

UCCPlus Program Overview

Reduce Costs, Eliminate Risk, Enhance Value

UCC insurance is a relatively new title insurance product introduced a number of years ago in a time frame in which Article 9 of the Uniform Commercial Code was substantively revised. Fidelity National Title Group's "UCCPlus Insurance Protection" policy insures the lender's security interest in commercial loans secured by non-real estate assets for:

- A) Validity*
- B) Enforceability*
- C) Attachment*
- D) Perfection*
- E) Priority.*

UCCPlus covers:

- 1) fraud,*
- 2) forgery,*
- 3) documentation defects,*
- 4) search office indexing problems*
- 5) filing office errors & omissions*
- 6. financing statement inaccuracies*
- 6) insures the lending "gap"*
- 7) provides cost-of-defense coverage in the event of a challenge to the lender's security interest.*

Non-real estate assets are defined by Article 9 of the Uniform Commercial Code, and often referred to as "personal property", or "Article 9 collateral". Personal property includes inventory, furniture, fixtures, equipment, accounts receivables, deposit accounts, securities and pledges.

UCCPlus policies include UCC search and filing services, and can provide for tracking financing statements for "continuation", thereby avoiding an expiration of the lender's perfecting documents.

UCC insurance is particularly useful to lenders originating loan transactions that involve both real property and personal property, allowing lenders to insure "both

sides" of a mixed collateral transaction. And, UCCPlus "presumes" the borrower's rights in the collateral being pledged, a significant exclusion found in competing UCC insurance products.

In recent years UCC insurance has become a checklist item for most major mezzanine investors and lenders, oftentimes driven by secondary market considerations. The market appears to have dictated that the loans that are insured have greater value in the secondary market than loans that are not insured.

Risk Management professionals are reporting that the Credit Enhancement aspect of UCCPlus serves to reduce loan loss reserves thereby increasing bank liquidity.

Like traditional title insurance, the borrower typically purchases the coverage for the benefit of the lender, and the one-time premium is "life-of-loan" and assignable.

The policy was originally developed to expand coverages available to lenders, while at the same time strengthening the traditional legal opinion, successfully relieving liability to outside counsel in connection to priority and perfection. UCCPlus waives the right of subrogation in connection to lender's counsel and frequently reduce loan origination costs to the borrower, while enhancing the value of loans sold into the secondary market.

*Fidelity's UCC Insurance Division has developed a particular expertise in underwriting and insuring large, multi-site mixed-collateral loan transactions, major-market asset based loans, commercial loan work-outs and high yield mezzanine financing transactions. **Our underwriting staff consists of experienced paralegals and lawyers specializing in commercial finance transactions.***

Opened orders for UCCPlus exceed \$35 Billion. Our clients include Goldman Sachs, Morgan Stanley, Bear Stearns, Greenwich Capital, Credit Suisse First Boston, Deutsche Bank, Lehman Brothers, JP Morgan Chase, Merrill Lynch, GMAC, BofA, Wachovia, Key Capital, Wells Fargo, Citigroup, TIAA-CREFF, Countrywide, ARCS, MONY, Prudential, RAIT, Column Financial .

Many of the nation's leading law firms, specializing in real estate and commercial finance transactions, rely on UCCPlus to reduce risk and enhance loan value for the benefit of their clients.

These law firms include Cadwalader Wickersham & Taft; Sidley Austin Brown; Windels Marx; Holland & Knight, Strook & Strook; Baker McKenzie, Weil Gotshal; Cravath Swaine; Thatcher Profitt; Pircher

Nichols; Sullivan & Cromwell; Kaye Scholer; Jones Day; Morrison & Foerster; Dechert; Quarles Brady; Pillsbury Winthrop Shaw Pittman; DLA Piper Rudnick; Dewey Ballantine; Shearman & Sterling; Brown Raysman; Proskauer Rose; Skadden Arps; Bingham McCutchen; Sonnenschein; Goodwin Proctor; Buchanan Ingersoll; Jenkins & Gilchrist; Solomon Weinberg; Hogan & Hartson; Gibson Dunn & Crutcher; Schulte Roth; Lewis & Roca; Paul Hastings; Latham & Watkins; Katten Muchin; Kirkland & Ellis; Heller Ehrman; Debevoise & Plimpton and Mayer Brown Rowe & Maw.

Technical information, promotional materials, order forms and an electronic rate calculator are located at our www.uccplus.com web site. Key published articles concerning mezzanine financing and the development of the concept of UCC insurance can be found at the "News" link.

Theodore H. Sprink, Senior Vice President
National Director of Sales & Marketing
Fidelity National Title Group, Inc.
UCC Insurance Division
701 "B" Street, Suite 1700
San Diego, CA 92101
Office: (619) 744-4410
Mobile: (760) 604-0277
Fax: (619) 544-6289
www.uccplus.com