

Acceptable Providers

A title insurer is acceptable if it has a rating from at least one independent rating agency that meets the following standards.

Rating Agency	Rating Requirements
Demotech, Inc.	Financial Stability Rating of "S (Substantial) or better or a Statutory Accounting Rating of "C" (Average) or better
Duff & Phelps Credit Rating Company	"BBB" or better
Fitch, Inc.	"BBB" or better
Kroll Bond Rating Agency, Inc.	"C" or better
Moody's Investors Service	"Baa2" or better
Standard and Poor's, Inc.	"BBB" or better

Commitment Requirements

- The effective date of the commitment must be within 90 days of the Closing Date or an updated commitment or a gap letter will be required
- Must contain a Commitment Number
- The Lender's coverage amount must reflect the total loan amount on the Note and Security Instrument at Closing
- Mortgagee - the proposed insured for the Lender's policy must match the lender as listed on the Note and Security Instrument
 - Type A and Type B FHA loans will close in the name of FLCB
 - All other Type B and NDC loans will close in the originator's name
- Borrower(s) Name(s)
 - Refinance Transaction – the current vesting in Schedule A of the Commitment must reflect the borrower as listed on the application plus any non-borrowing owners
 - Purchase Transaction – vesting must match the seller as listed on the sales contract; the borrower(s) will be reflected as either the proposed insured in the Owner's Policy section of Schedule A or in Schedule B as a condition for the verbiage required on the transfer deed
- Acceptable forms of Ownership/Title Vesting:
 - Fee Simple with title vesting as:
 - Individual
 - Joint Tenants
 - Tenants in Common **(there must be no designated percentage noted on the Tenants in Common title vesting)**
 - Leasehold Estate per Agency requirements.
- Legal description, county and address (if given) to match appraisal
- Minimum 12 month chain of title required

Tax information

- Annual tax amount(s) required for all taxes due on a property
- Due dates and frequency of all taxes that apply

Calculating Monthly Real Estate Tax Payments on the Subject Property

Real estate tax amounts included in the monthly housing expense must be based on the value of the improvements plus the value of the land.

- When calculating the real estate tax payment for existing (not new construction) properties, the following documentation must be used:
 - The taxes listed on the title commitment or property tax bill/cert unless a change to taxes based on transfer of ownership is disclosed; or
 - When disclosed that a property is located in a jurisdiction where transfer of ownership causes or results in a recalculation of taxes (e.g. purchase of an investment property with current homestead exemption), the monthly housing expense must include an estimate of the recalculated tax amount using information provided on the title commitment, tax bill or local assessor's office; or
 - Evidence from the local assessor's office of the current tax rate calculated by the appraised value.
- If the transaction is a new construction and the property has not been fully assessed, the taxes may be calculated based on:
 - an estimate of the taxes based on the value of the land and completed improvements must be provided for qualifying purposes; or
 - the current tax rate as obtained from the local tax assessor's office or 1.5% of the purchase price. If the disclosed tax rate is higher, it must be used for qualification over the 1.5%.
- For purchases of new and existing properties in California only, property taxes may be calculated using the higher rate of 1.25% of the purchase price, current tax bill, or the current tax rate as obtained from the local tax assessor's office.
- If a special assessment levied against the property is not part of the annual tax payments or paid at loan closing, the monthly payment must include 1/12 of any estimated annual payment toward the assessment.
- A tax abatement may be used to qualify at a reduced monthly expense provided there is evidence of the tax abatement and documentation to show continuance for at least 5 years after the Note date. If the abatement increases annually, the annual taxes that will be required at the end of the 5th year after the first mortgage payment date must be used for qualification.
- Tax Exemptions – if any exemptions apply to the current owner that will **not** apply to the borrower, an estimate of the full tax amount must be given for qualifying purposes; if the exemptions **will** apply to the new homeowner, the tax amount with the exemptions can be used for qualifying purposes.

Texas Property Taxes

Please refer to [Bulletin #2024-TX-001](#) for a complete process on property tax calculations and escrows in Texas.

Escrows

- If the annual tax bills due are lower than the figures used for qualifying. The lower amount can be used for escrows. Borrower must sign a payment shock letter for taxes increasing in the future at closing.

Closing Protection Letter (CPL, ICL)

- Must reflect borrower(s) name(s), property address and correct mortgagee clause (ISAOA/ATIMA not required); In lieu of a CPL the Settlement Agent can provide evidence of current E&O Policy with a minimum of \$1,000,000 coverage

Survey

- Required in TX (except on a condo) and should be approved by the title company prior to closing
- To be provided if it is a requirement of title

Mortgagee Clause

FLCB is the mortgagee for any loan that closes in FLCB's name. This includes all Type A brokered loans and Type B FHA brokered loans. The full mortgagee clause for FLCB is:

Florida Capital Bank, N.A. ISAOA/ATIMA*

P.O. Box 551390

Jacksonville, FL 32255-1390

All other loans close in the originator's name and therefore the originator is the mortgagee:

Lender's name as reflected on the Note/Security Instrument

ISAOA ATIMA

(Lender's address)

Note: The mortgagee clause listed on the title commitment must match the lender name in which the loan will close.

*Texas only – If the title company will not allow the ISAOA/ATIMA verbiage on a TX title commitment, the mortgagee clause listed on title can reflect the lender name followed by **“and each successor in ownership of the indebtedness secured by the insurance mortgage, except a successor who is an obligor under the provisions of Section 12(c) of the Conditions and Stipulations.”**

HELOC/CLOSED END SECOND MORTGAGE

- The Title Commitment in the amount of the HELOC credit limit is required. A full ALTA, Junior ALTA or ALTA Lite are acceptable forms.
- Lenders' Title insurance in the amount of the second lien amount is required- final policy must be separate from the first lien title policy.
- Both Short Form and Long Form policies are acceptable.
- A Closing Protection is no longer required.