

Pennsylvania Housing Finance Agency Title Policy Guidelines

Please use this Title Policy document as guidance to obtain the correct information required for requested Title Policies for PHFA transactions. Title Policy issues must be satisfied prior to closing the loan. The following required items are in addition to the lenders closing instruction letter.

Name Accuracy: The borrower's name must match exactly on the Deed, Mortgage and Title Policy

Original Instant Mortgagee Residential Short Form Title Policy: The long form policy is also acceptable with the endorsements referenced below. *When Instant Residential Short Form Title Policies are used instead of the traditional long form, there is minimal information in the Short Form, which reduces the margin of error.*

- (a) A counter-signed policy is required on all PHFA loans. PHFA recommends the use of the Residential Short Form Title Policy because there is no need to require separate 100, 300 & 8.1 Endorsements. If the Short Form Policy includes an Addendum to Schedule B, these items must be acceptable to be included as outlined in Chapter 12 of the PHFA Sellers Guide.
- a. There is no need to reference the assignment of the mortgage on schedule A.
 - b. PHFA does not require an endorsement to reflect the recording data.
 - c. The borrower's names should be listed in the same manner on the Deed, Mortgage, Note, Assignment & Title Policy.
- (b) When the traditional long form is used the following endorsements must be included with the policy:
- 100 (If there are no restrictions, and an endorsement 100 is not being issued, this information must be stated on a signed letter to PHFA from the title agent regarding the missing endorsement 100.) Endorsement 100 is not needed when the endorsement 1030 is purchased.
 - 300 except when a Condo or a PUD
 - 8.1 or 900 Environmental
 - 800 Condo or 801 PUD, when applicable
 - 1030 Mineral Rights endorsement. *Please note if the policy references an agreement to remove minerals from the property an endorsement 1030 is required.*
- (c) **Schedule A**
- a. Date of Policy: It must be dated as of closing with the phrase added: "or the date of constructive notice, whichever date is later" or the policy must be dated the same date the mortgage was recorded. When the revised jacket is not utilized, the constructive notice phrase eliminates potential problems in the date.
 - b. Amount of Loan Policy or amount of insurance: Must be at least the amount of our Mortgage.
 - c. Name Insured: First choice — Participating Lender's name, its successors and assigns. Second choice — "Pennsylvania Housing Finance Agency, its successors and assigns".
 - d. Mortgagor's Name: Name(s) the title is vested in.
 - e. Mortgage: Must refer specifically to our mortgage document including the names of the mortgagors, mortgage amount, mortgagee (your lending institution), and date of the mortgage.
 - f. Assignment: If listed, it must be to Pennsylvania Housing Finance Agency.

(d) Schedule B

If the long form Instant Title Policy is issued or if an Addendum is added to the Instant Short Form Title Policy the exceptions that appear on Schedule B or the Addendum must be reviewed by your staff to determine if they need to be removed. The use of the Instant Mortgagee Residential Short Form Title Policy minimizes the amount of

time spent on reviewing Schedule B and the addendum page if it is added. The standard items on Schedule B in the Instant Mortgage Residential Short Form are standard exceptions with affirmative assurance on each item.

- Standard acceptable exceptions:
 - Taxes and assessments not yet due and payable;
 - Utility easements which provide utility service to the residence and/or the development in which it is located (beware of large easements for pipelines and high tension wires and the like that may overly restrict the use to the property);
 - Other matters that are subsequent or subordinate to our mortgage. These types of items should appear on a Schedule B II form.
 - Water and sewer rents due and payable after settlement. This is determined by the language in the exception referencing the paid to date.

- Standard unacceptable exceptions. These exceptions must be removed by a signed endorsement;
 - Encroachments (depending upon the extent of the violation and how it may affect marketability);
 - Lack of access to property;
 - Taxes and assessments for prior years (i.e. which would have been due and payable). NOTE: A policy may show taxes for the current year where a portion is not yet payable. The title company may add "not yet due and payable" with an endorsement and the unacceptable exception becomes acceptable.
 - Water and sewer charges that were not paid, or may not have been paid, prior to the date of settlement. Rents due prior to the settlement with the "not yet due and payable" phrase must be removed by an endorsement. This includes the exceptions that usually appear in Title Policies on Philadelphia properties;
 - Rights or claims of parties in possession not shown in the public records.
 - Mechanics liens;
 - A recorded lease or agreement on mining, coal, oil — the title company must add, "the company will insure against future surface mining" to make this exception acceptable.
 - Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in public records or attaching subsequent to the effective date **hereof but prior to the date the proposed insurance acquires for value of record the estate or interest or mortgage thereon covered by this commitment.** (If the portion in bold is removed, the item would become acceptable.)

I do hereby certify that the above items have been completed and are enclosed.

Signature of Title Agent

Title