

# ENDORSEMENTS AND EXCEPTIONS



## ENDORSEMENTS

An endorsement provides affirmative insurance coverage against risk or a title defect not otherwise covered by the policy or specifically excluded by the policy in its exclusions.

Although there are some standardization of endorsements, ultimately each title company may determine any form or subject of an endorsement and may tailor the endorsement to the particular demands or needs of its customer.

The cost of endorsements can range from \$0, or a set fee, or a percentage of the policy premium. It is advisable to inquire as to the cost of an endorsement in the initial conversations about obtaining an endorsement.

- 1. Colorado Endorsement Forms:** More local in nature to address localized issues in the community where the property is being insured.
- 2. ALTA Endorsement Forms:** The American Land Title Association promulgates endorsement forms in an attempt to standardize endorsements for the benefit of consumers and lenders.

## EXCEPTIONS

The exceptions listed on Schedule B – Section 2 of the title commitment become exceptions under the title insurance policy and limit the liability of the title insurance company in any claim. The title insurance policy may include or exclude recorded matters, based on a determination of insurability.

There are two categories of exceptions:

- 1. General Exception:** General exceptions or sometimes called "Standard or Preprinted Exceptions" deal with parties in possession, survey matters, mechanic's liens, unpatented mining claims, patented or unpatented mineral reservations, water rights, mineral rights, mineral leases, mineral grants, taxes, and right or encumbrances.
- 2. Specific Exceptions:** The specific exceptions represent those items which a title insurance company discovers through a search of the property records of the clerk and recorder's office for the county where the property is located. Specific exceptions typically include a covenants, easements, and reservations of mineral rights.

In addition to the specific exceptions that are discovered through a search of the property records, the title insurance company may include exceptions for any matter which may be disclosed by the affidavits given by the parties, any other matters not complied with in Schedule B – Section 1 (Requirements), and any matters disclosed by a currently dated survey of the subject property.