UCC Plus RISK MANAGEMENT

Fidelity National Financial Family of Companies

## Important Industry News:

### UCC Insurance Protection Mitigates Foreclosure Risk

The UCC Division of Fidelity National Financial, Inc. has introduced a new UCC*Plus* Mezzanine Owner's Policy for Foreclosure. The Policy, adapted from the UCC*Plus* Owner's Policy which covers sales of certificated securities under Article 8 and partnership or membership interests under Article 9 of the Uniform Commercial Code, insures important aspects of a UCC foreclosure.

Specifically, the UCC*Plus* Mezzanine Owner's Policy for Foreclosure insures against a loss arising from: 1) a lack of ownership of Article 8 and Article 9 pledged interests obtained through the foreclosure process; 2) a lack of proper notification being given; 3) the form and timing of the notice not being sufficient; 4) a prior security interest in existence and 5) a lien of a lien creditor. We believe no other comparable product exists in the marketplace.

For more information, see www.uccplus.com, www.riskmanagement.fnf.com or contact Ted Sprink, Senior Vice President and National Marketing Director at (760) 931-4731 or tsprink@fnf.com.

New York Law Journal

**The Lender's Exit Strategy**

What are the Secured Party's options for enforcing its security interest and disposing of collateral after it has declared an event of default? Read More.

Lender's Exit Strategy, Feb '09
More Info.

Mezzanine Financing--UCC Foreclosure, Nov '08
More Info.

**FNF Acquisition Makes It Largest Title Insurer in U.S.**

Fidelity National Financial, Inc. purchased Commonwealth Land Title Insurance Company and Lawyers Title Insurance Corporation in late December, 2008. The acquisition gives FNF a dominant 46% market share of the commercial and residential real estate market. Read More.

## Mezzanine Markets Poised for Comeback:

According to an article published in the Washington Business Journal, authored by partners of the law firm Goulston & Storrs, mezzanine investors remain in the market to fill the gaps for projects stalled by the credit crunch. In 2008 alone, mezzanine funds raised more than $40 billion, five times more than what was raised in 2007. Unlike senior loans, primarily secured by the land and property improvements, mezzanine loans are secured by a pledge of ownership in the entity borrowing the money. For example, the ownership interests in a typical limited liability company that borrows money would be pledged to the mezzanine lender as security for repayment of the loan. Since the mezzanine lender has no direct interest in the project itself, it must take measures to avoid a foreclosure by the senior lender because that would leave it with an interest in an LLC that has no value. That's why mezzanine lenders typically have the right to step in and take control of the borrower during a default of the senior loan — known as a cross-default. Read More.

## Mortgage Bankers Association and The Secured Lender White Papers

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MORTGAGE BANKERS ASSOCIATION

**Corporate Debt Seen as Potential Next Wave in Lending**

Middle market loans past due between 30 and 89 days spiked sharply in the fourth quarter to 1.25 percent, up 54.3 percent from the prior quarter and double the year-ago level, reported the Risk Management Association, Philadelphia, and Automated Financial Systems, Exton, PA. RAS data estimated increased deterioration of commercial credit risk in the middle market, represented by more than half of all middle market commercial loans in the United States. Read full article.


**Life Insurance Companies Indirectly Anticipate Market Bottom**

Life insurance companies appear ready to invest in commercial real estate in a more indirect method until market values hit bottom. Steve Collins, managing director of the international capital group in the Washington, D.C. office of Jones Lang LaSalle, said more life insurance companies are taking a stance resembling Japanese life companies. "They're all moving to indirect," Collins said. Life insurance companies appeared to provide commercial real estate loan facilities last year, primarily because they were in a better financial position without subprime and securitization concerns that led to bank capital, credit quality and liquidity issues across a number of market sectors... Read full article.

**Changes in commercial real estate financing as lenders seek the true bottom of the market.**

Is today's 60 percent LTV still considered tomorrow's 90 percent LTV? Read excerpts of Ted Sprink's inteview with MBA's NewsLink.

**Practical Strategies to Risk Management and Credit Quality**

Frozen credit markets, residential foreclosures, government bail-out of the private sector, slipping consumer confidence... These are just some of the issues that suggest commercial loan default rates may play a more significant role in bank strategies in the future than they have in the past. Read full article.

## Meet the Experts:

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