

Underwriting Bulletin: UNNAT-2021-005

Date: May 25, 2021
To: ALL Agents
From: FNTI Underwriting Department
RE: **Suspicious Recorded Documents**

Title policy claims for forged documents have been increasingly experienced in our industry pertaining to documents appearing in a chain of title, which at first glance would appear benign but were executed outside of a title agent office. We bring the issue to the attention of our agents to reinforce the need for caution in the search and examination process and escrow procedures to address the issue of suspicious documents and possibly fraud/forgery issues.

Any deed (warranty, special warranty, without warranty, or quit claim) purporting to convey ownership appearing in the chain of title, which does not appear to be related to a title insurance transaction, is a warning sign of potential fraud. The title agent should contact the grantor to obtain verification of the validity of the deed and acquire a copy of the grantor's driver's license. This is particularly true of deeds between divorcing spouses and heirs to an estate. However, if the deed in question was recorded more than five years ago and the examination reflects no evidence of a challenge to the conveyance, it is acceptable to vest title based on such deed without further verification unless the names and/or signatures are not consistent with other documents in the chain of title. If the examiner is unable to determine the validity based upon these guidelines, we recommend showing title vesting in the last owner who had unquestionable title with an exception as to the effect of the subsequently recorded conveyance document.

In the same regard, any release of lien that does not appear to have been executed in conjunction with a title insurance company transaction should also be verified for legitimacy with the lender. While we recognize the possibility that a borrower may pay the loan balance in full prior to maturity, it is somewhat rare. When finding these circumstances, the releasing lender must be contacted to confirm payment and affirm the validity of the release. Additionally, any release of lien or transfer/assignment of lien presented at closing and executed elsewhere requires independent confirmation and authentication of validity with the lienholder of record.

Please do not hesitate to contact an underwriting counsel for First National Title Insurance should questions arise about suspicious documents.