

Headaches with Condominiums - Continued

As you know when making a loan to a condominium developer, at some point in time, the bank subordinates its mortgage to the master deed. In this regard, it is imperative that the master deed be reviewed carefully as the bank does with any encumbrance that comes before its mortgage. The developer should not be allowed to amend the master deed without the prior written consent of the bank. You must remember that generally, title insurance excludes provisions in the master deed and amendments to the master deed.

It is equally important that if construction lending is going to take place following the subordination of the bank's mortgage, that the bank confirms that the master deed has not been amended in the interim. As such, date down endorsements from the title insurance company, together with certificates of title verifying that no new amendments or modifications had been recorded subsequent to the date of your mortgage without the bank's prior written consent.

If the master deed has been amended, than you must review the changes and determine if they are acceptable or need to be changed so as not to increase your liability. You might also seek affirmative coverage from the title insurance company.

[Visit Our Website](#)

Sincerely,

A handwritten signature in black ink, appearing to be 'P. Shrair', with a long horizontal line extending to the right.

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