



Listed below are the minimum additional title insurance requirements in connection with obtaining a Construction-to-Permanent Home and/or a Remodel Loan. This is not an “all inclusive” listing of the title requirements. Please refer to Pacifica South Bancorp’s Loan Settlement Instructions for all standard requirements and endorsements

Title Policy

American Land Title Association (ALTA) Title Policy, effective the date and time of recordation of the mortgage instrument with a provision for a reissue of final ALTA policy when home is completed. In addition, the ALTA policy should include the following:

- a) The amount of insurance coverage is equal to the loan amount with the Lender shown as insured.
- b) “Off Record Matters” coverage must be included. This coverage protects the Lender against unrecorded items such as easements, deeds, etc.
- c) “Un-located Easements” coverage must be included. This coverage protects the Lender against easements, which by reason of age or otherwise may not have been plotted on paper or surveyed.

“Creditors’ Rights” must be removed. An endorsement which deletes the Creditors’ Rights,” thereby providing insurance against any mechanics’ liens at time of recordation, is required.

Endorsements

In addition to the ALTA Title Policy and the endorsements listed above, the following additional endorsements are required. These endorsements must be prepaid at the time of loan closing, but will not be issued or effective until a later date.

Mechanics’ Lien

Mechanics’ Lien Title Endorsements (date/downs, updates, early issue, contin, downdate). These are provided at the time of each disbursement of funds insuring the Lender’s continued “first-lien” position without the intervention of any mechanics’ liens or other impediments to title. The number of endorsements required is dependent on the number of disbursements scheduled for the loan. You should estimate between not less than five and as many as eleven endorsements depending upon the term of the construction period and the number of anticipated draws.

Foundation

Foundation (Location) Endorsement. This endorsement provides protection to the Lender that the property does not encroach on any boundaries, setbacks or easements of record. In some states, outside inspections or surveys may be required by the title company to obtain this endorsement. Any funds required for an inspection or survey must be prepaid at closing.

At loan closing

At loan closing, endorsements, which are ordered at closing but not, issued until a later date during the construction of the home are to be prepaid. They must be itemized and shown as prepaid on the HUD- 1 closing statement. If the endorsements are not itemized, then a separate letter issued by the title company detailing the endorsements, which have been prepaid, will be acceptable, so long as the costs are still shown on the HUD- 1.

If your Title Company is not familiar with Construction, Rehab or Construction-to-Perm loans, contact your Pacifica South Bancorp Representative for a referral to a Title Company in your area.