



UNDERWRITING BULLETIN

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Letters of Release

Be very wary of a release, or intent to release contained in a letter, being presented by the owner for a record matter.

A multi-residential property was in escrow to be sold. The search revealed two documents recorded by the municipality regarding the condition of the property. One was a notice that the property had been put into a program where the rents could be paid into escrow by the tenants until the physical problems with the property were rectified by the landlord. The other was a notice that the city intended to lien the property for repair costs. The owner presented two letters to the escrow officer from the city that indicated that the problems had been addressed and satisfied and the matters would be released of record.

Only problem was, that the letters weren't generated by the city, they were falsified.

Neither the Title Officer or the Escrow Officer called the city to verify the contents of the letters. The matters were eliminated and escrow closed.

Verify the contents of a release letter that wasn't obtained by you or the Escrow Officer directly from the source. Be careful with your conversation with the city. In this particular case, the letter had a "case number". If you simply asked the city if that "case number" had been satisfied, they would say yes. The problem is that the falsified letter used a case number for a different property, the letter having been copied and altered. That "case number" actually was for a different property. Verify that the information in the letter applies to the property in question.

There is nothing particularly new about this, fake releases (up to and including releases for Federal Tax Liens) have been showing up for years. In today's climate, the problem is simply more severe than it ever has been.

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.