

CLTA Form 111.11

Revolving Credit Loan – Obligatory Advance

Provides coverage to a Lender with respect to revolving line of credit loans where the lender's agreement to make advances is obligatory.

ENDORSEMENT

Attached to Policy No. SAMPLE

Issued by _____

1. The Company hereby assures the owner of the indebtedness secured by the insured mortgage that advances made subsequent to Date of Policy pursuant to the terms of the ("Agreement"), which are secured by the insured mortgage, shall be included within the coverage of the policy, not to exceed the face amount of the policy, provided that the vestee is the owner of the estate or interest covered by the policy at the date any such advances are made and subject to the limitations hereinafter set forth.
2. The Company hereby insures the insured against loss or damage which the insured shall sustain due to the failure of subsequent advances to have the same priority over liens, encumbrances and other matters disclosed by the public records as advances secured by the insured mortgage as of the Date of Policy, except for the following matters, if any, disclosed by the public records subsequent to the Date of Policy:
 - a. Federal tax liens.
 - b. Liens, encumbrances or other matters, the existence of which are actually known to the insured prior to date of such advances, if the advance is made subsequent to the occurrence of a default (of which the insured has actual knowledge) under the terms of the Agreement and prior to the cure by the vestee or waiver by the insured of such default.
 - c. Bankruptcies affecting the estate or interest of the vestee prior to date of such advances.
 - d. Taxes or assessments of any taxing authority that levies taxes or assessments on real property.
3. Provided the Agreement secured by the insured mortgage contains provisions providing for changes in the rate of interest, the Company further insures the insured against loss or damage which the insured shall sustain by reason of:
 - a. The invalidity or unenforceability of the lien of the insured mortgage resulting from the provisions of the Agreement which provide for changes in the rate of interest.
 - b. Loss of priority of the lien of the insured mortgage as security for the unpaid principal balance of the loan evidenced by the Agreement, together with interest as changed in accordance with the provisions of the

Agreement, which loss of priority is caused by said changes in the rate of interest. Changes in the rate of interest", as used in this endorsement shall mean only those changes in the rate of interest calculated pursuant to the formula provided in the Agreement.

4. The Company further assures the insured that the advances described above shall not constitute "additional principal indebtedness", or "indebtedness created subsequent to Date of Policy", as may be referred to in the Conditions and Stipulations of the policy for purposes of limiting liability under the provisions thereof.

This endorsement also does not insure against loss or damage based upon

- a. usury, or
- b. any consumer credit protection or Truth-in-Lending law, or
- c. environmental protection laws.

This endorsement is made a part of the Policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto, except that the insurance afforded by this endorsement is not subject to paragraph 3(d) of the Exclusions from Coverage of the Policy. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the Policy and any prior endorsements, nor does it extend the effective date of the Policy and any prior endorsements, nor does it increase the face amount thereof.