



To: All WFG Policy Issuing Agents; All WFG Title Examiners and Officers  
From: Underwriting Dept  
Date: August 25, 2022  
Bulletin No: NB 2022-10  
Subject: Lessons Learned From Claims  
(and other avoidable reasons we and our agents have had to write checks)

---

We hate claims, not because we hate to write checks – that’s the business we’re in as an insurer. We hate claims because a claim means we’ve let down one of our customers. They didn’t get the property interest they thought they were buying. While our customers are glad to have the financial resources of WFG covering their loss, they would much rather have had “perfect” title and no claim. And we really hate it when we or one of our agents has to pay a claim arising from an avoidable closing or escrow error.

We hate it so much, we’ve decided to suffer the embarrassment of sharing some of our mistakes, in hopes that we can all learn from them. The names have been changed to protect the guilty.

---

### **Delinquent Taxes can be Sold Out From Under You.**

As title agents, we regularly find delinquent taxes in the course of our examination, and arrange for them to be paid current. One of our agents found several years of delinquent taxes on a property they were refinancing, got the payoff from the tax collector, and reserved sufficient funds to pay the taxes. Unfortunately, the agent didn’t confirm when the property was scheduled for the tax foreclosure sale.

The property was sold to a third party at tax sale a few days before the refinancing closed. Since there was no post-sale redemption period in this state, this became a \$400,000+ policy limits loss and an E&O claim.

The moral of this story. If there are delinquent taxes, know the rules and timelines for tax foreclosures in your state and confirm that no sale has been (or is legally permitted to be) scheduled in the near future. The best practice is to re-confirm the status with the tax collector immediately before closing, send the tax payment by overnight delivery, and monitor the status of your payoff check. In this instance, the check was returned and the agent did not immediately determine the reason it was returned (not that it would have mattered since there was no post sale redemption period).

### **Court Records Only Count if they are part of the Court Proceeding**

Bad actors can get almost anything recorded in the land records. Recently we have seen examples of frauds in which bad actors “dummy up” court orders and other court documents, record those in the land records (or deliver them directly to the title agent) and close based on those falsified documents. Of course, court orders and judgments only “count” if they were properly entered by the judge and appear in the court records. The land records only provide constructive notice of what actually happened in court.

WFG is currently handling over \$1 million of claims based on this type of document fraud. We have seen this fraud in the context of foreclosures – phony foreclosure sale documents -- and estates – phony letters testamentary, bogus determinations of heirs, and even an order authorizing the sale of property. Some of the phony court documents we have seen were very well done, even to the point of photo shopping in the judge’s real signature.

We appreciate our customers trying to be helpful and providing us copies of documents. But it is always incumbent on us to verify the veracity of court documents by checking that there really is a court proceeding open, and that those documents were actually entered in the court file. TRUST BUT VERIFY!

**NOTE: This Bulletin should not be interpreted as reflecting negatively upon the character of an individual or entity mentioned herein and 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.**