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UNDERWRITING BULLETIN

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HomeOwners Association lien foreclosures.

You may have seen the news reports concerning a condominium in Texas which was sold to an investor through a foreclosure of a delinquent homeowners association lien. This property was owned by a serviceman who was on deployment in Iraq. The investor sold the property to a third party for a significant profit. Litigation ensued and ultimately the property was returned to the serviceman and his wife. You can safely assume that the title insurer who insured the sale from the investor was not particularly happy about these circumstances.

Here in California, homeowners liens are typically foreclosed by the non-judicial process for deeds of trust. Many of the professional trustee companies do not handle such foreclosures so frequently they are handled by a law firm. If you are contemplating insuring a property which was the subject of such a sale, examine the foreclosure proceedings very carefully.

Insuring title based on such a foreclosure in the chain is an unusual risk and must be approved by Underwriting.

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.