The E&O Insurance Companies consider this social engineering and not cyber crime. They see it as not hacking a computer, but hacking (or tricking) a person.

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Most Costly Claim: Real Estate Wire Fraud

What to do if the money was stolen?

- IMMEDIATELY call your bank, and ask them to issue a recall notice on your wire. Make sure to use the word "fraud" as it will help get you through some initial gatekeepers.
- Everyone involved needs to change their passwords. If you can, go ahead and enable two-factor authentication on your email. This should be done before the fraud, but if not, it should be done when setting a new password after the fraud.
- Report the crime to IC3.gov.
- Contact us as we will help in any way we can.
- Do NOT assume your bank "will handle it."
- File a Complaint and TRO to freeze the funds

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Most Preventable Claim: Legal Descriptions

What to look for:

- Is a "newer, better" legal description being used in the insured transaction because it has been recently surveyed? If so, specifically what has changed.
- Does the legal description close?
- Do you foresee any issues?

How to prevent legal description problems:

- Can you plat it using Net Deed Plotter or some other software?
- Sales Pitch: *Net Deed Plotter* (by Greenbrier Graphics, LLC) only costs \$200 for a one time license. It is \$100 per license for additional employees. It is a very simple easy and cheap way to plat legal descriptions. I can do messy long legal descriptions in no time. It plats curves and is a great benefit to many of us at Old Republic. Example shown on following pages only took 5 minutes to plat:

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