

## UNDERWRITING MEMORANDUM 06-01

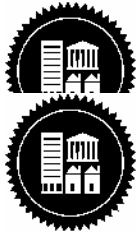
To: All South Carolina Agents  
From: South Carolina State Office  
Date: February 3, 2006  
Re: Company Underwriting Bulletin Concerning Mortgage  
Satisfactions and Releases

---

We are enclosing Underwriting Bulletin No. 2006-RC-01 from our Chief Underwriting Counsel outlining company requirements for our company direct operations with regard to verification of mortgage satisfactions and releases.

Agents are reminded that searching titles is the practice of law in South Carolina. Documents in chains of title, including mortgage satisfactions and releases, should be furnished by abstractors to closing attorneys for review. Closing attorneys should not rely on abstractors to determine that mortgages are correctly and legally satisfied.

Please call our office if you have any questions about this matter.



# Fidelity National Financial

Underwriting Counsel

J. Donald Cole  
Chief

## UNDERWRITING BULLETIN –No. 2006-RC-01

**TO:** Regional Counsel

**FROM:** J. Donald Cole  
Chief Underwriting Counsel

**DATE:** February 1, 2006

**SUBJECT:** **Verification of Prior Loan Satisfaction/Releases**

---

The Company has noted an increase in claims resulting from forged reconveyances of deeds of trust or releases of mortgages. These claims often involve either (1) deeds of trusts/mortgages which have just recently been released of record or (2) unreleased mortgages where the seller, buyer or a third party presents a fraudulent unrecorded release at or prior to closing.

In order to accurately determine the status of the proposed insured land, it is necessary to have a proper chain of title. This means that a mere lien report indicating that the land is owned free and clear is insufficient. It is necessary to have a chain of title that at least indicates when the most recent loan was satisfied or released. Any recent release of any loan on the property should be investigated. Accordingly, the following safeguards, in addition to any others you are already using, must be implemented prior to closing a transaction where an outstanding loan in your chain of title has been satisfied outside your closing within the prior 12 months:

1. If a loan has been canceled of record within the prior 12 months without a corresponding sale or refinance, you must contact the lender for confirmation that the mortgage has been released. A “corresponding sale or refinance” would involve a conveyance of the land for value with an accompanying deed of trust/mortgage or a refinance deed of trust/mortgage. In either event, the new deed of trust/mortgage must be in an amount sufficient to satisfy the released deed of trust/mortgage.
2. If a property is free and clear of any loan and the current owner has owned it for less than 10 years, contact the Underwriter responsible for your area for a determination of the steps required, if any, for insurability
3. If the seller, buyer or third party presents to you at or prior to closing a release for an uncanceled loan, you must contact the lender for confirmation that the loan has been released. Use independent means to obtain the lender’s telephone number. Do not rely upon a number supplied by the parties to the transaction.

If you have additional questions on how to treat specific issues then contact the local Legal Department.