

WFG Underwriting Bulletin



To: All Missouri Policy Issuing Agents of WFG National Title Insurance Company

From: WFG Underwriting Department

Date: February 2, 2024

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Subject: Abandoned Housing Act (RSMO 447.620 et. seq.)

Background

The Abandoned Housing Act provides a statutory framework where qualified non-profit corporations may petition a court for an order granting temporary possession of real estate, permission to rehabilitate the property and eventually obtain title to the real estate stripping the actual owners of any equity they may have in the property unless the owners can demonstrate the ability to complete rehabilitation themselves.

In practice, the non-profit corporation will often enter into an arrangement with a contractor where the contractor will agree to perform the rehabilitation at the contractor's expense and in return, the non-profit corporation will petition the court for possession and title to the property. When the non-profit obtains title, they agree to convey the real estate to the contractor.

Insuring titles derived from the Abandoned Housing Act is an extra-hazardous risk. The statutory scheme and the de facto practices give rise to constitutional challenges under U.S. Constitution including, but not limited to the "Takings Clause" of the Fifth Amendment. This presents the Company with significant risk of litigation and a risk of failure of title.

Underwriting Standard

Do not insure a title derived from the Abandoned Housing Act unless you obtain:

1. A deed(s) from all owners;
2. Releases of all liens. Do not rely upon the Abandoned Housing Act to release any liens.

Essentially, treat the title as if the Abandoned Housing Act lawsuit did not occur.

Alternatively, you may insure a title derived from the Abandoned Housing Act after ten years have passed since the recording of the deed to the non-profit provided the current owner has obtained an order quieting title in an adverse possession lawsuit filed after the passage the ten-year period. However, you must examine the court file to ensure that all parties with an

interest in the real estate prior to the deed to the non-profit corporation were properly served with summons in the quiet title action. (Be especially wary of any service made on the United States as Federal law may require service upon the United States at three different addresses: i.) upon the Attorney General in Washington, D.C.; ii.) upon the U.S. Attorney for the area where the property is located; and iii) upon the Federal Agency that imposed the lien.)

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.