

Appendix A TITLE INSURANCE CLOSING PROTECTION LETTERS (CPLs)

The purpose of this appendix is to provide information regarding the issuance and protections of Closing Protection Letters (“CPLs”).

Colorado Insurance Regulation 8-1-3 states, in part, that title insurance companies may issue CPLs and, in addition, that title entities may conduct or sponsor certain types of educational courses, if the standards of Regulation 8-1-3 are met. In the event a title entity is sponsoring or conducting a course related to real estate or mortgage issues, the title entity must provide this appendix to the individuals taking the course.

CPLs contractually obligate a title insurer to indemnify certain parties to a real estate transaction for certain improper actions related to the business of title insurance. CPLs can be issued to lenders, buyers and sellers. Key protections may include:

- Loss due to fraud, theft, dishonesty, misappropriation of funds, or the mishandling of documents, and
- Loss due to failure to comply with the closing instructions of the lender as provided for by the terms of the CPL.

For more information regarding CPLs, please contact your local title agent or title insurance company.