



# **Closing Protection Letters and Closing Instructions**

Dillon D. Malone | Iowa Title Guaranty Director  
Iowa Finance Authority

# Title Underwriter & Title Agent Relationship

- Whether in Iowa or the other 49 states, the relationship between the title underwriter and title agent/participant is the same
  - The title agent/participant binds the title underwriter to provide *title* coverage to Lenders and Owners
  - While it is necessary to conduct closing/escrow to effectuate a real estate transaction, at its core title coverage does not extend to settlement activities (though settlement activities definitely affect title)

# Closing Instructions

Instructions to Escrow/Title/Closing Agent		
<b>Transaction Details</b>		
From	Loan Details	
	LOAN #:	
	MIN #:	
	Borrower Name(s):	
	Loan Type:	
<b>To</b>		
ESCROW #:	TITLE #:	
ATTN:	ATTN:	
PHONE:	PHONE:	
FAX:	FAX:	
<b>Property</b>		
Property details should read as follows:		
<b>Questions</b>		
All questions concerning these instructions, conditions and funding procedures should be...		
Directed to:	At:	
Phone:	Fax:	
ALL DOCUMENTS MUST BE IN OUR OFFICE 24 HOURS PRIOR TO DISBURSEMENT OF LOAN FUNDS.		
This loan MUST CLOSE BY 07/16/2024.		
Failure to comply with these instructions may delay funding.		
In the event this loan does not close on the date indicated in these closing instructions; or, if the loan documentation does not conform to the information stated herein, DO NOT CLOSE THE LOAN WITHOUT NOTIFYING THE CREDITOR.		
ICE Mortgage Technology, Inc.		
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GEMC1115 0320 GEMC1115 (GLS) 07/15/2024 09:55 AM PST		

Title Policy	
A(n) ALTA	Policy with Endorsement(s) should be issued within 30 days of closing.
Final title policy when issued must reflect the following:	
1. Creditor's Title Policy is to be in the amount of \$	
2. Secondary financing in the amount of N/A has been approved.	
3. ALTA Policy must contain endorsements	
4. Title is to be clear and is to show no special assessments pending or of record. All special assessments must be paid prior to closing, unless otherwise authorized by us.	
5. Any and all encroachments must be insured over.	
6. Issue said form of Policy free from encumbrances except items of preliminary Title Report dated	
7. The vesting should read as referenced above.	
8. Lien Position: <input checked="" type="checkbox"/> We must be in First Lien Position. <input type="checkbox"/> We must be in Second Lien Position.	
9. Final Title Policy and Recorded Documents to be sent to:	
<b>Hazard Insurance</b>	
The Creditor must have satisfactory evidence of hazard/fire insurance. Do not disburse without evidence of Hazard Insurance. The loss payable clause must be:	
Hazard Insurance coverage must be equal to the lesser of the loan amount or the full replacement value of the property improvements, and must extend for either a term of at least twelve (12) Month(s) after the closing date for purchase transactions or Six (6) Month(s) after the closing date for refinance transactions.	
<input type="checkbox"/> California Civil Code 2955.5(a) provides: No creditor shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.	
<b>Flood Insurance</b>	
The Creditor will obtain a flood certification, and if the property is located in a flood hazard area will specify the need, if any, for flood insurance. The loss payable clause for flood insurance is the same as hazard/fire insurance.	
<input checked="" type="checkbox"/> Flood Insurance is not required.	
<input type="checkbox"/> Flood Insurance is required.	
<b>Taxes and Assessments</b>	
All taxes and assessments, including special assessments, due are to be paid at the time of settlement and a receipt provided. Where taxes and assessments are shown on the Title Policy as an exception, the Title Policy must indicate "not yet due and payable." Additional instructions: N/A	
<b>Right to Cancel</b>	
On all refinance loans, second lien loans, and/or any transaction subject to rescission, the Notice of Right to Cancel must be given at closing. The Notice of Right to Cancel must be properly completed, including all dates. EACH Borrower, obligor and/or person holding an ownership interest in the property must be given two (2) copies. The signed originals acknowledging receipt of the completed Right to Cancel by each Borrower, obligor, and/or person given copies of the Notices must be returned with the closing package. Should the transaction be rescinded by any of the obligors, immediately notify our office. RIGHT OF RESCISSION MAY NOT BE WAIVED WITHOUT OUR PRIOR WRITTEN CONSENT.	

# Closing Instructions

## TITLE POLICY

A(n) **ALTA** Policy with Endorsement(s) should be issued within **30** days of closing. Final title policy when issued must reflect the following:

1. Lender's Title Policy is to be in the amount of: **283,882.00**
2. Secondary financing in the amount of **N/A** has been approved.
3. **ALTA** Policy must contain the following endorsements: **Alta 9, Alta 8.1, Alta 5**
4. Title is to be clear and is to show no special assessments pending or of record. All special assessments must be paid prior to closing, unless otherwise authorized by us.
5. Any and all encroachments must be insured over.
6. Issue said form of Policy free from encumbrances except items:  
of preliminary Title Report dated:
7. The vesting should read as referenced above.
8. Lien Position: ( **X** ) We must be in First Lien Position. ( ) We must be in Second Lien Position.

## Title Insurance Coverage

Title Insurance coverage and vesting must be written under the same terms and conditions as the marked-up Title Commitment/Report previously provided to [REDACTED]

## Clear Title

The ALTA Title Policy must be free from liens, encumbrances, easements, encroachments, and other title matters except:

- 1) The lien of our loan in the amount of our loan on the property described herein showing the Instrument or Document Number and the date of recording of the Security Instrument.
- 2) General, specific, state, county, city, school or other taxes and assessments not yet due or payable.

## First Lien Position

This loan must record in first lien position (unless otherwise stated) on or prior to the disbursement date.

## Issue Endorsements

The following endorsements are required on the final policy: **COMP, EPA, LOC**

Required on Every Loan	Required if a Matching Rider is Present
Comprehensive (COMP/ALTA 9/FL FORM 9)	PUD (ALTA 5)
Environmental (EPA/EPL/8.1)	CONDO (ALTA 4)
Location (LOC) - for purchases only, but can be removed if we have a Survey, Condo, or PUD	LEASEHOLD (ALTA 13)
	MANUFACTURED HOUSING (ALTA 7)
	ARM (ALTA 6)
	T-19 without deletion - for Texas only

## Final Documents

All final documents, including accurate and complete final title policies, recorded security instruments, including copies of recorded warranty/quit claim deed, if applicable, must be returned to [REDACTED] **MORTGAGE** 60 days from the date of closing. If the form and content of the Title Policy are not correct, it will be returned to Settlement Agent for correction. This may cause a delay to an investor and may result in financial loss due to investor purchase deadlines and/or warehouse charges. Final Documents not returned within 90 days may be subject to fees/fines. [REDACTED] will hold you responsible. Minimum charge for late or incorrect

Rev 01.2025

EE 26112.22

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signature verification: <http://nfg-rvv-zxc>

policies is 1/8 of 1% of the original loan amount per day for the first 60 days late.



# Closing Protection Letters

- Iowa Code § 16.93 authorizes ITG to issue CPLs under certain circumstances:
  - “to a person to whom a proposed title guaranty is to be issued”
  - “upon the request of the person”
  - “if the division issues a commitment”
- Code allows two main coverages for a CPL
  - Theft of funds
  - Failure to follow written closing instructions

# CPL Form



## Closing Protection Letter—Single Transaction

2018 v. 02.00 (04-02-2021)

Adopted 04-02-2021

### ALTA CLOSING PROTECTION LETTER SINGLE TRANSACTION issued by IOWA TITLE GUARANTY

“Addressee”: Iowa Finance Authority its subsidiaries and affiliates, successors and/or assigns, as their interest may appear, 1963 BELL AVE STE 200, DES MOINES, IA 50315-1000

“Date”: April 11, 2025 at 09:18:57 AM

“ITG Closer”: CREDIT BUREAU OF MUSCATINE, INC. d/b/a CBMS, 312 SYCAMORE ST, MUSCATINE, IA, 52761-3855, (563) 263-1131, Iowa Title Guaranty Number: 12

“Real Estate Transaction”:

Commitment Number: C-250000029

Property Address: 1963 Bell Avenue, DES MOINES, IA, 50315

Proposed Mortgagor(s): Dillon Malone

Legal Description of Land: The South 600 feet of Lot 2, except the South 15 feet, and except that part thereof conveyed to the City of Des Moines, Iowa, by Warranty Deed recorded in Book 3795, Page 165 of the records in the Office of the County Recorder of Polk County, Iowa, in Solar-Meredith Place, an Official Plat, now included in and forming a part of the City of Des Moines, Iowa.

Re: Closing Protection Letter

Dear Iowa Finance Authority:

In consideration of Your acceptance of this letter, Iowa Title Guaranty (“ITG”), agrees to indemnify You for actual loss of Funds incurred by You in connection with the closing of the Real Estate Transaction conducted by the ITG Closer on or after the Date of this letter, subject to the Requirements and Conditions and Exclusions set forth below:

#### REQUIREMENTS

1. ITG issues or is contractually obligated to issue a Certificate for Your protection in connection with the Real Estate Transaction;
2. You are to be a:
  - (a) lender secured by the Guaranteed Mortgage on the Title to the Land; or
  - (b) purchaser or lessee of the Title to the Land;
3. The aggregate of all Funds You transmit to the ITG Closer for the Real Estate Transaction does not exceed \$250,000.00; and
4. Your loss is solely caused by:
  - (a) a failure of the ITG Closer to comply with Your written closing instructions that relate to:
    - (i) (a) the disbursement of Funds necessary to establish the status of the Title to the Land; or
    - (b) the validity, enforceability, or priority of the lien of the Guaranteed Mortgage; or
    - (ii) obtaining any document, specifically required by You, but only to the extent that the failure to obtain the document adversely affects the status of the Title to the Land or the validity, enforceability, or priority of the lien of the Guaranteed Mortgage on the Title to the Land; or
  - (b) fraud, theft, dishonesty, or misappropriation by the ITG Closer in handling Your Funds or documents in connection with the closing, but only to the extent that the fraud, theft, dishonesty, or misappropriation adversely affects the status of the Title to the Land or the validity, enforceability, or priority of the lien of the Guaranteed Mortgage on the Title to the Land.

#### CONDITIONS AND EXCLUSIONS

1. Your transmittal of Funds or documents to the ITG Closer for the Real Estate Transaction constitutes Your acceptance of this

COMMITMENT NO. C-250000029

VERIFICATION CODE: f722-8726-1c60-8e40

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# CPL Definitions

## 2. For purposes of this letter:

- (a) “Certificate” means the contract or contracts of guaranty, each in a form adopted by the American Land Title Association, issued or to be issued by ITG in connection with the closing of the Real Estate Transaction.
- (b) “Commitment” means ITG’s written contractual agreement to issue the Certificate.
- (c) “Funds” means the money received by the ITG Closer for the Real Estate Transaction.
- (d) “You” or “Your” means:
  - (i) the Addressee of this letter;
  - (ii) the borrower, if the Land is improved solely by a one-to-four family residence; and
  - (iii) subject to all rights and defenses relating to a claim under this letter that ITG would have against the Addressee,
    - (a) the assignee of the Guaranteed Mortgage, provided such assignment was for value and the assignee was, at the time of the assignment, without Knowledge of facts that reveal a claim under this letter; and
    - (b) the warehouse lender in connection with the Guaranteed Mortgage.
- (e) “Indebtedness,” “Guaranteed Mortgage,” “Knowledge” or “Known,” “Land,” and “Title” have the same meaning given them in the Lender Form—Iowa Title Guaranty Certificate.



# CPL Requirements

## REQUIREMENTS

1. ITG issues or is contractually obligated to issue a Certificate for Your protection in connection with the Real Estate Transaction;
2. You are to be a:
  - (a) lender secured by the Guaranteed Mortgage on the Title to the Land; or
  - (b) purchaser or lessee of the Title to the Land;
3. The aggregate of all Funds You transmit to the ITG Closer for the Real Estate Transaction does not exceed \$250,000.00; and
4. Your loss is solely caused by:
  - (a) a failure of the ITG Closer to comply with Your written closing instructions that relate to:
    - (i) (a) the disbursement of Funds necessary to establish the status of the Title to the Land; or
    - (b) the validity, enforceability, or priority of the lien of the Guaranteed Mortgage; or
  - (ii) obtaining any document, specifically required by You, but only to the extent that the failure to obtain the document adversely affects the status of the Title to the Land or the validity, enforceability, or priority of the lien of the Guaranteed Mortgage on the Title to the Land; or
- (b) fraud, theft, dishonesty, or misappropriation by the ITG Closer in handling Your Funds or documents in connection with the closing, but only to the extent that the fraud, theft, dishonesty, or misappropriation adversely affects the status of the Title to the Land or the validity, enforceability, or priority of the lien of the Guaranteed Mortgage on the Title to the Land.



# CPL Exclusions

3. ITG is not liable under this letter for any loss arising from any:
- (a) failure of the ITG Closer to comply with Your closing instructions that require title guaranty protection in connection with the Real Estate Transaction inconsistent with that set forth in the Commitment. Your written closing instructions received and accepted by the ITG Closer after issuing the Commitment that require the removal, where allowed by state law, rule, or regulation, of specific Schedule B Exceptions from Coverage or compliance with the requirements contained in the Commitment will not be deemed to require inconsistent title guaranty protection;
  - (h) matters created, suffered, assumed, agreed to, or Known by You;
  - (n) wire fraud, mail fraud, telephone fraud, facsimile fraud, unauthorized access to a computer, network, email, or document production system, business email compromise, identity theft, or diversion of Funds to a person or account not entitled to receive the Funds. Condition and Exclusion 3(n) does not modify or limit:
    - (i) Your coverage in the Certificate; or
    - (ii) indemnification in this letter for Your loss solely caused by fraud, theft, dishonesty, or misappropriation by the ITG Closer in handling Your Funds or documents in connection with the closing, but only to the extent that the fraud, theft, dishonesty, or misappropriation adversely affects the status of the Title to the Land or the validity, enforceability, or priority of the lien of the Guaranteed Mortgage on the Title to the Land.

# CPL Exclusions

10. ITG is not liable for a loss if the written notice of a claim is not received by ITG within one year from the date of the transmittal of Funds. The condition that ITG must be provided with written notice under Condition and Exclusion 10 will not be excused by lack of prejudice to ITG.
13. ITG is not liable under this letter if:
- (a) the Real Estate Transaction has not closed within one year from the Date of this letter; or
  - (b) at any time after the Date of this letter, but before the Real Estate Transaction closes, ITG provides written notice of termination of this letter to the Addressee at the address set forth above.

# Certificate Gap Coverage

14. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 13 that has been created or attached or has been filed or recorded in the Public Records subsequent to the Date of Certificate and prior to the recording of the Guaranteed Mortgage in the Public Records.

10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to the Date of Certificate and prior to the recording of the deed or other instrument vesting the Title in the Public Records.



# CPLs & Gap Coverage



## Commitment for Iowa Title Guaranty Title Certificate

2021 v. 01.00 (07-01-2021)

### SCHEDULE B, PART II—EXCEPTIONS

**Some historical land records contain Discriminatory Covenants that are illegal and unenforceable by law. This Commitment and the Certificate treat any Discriminatory Covenant in a document referenced in Schedule B as if each Discriminatory Covenant is redacted, repudiated, removed, and not republished or recirculated. Only the remaining provisions of the document will be excepted from coverage.**

The Certificate will not guarantee against loss or damage resulting from the terms and conditions of any lease or easement identified in Schedule A, and will include the following Exceptions unless cleared to the satisfaction of ITG:

1. Any right or claim of a party in possession not shown by the Public Records.
2. Any encumbrance, violation, variation, adverse circumstance, boundary line overlap, and/or encroachment (including an encroachment of an improvement across the boundary lines of the Land).
3. Any easement or claim of easement, not shown by the Public Records.
4. Any lien, or right to a lien, for services, labor, and/or materials heretofore or hereafter furnished, imposed by law, and not shown by the Public Records.
5. Any taxes and/or special assessments which are not shown as existing liens by the Public Records.
6. Any defect, lien, encumbrance, adverse claim, and/or other matter that appears for the first time in the Public Records or is created, attaches, or is disclosed between the Commitment Date and the date on which all of the Schedule B, Part I—Requirements are met.



## Gap Coverage Rider

ITG Endorsement  
Revised 06-06-2023

Commitment Number: C-250000029

1. The coverage provided by this endorsement is subject to compliance with Schedule B, Part I Requirement No. 5(d) of the commitment; the Exclusions from Coverage, the Exceptions from Coverage in Schedule B, and the Conditions in the Lender Form—Iowa Title Guaranty Certificate and the Owner Form—Iowa Title Guaranty Certificate.
2. ITG guarantees against loss or damage sustained by the Proposed Guaranteed by reason of any defect in or lien or encumbrance on the Title or other matter included in the Covered Risks of the Lender Form—Iowa Title Guaranty Certificate or Owner Form—Iowa Title Guaranty Certificate to be issued to the Proposed Guaranteed that has been created or attached or has been filed or recorded in the Public Records subsequent to the Commitment Date and prior to the recording of the Guaranteed Mortgage or deed in the Public Records.

# Gap Coverage Requirements

- Obtain a Pre-Closing (or Day of Close) Search
  - Needs to be in writing
  - Needs to be completed by an ITG Participating Abstractor
  - Needs to be certified as close to closing as possible
- Timely record documents
  - In no event should documents be recorded more than 10 days after the certification of a Pre-Closing Search

# CPL Claims

- Certificate Not Issued
  - Closing Instructions Require a Policy/Certificate
  - BUT CPL cannot alter terms of the Commitment
- Prior Mortgage Not Released
  - How long since closing?
  - Was it paid off?
- Mortgage or Judgment Appeared in the Gap
- Mortgage Payoff Given to Seller





**THANK YOU**

Dillon D. Malone | Iowa Title Guaranty Director  
Iowa Finance Authority