

WFG Informational Bulletin

To: All New Jersey Issuing Agents of WFG National Title Insurance Company
From: WFG Underwriting Department
Date: May 5, 2016
Bulletin No: NJ2016-03
Subject: New Jersey Law prohibiting escrow agent evaluation services (N.J.S.A. 56:8-200)

Settlement agent vetting companies have been around for a few years now and they may continue to offer their services in New Jersey as long as they don't charge the escrow agent for their report intended for use by a lender.

As of January 11, 2016, a new law makes it unlawful under the New Jersey Consumer Fraud Act for any person or entity to prepare a report for use by a mortgage lender in evaluating the capacity of an escrow agent to perform real estate settlement services, in exchange for a fee charged to that escrow agent.

"Escrow agent" is defined in the law and means an independent person, including an independent bonded escrow company, an independent financial institution whose accounts are insured by a governmental agency or instrumentality, an independent licensed title insurance agent, or an attorney licensed to practice law in this State, who is responsible for the receipt of any written instrument, money, evidence of title to real or personal property, or other thing of value to be held until the happening of a specified event or the performance of a prescribed condition, when it is then to be delivered in connection with the transfer of real estate.

Please keep in mind, although this law prohibits charging a fee to the escrow agent, it does not specifically prohibit lenders from requiring or paying for such a report for their use.

If you have any questions, please contact your local WFG Underwriter, James F. Clarke, Esq. at JClarke@wfgnationaltitle.com

Information Bulletins are designed to provide our agents with information we think will help in managing their business or just being better title professionals, but which does not rise to the level of being an underwriting mandate and are not within the scope of the agency agreement.