



UNDERWRITING BULLETIN

To: All Florida Agents of WFG National Title Insurance Company

From: WFG Florida Underwriting Department

Date: March 8, 2013

Bulletin No.: FL 2013-003

Re: Fraud Forgery

WFG's Claims Department has identified recurring fact patterns nationwide that have resulted in losses due to fraud and forgery and they have assembled the following list of circumstances which could be an indication of, or result in, fraud or forgery. Although these situations are considered extra-hazardous risks, prior Underwriting approval is not required unless specifically stated below.

1. The Seller or borrower has been in title for less than a year, claiming under a deed which recites minimal or no consideration.

Quit claim deeds, gift deeds or "no consideration deeds" between apparent strangers are a common start of a fraudulent transaction. Inquire as to the underlying facts and verify personally with the grantor(s) that he/she actually executed the deed.

2. A sale of non-owner occupied property, especially unimproved land, where the buyer is paying all cash or is getting a third party loan from a non institutional lender. An additional red flag is having an out of state seller.

These types of transactions represent a disproportionately high level of claims, especially when the seller does not reside in Florida. Look closely at situations of this type involving "hard money lenders", which usually make loans at interest rates higher than what is prevailing in your local market. Such loans are not made on the credit worthiness of the borrower, but instead rely on equity in the property or a fast re-sale of the property to pay off the loan.

3. A seller or mortgagor took title within the last year without placing a purchase money mortgage against the property. Evidence indicates a property value of \$500,000.00 or more.

Be careful when a deed indicates the transaction was a purchase but there was no purchase money mortgage placed against the property at that time. Most buyers cannot afford to make a significant real estate purchase without borrowing money. The explanation that the seller or borrower provides of how they had the money to purchase the property must be plausible.

4. The name of the spouse joining with the seller or borrower is different than the name of the spouse on prior instruments.

Confirm which name is accurate by a same name affidavit or a marital affidavit.

5. A mortgage in a substantial amount (\$50,000.00 or more) has been released in the last year but without evidence of payment by a subsequent mortgage.

Inquire into the circumstances of payment of the prior mortgage and the source of the funds to pay off the prior mortgage.

6. A deed was recorded months after it was executed.

The agent should investigate the reason for the delay. If the deed was recorded after the death of the grantor, please call Underwriting.

7. A deed recites unusual consideration, such as a swap of land, or other non-monetary items such as precious metals.

Please call underwriting in these situations.

8. The original note and mortgage were held by an individual, and there has been an assignment to a third party who now quotes a payoff.

Require a transfer or assignment of mortgage from the original mortgagee, and examine the original note to confirm that it has been endorsed over to the party now claiming payment. If the note holder is not local, request a copy of the original note showing the endorsement.

9. Seller's or borrower's proceeds exceed \$100,000.

Take extra time before closing to review any file where the seller or borrower will walk away from closing with cash in excess of \$100,000.00, especially when there has been a recent change in ownership or there is an additional red flag in the transaction.

10. An entity, such as a corporation or an LLC, takes title before it was legally organized.

A deed into a non-existent entity would not vest title so a corrective deed to the valid entity would be necessary. Call Underwriting in these situations if you have any questions.

11. Rushed transactions coupled with other red flags. A customer requires you to move through all of the hoops at the speed of light without having the opportunity to adequately familiarize yourself with the transaction.

Use your best judgment and skill to determine whether this situation requires you to step back and take more time to examine the documents, signatures, and acknowledgements. A rush situation may be acceptable if there are no other red flags present and you are dealing with a trusted realtor or lender. Beware of being rushed by a new customer.

12. Documents not signed in the agent's office.

Never let a third party such as the Realtor, Mortgage Broker, or a co-owner take documents out of the closing to have those documents signed by the owner or a co-owner. If you have arranged for a notary to handle a signing outside of the closing, or if you have a mail away, examine the executed documents and the photo ID used for identification carefully; if there is any concern talk to the notary who took the acknowledgement or contact the signors directly. If you are still uncomfortable, contact Underwriting. Using a national notary service is generally safer than relying on a broker's notary or an independent notary.

13. Requests to verify a closing proceeds check. Be wary of situations where a bank or check cashing operation calls and asks if your check to a seller or borrower is "good". Be wary of such requests. It is a red flag if a party does not deposit the proceeds into their own bank account. If you are suspicious, call Underwriting.

While the Claims Department assembled this Bulletin, if you have any questions, please call Underwriting.

NOTE: This Bulletin should not be interpreted as reflecting negatively upon the character of an individual or entity and is for the sole purpose of establishing underwriting positions reflecting WFG National Title Insurance Company's best business judgment. The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company and its agents. Disclosures to any party not described above are prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department.



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