

WFG Informational Bulletin

To: All Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: August 30, 2017
Bulletin No: NB2017-04
Subject: Hurricane Harvey – Impacts on Title

Our thoughts and prayers are with our employees, agents and customers who are and will be affected by Hurricane Harvey. We are especially grateful for the National Guard, first responders, and the many friends, neighbors and volunteers who are going above and beyond to provide aid and comfort in the aftermath of the storm.

In the days and weeks ahead, there will be disruptions that affect how we do business and how efficiently we are able to provide service to our customers. So some things to consider in the aftermath of Hurricane Harvey:

If the Property is in an Affected Area:

- 1. Will the New Lender Close?** Lenders will be understandably hesitant to close on properties in affected areas as their collateral may have been affected. Several loans have been placed on hold. We suggest being proactive in communicating (preferably in writing) with your lenders before closing anything in the affected areas of Texas and Western Louisiana and getting clear direction.
- 2. Can you get it Recorded?** Before closing, check with the relevant recording office to make certain that they are open for business and can receive and process documents – either by delivery service or electronically.
- 3. Is Property and Flood Insurance Available?** If you are handling a transaction which requires you to obtain or pay property, casualty or flood insurance, double check with the insurance broker that (a) the property is bound; and (b) that they can receive and process payments in the ordinary course. Many insurers will not bind new coverages while a major storm is lurking anywhere. So this can affect your closings.
- 4. Can you get Documents Delivered and Returned?** We have been told of mobile notaries who are trapped in their homes and unable to get documents shipped back, of packages dropped into Fed-ex and UPS drop boxes (usually not waterproof), and of course during the worst of the storm, UPS and Fed-ex aren't running. So track your packages carefully, expect delays. And if something is lost completely, you'll not only need to have things re-executed, but to consider the NPPI ramifications.
- 5. Busted Timeframes on 1031s.** Watch your 1031 timeframes carefully and ask your 1031 coordinator what to do if there is going to be a delay in delivery or recording.

- 6. Watch for Posting Delays** in both title plants and in courthouses. After the storms pass, there will be a backlog of documents and probably an increase in absences as plant and courthouse staff take time to care for their own families and homes.

Transactions Outside of the Affected Areas

In our interconnected world, we have vendors, lenders and other whose operations may be in an affected area, even if the property we are closing is not.

- 7. Lender Payoffs Delayed.** Texas not only has its own lenders, but has been a popular spot for the back-office operations of many national lenders. This may result in delays in getting payoffs, and in their receiving and processing payments. You can't close without a current, valid payoff and the inability to get one may delay closings even outside the affected areas.
- 8. Vendors may be Affected.** We understand that a number of vendors to the real estate industry have sent their staffs home to prepare for the storm and are in areas which may be affected for some time after the storms pass. We fully support that decision, but point it out because it may affect operations and service levels you receive well outside the affected areas.
- 9. Pay ALL Insurances.** When closing instructions require the settlement agent to pay property, casualty, home warranty or flood insurances, it has ALWAYS been important to get them paid VERY PROMPTLY. Delays in paying these insurances have resulted in settlement agents paying for homes that burned and suffered other tragedies. If you have an unclosed transaction that requires you to make an insurance payment, the risk is even greater than normal because of the possibility that the property is in a-soon-to-be affected area, and of delays in delivery and processing by the insurer. Consider getting the coverage formally bound through the broker before closing. See point 3 above.
- 10. Keep Track Of Things That Fall Out Of The Normal Workflow.** Things will fall out of the normal workflow during the storm and probably for a while after. Special efforts need to be made to track those that do and make certain all your loose-ends are addressed as soon as possible after.

Watch For Fraud

A natural disaster brings out the best in people – and also the worst. Hurricane Harvey provides a ready and sympathetic explanation for why a borrower, a seller, a lender receiving a payoff, or any other party to the transaction might Desperately Need to change where and how their funds are to be delivered.

The stories following the passage of Hurricane Harvey will be very sympathetic, and have a ready-made explanation for why you can't verify in any of the normal ways. "My cellphone drowned, and the police won't let me go back into my home – even if the utilities and phone were working."

That makes this a very dangerous time for us in handling funds. Be very skeptical and check, double-check, call an independently obtained phone number to verify (sometimes you'll get an answer on the drowned cellphone), have someone who knows the party's voice call, Skype or FaceTime with them, seek out third parties who can verify, and even then be skeptical.

WFG will pass on more information as we learn more. Please join us in keeping those in the affected areas in your thoughts and prayers.

Information Bulletins are designed to provide our agents with information we think will help in managing their business or just being better title professionals, but which does not rise to the level of being an underwriting mandate and are not within the scope of the agency agreement.