



Equiguard Program Overview

Equiguard is designed to streamline your closing process for all 2nd mortgage products. In addition to saving over the cost of a title search, your institution will also save the time and effort used to clear up discrepancies found in a search. Under the Equiguard program, old mechanic liens, tax liens and other items found on the title search will not delay the closing of the loan or take any employee time to resolve. If any of these items ever cause a loss, the Equiguard policy will insure you against the loss.

1. Replaces the title search Process in your Home Equity lending Programs.
2. Equiguard costs less than 50% of the price of a title search.
3. Equiguard covers all losses due to a superior lien a title search would discover.
4. Equiguard works for all 2nd lien position loans.
5. The policy will also cover loans with no 1st lien.
6. Equiguard is used for funded loans only; there are no charges for loans that do not close.
7. The coverage is in blanket format with loans reported monthly.
8. Coverage is written through an AM Best "A" rated insurance carrier.
9. Coverage limits are \$1,000,000 for any 2nd lien position loans.
10. Maximum LTV is 100%
11. Simple procedure to use, borrower just needs to fill out the Mortgagors Affidavit of Ownership and Good Title along with their signature and placed in Lenders file for their records.
12. No Deductible.

The provider of Equiguard is not selling Insurance or Title Insurance, nor is the provider providing a warranty or guarantee. If a " Third Party " (or its successor) suffers damages resulting from errors or omissions contained in this Program, the "Third Party" is entitled to recover damages through the Professional Liability Policy, subject to the terms, conditions and limits of the policy. The Insured should maintain an errors and omissions policy for all exposures they have which are not covered by this Program.

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Frequently Asked Questions about Equiguard

1. **Does this coverage replace a title policy?** No. Equiguard replaces a title search. Equiguard specifically does not cover purchase money first mortgages since these type of loans normally require a full title policy.

2. **How does the coverage work?** The Equiguard Policy covers the lender against any loss due to superior liens that the Lender would or could have known about had they conducted a title search. If there is a lien on the property prior to the loan closing, and this lien impairs the lender's ability to collect, the Equiguard policy will pay the lender for any loss incurred.

3. **What if the borrower does not have the right to use the property as collateral on the loan or has an undivided interest in the property that is not disclosed?** Regardless of the circumstances of individual situations, the Equiguard Policy will still pay for the Lender's loss. The affidavit the borrower signs will allow the carrier to pursue legal action against the borrower after the lender is paid and subrogates their rights against the borrower to the carrier.

4. **Is the product legal in my state?** Equiguard is legal in all fifty states as well as any other jurisdiction the lender wants to start operations. Past legal issues are related to the American Land Title Associations efforts to have this product either eliminated or forced to operate under the rules and regulations of the Title Insurance requirements in each state. Filings vary by state depending on the requirements of the Department of Insurance in each state. Many people also confuse this product with the Title Replacement Product that was brought out several years ago by Radian Guarantee Insurance. Radian's product was discontinued after ALTA successfully lobbied to have the program declared illegal in California. Radian's product can be distinguished from Equiguard due to the fact that Radian's product was designed to replace a title policy while Equiguard replaces a title search.

5. **Do we have to use your report form or can we use our own forms?** You may use any form you choose as long as we receive the same information we require on our form.

6. **Can we modify the affidavit?** Yes. Please have your legal department modify as needed. We need a copy of the final version for our files.

7. **What makes your product any different from the products offered by our title company?** Equiguard has many features that separate it from the competition. The most popular reasons lenders choose Equiguard over competing products is the flexibility to underwrite to each lender's unique requirements while still offering the coverage for up to 50% less in premium than what the title companies charge for similar programs.

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8. **What if we forget or overlook a loan on the monthly report?** Any loan that is not reported can simply be added to the next report due after the omission is discovered. Since the premium is only charged once for the life of the loan, the lender can report the loan at anytime up to and including when filing a claim.

9. **What if we make a loan that varies from our reported underwriting criteria?** The loan will still be covered. For example, if you report that you only lend to 80% LTV, but make a 100% LTV loan, the loan for the higher LTV will still be covered. We require a new application only when the lender makes a formal decision to change their underwriting criteria. Our requirement to get a copy of your underwriting criteria is designed to determine the proper premium to charge for your portfolio characteristics. The fact that individual loans will vary from these characteristics does not preclude coverage under our program.

10. **Can we use your coverage in a "Bundled Service" closing?** Yes, we partner with First Lenders Data, Inc. to offer Equiguard, as well as Blanket Mortgage Hazard Coverage in their "Bundled Services" program. If you do not use FLDI, you will need to check with your provider to see if they are willing to use our program.

11. **How do we file a claim?** A detailed claim form is provided with complete instructions. All claims will be settled within 30 days from receipt of all required documents.

12. **Why does this program cost so much less than a Search?** Equiguard determines the premium based on the lender's underwriting criteria, loan volume and loss history. Since very little loss has ever been associated with superior liens, the premium has remained low. The cost of a title search is not related to the amount of work required or the possibility of any loss associated with the process, the cost is determined by the title industry and is set as high as they think the market will absorb.

13. **Do we have to send a copy of the affidavits with the monthly report?** No, the affidavits are filed along with the rest of the closing documents in the loan file.

14. **Are references provided?** Yes, we will supply a complete list of references that have used the program for at least two years

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