

This Form 4650 details the Lender requirements for:

- acceptable title insurers;
- ordering the title commitment;
- due diligence related to Borrower's organizational documents and the condition of title to the Property;
- closing and funding Multifamily Mortgage Loans with the Title Company; and
- the issued Title Policy.

All capitalized terms used and not otherwise defined in this Form 4650 have the meanings set forth in the Appendix to the Multifamily Selling and Servicing Guide – Glossary.

I. DEFINITIONS

Approved Title Insurance Underwriter Schedule (Form 4650.A): A schedule published periodically by Fannie Mae listing:

- the Title Insurance Underwriters approved by Fannie Mae; and
- the Title Agents that are wholly-owned subsidiaries of either:
 - any Approved Title Insurance Underwriter; or
 - the parent company of any Approved Title Insurance Underwriter.

Chain of Title Schedule: An informational (i.e., information only) schedule attached to the title commitment and addressed in the same manner as the Title Policy in accordance with Section V.A(4) below for the Lender's Title Policy (or a separate title report or equivalent document) that identifies and attaches any of the following documents recorded in the applicable public records for the Property's jurisdiction during the 3 years prior to the date of the title commitment (and which are not otherwise be identified on the title commitment):

- instruments evidencing any Property or ownership interest transfers, including:
 - deeds,
 - tax affidavits, and/or
 - other similar lien instruments;
- deeds of trust, mortgages, or similar lien instruments securing debt; and
- releases of deeds of trust, mortgages, or other lien instruments.

Closing Instruction Letter: The written letter or escrow agreement from the Lender or Lender's counsel to the Title Insurance Underwriter (and Title Agent, if applicable) containing Lender's instructions for the closing, settlement, recordation, and/or disbursement of funds related to the Mortgage Loan.

Escrow Functions: The writing or issuance of the title commitment and Title Policy and related endorsements on behalf of the Title Insurance Underwriter, and handling and/or recording of deeds, deeds of trusts, mortgages, leases, and other instruments required to close a Mortgage Loan in accordance with the Closing Instruction Letter.



Funding Functions: For any Mortgage Loan, the actions to:

- collect premiums, escrows, security deposits, sale and/or loan proceeds, and/or other funds in connection with the closing of the Mortgage Loan and, if applicable, the Acquisition of the Property;
- prepare the final Settlement Statement(s) for closing;
- disburse all funds in accordance with the Settlement Statement(s) and the Closing Instruction Letter; and
- maintain the Receipts and Disbursements Ledger(s).

PSA: A purchase/sales contract or agreement (and all amendments, assignments, extensions, joinders, acknowledgements, and related documents) for an Acquisition.

Receipts and Disbursements Ledger: For any Mortgage Loan, one or more ledgers or similar accounting showing:

- the source (with complete names) of all funds deposited (with federal funds wire or check information) into the closing escrow (including good faith deposits, funds needed for any Acquisition, and/or funds needed for any cash-in refinance); and
- the recipient (with complete names) of all funds disbursed from the closing escrow (whether by check or federal funds wire).

Settlement Statement: One or more HUD-1 forms or similar closing disclosure documents that provide a detailed accounting of the closing costs, credits and disbursements in compliance with the requirements of Section IV of this Form 4650.

Title Agent: An agent, attorney or agency that meets the requirements of Section II of this Form 4650 and is authorized by a Title Insurance Underwriter to write or issue a title commitment and Title Policy and related endorsements on behalf of such Title Insurance Underwriter.

Title Company: For any Mortgage Loan, individually and together, the Title Insurance Underwriter and Title Agent:

- issuing the title commitment;
- handling, individually or together, the Escrow Functions or Funding Functions; and/or
- issuing the Title Policy.

Title Insurance Underwriter: A company approved by Fannie Mae and listed on the Approved Title Insurance Underwriter Schedule that meets the requirements of Section II of this Form 4650 and underwrites and issues, or authorizes the issuance of, a Title Policy.

Title Policy: An ALTA mortgagee's loan policy of title insurance, or comparable lender's policy approved for use in the applicable Property jurisdiction, that:

- is issued by a Title Insurance Underwriter in connection with the Mortgage Loan; and
- the Lender determines complies with this Form 4650, the Guide, and the Program Rules.



II. APPROVED TITLE INSURANCE UNDERWRITERS AND PERMISSIBLE TITLE INSURANCE AGENT FUNCTIONS

A. Title Insurance Underwriter

To issue a Lender's title commitment and Title Policy for a Mortgage Loan, the Title Insurance Underwriter must:

- (1) be named on the Approved Title Insurance Underwriter Schedule;
- (2) perform all Funding Functions (except where limited by law as described in Section III.A of this Form 4650); and
- (3) satisfy all other applicable requirements of this Form 4650.

(Note: A Title Insurance Underwriter may also perform all Escrow Functions required under this Form 4650.)

B. Title Agent

A Title Agent may perform:

- (1) Escrow Functions for any Mortgage Loan; and
- (2) Funding Functions only if:
 - the Title Agent is a wholly-owned subsidiary of either an Approved Title Insurance Underwriter or the parent company of any Approved Title Insurance Underwriter, and is listed on the Approved Title Insurance Underwriter Schedule; or
 - required by law as described in Section III.A of this Form 4650.

Any Title Agent involved in the Mortgage Loan transaction must be an authorized agent of, and in good standing with, the Title Insurance Underwriter.



III. PRE-CLOSING REQUIREMENTS

A. Title Commitment and Notice of Title Requirements

For every Mortgage Loan, including any Acquisition, refinance, Transfer/Assumption, and Supplemental Mortgage Loan, at the outset of the transaction the Lender must:

- (1) include in its Mortgage Loan commitment letter and/or loan application with the Borrower, a notice to the Borrower that, as a condition to closing the Mortgage Loan:
 - (a) all Funding Functions associated with the Mortgage Loan closing must be performed by the Title Insurance Underwriter except where, by statute or court rule:
 - (i) solely to the extent required to prevent the unauthorized practice of law, the Title Agent may oversee, review, or approve the disbursement process (as more specifically required by the Property jurisdiction), so long as the Funding Functions are performed by the Title Insurance Underwriter; or
 - (ii) solely to the extent required to comply with statute or court rule in a property jurisdiction where holding the escrows or funding the loan proceeds in a real estate closing is the practice of law, the Funding Functions may be performed by a Title Agent so long as the Funding Functions (including the production of the Settlement Statement) are overseen and approved by the Title Insurance Underwriter; and
 - (b) for any Acquisition, require the Borrower to:
 - (i) provide to the Lender and (if requested by the Lender, Fannie Mae or their counsel) to Fannie Mae and/or Fannie Mae counsel):
 - the PSA documents; and
 - the Settlement Statement(s), including any seller-side settlement statement, that complies with Section IV.B of this Form 4650, showing all debits and credits; and

(Note: The Settlement Statement may reveal important discrepancies in the underwritten transaction, including a change in the valuation of the Property and/or the nature of the relationship between the purchaser and seller.)
 - (ii) obtain the seller's consent to the delivery of all PSA documents and any seller-side settlement statement to the Lender, Fannie Mae, and their counsel, and if necessary, obtain an amendment to the PSA or a separate side letter executed by the Borrower and seller prior to closing, to permit:
 - any escrows or other funds under the PSA to be held by the Title Insurance Underwriter in order to comply with the limitations of Escrow Functions and Funding Functions set forth in this Form 4650; and
 - the Title Company and the Borrower to share all PSA documents, any seller-side settlement statement and any other related documents with Lender, Fannie Mae and their counsel.



(Note: The seller may be informed that:

- o Lender funds for a Fannie Mae Mortgage Loan are being used to complete the Acquisition;
 - o the Lender's funding of the transaction is conditioned on (a) the Funding Functions limitations set forth in this Form 4650, and (b) the receipt by the Lender of all PSA documents and any seller-side settlement statement; and
 - o the Lender and Fannie Mae are required to comply with Anti-Money Laundering and "Know Your Customer" laws which entitle them to know and understand the flow of funds.)
- (2) require, receive, and review a title commitment from an approved Title Insurance Underwriter or its Title Agent that complies with Section II of this Form 4650;
- (3) not allow a title commitment to be ordered using a Title Agent or Title Insurance Underwriter in which the Lender or Lender's counsel has any equity interest unless disclosed to, and approved by, Fannie Mae in advance;
- (4) require that a Chain of Title Schedule be included with the title commitment (or separately provided to Lender) and review documents identified in the Chain of Title Schedule in compliance with III.B.1 below;
- (5) inform the Title Company that the Title Insurance Underwriter must perform the Funding Functions for each Mortgage Loan, including any Acquisition, refinance, Transfer/Assumption, and Supplemental Mortgage Loan, provided that:
- (a) solely to the extent required to prevent the unauthorized practice of law, the Title Agent may oversee, review, or approve the disbursement process (as more specifically required by the Property jurisdiction), so long as the Funding Functions are performed by the Title Insurance Underwriter; or
 - (b) solely to the extent required to comply with statute or court rule in a property jurisdiction where holding the escrows or funding the loan proceeds in a real estate closing is the practice of law, the Funding Functions may be performed by a Title Agent so long as the Funding Functions (including the production of the Settlement Statement) are overseen and approved by the Title Insurance Underwriter;
- (6) inform the Title Company that the Mortgage Loan is being assigned to Fannie Mae and, as a condition to close the Mortgage Loan, the Title Insurance Underwriter will be required to:
- (a) provide to the Lender and (if requested by the Lender, Fannie Mae or their counsel) to Fannie Mae and/or Fannie Mae counsel, in all instances:
 - (i) one or more Settlement Statements that each comply with Section IV.B of this Form 4650;
 - (ii) one or more Receipts and Disbursements Ledgers that each comply with Section X of this Form 4650;
 - (iii) separate evidence of all wires or checks received or sent with respect to the Mortgage Loan and if applicable, the Acquisition (in each case with federal funds wire or check information); and



- (iv) for any Acquisition:
 - a copy of all PSA documents received and relied on by the Title Company to close the Acquisition, and
 - any seller-side settlement statement; and
- (b) comply with any other requirements specified by the Lender in the Closing Instruction Letter.

B. GENERAL LENDER DILIGENCE

(1) Chain of Title Schedule

The Chain of Title Schedule should be issued to the named insured described in Section V.A(4) below. The Lender must review the Chain of Title Schedule and associated documents to:

- (a) identify whether is any indication that any prior property transfers on the Chain of Title Schedule were not arm's length transactions (i.e., review for any indication of affiliation or identity of interest between a past purchaser and seller, such as common entity names or signatories, address or contact information, inappropriate closing conditions, identical purchaser and seller counsel, etc.);
- (b) confirm no unexplained dramatic increase in the value of, or debt secured by, the Property has occurred; and
- (c) for refinances, confirm that the apparent control of the Property over the prior 3 years is as underwritten (e.g., the signature block on recorded documents does not reveal that the control of the Borrower changed 4 months ago even though the Key Principal maintains it has been the sole owner since acquisition 5 years ago).

(2) Purchase and Sale Contract

For an Acquisition, the Lender must review all PSA documents and confirm:

- (a) the PSA documents contain no blanks or redactions and are fully executed;
- (b) the description of the Property in the PSA documents matches the description of the Property in the title commitment, Title Policy, Loan Documents, and all third-party reports (e.g., the Property description in the PSA documents includes no missing or added parcels);
- (c) in the case of an Acquisition by deed;
 - (i) the Person identified as the seller in the PSA documents match the owner of record:
 - in the deed recorded in the land records, and
 - named in the title commitment;
 - (ii) the documentation reflects that the Borrower is the ultimate purchaser;
 - (iii) no indication of an apparent affiliation or identity of interest between the purchaser and the seller exists (e.g., the signature blocks include no common



entities, signatories, or addresses; there are no common purchaser and seller attorneys or contact parties; no non-arm's length closing conditions) that has not been disclosed to, and approved by, the Lender;

- (iv) the ultimate purchase price aligns with the Lender's underwriting; and
- (v) all Appraisers and other appropriate third parties have received complete copies of all PSA documents.



IV. MORTGAGE LOAN CLOSING REQUIREMENTS

A. Closing Instruction Letter

Prior to closing, the Lender (or Lender's counsel on behalf of Lender) must prepare and deliver a Closing Instruction Letter that complies with this Form 4650, which must be countersigned by the Title Insurance Underwriter (and any Title Agent performing Escrow Functions or Funding Functions in accordance with this Form 4650). The Closing Instruction Letter must require the Title Insurance Underwriter (or, where required by law, subject to Section IIIA of this Form 4650, the Title Agent performing the Funding Functions) to:

- (1) deliver to the Lender prior to closing:
 - (a) the Borrower (and purchaser, if different) resolutions and organizational documents received and relied on by the Title Company to close the transaction; and
(Note: The Lender must review the Borrower resolutions and organizational documents, and confirm the organizational documents provided to the Title Company are the same provided to the Lender during underwriting.)
 - (b) the Lender must review the Borrower resolution for any Acquisition, the PSA documents received and relied upon by the Title Company to close the transaction.
(Note: The Lender must confirm that the PSA documents provided to the Title Company are the same provided to the Lender during underwriting.)
- (2) prepare, sign (or certify as true and correct), and deliver to the Lender the Settlement Statement(s) in accordance with this Form 4650;
- (3) maintain the Receipts and Disbursements Ledger and provide it to the Lender for approval:
 - (a) prior to closing,
 - (b) immediately after closing, and
 - (c) after the final disbursement of all funds (if not fully disbursed at closing);
- (4) provide to the Lender separate evidence of all wires or checks received or sent with respect to the Mortgage Loan and, if applicable, the Acquisition (in each case with federal funds wire or check information);
- (5) agree:
 - (a) that Lender's title coverage will be effective as of the Effective Date of the Mortgage Loan,
 - (b) to issue, or require the Title Agent to issue on behalf of the Title Insurance Underwriter, the Lender's Title Policy in accordance with a markup of the updated title commitment or a proforma Title Policy (whichever is required by the Title Insurance Underwriter, each in the form required to close the transaction in accordance with this Form 4650) attached to the Closing Instruction Letter, and
 - (c) that Lender's Title Policy will be issued no later than 30 days after closing (subject to local recording practices); and
- (6) provide any of the documents required to be delivered to the Lender above to Fannie Mae and/or Fannie Mae counsel upon request.



The Closing Instruction Letter must also include the following (or substantially similar) language addressed to both the Funding Agent and Escrow Agent (if different):

“Title Insurance Underwriter and Title Agent (if applicable) must alert the Lender immediately if anyone working on this transaction on behalf of the Title Insurance Underwriter or the Title Agent (if applicable) is aware or becomes aware of any transaction with respect to a transfer of the subject property via deed or a transfer of ownership interests (via assignment of interests or otherwise) that (i) has occurred within the last 36 months and which is not reflected on the title commitment or Chain of Title Schedule delivered to Lender, or (ii) is expected to occur prior to the closing of the Mortgage Loan.”

B. Lender Funding and Due Diligence At Closing

(1) Loan Documents

The Lender must confirm that the Loan Documents have been fully executed by the Borrower (and Guarantor, if applicable) by a person with the authority to bind the Borrower (and Guarantor) as reflected in the appropriate organizational documents, resolutions, and incumbency certificate for each.

(2) Acquisition Documents

For any Acquisition, Lender must review the fully executed deed or other conveyance document reflecting the sale of ownership interests, as applicable, and confirm that:

- (a) such documents match the documents previously provided by the Borrower;
- (b) the parties and signature blocks in such documents reasonably align with the parties and signature blocks in the PSA documents (as amended and/or assigned); and
(Note: In an Acquisition, the introduction of a new general partner, manager, or sole member into the seller ownership structure (indicated in the signature block) between the initial execution of the PSA and the execution of the deed can be a red flag.)
- (c) such documents do not show any indication of an intervening, unexplained transfer or indication of any affiliation between the seller and the purchaser that has not been disclosed to, and approved by, the Lender.

(3) Settlement Statement

At closing, the Lender must review and approve the complete Settlement Statement (as a combined statement or separate statements including an unredacted seller-side statement for an Acquisition, if applicable). The Lender must confirm that the Settlement Statement(s):

- (a) includes the date of closing and disbursement and the name and notice address of the Borrower (and, for any Acquisition, the purchaser (if different from the Borrower), and the seller);
- (b) identifies the gross Mortgage Loan proceeds and, if applicable, the purchase price and any adjustments to the purchase price, any amounts on deposit, any seller-financing or other sources to complete the transaction, and the total equity bridging the gap between the debt and purchase price, if applicable with respect to an Acquisition;
- (c) does not include any “below the line” adjustments to the purchase price (e.g., adjustments due to Property condition) not reflected in the PSA documents or that were not previously disclosed and underwritten by the Lender);



- (d) reflects anticipated equity due from the Borrower (or cash due to the Borrower, in the case of a cash-out refinance) in general alignment with the Lender's underwriting;
- (e) for any refinance, shows funds expected to pay off an existing loan on the Property as being disbursed to such lender at closing and in the amount expected;
(Note: If an existing loan was repaid prior to closing of the Mortgage Loan, the Lender must analyze the source of such repayment, as early pay-off of existing debt may change the underwriting of the Mortgage Loan from a cash-in or cash-neutral refinance to a cash-out refinance.)
- (f) shows no brokerage commissions being paid to an affiliate of the Borrower, Key Principal, or Guarantor that have not been previously disclosed to and approved by the Lender;
- (g) reflects loan proceeds otherwise being disbursed in a manner consistent with the underwritten sources and uses of funds and overall transaction (e.g., no indication exists that the transaction is actually a sale disguised as a refinance);
- (h) states all charges paid by the Borrower (and, for any Acquisition, the purchaser (if different from the Borrower), and the seller) and separately itemizes each third-party charge including:
 - (i) any charges related to the transaction that were paid outside of closing (POC) with an indication of who paid for such charges;
 - (ii) all payments made to any broker, including sales brokers, mortgage brokers, or other similar correspondents; and
 - (iii) all payments made to the Borrower's legal counsel, the Lender's counsel, and the seller's counsel (if applicable);
- (i) in connection with an Acquisition, states all prorated amounts or charges split between the Borrower (or purchaser, if different) and the seller;
(Note: The Lender should confirm that the prorations of rents, expenses and other costs between purchaser and seller appear reasonable given the expense and the date of closing.)
- (j) includes the fees, costs, and charges for all origination services performed by or on behalf of the Lender;
- (k) identifies all up-front escrows deposits, stub-interest, cash collateral and other payments or reserves due to the Lender;
- (l) details any payoff amounts including per diem interest required to be repaid in connection with any deed of trust, mortgage, or other debt instrument (whether of record or not) on behalf of the Borrower or the seller, as applicable;
- (m) itemizes all title fees, costs, charges and other administrative and processing services related to title issuance and other title escrow or funding services related to the transaction; and
- (n) accurately depicts the flow of all funds for the transaction, including:



- (i) actual amounts received from or sent to the Lender,
- (ii) all amounts received from, or on behalf of, the Borrower (or, in connection with an Acquisition on behalf of the purchaser, if different), and
- (iii) if applicable, amounts disbursed to the Borrower or the seller.

(4) **Receipts and Disbursements Ledger and Corresponding Wires**

The Lender must receive and review:

- (a) the Receipts and Disbursements Ledger; and
- (b) separate evidence of all wires and/or checks received or sent with respect to the Mortgage Loan and any Acquisition (in each case with federal funds wire or check information).

(Note: A letter from counsel or a Title Company that they are holding the deposit is not sufficient.)

After receiving the Receipts and Disbursements Ledger and evidence of all wires and checks, the Lender must confirm all wires and/or checks align with information provided in the Receipts and Disbursements Ledgers, including that:

- (i) all deposits required under the PSA documents were transmitted to the Title Insurance Underwriter, as escrow agent;
 - (ii) the full names of all Persons who are indicated on the Receipts and Disbursements Ledger as the source of good faith deposits and other funds to close on behalf of the Borrower or purchaser (whether in connection with an Acquisition or cash-in refinance):
 - match the Person(s) on the wires (or checks) received by the Title Insurance Underwriter; and
 - were underwritten by the Lender, are otherwise consistent with the Borrower's organizational structure, or are otherwise approved by Lender;
 - (iii) no Person who provided funds to close on behalf of the Borrower (or purchaser, if different), indicate evidence of an unexpected non-arm's length transaction or any unidentified, intervening transfer of the Property or ownership in the Borrower;
 - (iv) all Persons who are indicated on the Settlement Statement as receiving funds from the closing escrow match the Person(s) indicated on the Receipts and Disbursements Ledger **and** on the actual wires/checks; and
 - (v) all Persons who are indicated on the Receipts and Disbursements Ledger as receiving funds from the closing escrow were named on the Settlement Statement; and
- (c) the Borrower is the recipient of any cash-out refinance proceeds (or, if not, the recipient is consistent with the Lender's underwriting or expectation of the flow of funds).



Red flags requiring further investigation by the Lender include:

- Acquisition funds received from seller entities or Acquisition proceeds sent to accounts owned by the Borrower, Key Principal, Guarantor, or other affiliates may indicate the Acquisition is not an arm's length transaction;
- Acquisition (or cash-in refinance) funds received from multiple sources or from Person(s) not in the Borrower organizational structure;
- significant overfunding of an Acquisition or cash-out refinance when such overpayment is not returned to the same source providing the funds;
- cash-out refinance proceeds sent to accounts not held by the Borrower or by Persons in the Borrower's organizational structure;
- cash-out refinance proceeds sent to lenders or title companies not involved in the Mortgage Loan transaction and not previously disclosed to the Lender; and
(**Note:** Proceeds used to retire existing debt, pay taxes, assessments, water charges, disclosed brokerage commissions or other verified purposes are acceptable.)
- any disbursements from the closing escrow reflected on the Receipts and Disbursements Ledger (or otherwise indicated in the wires/checks) to Persons that are not identified on the Settlement Statement (or vice versa).

C. Mortgage Loan Closing Best Practices

The Lender may consider funding the transaction and reviewing the receipts ledger a day prior to closing to have sufficient time to review the source of funds and facilitate a smooth closing.

When funding the Mortgage Loan, the Lender is permitted to net wire the proceeds if:

- (1) the Lender provides a closing statement to the Title Company indicating how the net proceeds were calculated; and
- (2) the Title Company includes each such deducted amount on the Settlement Statement.

D. Title Policy

The Lender must attach to the Closing Instruction Letter either a marked title commitment or a proforma Title Policy (whichever is required by the Title Insurance Underwriter) that:

- (1) complies with Section V of this Form 4650; and
- (2) is evidence of Title Insurance Underwriter's (and, if applicable, the Title Agent's) commitment to issue the Title Policy with an effective date as of the funding of the Mortgage Loan in accordance with Section V.A(5) below.



V. TITLE POLICY

A. Lender's Policy Form

(1) Maximum Title Policy Limits

The maximum single risk (i.e., the amount insured under any one policy) by a Title Insurance Underwriter may not exceed 25% of such insurer's capital, surplus, and statutory reserves, as determined by its most recent annual financial statement. In the event a single risk exceeds such limitation, reinsurance must be obtained from a Title Insurance Underwriter in compliance with this Form 4650. All co-insurance must be approved by Fannie Mae.

(2) Generally

If the policy form meets all requirements of this Form 4650, Fannie Mae will accept the standard 2021 or 2006 ALTA forms of title insurance policies. In states where ALTA forms of coverage are not approved by the state insurance board or commission, the closest equivalent alternative coverage must be obtained. The Lender is responsible for confirming that the Title Policy:

- (a) is in the original principal amount of the Mortgage Loan, as evidenced by the Multifamily Note;
(Note: If the Mortgage Loan is secured by multiple Properties with separate Title Policies, the Title Policy amount for any Property must be no less than the amount of the Mortgage Loan allocated to such Property and each Title Policy must include a tie-in or aggregation endorsement, as allowed under applicable law.)
- (b) insures the priority of the Lien of the Security Instrument (unless it is a Supplemental Mortgage Loan), subject only to the Permitted Encumbrances;
- (c) is in full force and effect with:
 - (i) all premiums paid,
 - (ii) no claims made by the Lender, and
 - (iii) no claims paid;
- (d) insures a legal description of the insured property which is identical to the legal description of the Property shown on:
 - (i) any required survey, and
 - (ii) the Security Instrument; and
- (e) insures as an appurtenant easement any easement or private road providing access and/or any other Shared Use interest otherwise benefiting the Property that Lender deems to be essential (in accordance with the Shared Use guidance in the Guide and the Loan Documents).

(3) Electronic Policies

An electronically issued Title Policy is acceptable if the Lender confirms the coverage is enforceable against the Title Insurance Underwriter.



(4) Named Insured

The Title Policy must name as the insured the “Lender and/or Fannie Mae their successors and assigns, as their respective interests may appear” (or, for Transfer/Assumptions “Fannie Mae and its successors and assigns, as their interests may appear”) or, if required under the applicable state insurance requirements “Lender and/or Fannie Mae, their successors and assigns, as their respective interests may appear, except for a successor who is an obligor under Section 12(c) of the Conditions.”

(5) Effective Date

The title insurance coverage must be in effect when the Lender funds the Mortgage Loan. If the Property is in a jurisdiction where the Title Policy is not effective until recordation of the insured instrument (e.g., the security instrument and the assignment thereof to Fannie Mae), the Title Company must record the insured instrument(s) and issue Lender’s Title Policy simultaneously with the closing of the Mortgage Loan.

When the Title Policy is issued, it must be later-dated to cover the Assignment of Security Instrument recording date and must include the following information about the Security Instrument, Assignment of the Security Instrument, and any other required recorded documents:

- (a) document title;
- (b) parties;
- (c) effective date;
- (d) date of recording; and
- (e) identification of book/page, labor/folio, or document number (or equivalent recording location) and the recording office.

(6) Lender Delivery

The Lender must deliver to Fannie Mae the documents required by 6502.Folder I and III, including a final Title Policy complete with all recording information for all insured instruments within 60 days after closing (subject to local recording practices).

B. Title Exceptions and Requirements

The Lender is responsible for ensuring that Schedule B of the Title Policy, Part I must not contain any standard exceptions, including general survey exceptions, which are not limited by appropriate endorsements or otherwise mitigated. All title commitment requirements must be insured over or satisfied prior to closing. Any mortgages, mechanics’, materialmen’s, or judgment liens in the title commitment must be satisfied and released prior to, or in connection with closing, or sufficiently insured over.

(1) Survey Exception

If the Title Policy includes exceptions to matters shown on a survey or recorded map or plat, the exceptions should be specifically described.

(2) Taxes

If any taxes could become delinquent within 60 days after closing, payment must be at closing from the loan proceeds. The Title Policy must insure that any taxes, assessments, or other lienable items are not yet due and payable.



(3) Tenants

Exceptions for residential tenants in possession must be revised to read, “Rights of tenants in possession, as tenants only, under prior unrecorded residential leases.”

(4) Other

Any other exceptions that the Lender determines to be acceptable (e.g., utility easements serving the Property) may be included on Schedule B, provided financing statements must not be listed as an exception on Schedule B, Part I and all subordinate matters (including a subordinated laundry lease) must be moved to Schedule B-II of the Title Policy (unless such jurisdiction does not utilize a Schedule B-II in which case such items shall include appropriate language subordinating the same to the insured lien and, if the insured Security Instrument is a Supplemental Mortgage Loan, the first lien Fannie Mae Security Instrument).

(5) Record Retention

The Lender must keep copies of any restrictions shown as exceptions on the Title Policy (such as easements and encumbrances) in its Servicing File.

C. Endorsements

(1) Generally

The Lender must insure that the appropriate ALTA form of endorsement is incorporated into the “base” Title Policy, including the following, where applicable, available and appropriate (as determined by the Lender) for the Property and jurisdiction:

- (a) Comprehensive (required for all Properties), which must insure over any:
 - (i) encroachments onto the Property;
 - (ii) encroachment into easements or rights of way over the Property;
 - (iii) encroachments by the Improvements onto adjoining land; and
 - (iv) violations of existing covenants, conditions, and restrictions;
- (b) Zoning (where available);
- (c) Environmental Protection;
- (d) Condominium;
- (e) PUD;
- (f) Variable Rate;
- (g) Leasehold Mortgage;
- (h) Location;
- (i) Unlocated Easement;
- (j) Contiguity-Multiple Parcel (if there is more than one parcel; including any easement or other beneficial parcels);
- (k) Mortgage Tax (if the Mortgage Loan is secured by an amended and restated Security Instrument);
- (l) Subdivision;



- (m) Condominium;
- (n) Deletion of Arbitration;
- (o) Access and Entry;
- (p) Mineral Rights;
- (q) Patent;
- (r) Encroachments;
- (s) Private Rights
- (t) Water; and
- (u) any other endorsement appropriate and applicable for the circumstances.

In jurisdictions where an ALTA form is not available, the Title Company may include in Schedule B an equivalent form of endorsement or affirmative coverage (if available in such jurisdiction).

(2) Environmental Protection Lien Endorsement

The only “Super Lien statutes” (i.e., statutory Liens with priority over the recorded Security Instrument) that may be included in the ALTA Form 8.1 endorsement are listed in the Acceptable Super Lien Statutes (Form 6506).