



# Title Checklist for Residential Loans

Legal will need (1) a preliminary title report or title commitment, coupled with closing instructions that are signed (not stamped with statutory language setting forth that the escrow instructions cannot be signed) by the title officer OR (2) a final title policy, which addresses the following issues:

## Schedule A

- Title insurance must be greater than or equal to the full loan amount.
- Borrower's name must match the loan documents and its entity formation documents exactly.
- Lender's name must match the loan documents and its entity formation documents exactly.
- Lender's name must be followed by "its successors and/or assigns" (or ISAOA/ATIMA).
- Legal description must match deed of trust/mortgage exactly.
- Texas: Since Texas title companies will not sign escrow instructions, Schedule A needs to be completely accurate and conform to the requirements above.

## Schedule B (Exceptions)

- All prior deeds of trust/mortgages must be paid off. If they are not paid off, they must be subordinated and be accompanied by an intercreditor agreement.
- We will not accept general exceptions on acquisitions, we require references to specific exceptions only. We will, however, accept general exceptions on refinances when the exception is accompanied by affirmative coverage.
- Taxes must be paid current within a month of the closing date or reference taxes as "not yet due or payable."
- There are no pending litigation/lis pendens exceptions allowed.
- There are no exceptions relating to past bankruptcies or foreclosures allowed.
- There are no exceptions relating to defects in prior conveyances allowed.
- There are no recorded liens or mechanic's liens allowed.
- Condominium declarations must be provided if covenants, conditions, and restrictions relating to the condominium unit is listed on title. In rare instances, Private Leverage may request the condominium association bylaws.
- No pending disbursements clause:
  - If a pending disbursements clause is included in the title policy, we will need (1) a date down of title/updated title search and (2) an endorsement increasing the title coverage for every construction draw.
  - Private Leverage will not cover the cost of a date down or endorsement relating to a pending disbursement clause.
  - Example: "Pending disbursement of the full proceeds of the loan secured by the lien instrument set forth under Schedule A hereof, this policy only insures to the extent of the amount actually disbursed..."

- We reserve the right to request underlying title exceptions to conduct our review.
- If a title agent issues a title commitment, we will need a closing protection letter running to lender, its successors, and/or assigns.
- Long-form lender's policy are required. Short form policies will not be accepted.
- Examples of exceptions that cannot appear in final title policies submitted to Private Leverage:

### **Items to Be Removed**

- Defects, liens encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereof covered by this Commitment.

### **Items to Be Paid Current or Marked "Not Yet Due and Payable"**

- Taxes, charges, and assessments.
- Subject to water meter charges due or to become due, if any.
- Subject to homeowners charges due or to become due, if any.

### **Items to be Specified with Recording Numbers**

- Covenants, conditions, and restrictions in instruments recorded in the official records of said county and any amendments thereto, which provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or deed of trust made in good faith and for value, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(C).
- Terms, provisions, reservations, covenants, conditions, and restrictions, but deleting any of the aforementioned indicating a preference, limitation, or discrimination based on race, color, religion, sex, handicap, familial status, national origin, sexual orientation, marital status, ancestry, source of income, or disability, to the extent such covenants, conditions, or restrictions violate Title 42, Section 3604(c), of the United States Codes or Chapter 515 of the Hawaii Revised Statutes.
- Easements and servitudes as they appear on maps, or in documents recorded in the official records of said county.
- Possible outstanding city or municipal charges.