



TransUnion Title Insurance  
16700 Valley View, Suite 275  
La Mirada, CA 90638  
Tel 714.452.1300  
Fax 714.452.1301

## UNDERWRITING BULLETIN

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### **Private Party Beneficiary Payoffs and Reconveyances:**

From time to time your search will disclose a recorded deed of trust where the ultimate beneficiary is either a private party or an entity which is not known to you as an institutional lender. As an example, "Wells Fargo Bank" is a known institutional lender, "Dave's Mortgage and Live Bait" is not.

In order to lessen the possibility of fraud and/or forgery on payoffs where the beneficiary is an individual, a set of individuals, or a non-institutional lender, the following is considered a minimum standard of care:

Prior to closing, the beneficiary being paid must supply the following documents to be held in escrow:

1. The original note
2. The original Deed of Trust, not a copy or a certified copy.
3. An original full reconveyance signed by the named trustee, or an original substitution of trustee and full reconveyance.
4. A demand which allows for the collection of any trustee's fee and the collection and use of fees to record the substitution of trustee and reconveyance. This requirement will hold true even if the demand is for "zero".

If the original deed of trust cannot be obtained, and the note and deed of trust have allegedly been assigned, you must contact the original beneficiary (located by using independent sources, not information supplied by the assignee or the landowner) and determine that the loan was, in fact, sold to the assignee and the original beneficiary is due no payoff.

**Intentional disregard of the matters contained in this Bulletin may cause any loss sustained under the terms of a policy to be allocated entirely to the Agent.**