



PRELIMINARY LOAN CLOSING GUIDELINES

Hazard Insurance Policy:

An original hazard insurance policy or insurance binder covering fire and extended coverage and a paid receipt must be provided by the Borrower(s) before closing and meet the following requirements:

1. Unless otherwise restricted by state law, the minimum coverage of the policy must be the lesser of the following:
 - a. Loan amount as long as it is equal to 80% of the insurable value or the face value of the policy; or
 - b. 100% guaranteed replacement cost; or
 - c. 100% of the insurable value of improvements as determined by the property insurer.
2. Maximum deductible allowed is 5% of policy amount.
3. A renewal policy and premium is required on all hazard insurance policies renewing within ninety (90) days of loan disbursement.
4. The property being secured must show the property location address as well as a correct mailing address.
5. The effective date of the policy must be prior to or on the closing date.
6. The hazard policy or insurance binder must have an original signature of an authorized representative from the insurance company and provide the agent's address.
7. The mortgagee clause is as follows:

**First Capital Bank
its successors or assigns, as their interest may appear
5001 Craig Rath Blvd
Midlothian, VA 23112**

8. The Hazard Insurance Information Sheet should be completed with correct phone/fax numbers.

Flood Insurance:

Any structure or dwelling on the subject property located within a special Flood Hazard Area (100 year flood plain) as established by HUD, must be covered by flood insurance in an amount of at least equal to 100% of the replacement cost or the maximum limit of coverage available, whichever is greater, and indicating First Capital Bank as the mortgagee.

1. The effective date of the policy must be no later than the closing date.
2. The first year premium must be paid at or prior to the date of closing with First Capital Bank being furnished with a paid receipt and the policy or application.
3. A renewal policy and premium is required on all flood insurance policies renewing within sixty (60) days of loan disbursement
4. Maximum deductible is \$5,000.
5. Flood Hazard Disaster Notification may be required in some instances.
6. Flood Insurance Coverage Limit Advisory may be required in some instances.

Tax Information Sheet:

The tax information sheet should be completed and signed by the Settlement Agent.

1. Taxing authority information must be completed for County/City School, etc
2. Tax Parcel ID# should be clear and legible
3. Tax paid through date, last paid and amount must be completed
4. Estimated annual taxes must be calculated based on information available
5. Frequency of tax payments, next due dates and delinquent dates.

Any change to this information requires a revised Tax Information Sheet. This information is used to prepare escrow documents. If taxes are subsequently paid after completion of this form an updated form must be supplied to First Capital Bank.

Insured Closing Protection Letter:

Insured Closing Letter must be provided to First Capital Bank prior to closing. Please note that the Title Underwriter issuing the CPL must be the same as the Title Commitment Issuer. In addition the CPL must be signed, reference the client and closing agent/closing attorney (including closing agent's name and address), be specific to the transaction and reference borrower's name and subject property address.

Mortgagee Clause:

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Title Insurance Binder:

1. A title insurance commitment must be submitted to First Capital Bank on all loans prior to release of the closing instructions. The title company/agent must sign the commitment, insure the loan closing and disbursement, as well as the title, and the final policy must be issued in an Alta Loan Policy (6/17/06) or Short Form Residential Loan policy, One to Four family.
2. Mechanics' lien objections must not appear in the title policy. The title binder must indicate the policy will provide coverage for liens of mechanics and material men. It is the responsibility of the Settlement Agent make certain all such matters are cleared prior to closing in order that no title objections appear.
3. If the title binder contains a survey exception, provide a copy of the survey (see below) or Alta 9 endorsement.
4. All unlocated easements require affirmative coverage.
5. Real estate taxes for the current tax period and subsequent years may be excepted to the binder and policy. The binder and policy must state the taxes are not due and payable.
6. The binder must insure that restrictive covenants do not contain a forfeiture provision and state the restrictions have not been violated. If there is a violation, the title company must provide affirmative coverage over any violation. No restrictive covenant is acceptable which contains a liquidation damages clause or a forfeiture clause.
7. The title binder must not be more than 60 days from date of issue to date of closing or a title update or Gap Endorsement will be required.
8. All other objections in the binder and policy must not harm marketable title. The owners of the property must hold title in fee simple.

9. If the property does not have access to a state maintained road, there must be a recorded Road Maintenance Agreement for ingress and egress for access to the property.
10. The following Alta Title endorsements may be required:
 - Alta 4 - Condo
 - Alta 5 - PUD
 - Alta 6 - Adjustable Rate
 - Alta 8.1 – Environmental Protection Lien
 - Alta 9 – Restrictions, Encroachments, Minerals

11. Mortgagee Clause:

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12. Settlement Agent is responsible for satisfying all requirements in the binder and for releasing any liens that are required to be released.
13. 12 month chain of title must be provided either in the Vesting section of Schedule A or provide copy of deed.
14. The final title policy must be provided to First Capital Bank within 45 days of closing.
15. Vesting must match transaction as approved by underwriter. If a change occurs, the file must go back to underwriting for review of new vesting and necessary corrections.

Subordination Agreement:

1. The title policy should reference any lien that will be subordinated as well as any modification requirements
2. Executed subordination agreement must be received by the Settlement Agent & First Capital Bank prior to closing.
3. Provide copy of the subordination agreement to First Capital Bank for approval.
4. Subordination agreement must be recorded simultaneously with Deed of Trust at closing.

Draft HUD-1 or HUD-1A

A preliminary HUD-1 should include all Title Charges (section 1100) with a break down of fees being charged. As well as government Recording and Transfer Charges (section 1200).

Survey (ONLY required if title insurance has a survey exception):

1. The survey must indicate the Borrower(s) name and address, legal description, flood certificate indicating flood zone and north arrow.
2. Survey cannot be more than three (3) months old and improvements must be 100% complete.
3. The surveyor's original signature and seal must appear on the survey.
4. The survey must indicate all set-back lines recorded in the restrictive covenants or the recorded plats.

Termite (ONLY required if noted by appraiser or requested by underwriter):

1. The termite inspection report expires 30 days from the date of inspection.
2. On new construction, a soil treatment letter is required, which is valid and acceptable for a period of one (1) year from the date of treatment
3. Any visible evidence of wood destroying insects (block B) requires a structural inspection by a Class A Contractor or structural engineer. In some cases, repairs may be required.

Deed:

On purchase money transactions a copy of the Deed of conveyance is required. All current property owners, per current vesting in Title policy and on sales contract should match. Executed copy should be returned in closing package.

Wiring Instructions:

A copy of the wiring instructions should be received with pre-closing items for each file and must include:

1. Closing Agent name/address which match Closing Agent name/address on HUD-1 or HUD-1A & Insured Closing Letter
2. Banking authority, Account number and ABA numbers
3. Any further Credit Information clearly labeled.

Power of Attorney:

If loan is closing by a Power of Attorney, it must be approved by First Capital Bank prior to being executed. The POA must:

1. Specify subject property
2. Be a Limited (or Specific) POA, specific to this transaction
3. Clearly indicate that the mortgagor is appointing an attorney-in-fact
4. Precisely identify whom is being appointed
5. Be signed and dated by the borrower
6. Be notarized
7. Be recorded prior to, or concurrent with, the security instrument
8. A Patriot Act certification must be completed for any applicant signing by Power of Attorney. It should be completed by the party who prepared or notarized the document.

Certificate of Occupancy:

Only required on New Construction.

Payoffs:

A copy of the current payoff for any lien is required to be faxed to First Capital Bank. A letter of explanation may be required if payoff on HUD-1 is higher than on payoff letter, including necessary per diem interest days.

Forms:

Settlement Agent must use the forms provided to you by First Capital Bank. The terms of the Note and Deed of Trust may not be varied without specific instructions from us.

This information serves as a guideline only. Each transaction is unique. Specific closing instructions will be issued for each transaction. Where any differences between guidelines and closing instructions arise, the more restrictive will prevail.

**5001 Craig Rath Blvd.
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