New England Regional Midweek Update
8/5/2026

Welcome to August! In this week's mid-week update, we feature guidance on insuring properties after a foreclosure in Connecticut. We are also providing information on how Stewart can assist agents with the Fannie Mae and Freddie Mac requirements for Multifamily Mortgage closings that went into effect last year.

We are also pleased to announce that Stewart has updated Statutes of Limitations flyers for both Maine and Rhode Island. You can download them by clicking on the links, or reach out to your Agency Representative for a copy. We also have some upcoming educational opportunities, for more information please read on.

Lastly, Stewart is pleased to be a sponsor of the Massachusetts Real Estate Bar Association's New Lawyers Summer Cocktail Reception. This end of summer event will take place on August 27 at Lord Hobo in Boston. We hope to see you there.

Common Connecticut Foreclosure Scenarios By: David S. Veleber, Esq., Connecticut Underwriting Counsel

It is difficult to avoid exposure to foreclosures in the history of title chains over the course of one's practice. A title search may reveal that the property was the subject of a foreclosure when a search is requested for a refinance or sale transaction. We suggest that if such an action is disclosed in the chain within the prior 10 years of a title search, an agent should review the judicial proceedings (most are available online at https://www.jud.ct.gov) to confirm the foreclosure complied with Connecticut's regulations and was properly completed. Confirming compliance is not possible by reviewing the title documents alone. This additional confirmation is absolutely necessary if there have been no arm's length transactions supported by a warranty deed to a bona fide purchaser for value. If you know a foreclosure action is currently pending, or the seller is a bank, you should always request a foreclosure search in addition to a title search.

The following provides guidance in some common scenarios you may face involving foreclosures in a chain of title:

Current transaction where the seller is in foreclosure and a lis pendens has been recorded in the land records but action hasn't gone to judgment:

All mortgages and other liens encumbering the title must be paid off and discharged. As the closing attorney, you will need payoff letters or statements as you would for any other closing. In the case where a suit has been commenced, be sure to verify that the payoff includes legal fees, committee fees, court fees, etc. If the payoff is provided by foreclosure counsel directly, rather than the holder of the mortgage, confirm that the payoff terms are unequivocal and all litigation fees are included. If the payoff contains language that the payoff “is not final” or that it is subject to change (we often see this), the payoff may not be relied upon to issue policies without exception. The reason for this is that reliance on a non-final payoff could result in the lender rejecting funds or refusing to discharge, claiming additional monies are due. Please be aware that a lender’s payoff statements cannot be relied upon if judgment has been entered, so the docket should be monitored to confirm that the case has not proceeded to judgment prior to closing.

As part of the closing, you will need to obtain and record a release of the lis pendens, and the file should be monitored post-closing to confirm that the mortgage holder records a discharge of the mortgage. Further, the foreclosure action will need to be withdrawn and the case closed.

In the event judgment enters prior to the closing, but title has not passed yet (this can be determined by reviewing the court file and docket sheet), there are typically two options. The first option is for the case to be re-opened and judgment vacated. If the judgment is vacated, the procedure described above can be followed. Alternatively, one could obtain a Satisfaction of Judgment from plaintiff’s counsel based on payment made per a payoff statement, file evidence of the satisfaction with the court, and record a certified copy of it along with certified copy of the Judgment of Foreclosure on land records. These will release the mortgage and the lis pendens. Please note, these documents will usually not be provided until after funds are delivered to lender or lender’s counsel. This is effectively a redemption by the owner, and all other items on title still need to be paid off and released.

If the case is reopened, post lis pendens filings in redemption scenarios should be addressed as follows: if the owner redeems, everything goes back to status quo, even post lis pendens filings, but if a non-owner redeems (only allowed in a strict foreclosure proceeding) then post lis pendens filings are extinguished with the exception of federal tax liens as discussed below.

If buying from bank with a completed foreclosure:

Make sure no post lis pendens IRS lien has been filed. If a lien has been filed, a determination of its validity must be made. To determine the validity, an examination of the timing of the foreclosure and lien filing must be undertaken as follows:

1. If in foreclosure by sale, the IRS lien will still be foreclosed out after a sale but IRS retains right to make a claim on proceeds before they are distributed.
2. If in strict foreclosure, lien may still be foreclosed out provided the following rules are followed: if the lien was not filed more than 30 days prior to title passing, or if more than 30 days prior a special notice was given to the IRS. To establish in the record title that the IRS lien was eliminated in the foreclosure based on the above rule, an affidavit of facts spelling out the particulars needs to be recorded.

By way of example: Title vests in plaintiff May 1, so divestment date was April 30. Any IRS lien filed in the month of April is extinguished automatically. But if a lien was filed on March 31 or earlier, notice to IRS must be given.

Foreclosures in any jurisdiction present special risks and underwriting issues. Additionally, insuring while there is active litigation, which is an extra-hazardous risk, may require additional requirements prior to insurability and approval from your local underwriter should be obtained. Should you have any questions, please contact your Stewart Underwriting partner.

Requirements for Fannie Mae and Freddie Mac Multifamily Mortgages By: Laura B. Schumacher, Esq., Massachusetts Underwriting Counsel

In May 2025, Fannie Mae revised its Multifamily Selling and Servicing Guide through Form 4650, implementing enhanced fraud prevention and risk management measures. As a result of these revisions, agents handling a multifamily transaction involving a mortgage to Fannie Mae (Federal National Mortgage Association) or Freddie Mac (Federal Home Loan Mortgage Corporation), should be aware of two important requirements at the outset of the transaction:

1. Funding functions must be performed by an approved title underwriter.
2. A Chain of Title Schedule is required.

Understanding these requirements early will help avoid delays and ensure a smooth closing.

Funding Requirement

For this type of multifamily transaction, approved title underwriters, includin **Stewart Title Guaranty Company**, are responsible for funding functions, including:

- Collecting premiums, escrows, deposits, loan proceeds, and related funds
- Preparing the final settlement statement
- Disbursing funds pursuant to the settlement statement and closing instructions
- Maintaining receipts and disbursement records

These requirements do not prohibit agents from performing other title and settlement services that are not classified as funding functions.

While Form 4650 preserves exceptions where state law requires attorney involvement, the default model places responsibility for funding functions on the approved underwriter.

Chain of Title Schedule

Form 4650 also requires a Chain of Title Schedule for all multifamily mortgage transactions, including:

- Acquisitions
- Refinances
- Assumptions and transfers
- Supplemental loans

The schedule must identify and include copies of recorded documents from the **three years preceding the title commitment,** including:

- Deeds and other ownership transfer documents
- Tax affidavits
- Mortgages, deeds of trust, and similar lien instruments
- Releases or satisfactions of those lien instruments

Freddie Mac has implemented a similar requirement.

For mortgages originated on or after **October 1, 2025**, the policy issuing agent must provide documentation evidencing the property's chain of title for the preceding 36 months as part of the final delivery package.

If there is uncertainty about whether a document should be included in the Chain of Title Schedule, consult the lender. When in doubt, **err on the side of inclusion.**

Although not specifically referenced in all definitions, consider including:

- Satisfactions
- Reconveyances
- Assignments

unless the lender instructs otherwise.

These requirements are in addition to existing practices regarding recent transfers of ownership and potential flip transactions.

Practice Tips

When reviewing title orders and closing instructions, watch for references to:

- Fannie Mae Multifamily
- Freddie Mac or Freddie Mac Multifamily
- DUS (Delegated Underwriting and Servicing)
- DUS Lender
- Fannie Mae Form 4650
- Fannie Mae DUS program requirements

As soon as you identify a Fannie Mae or Freddie Mac multifamily transaction:

- Alert your examiner that a Chain of Title Schedule will be required.
- Review funding requirements immediately to determine whether Stewart Agency Escrow Services will be needed.
- Contact your Stewart underwriter with any questions before closing.

Stewart Can Help

For Massachusetts properties, Stewart has recently introduced Title Search Services that can assist you with the property title search and preparation of a Chain of Title Schedule. For more information, view our flyer: Stewart's Massachusetts Title Search Services

In addition, Stewart's Agency Escrow Services team can perform required funding functions on behalf of our New England agents on these types of transactions.

For additional information, contact your local Stewart underwriter or your Account Representative.

Upcoming Education

2026 Massachusetts Talk Title Webinars – Probate 101: Taking Title out of Probate – Testate Estate, August 12, 2026

Join Jutta Deeney, Esq., Stewart's Regional Underwriting Counsel for New England, and Tracie Kester, Esq., Stewart's Deputy Regional Underwriting Counsel for New England, for the next installment of their Probate 101 webinars. In this installment, Jutta and Tracie will be discussing how to deal with taking title from a decedent's estate in a current transaction when the decedent died with a Will. The webinar will take place from 11 AM to 11:30 AM. To register, click here: Registration link

Commercial Real Estate Pitfalls and Perils: Avoiding Common and Uncommon Title and Escrow Red Flags – August 20, 2026 at 2:00PM

This webinar is presented by Stewart's Commercial Services Group and will focus on commercial real estate red flags, fraud risks, compliance concerns, and strategies for a smoother closing. To register for this webinar, follow this link: CRE Pitfalls and Perils: Avoiding Common and Uncommon Title/Escrow Red Flags

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