



## ALTA LOAN POLICIES

*the difference between the Short Form & Long Form*



In a nutshell, do you want to save paper or have fewer pages to scan into a paperless file? If so, the ALTA Short Form Residential Loan Policy ("Short Form") is your solution. It is only available for one-to-four family residential properties, but provides the same coverage as the ALTA Loan Policy ("Long Form").

The Short Form is 4 pages long compared to the Long Form, which has 14 pages. Basically, the Short Form incorporates by reference all terms and provisions of the Long Form. As the policy provides in the insuring statement, "[Underwriter] HEREBY INSURES THE INSURED IN ACCORDANCE WITH AND SUBJECT TO THE TERMS, EXCLUSIONS AND CONDITIONS SET FORTH IN THE AMERICAN LAND TITLE ASSOCIATION LOAN POLICY, ALL OF WHICH ARE INCORPORATED HEREIN."

In addition, many ALTA Endorsements are automatically incorporated by reference into the Short Form; all in the same 4 pages. Adding Endorsements to the Long Form's 14 pages increases the final policy page count substantially. When your property is a one-to-four family residence with no construction, and page count is an issue, the Short Form is the policy of choice for you.

### WHAT EXACTLY IS THE ALTA SHORT FORM RESIDENTIAL LOAN POLICY?

The Short Form Policy is a lender policy of title insurance adopted 12/03/2012. It is only four pages long, and it incorporates all of the terms, exclusions, and conditions of the "long form" ALTA Loan Policy.

### HOW DOES IT WORK?

First, a title commitment / prelium is produced which contains the title exceptions. The policy itself is short and simple. The first page of the policy identifies the name of the borrower, the amount of insurance, the lender's name and the policy date. It also shows the mortgage amount and lender's loan number for easy reference. The property is described by incorporating the legal description found in the mortgage. The second page of the policy states that the preprinted coverages and exclusions contained in the standard "long form" ALTA Loan Policy are incorporated by reference. This is one of the major attractions of the form: there is simply less paper. Also, exceptions to taxes, recorded covenants / conditions / restrictions, recorded easements, and mineral reservations are set out in the form so that only in rare cases will it be necessary to add specific exceptions to the policy.

### IS THE COVERAGE AS GOOD ON THE SHORT FORM POLICY AS THE LONG FORM POLICY?

First, all of the terms of the long form policy are incorporated by reference. In addition, there are certain affirmative coverages built into the preprinted exceptions that would be granted by endorsements to the long form policy. Check out the preprinted Schedule B on the short form policy for more detail.

### HAS THE FORM BEEN APPROVED BY FANNIE MAE AND FREDDIE MAC?

Yes. In fact, the ALTA Short Form Residential Loan Policy was drafted with the help of Fannie Mae and Freddie Mac.

### WHY IS IT CALLED AN ALTA POLICY?

The American Land Title Association (ALTA) is the national trade association for the title insurance and settlement services industry. This association drafted the Short Form Policy with assistance from the lending community.

### FOR WHICH TRANSACTIONS IS THE POLICY AVAILABLE?

The ALTA Short Form Policy is only available for loans on one-to-four family residences; it is neither available nor appropriate for commercial transactions which tend to be less routine.

### CAN THE FORM LANGUAGE BE AMENDED?

No. Changing the language, even by adding one word, would affect the usefulness of this form, as the lender would have to review the entire policy in detail each time to see what was changed.

### WHAT ARE THE SHORT FORM POLICY ADVANTAGES?

- **SPEED** - Since the time spent producing the policy is minimal, it can often be available shortly after closing.
- **EFFICIENCY** - Not only is it easier and quicker for Corinthian Title to produce, but there is no need to waste time rereading information that is standard in every policy.
- **EASE OF REVIEW** - Since there are only a handful of fields that vary between policies your reviewer's eyes can focus on the significant items.

If you have any questions, please contact your Corinthian Title Company Sales Representative.

*Contact us today for all your title insurance questions!*

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