

WFG Underwriting Bulletin



To: All Maryland Policy Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: May 16, 2019
Bulletin No. MD 2019-03 **This bulletin was Withdrawn and Superseded by MD2019-05**
Subject: Baltimore City Ransomware Attack/Effect on Baltimore City and Baltimore County Closings

Baltimore City was the victim of ransomware attacks on its computer servers beginning on May 7, 2019. To date, this issue has not been resolved, and it may take several weeks for all City services to be restored, including telephone, email, and other mission-critical services.

The City is not currently accepting documents for review and recording. Nor can the City issue lien certificates, generate water and sewer bills, or determine amounts due or amounts already paid.

EFFECT ON BALTIMORE CITY CLOSINGS

Sale Transactions already in your “Pipeline”

WFG will insure closings of sale transactions of property within the Baltimore City where all of the following conditions have been or will be met:

1. The transaction is for the sale of residential property, occupied by the seller, with a policy liability/Sale price of no more than \$500,000;
2. A lien sheet was obtained on or before May 7, 2019 from Baltimore City for your closing, and your closing will occur within the effective period stated on the lien sheet.
3. You must collect a minimum escrow, with appropriate escrow agreements, of the amount shown on the lien sheet PLUS \$5,000.00, unless you are aware of reasons a larger escrow may be required. A sample escrow agreement can be found [HERE](#).
4. You should retain in your trust account any funds related to recording fees, recording and transfer taxes, and other amounts payable to the Baltimore City (such as water & sewer fees) until they resume normal operations.
5. All unrecorded executed documents are to be maintained in a separate “TO BE RECORDED - BALTIMORE” file. Don’t leave them in the transaction file, it will be too easy to miss one when this is over.

6. The agent is responsible for continuing to monitor the situation and to present documents for recording and to fully disburse the funds at the earliest opportunity.
7. Escrowed Funds are NOT to be released until you have confirmed the insured instruments (deed and mortgage) have been properly recorded and that there were no intervening interests, liens, or other matters.

**IF YOUR TRANSACTION CANNOT CONFORM TO THE REQUIREMENTS ABOVE,
YOU MAY NOT INSURE THE TRANSACTION UNTIL
THE CITY HAS RESOLVED ITS RANSOMWARE PROBLEM.**

Refinances

Fortunately, mortgage interest rates are relatively stable if not declining slightly. The advice we have given one lender was to extend their rate locks for 30 days at a time until the City's issues are resolved. Non-cash out refinances should not present major burdens to the consumer, and all lenders and title companies are in the same position relative to the City's problems.

On a case-by-case basis, WFG's underwriters may authorize you to commit to issue a loan policy WITHOUT COVERED RISK 14 (the Gap coverage). This will require special language in your commitment, and for you to carefully document your file that the lender understands and agrees to this approach.

This is NOT an approach we recommend absent unusual circumstances. Among other things, this will give your lender customer difficulties in selling into the secondary market.

If you have a transaction for which you think this might be appropriate, please contact Ned Livornese, Maryland underwriter, at nlivornese@wfgnationaltitle.com, or John Micciche, Maryland Agency Manager, at jmicciche@wfgnationaltitle.com

Other Sale Transactions

We suggest all of our agents communicate the City's problems to your Realtors® and encourage them to consider "delayed closing" or other suitable contingency provisions in any new contracts; and to counsel their buyers and sellers that this situation may delay closings.

Already Closed Files

If you have already closed and disbursed loan payoffs or seller proceeds on a Baltimore City transaction, but have been unable to record, follow step 4 - 6 above. If the loan payoffs and/or seller proceeds have not yet been disbursed please contact WFG Underwriting for guidance immediately.

Policies covering already closed and disbursed Baltimore City transactions may be processed and delivered in the ordinary course, but without showing the unavailable recording information.

EFFECT ON BALTIMORE COUNTY CLOSINGS

Although Baltimore City and Baltimore County are completely separate jurisdictions, each with their own geographical borders, water/sewer bills for some Baltimore County properties are generated by Baltimore City. As a result, it isn't currently possible to obtain water/sewer readings for affected Baltimore County properties.

In order to conditionally permit new closings to take place for Baltimore County properties being billed through the City, WFG requires the following:

1. Request a copy of the homeowner's most recent water/sewer bill. This will provide at least some indication of as to when the last sewer/water bill was paid. If the water/sewer bill is more than 4 months old, or cannot be found, please consult with Ned Livornese, Maryland underwriter, at nlivornese@wfgnationaltitle.com, or John Micciche, Maryland Agency Manager, at jmicciche@wfgnationaltitle.com for written guidance on how to proceed.
2. With the lender's permission, and only with the lender's permission, collect an escrow for water/sewer services equal to six (6) months of average usage shown on the most recent water/sewer bills. This will be shown on the HUD-1 or CD. Consult with Ned or John if the lender does not agree to this.
3. Execute an escrow agreement as to any retention, and obtain an affidavit and indemnity from the homeowner in favor of WFG and the lender as to payment of any shortages on the water/sewer bill after closing. The [Water and Sewer Escrow Agreement](#) and [Affidavit](#) can be found here.

CONCLUSION

This is an evolving situation. There are no "perfect" answers that will fully protect our customers from the risks of not being able to record timely. WFG and the broader title industry are evaluating other ways of addressing this problem. In the days ahead, we hope to implement additional steps to mitigate some of the risks and will be supplementing this bulletin.

We recognize that this situation is an inconvenience to our agents, and a major burden to your customers and their transactions. We join you in hoping the City will resolve things quickly.

NOTE: This Bulletin is for the sole purpose of establishing underwriting positions and policies 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, 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.