

REAL ESTATE



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Q | I am purchasing commercial property and obtaining an owner's policy of title insurance. Why is my lender requiring a separate title insurance policy?

A | The primary reason is that an owner's policy of title insurance does not insure the lender and does not insure the lien priority of a lender's deed of trust or mortgage. Lien priority is insured under a separate title policy form, typically an ALTA 2006 Loan Policy of Title Insurance issued directly to the lender. A lender's policy may be endorsed to cover certain risks that are specific to a lender, such as a variable interest rate, revolving loan amount, and ongoing construction advances under the loan. In addition, certain actions taken by a property owner may negate coverage under the owner's policy, but will not affect the lender's coverage under its loan policy.