

TITLE INSURANCE REQUIREMENTS

General	<ul style="list-style-type: none">To ensure First Colony Mortgage Corporation dba GHMC or GHMC TPO (GHMC) interest in a property is sufficiently protected, title insurance is required for all loans closed.GHMC requires, as evidence of title, that an American Land Title Association (ALTA) Mortgagee Policy of Title Insurance and any required endorsements thereto, or its state approved equivalent, be provided on every loan. The title insurance policy must be on a standard form meeting the specifications of Fannie Mae, Freddie Mac and GNMA, and be issued by a title insurance company that is acceptable to GHMC.Title insurance policies must be written by a title insurance company that had at least one of the following ratings at the time the mortgage loan closed:	
	Rating Agency	Rating Requirements
	Demotech, Inc.	Financial Stability Rating of “S” (Substantial) or better or a Statutory Accounting Rating of “C” (Average) or better
	Duff & Phelps Credit Rating Company	“BBB” or better
	Fitch, Inc.	“BBB” or better
	Kroll Bond Rating Agency, Inc.	“C” or better
	Moody’s Investors Service	“Baa2” or better
	Standard and Poor’s, Inc.	“BBB” or better
Title Commitments	<ul style="list-style-type: none">GHMC requires a complete final title commitment to be provided with each loan.The title commitment must be effective within 60 days of the loan closing date.The title commitment must be signed or contain a signed commitment jacket.The amount of lender coverage must be at least equal to the total loan amount.Title commitment cannot contain any unacceptable title exceptions (<i>see Title Exceptions section of guide</i>).Title commitment must insure the lender, its successors and assigns as their interests appear.Minimum of 12 months chain of title is required on all loans from the effective date of the title commitment, including new construction or construction to permanent loans.<ul style="list-style-type: none">The chain of title documentation provided must include the dates of transfer, the transferor, and transferee.In cases where there have been no conveyances in the past 12 months, must still document the date and transferor to show when current owner originally took title.GHMC requires evidence of E & O insurance for closing agent on all loans submitted to GHMC.<ul style="list-style-type: none">Must clearly reflect name of closing agent as insuredMust evidence minimum coverage amounts of \$500,000 Per Occurrence and \$1,000,000 Aggregate	

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	<ul style="list-style-type: none"> Policy effective dates must be evident and effective through later of Note date or disbursement date of loan. GHMC requires a Specific Insured Closing Letter for every loan submitted to GHMC
Final Title Insurance Policies (General Info)	<ul style="list-style-type: none"> The final title policy must be the most current version of an American Land Title Association (ALTA) Loan policy, or other form of title insurance acceptable to Fannie Mae issued by a title insurer approved by Fannie Mae and qualified to do business in the jurisdiction where the property is located, insuring the appropriate priority of the lien of the mortgage in the original principal amount of such loan. The final title policy must be complete, including all applicable endorsements, schedules, attachments, plat maps, etc., and cannot contain any exceptions that are not acceptable to GHMC or agencies including Fannie Mae and Ginnie Mae. The title insurance policy must ensure that the title is generally acceptable and that the mortgage constitutes a lien of the required priority on a fee simple or leasehold estate in the property. Title policies may not include the creditors' rights exclusion language that ALTA adopted in 1990. The minimum acceptable title insurance coverage must be at least equal to the loan amount at closing. The protection and benefits from the title insurance policy must insure the lender (or correspondent), its successors and assigns as their interests may appear. Any lien for subordinate financing must be listed on the title insurance policy and must specifically state that the lien is subordinate to the lien of the first mortgage. Mortgages securing a condominium or PUD must have title insurance coverage that is comparable to that provided by ALTA endorsement #4 or PUD endorsement #5. Title to property must be vested in the names of the mortgagors (borrowers) as they appear on the security instrument. The policy must bear an effective date no earlier than the later of the date of the final disbursement of the loan proceeds or the date the mortgage was recorded. If the security instrument has been re-recorded to correct the legal description or to correct the mortgage amount, the effective date of the policy must be amended to be the date of the re-recording or after. The names of the borrower(s), mortgagee or beneficiary, loan amount, closing date, and recording information indicated on Schedule A must agree with the security instrument. An ALTA Leasehold Policy is required for all leasehold estates.
Title Endorsements	<ul style="list-style-type: none"> Regardless of the title insurance policy form used, applicable endorsements must be attached to, or if short form is used, incorporated into the policy as appropriate for the product or property type, including but not limited to: <ul style="list-style-type: none"> <u>ALTA Form 8.1 / Environmental Protection Lien Endorsement</u> <u>ALTA Form 4 / Condominium Endorsement</u> <u>ALTA Form 5 / PUD Endorsement</u> <u>ALTA Form 6 / Variable Rate Endorsement</u> <u>ALTA Form 9 or equivalent</u>

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Title Exceptions	<ul style="list-style-type: none"> GHMC will not accept a mortgage secured by property that has an unacceptable title impediment. Survey exceptions are <u>not</u> acceptable. Real estate taxes must be shown on final title policy as being current or as future taxes that are not yet due and payable. If the tax bill has not yet been issued, proof that the taxes are not delinquent must be provided. Acceptable Title Exceptions may include, but are not limited to: <ul style="list-style-type: none"> customary public utility subsurface easements that were in place and completely covered when the mortgage was originated, as long as they do not extend under any buildings or other improvements; above-surface public utility easements that extend along one or more of the property lines for distribution purposes or along the rear property line for drainage purposes, as long as they do not extend more than 12 feet from the property lines and do not interfere with any of the buildings or improvements or with the use of the property itself; mutual easement agreements that establish joint driveways or party walls constructed on the security property and on an adjoining property, as long as all future owners have unlimited and unrestricted use of them; restrictive covenants and conditions, and cost, minimum dwelling size, or set back restrictions, as long as their violation will not result in a forfeiture or reversion of title or a lien of any kind for damages, or have an adverse effect on the fair market value of the property; encroachments of one foot or less on adjoining property by eaves or other overhanging projections or by driveways, as long as there is at least a ten-foot clearance between the buildings on the security property and the property line affected by the encroachment; encroachments on adjoining properties, as long as those encroachments consist only of hedges or removable fences; outstanding oil, water, or mineral rights that are customarily waived by other lenders, as long as they do not materially alter the contour of the property or impair its value or usefulness for its intended purposes
Unexpired Redemption Periods	<ul style="list-style-type: none"> The mortgagee policy of title insurance must take specific exception to the unexpired right of redemption but also must affirmatively insure the mortgagee against all loss arising out of the exercise of any outstanding right of redemption, without qualification.

Coverage for PUDs and Condos

	<ul style="list-style-type: none"> If the mortgage is secured by a unit in a planned unit development or a condominium project, and a homeowners association exists, all components of the unit estate must be described in the legal description, including: <ul style="list-style-type: none"> Name of the project Unit The undivided interest in the common elements (for a condo) The non-exclusive easement to use the common areas and facilities (for a PUD) Any significant limited common elements or exclusive easements over the common areas. If the unit owners own the common areas of the project as tenants in common, the policy must reflect that ownership. If the homeowners association owns the common elements, areas, or facilities of the project separately, the title insurance on those areas must insure that ownership. This policy must show that the title to the common elements, areas, or facilities is free and clear of any objectionable liens and encumbrances, including any statutory or mechanics' liens for labor or materials related to improvements on the common areas that began before the title policy was issued.
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Required Coverage	<ul style="list-style-type: none">▪ In addition to general title insurance requirements, the title policy must insure the following:<ul style="list-style-type: none">▫ That the mortgage is superior to any lien for unpaid common expense assessments. (In jurisdictions that give these assessments a limited priority over a first or second lien, the policy must provide assurance that those assessments have been paid through the effective date of the policy.)▫ Against any impairment or loss of title of the first lien caused by any past, present, or future violations of any covenants, conditions, or restrictions of the master deed for the project. It must specifically insure against any loss that results from a violation that existed as of the date of the policy.▫ That the unit does not encroach on another unit or on any of the common elements, areas or facilities. The policy must also insure that there is no encroachment on the unit by another unit or by any of the common elements, areas or facilities.▫ That the mortgage loan is secured by a unit in a condo project that has been created in compliance with the applicable enabling statutes.▫ That real estate taxes are assessable and lienable only against the individual condo unit and its undivided interest in the common elements, rather than against the project as a whole.▫ That the owner of a PUD unit is a member of the homeowners' association and that the membership is transferable if the unit is sold.
Endorsements	<ul style="list-style-type: none">▪ An ALTA 4 endorsement, or its equivalent, must be attached to each policy or incorporated in the text of the policy for all condominium loans.▪ An ALTA 5 endorsement, or its equivalent, must be attached to each policy or incorporated in the text of the policy for all PUD loans.