Regulations

Advocus National Title Insurance Company

Advocus National Title Insurance Company

Regulations - All States

Chapter: 1

ADVOCUS AGENT AUTHORITY AND GENERAL REQUIREMENTS

*Effective July 1, 1992; Revised March 20, 1998; **October 16, 1998**; **May 1, 2005**; **June 23, 2010**; June 19, 2013; September 5, 2014; October 1, 2023*

A. **Authority of Advocus Agent**

An Advocus Agent in good standing is authorized to act as a title insurance agent of Advocus, but only for the purposes and in the manner set forth in Advocus's bylaws, these Regulations, and any other written or oral instructions given by Advocus and in no other manner whatsoever. The authority of the Advocus Agent under the preceding sentence is not exclusive and is subject to the rights of Advocus and of other agents, or representatives of Advocus to transact the business of title insurance and is further subject to the right of Advocus to appoint other title insurance agents.

B. **Termination, Suspension, or Limitation of Title Insurance Agency**

The title insurance agency of an Advocus Agent may be terminated, limited, or suspended by Advocus for conduct which, in the opinion of Advocus, is detrimental to the welfare, reputation, or efficient operation of Advocus or its subsidiaries.

C. **Title Insurance Agent Registration and Licensing**

An Advocus Agent shall be registered or licensed with the appropriate state regulatory authority as a title insurance agent of Advocus prior to and at all times while acting as a title insurance agent of Advocus.

D. **Errors and Omissions Insurance**

An Advocus Agent shall maintain appropriate levels of errors and omissions insurance or professional liability insurance, with such coverages and in such amounts of insurance as Advocus may direct from time to time, at all times while acting as a title insurance agent of Advocus.

E. **Training**

An Advocus Agent shall complete Advocus forms and procedures training prior to acting as a title insurance agent of Advocus.

F. **Agency Escrow Disbursement Accounts**

If an Advocus Agent is conducting closings or receiving and disbursing funds, that Agent shall use an Agency Escrow Disbursement Account (the Account) to deposit funds and make disbursements for closings in which the Advocus Agent is receiving and disbursing funds. The Advocus Agent shall provide an irrevocable letter of direction to the institution at which the Account is established, authorizing Advocus to review and audit the institution's records of the Account at such time that Advocus, in its sole discretion, deems it necessary or appropriate.

G. **Title Files**

An Advocus Agent who represents parties to real estate transactions shall maintain separate title files or maintain client files in such a manner that non-confidential client information pertaining to activities of the

Advocus Agent as a title insurance agent of Advocus are readily available to Advocus. An Advocus Agent shall maintain title files and the title portion of client files for a period of ten (10) years after the effective date of the policy or policies unless, upon proof of hardship on the Advocus Agent, Advocus approves in writing a shorter period.

H. Proprietary Information Owned by Advocus

Proprietary information owned by Advocus, including, but not limited to, information contained in Advocus's prior policy plant or the "Advocus Agents" section of the Advocus website (**www.advocus.com**), may be used only by Advocus Agents for Advocus transactions exclusively and may be used by those Advocus Agents solely for the purpose of issuing Advocus commitments and policies, unless other uses are approved in writing by an officer of Advocus.

A violation of this Section of this Regulation by an Advocus Agent shall be grounds for action against the Agent under these Regulations, or otherwise, and shall subject any person or entity (including, but not limited to Advocus Agents) to liability to Advocus for damages suffered by Advocus as a result of the person's or entity's unauthorized use of proprietary information owned by Advocus.

I. Privacy Policy

The Advocus Agent shall adopt and maintain a written privacy and information security program to protect non-public personal information as required by local, state, and federal law.

Regulations - All States

Chapter: 2

FORMS

Effective July 1, 1992 (April 29, 1993 in Wisconsin); ***Revised June 23, 2010 and October 1, 2023***

A. **General**

Advocus will provide forms to an Advocus Agent in good standing for use in acting as a title insurance agent of Advocus. An Advocus Agent may not alter any form supplied by Advocus, or use a form supplied by another person or entity to bind Advocus, or otherwise bind Advocus to liability with a form, other writing or representation not supplied or authorized by Advocus.

Regulations - All States

Chapter: 3

TITLE SEARCH REQUIREMENTS

Effective July 1, 1992 and revised October 1, 2023.

All title searches must be conducted with reasonable care and in compliance with Advocus title search procedures in effect at the time of the title search.

- **General Requirements**
- **Cook County, Illinois Requirements**
- **Requirements in Counties Other than Cook County, Illinois**

Regulations - All States

Chapter: 3A

General Requirements

Effective July 1, 1992 and revised
October 1, 2023

A. General Requirements

An Advocus Agent who issues an Advocus policy or commits to issue an Advocus policy shall either obtain or conduct a chain of title search, a judgment and lien index search, and a general real estate tax and special assessment search on the land and names in question. The sum of all the components of the preceding sentence is hereinafter referred to in this Regulation as a "title search." An Advocus Agent shall make, or cause to be made, a written or electronic record of each title search conducted for the purpose of the issuance of an Advocus commitment or policy and shall provide the written or electronic record of the title search to Advocus upon request by Advocus. An Advocus Agent shall provide to Advocus, upon request, a written description of the Advocus Agent's title search procedures and shall provide to Advocus, upon request, any other relevant information and documentation relative to the Advocus Agent's title search procedures or any specific title search. For Illinois property, the Advocus Agent shall only conduct searches using or use search providers that follow Advocus's Illinois Search Standards as contained in the Illinois Title Forms and Procedures Handbook.

Regulations - All States

Chapter: 3B

Cook County, Illinois Requirements

Effective July 1, 1992, revised October 1, 2023

B. Cook County, Illinois Requirements

1. An Advocus Agent who issues an Advocus policy or commits to issue an Advocus policy on land located in Cook County, Illinois shall, for title information regarding the judgment and lien indices, utilize a name search conducted and reported by an Advocus-approved computerized title plant. An Advocus Agent shall be strictly liable to Advocus for all loss or damage suffered by Advocus resulting from errors in judgment and lien searches where a non-approved index or database is utilized.
2. An Advocus Agent who issues an Advocus policy or commits to issue an Advocus policy on land located in Cook County shall, for title information regarding the tract index, utilize a tract search conducted and reported by an Advocus-approved title search company, by the Advocus Agent if approved by the Advocus legal staff, or by another title searcher of the Agent's staff approved by the Advocus legal staff. The approved Advocus Agent or other approved title searcher must show proficiency in examination of Cook County land records dated prior to October 1, 1985. Also, the approved Advocus Agent or other approved title searcher must use a computerized tract search for records including and after October 1, 1985, from an Advocus-approved computerized title plant. An Advocus Agent shall be strictly liable to Advocus for all loss or damage suffered by Advocus resulting from errors in tract searches where a non-approved title searcher, index, or database is utilized.
3. An Advocus Agent who issues an Advocus policy or commits to issue an Advocus policy on land located in Cook County shall, for title information regarding general real estate taxes and special assessments, utilize a tax search conducted and reported by an Advocus-approved title search company, by the Advocus Agent if approved by the Advocus legal staff, or by another title searcher of the Agent's staff approved by the Advocus legal staff. The approved Advocus Agent or other approved title searcher must show proficiency in examination of Cook County tax records. An Advocus Agent shall be strictly liable to Advocus for all loss or damage suffered by Advocus resulting from errors in tax and special assessment searches where a non-approved title searcher is utilized.
4. All title searches must be conducted with reasonable care and in compliance with Advocus title search procedures in effect at the time of the title search.
5. As used herein, the term "computerized title plant" is defined as any system of title information storage and retrieval having the following attributes:
    a. The information contained in the tract and judgment and lien indices is stored in the memory bank of a computer;
    b. The information in the judgment and lien index must run from within five days of the current date backward to at least September 1, 1979;
    c. The information in the judgment and lien index must be retrievable by supplying the computer with the name to be searched; and

d. The results of the information retrieval from the tract and judgment and lien indices must be stored electronically or printed out on paper and kept for future review for at least ten (10) years.

Regulations - All States

Chapter: 3C

Requirements in Counties Other than Cook County

Effective July 1, 1992, revised October 1, 2023.

C. Requirements in Counties Other than Cook County

1. An Advocus Agent who issues an Advocus policy or commits to issue an Advocus policy on land located in any county other than Cook County, Illinois shall, for title information regarding the judgment and lien indices, the chain of title (tract or grantor/grantee) indices, and the general real estate taxes and special assessments, meet the following requirements:

    a. The Advocus Agent may perform the title search, the Advocus Agent may use another Advocus Agent in good standing to perform the title search, or may use any person or entity to perform the title search as long as the other Advocus Agent or the person or entity performing the search has errors and omissions or professional liability insurance to cover search errors and the search is performed following the requirements of the Advocus search standards in place at the time. An Advocus Agent shall be strictly liable to Advocus for all loss or damage suffered by Advocus resulting from errors in title searches if the Advocus Agent uses a title search provider or their own search procedures that do not follow the Advocus search standards.

Regulations - All States

Chapter: 4

COMMITMENT AND POLICY ISSUANCE PROCEDURES

Effective July 1, 1992; ***Revised October 13, 1995; December 14, 1998; December 7, 2000; March 1, 2010; June 23, 2010; June 19, 2013; April 1, 2014; February 19, 2020, and October 1, 2023.***

A. Commitment and Policy Issuance Priorities

Where more than one (1) party to a real estate transaction is represented by an Advocus Agent desiring to perform the title work, the following rules shall govern:

1. The Advocus Agent representing a party who bears the majority of the expense of providing title insurance coverage (i.e., customarily the seller), or the Advocus Agent retained on a co-counsel basis by such party to perform the title work, shall perform the title work if the Advocus Agent so desires and is an agent in good standing;
2. The Advocus Agent representing a party who bears the expense of providing a concurrent title insurance policy (i.e., customarily the buyer), or the Advocus Agent retained on a co-counsel basis by such party to perform the title work, shall perform the title work if the Advocus Agent so desires and is an agent in good standing and an Advocus Agent described in the preceding subparagraph is not performing the title work; and
3. The Advocus Agent representing a party making a loan secured by a mortgage on the land to be insured or the Advocus Agent retained on a co-counsel basis by such party to perform the title work shall perform the title work if the Advocus Agent so desires, is an agent in good standing, and an Advocus Agent described in the two (2) preceding subparagraphs is not performing the title work.

B. Policy Amount Limitations

An Advocus Agent shall obtain the written authorization of the Advocus legal staff prior to issuing an Advocus commitment or policy in the amount of three million dollars ($3,000,000) or more. If any authorization required under this Section of this Regulation is not obtained through the act or omission of the Advocus Agent, the Advocus Agent shall be strictly liable to Advocus for any loss or damage resulting from issuance of the commitment or policy.

C. Defects in Title to be Insured

An Advocus Agent shall note all title defects that are disclosed by prior policies, title searches, title search reports, abstracts, surveys, or other sources as title exceptions on Advocus commitments and policies issued by the Advocus Agent on the relevant land.

D. Loan Policies

The Advocus Agent shall issue the loan policy within thirty (30) days after closing unless the lender specifies a shorter time period.

E. Owner's Policy

An Advocus Agent shall issue the Owner’s Policy within thirty (30) days after closing or such shorter period as the Insured may reasonably require after receipt of the later date search report.

F. Calculation of Time Periods

For purposes of this Regulation and the following fees and charges, all time periods specified herein shall be construed as beginning at 5:00 p.m. on the date of closing or the date notice is given by Advocus under

Section G.2 of this Regulation (whichever is applicable) and ending at 5:00 p.m. on the day the specified time period ends.

G. Enforcement; Fees

1. In each instance of an Advocus Agent's violation of Sections D or E of this Regulation, and upon notice of the violation given to the Advocus Agent by Advocus, the Advocus Agent shall pay to Advocus a fee of twenty- five dollars ($25.00).
2. Upon notice to Advocus of an Advocus Agent's violation of Sections D or E of this Regulation, Advocus will immediately notify the Advocus Agent. The Advocus Agent will have seven (7) days from the date of notice to the Advocus Agent to comply. The Advocus Agent shall pay to Advocus, in addition to the fee imposed by subsection G.1 of this Regulation, a fee of twenty-five dollars ($25.00) if the Advocus Agent does not comply. Thereafter, the Advocus Agent shall pay to Advocus an additional twenty-five dollar ($25.00) fee for each seven (7)-day period of non-compliance. "Comply" or "compliance" when used in this subsection of this Regulation means receipt by the proper party of a complete policy, including required endorsements.
3. Where Advocus issues the Owner's Policy, Loan Policy, or both, because of an agent's unwillingness or inability to timely issue it or them, the Advocus Agent shall pay to Advocus a one hundred dollar ($100.00) per policy charge for preparation and delivery of the policy or policies. The charge imposed under the preceding sentence shall be paid in addition to the fees imposed under Sections G.1. and G.2. of this Regulation.

H. Incorrect Policies and Endorsements

1. For purposes of this Regulation, a policy is considered to be issued when it is properly completed and delivered to the Insured with all endorsements specifically required in the closing instructions, escrow agreement, or other document.
2. If an Advocus Agent fails to issue an endorsement that is required by an insured after being notified of the requirement, and Advocus then issues the endorsement, the Advocus Agent shall pay to Advocus a fifteen dollar ($15.00) charge for preparing and delivering the endorsement. If Advocus corrects typographical or other errors on policies or endorsements prepared by the Advocus Agent, the Advocus Agent shall pay to Advocus for preparation and delivery of each corrected policy or endorsement a fifteen dollar ($15.00) charge.

I. Fees, Premiums, and Policy Remittance

1. An Advocus Agent shall charge and collect fees for providing services or products as a title insurance agent of Advocus that do not exceed fees customarily charged in the locality for those services or products. All fees collected by an Advocus Agent for providing services or products as a title insurance agent of Advocus, less amounts to which the Advocus Agent is entitled, shall be paid to Advocus.
2. An Advocus Agent shall calculate title insurance premiums and endorsement fees payable to Advocus according to the applicable rate schedule in effect at the time of the earlier of the effective date of the commitment or policy. The Advocus Agent shall remit title insurance premiums and endorsement fees payable to Advocus at the time and in the manner as directed by Advocus from time to time, but in no event later than the date of the issuance of the policy or policies.
3. An Advocus Agent shall select a service level in the markets in which service levels are offered. The calculation of the premium due to Advocus shall vary with the service level selected. Traditional Title Services is the base level for calculating the premium due to Advocus. For Advocus Agents selecting the Title Services Support level, Advocus Agents will pay to Advocus Han additional 5% above the Traditional Title Services premium and

for Advocus Agents selecting the Title Services Complete service level, Advocus Agents will pay to Advocus an additional 10% above the Traditional Title Services premium.

4. An Advocus Agent shall remit to Advocus copies of all policies issued by the Advocus Agent at the time when premium and endorsement fees are remitted to Advocus.

Regulations - All States

Chapter: 5

SPECIAL TITLE PROCEDURES

Effective July 1, 1992; Revised ***June 23, 2010*** (**notes**)
and October 1, 2023

- **Construction Loan Escrows**
- **Subdivisions and Condominiums**
- **Agent's Titles**

  Qualified Escrowees

Regulations - All States

Chapter: 5A

Construction Loan Escrows

*Effective July 1, 1992; Revised **June 23, 2010,** May 23, 2018, and October 1, 2023.*

A. Construction Loan Escrows

An Advocus Agent shall not establish or administer a construction loan escrow as a title insurance agent of Advocus for purposes of disbursing mortgage proceeds, issuing interim title insurance coverage endorsements, or insuring against unrecorded mechanics' liens due to new construction, except in accordance with Advocus-approved procedures and using forms prescribed or approved by Advocus. In addition to the requirements of the preceding sentence, an Advocus Agent shall not establish or administer a construction loan escrow unless the establishment or administration of the escrow has been specifically authorized by Advocus in writing, or unless the Advocus Agent has been approved in writing by Advocus to establish and administer construction loan escrows. An Advocus Agent who establishes or administers a construction loan escrow in violation of the requirements of this Section of this Regulation shall, in addition to other rights and remedies of Advocus, be strictly liable to Advocus for all loss or damage suffered by Advocus resulting from the establishment or administration of the escrow by the Advocus Agent, including, but not limited to, mechanics' lien claims resulting therefrom and any claims expense, litigation costs, and attorneys' fees.

Regulations - All States

Chapter: 5B

Subdivisions and Condominiums

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023.***

B. Subdivisions and Condominiums

If the Advocus Agent intends to issue a master policy or otherwise insure all or substantially all the real estate that is included in a proposed or existing condominium declaration or plat of subdivision, the Advocus Agent must submit a copy of the condominium declaration or subdivision plat and all exhibits and supporting documents included therewith to the Advocus legal staff for approval by Advocus in writing prior to the issuance of a commitment or policy with respect to the real estate or any part of it. The requirements of the preceding sentence shall not apply if the Advocus Agent has possession of a policy issued by any title insurance company authorized to do business in the State of Illinois with an effective date on or after the date of the recording of the condominium declaration or plat of subdivision, insuring the land as part of the condominium or subdivision. An Advocus Agent who issues a commitment or policy in violation of the requirements of this Section of this Regulation shall, in addition to other rights and remedies of Advocus, be strictly liable to Advocus for all loss or damage by Advocus resulting from defects in the condominium declaration or plat of subdivision.

Regulations - All States

Chapter: 5C

Agent's Titles

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023.***

C. **Agent's Titles**
An Advocus Agent shall not issue a commitment or policy of Advocus on land in which the Advocus Agent has a direct or indirect interest unless the Advocus Agent receives approval by the Advocus legal staff in writing prior to issuance after submitting the following:

1. A copy of the proposed commitment and policy;
2. The prior policy, if any;
3. A title search or abstract covering, at a minimum, the applicable time period required by Advocus for the type of property involved and certified to the effective date of the commitment and policy; and
4. Any other information or documents relevant to the title to the land available to the Advocus Agent or requested by Advocus.

An Advocus Agent who issues a commitment or policy on land in which the Advocus Agent has a direct or indirect interest without first obtaining the approval of Advocus in accordance with the requirements of this Section of this Regulation shall, in addition to other rights and remedies of Advocus, be strictly liable to Advocus for all loss or damage suffered by Advocus under the commitment or policy. In addition, Advocus shall not be liable under the commitment or policy to the Advocus Agent or anyone who succeeds to the Advocus Agent's interest in the land by operation of law as distinguished from purchase, including but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors. An “indirect interest” for purposes of this Section of this Regulation includes, but is not limited to, an interest held by the Advocus Agent in a trust, estate, partnership, or corporation, and any interest held by the Advocus Agent’s spouse, children, grandchildren, or parents in the land or in a trust, estate, partnership, or corporation. The requirements of this Section of this Regulation shall not apply to interests held by the Advocus Agent or his or her spouse, children, grandchildren, or parents in a representative capacity or in a publicly held corporation.

Regulations - All States

Chapter: 5D

Qualified Escrowees

Effective May 23, 2018, revised
October 1, 2023.

D. Qualified Escrowees

An Advocus Agent shall not establish or administer an escrow as a title insurance agent of Advocus for purposes of serving as a qualified escrowee under Section 2.35 of the Illinois Securities Law of 1953, 815 ILCS 5/2.35, or any other state's statute except in accordance with Advocus-approved procedures and using forms prescribed or approved by Advocus. In addition to the requirements of the preceding sentence, an Advocus Agent shall not serve as a qualified escrowee unless the establishment or administration of the escrow has been specifically authorized by Advocus in writing, or unless the Advocus Agent has been approved in writing by Advocus to establish and administer escrows under the Illinois Securities Law of 1953 or another state's statute. An Advocus Agent who establishes or administers an escrow under the Illinois Securities Law of 1953 or another state's statute in violation of the requirements of this Section of this Regulation shall, in addition to other rights and remedies of Advocus, be strictly liable to Advocus for any loss or damage suffered by Advocus resulting from the establishment or administration of the escrow by the Advocus Agent, including, but not limited to, any claims expense, litigation costs, and attorneys’ fees.

Regulations - All States

Chapter: 6

AUDIT PROCEDURES

Effective July 1, 1992 (April 28, 1993 in Wisconsin); ***Revised June 23, 2010 and October 1, 2023.***

A. **Serialized Paper Forms Audit**

   Advocus will periodically supply to an Advocus Agent a list of all serialized paper forms in the custody and control of the Agent according to Advocus's records. The Advocus Agent shall, within fifteen (15) days of receipt of the list of serialized paper forms, return it to Advocus either with a certification that it is correct, or with an explanation of any discrepancies between the records of Advocus and the Advocus Agent.

B. **Agent Office Audits**

   Advocus may, with or without notice to an Agent, audit the Advocus Agent at the Advocus Agent’s office. This audit may include, but need not be limited to, review of the Agent’s commitment and policy issuance procedures, audit of serialized forms, and verification of the Agent’s compliance with these Regulations, and any other written or oral instructions given by Advocus. The Advocus Agent shall provide any requested information and documentation, including, but not limited to, proof of errors and omissions or professional liability insurance.

C. **Agency Escrow Disbursement Audits**

   Advocus may, with or without notice to an Agent, audit the Advocus Agent’s Agency Escrow Disbursement Account.

Regulations - All States

Chapter: 7

TITLE CLEARANCE

*Effective July 1, 1992 (April 28, 1993 in Wisconsin); Revised **June 23, 2010**; and June 19, 2013 and October 1, 2023.*

A. **Underwriting Determinations**

An Advocus Agent shall make all underwriting determinations prior to or at the closing. If the Advocus Agent does not attend the closing and is not available by telephone during the closing, all underwriting determinations must have been made by the Advocus Agent issuing the commitment or policy prior to closing. For purposes of this Regulation, the term “underwriting determinations” includes, but is not limited to, insuring access, reviewing gap searches, possible judgments, survey matters (including encroachments), unreleased mortgages or other liens, and any other matters disclosed by the commitment or other sources of title information. An Advocus Agent who causes or allows an erroneous underwriting determination to be made by someone other than a member of the Advocus legal staff or the Advocus Agent who issued the commitment shall be strictly liable to Advocus for loss or damage that Advocus may suffer as a result of the erroneous underwriting determination.

B. **Title Documentation**

An Advocus Agent shall make arrangements to obtain all applicable title documentation including but not limited to the following documents:

1. ALTA Statements;
2. Personal Information Affidavits;
3. Title Indemnity Agreements;
4. Documents to be recorded; and
5. Pay-off letters and corresponding payoff checks.

The Advocus Agent shall be strictly liable to Advocus for additional interest or late penalties or other loss or damage suffered by Advocus resulting from the Advocus Agent’s failure to obtain and competently act upon these documents in a timely manner.

C. **Duty of Care**

An Advocus Agent shall make all underwriting determinations arising out of the issuance of a title commitment using both:

1. Generally accepted and prudent title examining methods; and
2. Procedures implemented by Advocus and outlined in the various manuals and other materials provided by Advocus.

Any underwriting determination about which there may be a bona fide difference of opinion among local lawyers and that is not specifically covered by manuals and materials provided by Advocus shall be approved by Advocus legal staff.

D. Use of Prior Policy

If an Advocus Agent is relying on a prior policy and has reason to believe that there are errors in the prior policy, either on Schedule A or Schedule B, the Agent shall investigate and correct such errors or raise appropriate Schedule B exceptions on the Advocus commitment and policies. In any situation where an Advocus Agent has obtained a title search or other information that discloses liens, judgments, mortgages, or any other unreleased or unresolved title defect and has possession of a prior policy from another title insurer either not showing exceptions for those matters or raising them and insuring over them, the Advocus Agent shall cause Advocus to obtain indemnification from the prior title insurer before waiving or insuring over the title defect.

Regulations - All States

Chapter: 8

CLOSINGS

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023.***

A. **Advocus Agent Authority**

An Advocus Agent is not authorized to handle any escrow, settlement, or closing as a title insurance agent of Advocus unless authorized in writing by Advocus prior to handling the escrow, settlement, or closing.

B. **Agency Closings**

An Advocus Agent issuing a policy or policies for a lender on property located in the Chicago metropolitan area must utilize the Advocus-Assisted Closing Program if the lender requires that the loan be closed through the use of an agency closing to be conducted by Advocus. An Advocus Agent shall comply with the Advocus-Assisted Closing Program requirements in effect at the time of the closing of the transaction.

Regulations - All States

Chapter: 9

CLAIMS

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023.***

- **Claim Procedures**
- **Claim Loss Recovery from Agents**

Regulations - All States

Chapter: 9A

Claim Procedures

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023.***

A. **Claims Procedures**

In the event of loss or damage or potential loss or damage arising by reason of a matter actually, possibly, or allegedly within the coverage of an Advocus commitment or policy or by reason of any other matter for which Advocus is actually, possibly, or allegedly liable (referred to herein as a “claim”), the rights and responsibilities of Advocus and the Advocus Agent are as follows:

1. Upon receipt of notice by an Advocus Agent of a claim, the Advocus Agent must notify Advocus in writing, setting forth and including at a minimum:

   a. The name, address, and telephone number of the claimant and the claimant’s attorney, if any;

   b. The commitment and policy numbers and copies of the commitment and policy if not previously forwarded to Advocus; and

   c. A description of the claim and copies of any documents, correspondence, surveys, title searches, or other writings, and other information supplied to or available to the Advocus Agent relevant to the claim.

   The notification to Advocus under this Section must be made within three (3) business days of receipt of information about a claim by the Advocus Agent and must be mailed to Advocus by first class mail to P.O. Box 9136, Champaign, Illinois 61826-9136 or emailed to claims@advocustitle.com. In addition to the notice required by the preceding sentence, if the nature of the claim is such that the insured claimant or Advocus, or both, may suffer loss or damage that might be reduced or avoided by notice given more promptly than required by the preceding sentence, the Advocus Agent shall notify Advocus by electronic mail, telephone, telephone facsimile transmission, overnight mail or other overnight delivery service, or any combination of these methods, at the Advocus office that is closest to the location of the land insured.

2. Upon receipt by an Advocus Agent of a request from Advocus for information with respect to a claim, the Agent shall supply to Advocus any documents, correspondence, surveys, title searches, other writings, or other information known by or available to the Advocus Agent and relevant to the claim, even if not specifically requested by Advocus. The response to Advocus under this subsection must be made within three days of receipt of the request by the Advocus Agent and must be emailed, mailed by first class mail or sent by overnight mail to the Advocus employee, agent, or other authorized person requesting the information.

3. In addition to the requirements of Sections A.1. and A.2. of this Regulation, an Advocus Agent shall cooperate fully in the investigation and resolution of a claim and shall supply any additional, new information that may come to the Advocus Agent's attention with such promptness as the circumstances permit.
4. Advocus may, with or without prior notice to the Advocus Agent or Agents involved, investigate and resolve any claim in any manner that, in Advocus's sole discretion, it may deem advisable. Investigation and resolution may include but are not limited to, determinations of liability, retention of counsel for Advocus or the insured claimant, settlement with the insured claimant or other party, and recovery of amounts paid.

Regulations - All States

Chapter: 9B

Claim Loss Recovery from Agents

Effective July 1, 1992; ***Revised June 23, 2010 and October 1, 2023***

B. Claim Loss Recovery from Agents

1. An Advocus Agent shall reimburse Advocus for amounts paid by Advocus in the investigation and resolution of a claim, hereinafter referred to as a "claim loss," including, but not limited to, payments to the Insured, payments to adverse claimants, attorneys' fees, and all other expenses and costs related to or arising from the claim in accordance with the provisions of this Regulation.
2. In the absence of knowledge by the Advocus Agent about the title defect or other matter causing the claim loss, Advocus shall not seek recovery from the Advocus Agent when a claim loss arises from one

   (1) or more of the following:

   a. Hidden defects, including, but not limited to, forged deeds and mortgages, false affidavits, and false statements of marital status;

   b. Errors by public officials in maintaining and indexing the public records, including, but not limited to, errors by county assessors, recorders, clerks, and treasurers;

   c. Errors made by abstractors or title search companies approved by Advocus in their search and report of information in the public record;

   d. Errors in the Advocus guidelines, procedures, and regulations that are relied upon by the Advocus Agent in issuing a commitment, policy, or endorsement;

   e. Errors in surveys provided by land surveyors, properly licensed, properly registered, or otherwise properly authorized to provide land surveys in the state where the land is located, that are relied upon by the Advocus Agent in giving survey coverage or issuing an endorsement or endorsements;

   f. Underwriting determinations or title risks approved by Advocus prior to issuance of the commitment, policy, or endorsement.
3. The Advocus Agent shall reimburse Advocus for a claim loss when Advocus determines, in accordance with Section B.4. of this Regulation, that the Advocus Agent is liable and when the claim loss arises from one

   (1) or more of the following:

   a. Errors by the Advocus Agent in the title search and report of information in the public record;

   b. Reliance by the Advocus Agent upon sources of title searches and other title information that had not been approved by Advocus at the time of the reliance;

   c. Errors made by the Advocus Agent in examining the title information provided in a title search, survey, affidavit, or other source of title information;

   d. Errors made by the Advocus Agent in the preparation or review of a commitment or policy;

   e. Errors made by the Advocus Agent in the closing of a real estate transaction;

   f. Knowing issuance of a commitment or policy by the Advocus agent upon a defective title;

   g. Failure of the Advocus Agent to follow Advocus procedures, guidelines, or Regulations with respect to any other matters not included within the preceding subsections of this Section of this Regulation.
4. Unless another Regulation, bylaw, procedure, or guideline provides for a different standard of liability or other rule for determining whether the Advocus Agent shall be liable for a claim loss, Advocus shall apply the following standards:

   a. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(a) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent was grossly negligent in conducting the title search. Gross negligence includes the failure to make a search or use of inadequate search procedures. Gross negligence under the preceding sentence includes but is not limited to failure to search certain indices, failure to search all names of parties with an interest in the real estate, or failure to search in all public offices required by Advocus search procedures or procedures used by prudent title searchers if Advocus has not established search procedures for the county where the land is located. In making its determination whether to seek recovery, Advocus may consider the complexity of the public record, the reliance of the Advocus Agent upon Advocus-approved search procedures, the training and experience of the person who made the error, and the existence or non-existence of previous search errors by the Advocus Agent.

b. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(b) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent relied upon sources of title searches or other title information that had not been approved by Advocus at the time of the reliance.

c. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(c) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent negligently examined the title information used in making a title determination, failed to raise an appropriate exception, waived an exception, or endorsed a title commitment or policy. Advocus may make full review of local county bar title rules as a guide to determine whether the Advocus Agent has failed to meet the standard of skill and competence of a lawyer examining titles in the community where the claim arose. Advocus may also consider whether the Advocus Agent followed established Advocus procedures, guidelines, requirements, and Regulations in examining the title. In addition, Advocus may seek input from other Advocus Agents in the community in which the claim arose as to the standard of care of lawyers examining titles in that community.

d. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(d) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent negligently prepared and reviewed a commitment or policy.

e. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(e) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent negligently closed a real estate transaction.

f. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(f) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the issuance of the commitment or policy constituted fraud, concealment or dishonesty, or if the issuance of the commitment or policy was based upon an underwriting decision on an unusual risk that was made without contacting Advocus for approval.

g. In the event that a claim loss occurs where Advocus may seek recovery from the Advocus Agent under Section B.3.(g) of this Regulation, Advocus may demand reimbursement from the Advocus Agent if the Advocus Agent failed to follow Advocus procedures, guidelines, requirements, and Regulations with respect to the matter causing the claim loss.

Regulations - All States

Chapter: 10

DEFINITIONS, RULES OF CONSTRUCTION, APPLICATION, AND EFFECTIVE DATE

Effective July 1, 1992; Revised September 17, 1993; ***June 23, 2010 and October 1, 2023***

A. Definitions

The following words and phrases, when used in these Regulations, shall have the meaning set forth below unless inconsistent with the manifest intent or the context of the Regulation:

1. "Advocus" means Advocus National Title Insurance Company, an Illinois corporation.
2. "Agent" means a title insurance agent of Advocus National Title Insurance Company, an Illinois corporation.
3. "Advocus Agent in good standing" means a title insurance agent of Advocus National Title Insurance Company, an Illinois corporation, who is in full compliance with these Regulations, any other written or oral instructions of Advocus, whose title insurance agency has not been terminated, limited, or suspended under these Regulations.
4. “Business of title insurance,” “title insurance company,” and “title insurance agent,” have the same meaning as those terms have under the Title Insurance Act, 215 ILCS 155/1 *et seq.*, as amended from time to time.
5. “Land” means real estate that is described on Schedule A of an Advocus title insurance policy or commitment to insure title, the title to which is insured or to be insured by Advocus.
6. “Commitment” means commitment to insure title and “policy” means title insurance policy. The words “commitment” and “policy” include any part or schedule thereof and any endorsements thereto.
7. "Form" or "forms" means written instruments, in either electronic or physical form, used in the business of title insurance that, when completed and executed, create contractual obligations or rights for a title insurance company.
8. "Agency closing" means a settlement in which an agent is appointed by a lender to finalize a real estate transaction in accordance with the terms of the lender’s general and specific instructions prior to disbursement of the loan proceeds.
9. "Agency Escrow Disbursement Account" means any checking Account utilized for the purpose of handling, in conjunction with closings, escrows, settlements, and title indemnities:

   a. Deposits, including, but not limited to, the acceptance of incoming funds from the lender or borrower or both; and

   b. Disbursements, including, but not limited to, sellers’ proceeds, mortgage payoffs, expenses of sale, and professional fees.

B. Rules of Construction

In the construction of these Regulations, the rules of the Statute on Statutes, ILCS 70/0.01 *et seq.*, as amended from time to time, shall be observed, in addition to the following rules, unless either the rules of the Statute on Statutes or the following rules are inconsistent with the manifest intent or the context of the Regulation:

1. The word "shall" means mandatory and not permissive and the word “may” means permissive and not mandatory.
2. The word "closing" includes, but is not limited to, the recording of a deed executed and delivered in lieu of a mortgage foreclosure or pursuant to a mortgage foreclosure proceeding and also includes the entry into a binding agreement and transfer of possession by a seller to a buyer on a contract sale of land.
3. Nothing in these Regulations shall be construed to require an Advocus Agent, acting in an attorney/client relationship with a party in a transaction, to disclose privileged information of a client to Advocus or to any other party.
4. An Advocus Agent's shareholders, partners, associates, secretaries, paralegals, and other persons under the Advocus agent’s supervision or control who transacts the business of title insurance at the direction of or in the name of the Advocus Agent as a title insurance agent of Advocus shall comply with the requirements of these Regulations, and any other written or oral instructions given by Advocus. An Advocus agent shall be liable to Advocus for loss or damage suffered by Advocus resulting from acts or omissions of the Advocus Agent’s shareholders, partners, associates, secretaries, paralegals, and other persons under the Advocus Agent’s supervision or control who transact the business of title insurance at the direction of or in the name of the Advocus Agent as a title insurance agent of Advocus as though the act or omission were that of the Advocus Agent.
5. Any Regulation that provides a specific remedy or sanction for violation of the Regulation shall not be construed as limiting the ability of Advocus to pursue and enforce other penalties or sanctions under these Regulations, or otherwise against the Advocus Agent or other person responsible or liable, either separately, concurrently, cumulatively, or in any combination, at the sole discretion of Advocus.
6. The failure of Advocus to enforce a right or remedy under these Regulations, a statute, the common law, or a governmental regulation, shall not be construed as a waiver of such right or remedy either in the specific instance or in any other instance.

C. Application and Effective Date

These Regulations shall apply to the activities of Advocus Agents related to insuring title to land as title insurance agents of Advocus. These Regulations shall be effective for acts or omissions by an Advocus Agent that occur on or after July 1, 1992.