

Title Guaranty

IFA Lender Training

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Title Guaranty

- Title assurance for lenders and owners
- Facilitate sales to secondary market
- Support affordable housing
 - IFA First Home Program
 - IFA First Home Plus

Title Guaranty

- New Procedures / Underwriting Standards
- FREE Owner's Coverage
- Closing Protection Letters
- Rapid Certificate
- Non-purchase product
- Commercial Services

Title Guaranty

- Pricing
 - Flat fee - \$110 up to \$500k; \$1/1000 over
 - Most common endorsements – free
 - Comprehensive
 - Location
 - Environmental
 - Variable Rate Mortgage
 - Loss Lien (used with Rapid Certificate)
 - All others available \$15
 - Refinance transactions -- \$90

Free Owner's Coverage

- Available when Lender Certificate is issued concurrently
- Purchase transactions only
- Property valued at \$500K or less
- Must be primary residence
- Election made on Composite Mortgage Affidavit

Rapid Certificate

- Addresses problem with unreleased mortgages
- Available only on field issued certificates
- Issue final Title Guaranty Certificate without waiting for just-paid prior mortgage to be released of record
- Required on CPL transactions

Closing Protection Letters

- Provide additional assurance to lender using 3rd party closer
 - Theft of settlement funds
 - Failure to follow closing instructions
- Requires use of Rapid Certificate
- Requires GAP coverage (free)
- Available through participating attorneys, abstractors and independent closers

GAP Coverage

- Available on field or division issued
- \$15 endorsement
- Issued with Commitment
- Covers gap between Commitment and date of mortgage closing
 - Up to 10 business days
 - Requires pre-closing search
- Required on CPL transactions – no charge

Common Title Issues

- Mechanic's Liens
- Improper execution of mortgages
- Open-ended lines of credit

Mechanic's Liens

- Priority over home buyers first mortgage
 - If lien is filed within the 90 day period
 - Lien may be filed AFTER mortgage and still have priority
- Homeowner may be liable
 - Even if they have paid the Contractor in full

What Could Happen?

- The lien could be foreclosed
 - Contractor/subcontractor/material provider could force property to be sold
 - 1st \$ from sale goes to lien holders
 - 2nd \$ from sale goes to mortgage lender
 - 3rd \$ from sale goes to homeowner
 - Mortgage holder loses
 - Homeowner loses equity

Mechanic's Liens

- Recognizing different business models
 - Some lien waivers
 - No lien waivers
 - Last minute work
 - Construction cost sheets
- We're working with builders now
 - Letter of Credit
 - Indemnity Agreements
- Decisions are case by case
 - Call Title Guaranty

Execution of Mortgages

- Homestead
 - Mortgage without spouse's signature is void
- *All titleholders and their spouses must execute mortgage*
- Varnum v. Brien, 2009 WL 87044
 - Use “married couple” as marital status recitation

Marital Status

- John Doe and Mary Doe, Husband and Wife
- John Jones, a single person and Mary Doe, a single person
- John Doe, an unmarried person
- John Doe, a married person and Mary Doe a married person

Open-end lines of credit

- Abstractors should identify
- Payoff alone not sufficient
 - Line of credit must be closed

Questions?

Thank you!

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