



## **UNDERWRITING BULLETIN**

**To:** All Virginia Agents of WFG National Title Insurance Company  
**From:** Underwriting Department  
**Date:** March 4, 2015  
**Bulletin No.:** VA 2015-02  
**Re:** Virginia - New Construction Outsales

Unlike a number of other states, Virginia's mechanics' lien laws expose bona fide purchasers and lenders to the risks of possible mechanics' liens being filed after closing for labor and materials provided to the seller before closing. This risk is at its greatest when the sale involves newly constructed improvements. This Underwriting Bulletin re-emphasizes WFG's underwriting practices for outsales of new construction.

### **Residential Construction Outsales**

**Mechanics' Lien Agent (MLA) Transactions:** On transactions involving a Builder/Seller using a MLA, WFG is willing to issue policies to bona fide purchasers and lenders to those purchasers provided the following requirements are met:

1. The Builder/Seller properly appointed a MLA prior to the beginning of construction;
2. The MLA provided you with a report identifying all of the parties who provided notice to the MLA during construction;
3. Receipt of Lien Waivers from all parties providing notice to the MLA; and
4. Affidavit/indemnity from the Builder/Seller confirming that all parties providing labor and/or materials have been paid.

**Non MLA Transactions:** On new construction transactions involving Builder/Sellers without a MLA, you must include an exception for possible mechanic's liens unless you obtain written instructions to the contrary from WFG's Virginia Underwriting Counsel.

### **Commercial Construction Outsales**

WFG's standard underwriting practice is to include mechanics' lien exceptions in policies insuring new commercial construction outsales unless circumstances, supported by affidavits, clearly confirm that the filing period for any mechanics' liens has passed. Any deviation from this standard underwriting practice must be approved in writing by WFG's Virginia Underwriting Counsel.

## **Construction Loans**

WFG continues to regard the mechanics' lien risks associated with construction loans, both commercial and residential, as extra hazardous in nature. As a result, any request for mechanics' lien coverage in WFG policies insuring residential or commercial construction loans requires prior written approval of the South East Regional Manager or WFG's Virginia Underwriting Counsel.

**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.