

Title Insurance Minimum Requirements

MHDC's Mortgage loan 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 Insurer Rating. The title insurance policy must be written by an insurer that has an A.M. Best rating of "B+" or better as of the date of closing the Mortgage (unless the insurer is covered by an acceptable reinsurance arrangement). MHDC may obtain the initial information about a title insurer's rating from the insurer itself or directly from the rating agency.

Notwithstanding the fact that a specific title insurance company meets the minimum rating requirement, MHDC reserves the right, in its sole discretion, 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 requirement at any time before or after closing the Mortgage loan, Mortgagor must immediately notify MHDC of the rating change. If the Mortgage loan has not yet closed, then immediately upon becoming aware of the title insurer's rating change, MHDC will indefinitely postpone closing of the Mortgage loan. If the Mortgage loan has already closed, then immediately upon becoming aware of the title insurer's rating change, MHDC will cease funding of the Mortgage(s) insured by that title company. In either event, MHDC will not close on the Mortgage loan or resume funding of the affected Mortgage(s) unless and until either: (i) the title insurer provides coverage for the Mortgage(s) by obtaining an acceptable reinsurance arrangement from another insurer that satisfies MHDC's rating requirement, (ii) the title insurer's rating returns to an acceptable level, or (iii) the Mortgagor provides a new title insurance policy meeting all MHDC requirements from a title insurer with an acceptable rating. Upon the occurrence of any of these three instances, if the Mortgage loan has not already closed, then the closing of the Mortgage loan will be allowed to proceed, and if the Mortgage loan has already closed, then the Mortgagor may resume its requests of Mortgage funds covered by title policies issued by this title insurer.

By delivering the closing draw and each subsequent request for Mortgage funds to MHDC, the Mortgagor warrants that the title insurer which will issue or has issued the

title insurance policy continues to hold an acceptable rating from A.M. Best, 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. The insurer or insurer's authorized agent must provide MHDC with a Certificate of Good Standing from the Missouri Secretary of State dated within 30 days of the loan closing.

Where the insurer will be party to any MHDC document (i.e. Disbursing Agreement), the insurer must provide a resolution showing the signatory's authority to sign such document(s) on behalf of the Insurance Company.

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 Mortgage loan, the Mortgagor shall present for MHDC's approval, an executed Pro Forma Lender's Title Insurance Policy ("Pro Forma Policy"), written in conformity with MHDC requirements by a title insurance meeting all requirements set forth herein, on the 2006 American Land Title Association Standard Mortgage Policy Jacket.

The Pro Forma Policy must show the type of policy (i.e. ALTA Loan Policy), and must meet the following requirements:

SCHEDULE A REQUIREMENTS:

- The name of the insured on the policy must read "MISSOURI HOUSING DEVELOPMENT COMMISSION, its successors and/or assigns as their interests may appear".
- The amount of the insurance coverage on the policy must equal the amount of the MHDC Mortgage loan.
- The type of estate being insured under the policy must be stated as either a fee simple or leasehold estate (as the case may be) unless another type of estate is specifically approved by MHDC. In the event of an insured leasehold estate, the lease must be shown on Schedule A as well.
- The policy must show the exact legal name of the Mortgagor as the owner of that estate.
- The policy must contain the legal description of the property being insured which **legal description must match the legal description shown on the survey verbatim.**

- The policy must reflect the proposed date of the policy, which date must be the date upon which the loan will fund.
- Schedule A must also show the proposed MHDC Deed of Trust and Security Agreement, and the MHDC Regulatory Agreement (with recording information) as part of the insured mortgage.
- Any appurtenant easements to the insured property must be added to the insured legal description.
- The title policy must insure the proper lien position approved by MHDC for the MHDC loan.

SCHEDULE B REQUIREMENTS:

- The title policy must insure against any and all encroachments either way across property lines (survey coverage) to the extent any such encroachments exist.
- The title policy must insure against all mechanics' and materialmen's liens whether of record or not.
- The title policy must 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.
- The title policy must contain appropriate endorsements waiving the Arbitration provisions in the Conditions of the Policy, if not already waived.
- All standard exceptions shall be deleted from Schedule B, 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.

REQUIRED ALTA ENDORSEMENTS:

- ALTA 3.0 – (new construction)
- ALTA 3.1 with parking – permanent, conversions and rehab loans
- Survey/Location (ALTA 25-06)
- Access (ALTA 17-06)
- ALTA 8.1 Environmental
- Address (ALTA 22-06)
- Utility (ALTA 17.2-06)
- ALTA 9 Comprehensive
- Separate Tax Lot (ALTA 18-06)
- Subdivision Map Act (if applicable) (ALTA 26-06)
- Leasehold Loan Endorsement (if applicable) (ALTA 13.1-06)
- Pending Disbursement endorsement (if construction loan)
- Contiguity (if applicable) (ALTA 19-06 or 19.1-06 as applicable)

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 its Lender's Title Policy within two (2) weeks from the date of the closing.

Mortgagor shall provide MHDC with a copy of all exception documents referenced in the Lender's Title Policy.

Unless previously approved by MHDC, scattered site developments shall be covered under one title policy.

Insurance Company's Acceptance of MHDC Requirements.

The Insurance Company's authorized signatory must countersign the MHDC closing instruction letter and return a copy (faxed or scanned is acceptable) to the MHDC closing attorney prior to MHDC releasing funds for disbursement.