

# StewartPROTECT™

## Closing Protection Letter Coverage for Your Clients

StewartPROTECT is an enhancement to Stewart Title's Residential Gold Owner and Loan Policies. By adding StewartPROTECT coverage to these already exceptional title policies, you are providing your clients with the most comprehensive protection offered by Stewart for losses arising out of the closing of their title insured real estate transactions.

Our owner and loan policies provide extensive coverage for most title and off-title matters that could give rise to losses in residential real estate transactions including coverage for title defects, liens and encumbrances, existing work orders and defective registration of title documents.

However, there are some matters that may arise due to a lawyer's or notary's error or omission that could lead to an insured experiencing losses that are not covered under the covered risks of a title insurance policy.

### Choose StewartPROTECT for Ultimate Peace of Mind

StewartPROTECT provides coverage against losses due to:

- ▶ Errors in advice regarding the terms of the Agreement of Purchase and Sale
- ▶ Improper adjustments of items listed on the Statement of Adjustments
- ▶ Improper advice as to how to take title

StewartPROTECT is for homeowners and lenders who desire additional protection from losses due to errors or omissions made by their legal professionals with respect to the legal services provided on Stewart Title insured real estate transactions.

When a matter is covered under the provisions of StewartPROTECT, the insured is not required to sue the lawyer or notary who committed the error or omission and can look to Stewart Title for efficient claims handling and resolution in accordance with the enhanced coverage of StewartPROTECT.



## Snapshots of StewartPROTECT in Action

### *The Problem: Missed Lender Instructions*

Our insured lender provided a second mortgage in the amount of \$35,000, secured against the borrower's home. The lawyer acting on the transaction was instructed to confirm that the balance on the existing first mortgage did not exceed \$280,000. At the time of the advance, the lawyer had failed to obtain this confirmation.

It was later discovered that the actual balance owing on the first mortgage had been \$440,000. When the homeowner went into default several years later, the first lender foreclosed and there was no equity available to pay the insured lender.

### *Resolution:*

After reviewing appraisal reports, it was determined that, but for the lawyer's error, the insured lender would have recovered their loan. The claim was covered under the Closing Protection Letter, with Stewart Title paying the insured the remaining principal owed.

### *The Problem: Missed Holdback Requirement on the Agreement of Purchase and Sale*

When our insured purchased the land, the Agreement of Purchase and Sale included a condition for a holdback of \$6,000 to be held in trust by his or her lawyer, to be released only upon completion of specified work to the property.

No amendment was made on the Statement of Adjustments to reflect the holdback and no undertaking was given to the vendor's lawyer regarding this matter. On closing, all funds were released to the vendor's lawyer and given to the vendor. No funds were held in trust for the holdback by the insured's lawyer and attempts to recover the funds from the vendor were unsuccessful.

### *Resolution:*

Stewart Title paid \$6,000 to the insured to resolve this claim, based on the insured's lawyer's error in not retaining funds for the holdback in his trust account.

## Ordering StewartPROTECT is Easy

StewartPROTECT can be added as part of your regular Stewart Title policy order. This enhanced coverage is provided through an endorsement to the policy called a Closing Protection Letter, also referred to as a CPL. It is an optional endorsement issued for purchase or refinance residential property transactions and is available for a nominal additional premium. When placing a title insurance order, simply add StewartPROTECT.

By combining Stewart Title's owner and loan policies with the protection of StewartPROTECT, you and your clients can confidently close residential real estate transactions knowing that their interests are protected by the most comprehensive title insurance policy available.

When your clients want the most comprehensive protection available, choose StewartPROTECT.

\*When ordering for purchase transactions, an additional "purchaser acknowledgment" document will be provided to you for signature by the purchaser.

\*\*StewartPROTECT is available for residential purchase and refinance transactions (excluding existing homeowner policies and VTB mortgages). Not available for transactions in Saskatchewan, Northwest Territories, Nunavut or Yukon.

This brochure is intended to provide information that is of a general nature and is subject to change. For full particulars of coverage, including exceptions and exclusions, please review the actual policy issued. Each claim is reviewed on its own merits based on the transaction specific facts and the policy coverage provided. Sample policies are available on request. Sample policies may not represent the final policy language issued for any particular transaction.

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Contact us for more information.

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