

## **Title Insurance Minimum Requirements**

Mortgage must be covered by an acceptable title insurance policy. To be acceptable, a title insurance policy must satisfy the following requirements:

### **TITLE INSURANCE COMPANY REQUIREMENTS**

**Single Risks; Reinsurance.** The maximum single risk assumed by any single title insurer may not exceed 25 percent of that company's capital, surplus, and statutory reserves. Excess amounts may be covered by acceptable reinsurance arrangements with other acceptable title insurance companies.

**Acceptable Title Insurers.** The title insurance policy must be written by an insurer that has an acceptable rating from at least one of the following independent rating agencies: Demotech, Inc; Duff and Phelps Credit Rating Company; LACE Financial Corporation; Moody's Investors Service; or Standard and Poor's, Inc. MHDC may obtain the initial information about a title insurer's rating from the insurer itself or directly from one of the rating agencies.

Each MHDC mortgage must have a title insurance policy that was written by a title insurer that had at least one of the acceptable ratings discussed below at the time the Mortgage was closed (unless the insurer is covered by an acceptable reinsurance arrangement). Acceptable ratings include the following:

- a) a "Financial Stability Rating" of "S: (Substantial) or better or a "Statutory Accounting Rating" of "C" (Average) or better from Demotech, Inc.;
- b) a "BBB" or better rating from Duff and Phelps Credit Rating Company;
- c) a "C" or better rating from LACE Financial Corporation;
- d) a "Baa" or better rating from Moody's Investors Service; or
- e) a "BBB" or better rating from Standard and Poor's, Inc.

Notwithstanding the fact that a specific title insurance company has at least one of the above ratings, MHDC reserves the right to refuse to accept title insurance policies from that insurer by giving advance notice of MHDC's intent to do so.

If an insurer's rating goes below MHDC's required minimum rating at any time, Borrower must stop requesting Mortgages insured by that title company to MHDC; unless the title insurer provides coverage for the Mortgage by obtaining an acceptable reinsurance arrangement from another insurer that satisfies MHDC's rating requirement. When the insurer's rating again becomes acceptable, the Borrower may resume is

requests of Mortgages covered by title polices issued by this title insurer (without having to obtain reinsurance).

By delivering a request for Mortgage to MHDC, the Borrower warrants that the title insurer which issued the title insurance policy has an acceptable rating from one of the designated title insurer rating agencies or, if it does not, that the title insurer is covered by reinsurance with another title insurer that has an acceptable rating.

**Insurance Company's Authority to do Business.** Each title insurance policy must be written by an insurer authorized to do business in the jurisdiction in which the Property is located.

If the title policy is issued by an authorized agent, MHDC must be provided with an insured closing protection letter.

### **TITLE INSURANCE POLICY REQUIREMENTS**

Prior to the closing of the MHDC loan, the Mortgagor shall present for MHDC's approval, a Pro Forma Lender's Title Insurance Policy ("Pro Forma Policy"), written in conformity with MHDC requirements by a title insurance company authorized to do business in the State of Missouri, on the 2006 American Land Title Association Standard Mortgage Policy Jacket.

The Pro Forma Policy must show the type of policy, the name of the insured which is "MISSOURI HOUSING DEVELOPMENT COMMISSION, its successors and/or assigns as their interests may appear", the amount of the insurance coverage which is the amount of the MHDC mortgage, the type of estate being insured and the owner of that estate, the legal description of the property being insured which legal description must exactly match the legal description shown on the survey, and the proposed date of the policy. All of this information must be shown in Schedule A of the pro forma policy. In addition, Schedule A must also show the proposed Deed of Trust and Security Agreement, and the MHDC Regulatory Agreement. In the event of an insured leasehold estate, the lease must be shown in Schedule A.

The Pro Forma Policy must also guaranteeing fee simple title (or, if applicable, a leasehold estate interest) in the name of the mortgagor, and a **first mortgage lien** on the project fee, and insuring MHDC as Mortgagee in an amount sufficient to cover 100% of all disbursements of MHDC loan advances. The Pro Forma Policy must also: (i) insure against any and all encroachments either way across property lines (survey coverage); (ii) insure against all mechanics' and materialmen's liens whether of record or not; (iii) contain a provision insuring that, as of the date the original policy is issued, property taxes and special assessments, if any, on the buildings and planned improvements have been paid in full or are not then due and payable, and (iv) contain appropriate endorsements waiving the Arbitration provisions in the Conditions of the Policy, if not already waived. All standard exceptions shall be deleted and extended coverage title insurance shall be issued. The Pro Forma Policy must insure that there are no encroachments or liens shown in Schedule B except those that are specifically approved

by MHDC. The Mortgagor shall also furnish proof satisfactory to the title insurance company issuing the Pro Forma Policy that there exists no unpaid obligations contracted in connection with the Mortgage transaction, the purchase of the mortgaged property or the construction of the improvements, except such obligations as may be approved by MHDC. The title company shall agree to enter into a Disbursing Agreement approved by MHDC and to deliver it's Lender's Title Policy within two (2) weeks from the date of the closing.

**Appurtenant easements are to be added to the insured legal description.**

**Required Endorsements**

- a. ALTA 3.0 – (new construction)
- b. ALTA 3.1 with parking – permanent and final loans
- c. Survey/Location
- d. Access
- e. ALTA 8.1 Environmental
- f. Address
- g. Utility
- h. ALTA 9 Comprehensive
- i. Separate Tax Lot
- j. Subdivision Map Act (if applicable)
- k. Pending Disbursement endorsement (if construction loan)
- l. Deletion of Creditors' Rights