

Title Insurance for Multifamily Projects

Legal Opinion: GHM-0021

Index: 3.280

Subject: Title Insurance for Multifamily Projects

January 24, 1992

Mr. James R. Maher
Executive Vice President
American Land Title Association
1828 L Street, N.W.
Washington, DC 20036-5104

Dear Mr. Maher:

I am sending you this letter in order to update you on the progress that HUD has made relative to the requirement, found in 24 C.F.R. 207.36(a), that a lender's title insurance policy convert to an owner's title policy upon acquisition of title by either the mortgagee or HUD. After review of the memorandum from the Office of Insured Housing and Finance, that I referred to in my last letter, the Federal Housing Commissioner has decided to seek an amendment to Section 207.36(a)(1) deleting the phrase that requires the conversion of a lender's policy to an owner's policy. At the same time the Office of Housing approved the 1990 ALTA title policy format, but with the requirement that in those states where it is not precluded by state law, a lender must obtain a title insurance policy that includes affirmative coverage deleting the "creditor's rights exclusion."

We appreciate your patience and cooperation during the time that our staff has been reassessing HUD's title insurance needs and alternatives, and look forward to working with your organization in the future.

Very sincerely yours,

Frank Keating
General Counsel