

## PRODUCT INFORMATION

# Residential Lender Title Insurance

The Stewart Title Residential Lender Policy has been designed to provide protection for lenders in the event that they are required to realise on their security and suffer loss as a result of certain defects covered by our policy.

The Residential Lender Policy can be utilised by you when you are lending against properties that are zoned:

- Residential
- Rural

### Enhancing Your Risk Management Program

For a **one time premium** you are protected against actual loss suffered where the loan has gone into default and there is a loss in relation to risks covered under our policy on realisation of the security.

You are indemnified, on a **no fault basis**, for the **principal amount of the mortgage**. A unique feature of this policy is additional inflation cover allowing the policy amount to increase to a maximum of 125% of the loan amount.

The liability under the policy reduces with the loan balance and terminates upon satisfaction of the debt so you are **protected for as long as the mortgage is registered on title**, including any assignments to another lender at no additional charge.

In addition, Stewart Title will **defend** the validity of the insured mortgage and any proceedings based on covered title risks covering all associated costs, legal fees and expenses incurred by you.

In the event of a valid claim, Stewart Title also pays all arrears of principal and interest payable in respect of the insured mortgage where the borrower fails to make their required payments and where we have failed to resolve the claim within 90 days of notification of a claim by you. We continue to make those payments as and when due as if no default had occurred until the claim is resolved.

### An Outline of What We Cover

You are covered for risks in the mortgage documentation, settlement and registration process including:

- identity and title fraud
- gap cover for the period between advancing funds at settlement and registration of documents
- where the mortgage is not valid and enforceable as an encumbrance against the title
- the mortgage does not have the correct priority
- outstanding rates on the property resulting in a claim against the secured property
- instances of duress, incompetence or incapacity
- any defects that would have been revealed by an up to date survey including encroachment of improvements
- non compliance with covenants and restrictions on title
- title to the land is unmarketable
- any defect or lien or encumbrance on title which is unknown to you
- invalidity or unenforceability of any assignment of the mortgage
- any adverse circumstance which affects the land and that would have been disclosed by searches of public records



- fraud which discharges, varies or affects the insured mortgage or causes a loss in its priority
- improvements constructed after settlement which encroach upon or interfere with an easement or right of way
- encroachment of an improvement onto the land secured by the mortgage constructed after settlement by someone other than the owner
- lack of necessary approvals for existing structures on the property or modification or replacement of the existing structure after settlement

### Claims Scenarios

**Claim:** Intervening registration between settlement and registration due to an outstanding credit card on the part of the borrower

**Stewart Title's Solution:** Negotiated a settlement of the debt with the credit card company and registered the mortgage

**Claim:** Registration of deed and mortgage prevented by registration of a court order freezing the assets of the vendor which included the purchase property

**Stewart Title's Solution:** Influenced vendor to pay the debt resulting in the court order being overturned and the documents were registered

**Claim:** Arrears of council rates at the time of settlement

**Stewart Title's Solution:** Stewart paid the arrears and council's legal costs

**Claim:** A lender loaned money to a borrower to purchase a house. After receiving payments regularly, the loan went into arrears. When enforcement proceedings began, the lender learned that a forged discharge of their mortgage had been registered sometime earlier, although mortgage payments had continued to be made. After the mortgage discharge was registered, the borrower sold the property to an innocent purchaser. The lender's insured mortgage was unenforceable against the title.

**Stewart Title's Solution:** After investigating the claim, the lender was paid out the balance owing on the mortgage.