

Title

FREQUENTLY ASKED ^ QUESTIONS

September 2016

Q We have been asked to issue a SWAP endorsement in connection with a loan policy. Are there any special requirements?

A Yes. You must obtain approval from a member of our underwriting staff in order to issue a SWAP endorsement.

The SWAP endorsements are the ALTA 29-06, 29.1-06, 29.2-06 and 29.3-06. The default form in New Jersey is the ATLA 29.2-06 unless the parties will be treating the swap payments as additional interest in which case the ALTA 29.3-06 would be appropriate.

In order for us to evaluate issuance of the endorsement, you must provide

1. A copy of the fully executed Master Agreement (or its equivalent if the ISDA (International Swaps and Derivatives Association) forms are not being used);
2. A copy of the fully executed Schedule (if applicable);
3. A copy of the fully executed Confirmation;
4. A copy of the proposed mortgage; and
5. The maximum amount of the SWAP obligation.

If the Confirmation has not been executed, an unexecuted copy may be provided however, the endorsement may not be issued until the Confirmation has been executed.

The maximum amount of the SWAP obligation is filled in to the appropriate space on the ALTA 29.2-06 and premium is charged on that amount in addition to the charge for issuance of the endorsement per section 10.74 of the Rate Manual.

As always, feel free to address any questions to a member of our underwriting staff.