

TITLE INSURANCE REQUIREMENTS

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

	ITEM	DESCRIPTION
1.	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.
2.	Acceptable Title Insurers	The title insurance policy must be written by an insurer that has an acceptable rating from at least one of the independent rating agencies listed in Form 4317. The Lender may obtain the initial information about a title insurer's rating from the insurer itself or directly from one of the rating agencies, however, the Lender must independently verify the rating with the applicable rating agency every six months. The addresses, telephone numbers and applicable rating are listed in Form 4317.
3.	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.
4.	Amount of Policy	The amount of the title insurance policy must be no less than the original principal amount of the Mortgage.
5.	Named Insured	Either in Schedule A or by way of acceptable endorsement, the policy must name "Fannie Mae" as a named insured. The Lender also may be included as a named insured; the phrase "Fannie Mae and/or [Lender], their successors and/or assigns, as their interests may appear" is acceptable if the Lender is included.
6.	Loan Policy Forms	(a) Subject to satisfaction of other requirements set forth in this Form, Fannie Mae will accept the standard 1992 American

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		<p>Land Title Association ("ALTA") form of loan title insurance policy, or the 1987, or 1970 (amended October 17, 1970 and October 17, 1984) ALTA loan form policies. Fannie Mae will not accept the 1990 ALTA loan policy.</p> <p>(b) In those states in which ALTA forms of coverage are not approved for use by the applicable state insurance board or commission, Fannie Mae requires similar coverage.</p>
7.	Environmental Protection Lien Endorsement	Each title insurance policy must include an acceptable Environmental Protection Lien Endorsement. ALTA Form 8.1. Part (b) of ALTA Form 8.1 (or the previously issued ALTA Form 8 or equivalent endorsement) may take exception for an entire statute that contains one or more specific sections under which environmental protection liens that could take priority over the Mortgage could arise, provided that the specific sections or subsections under which the lien(s) could arise also are referenced. A listing of acceptable state statutes is included in Form 4318.
8.	Standard Exceptions	Standard exceptions (such as for matters not shown on public records) must be deleted. However, the title insurance policy may contain an exception for tenants in possession under residential leases.
9.	Effective Date	The effective date of the title insurance policy must be no earlier than the date (and time, if the effective date includes time) of the recording of the Assignment of Mortgage to Fannie Mae.
10.	Survey Exception	The standard survey exception, if any, to the title insurance policy must be deleted. Exceptions to matters shown on a recorded map or plat must be specifically described and are subject to the other requirements of this Form.
11.	Legal Description	The legal description of the Property in the title insurance policy must conform to the description contained in the Security Instrument.
12.	Appurtenant Easements Insured	Any appurtenant easements (such as access or utility easements) determined by the Lender (consistent with Fannie Mae requirements and prudent Lender practice) to be necessary to the operation of the Property as underwritten must be set forth as part of the legal description and affirmatively insured as a separate insured interest in land in the title insurance policy.

13.	Exception for Taxes, Assessments, or Other Lienable Items	If the title insurance policy includes any exception for taxes, assessments, or other lienable items, the title insurance policy must expressly insure that such taxes, assessments, or other lienable items are not yet due and payable.
14.	Exceptions for Liens, Encumbrances, Easements, Etc.	<p>(a) <u>Affirmative Insurance</u>. Any lien, encumbrance, condition, restriction, or easement of record must be listed in the policy, except for any such matter of record (such as a racially restrictive covenant) that is legally unenforceable. The title insurance policy must affirmatively insure that the improvements do not encroach upon the listed easements or insure against all loss or damage due to such encroachment.</p> <p>(b) <u>Forms</u>. A Restrictions, Encroachments, Minerals Endorsement (ALTA Form 9) or an equivalent comprehensive endorsement acceptable to Fannie Mae must be included in the title insurance policy if any lien, encumbrance, condition, restriction, or easement is listed in the title insurance policy. If the applicable state insurance board or commission does not permit ALTA Form 9 to be given, the Lender must obtain as much specific insurance from the title insurance company over those items normally included in a comprehensive endorsement (e.g., insuring over violations of set back lines, easements and encroachments, and reservations of mineral rights) as permitted by that state's insurance board or commission.</p> <p>(c) <u>Exception or Exclusion Uninsured; Lender's Explanation</u>. If an ALTA Form 9 endorsement (or an equivalent comprehensive endorsement) has been issued, but any Schedule B, Part I exception(s) continue to be excluded from the coverage provided through that endorsement for (i) encroachments onto the Property or onto easements or rights of way excepted in Schedule B of the title insurance policy, (ii) encroachments by the improvements on the Property onto adjoining land, (iii) violations of existing covenants, conditions, or restrictions, or (iv) other adverse circumstances, the Lender must determine whether the exception(s) would be acceptable to a reasonable, prudent Lender and to Fannie Mae, consistent with this Manual.</p>
15.	Exceptions for Mechanics' or Materialmen's Liens	The policy must contain no exception for any filed or unfiled mechanics' or materialmen's liens.

16.	Tax and Parcel Numbers	The title insurance policy must include, as an informational note, (a) the recorded plat number (and recording information), if any, and (b) the Property parcel number(s) or tax identifying number(s), as applicable, for the Property, if such numbers are available in the jurisdiction in which the Property is located.
17.	Financing Statements; Assignment of Leases	Any financing statements filed or recorded in the office in which the Security Instrument must be recorded and showing the Lender as the secured party and related assignments thereof to Fannie Mae must be shown as an informational note, and must not be listed as exceptions on Schedule B, Part I. Other financing statements (such as those filed or recorded with the state or local office(s) for UCC filings) may be shown as an informational note, but must not be listed as exceptions on Schedule B, Part I. Any recorded assignment of leases that provides collateral for the Mortgage and the assignment to Fannie Mae by the Lender must be shown as an informational note, and must not be listed as an exception on Schedule B, Part I.
18.	Properties located within Western Regional Office Geographic Area – Location Endorsement	Title Insurance policies for Mortgages delivered must include an endorsement designating the location of the improvements and the land location. CLTA Form 116 or CLTA Form 116.1 or an equivalent form is acceptable for this purpose.