

WFG Underwriting Bulletin



To: All MD, DE, & DC Policy Issuing Agents of WFG National Title Insurance Company
From: Underwriting Department
Date: January 27, 2017
Bulletin No. MD 2017-02, DE 2017-02, DC 2017-02
Subject: Unencumbered Properties

WFG has had a number of recent claims based on forged satisfactions of mortgage or reconveyances. We've issued bulletins on these topics before and are republishing these bulletins for the benefit of newer agents and employees:

[2015-10 Naked Sats aren't Always Satisfying](#)
[NATIONAL – 03072013](#) Forgery/Fraud Prevention
[NAT 12-0313](#) Institutional Assignment Fraud

We're also tightening our examination and curative standards to include express requirements in the commitment. These, of course, should be cleared in the normal course of your closing.

If a property has no mortgage of record:

1. The searcher is to run variations on the vested owner's name, and check the instrument immediately before and immediately after the vesting deed to see if there was a misindexed mortgage or deed of trust or other irregularities.
2. Include this Requirement in any commitment or preliminary title report:

NOTE: A search of the Public Records reveals no open deed of trust/mortgage. The Company requires verification that the property is not encumbered by a deed of trust/mortgage.

3. If the title chain shows a satisfaction or reconveyance recorded without a recorded sale or refinance transaction that would have provided the source of funds (and not at the end of the term of the prior mortgage -- usually 15 or 30 years -- at which the loan would have been paid in the normal course), include this requirement:
 - #. Independent verification with the lender or servicer of the validity of the [satisfaction of mortgage] [reconveyance of deed of trust], from _____, dated _____, recorded in _____, using contact information gathered from other sources.

4. Some states authorize title insurers to release a mortgage after it has been paid off. Those types of releases/reconveyances are highly suspect if not preceded by a recorded sale or refinance transaction that would have provided the source of funds. When a title insurer release or reconveyance is found recorded within the last two years, include this requirement:

#. Independent verification with the underwriting department of [issuing title insurer] that the [satisfaction of mortgage] [reconveyance of deed of trust], from _____, dated _____, recorded in _____, is valid and properly issued.

All independent verifications are to be performed by the title agent, title officer, or closer clearing the title objections. Verifications provided by other sources or from the parties in the transaction, even if they appear independent may only exacerbate the fraud.

We understand that independent verification will place an added burden on our agents, their closers and title officers.

Even though formal procedures might help prevent fraud, none of this substitutes for the power of your own common sense and a questioning mind. If something doesn't make sense, DIG DEEPER. Sometimes you will find a perfectly reasonable explanation, other times not.

The "Bad Guys" are out there! And they want to steal from You, your lenders and your clients. Your best defense is to borrow from Ronald Reagan and an old Russian proverb – TRUST, BUT VERIFY!

NOTE: The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.

The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.