

Dear Stewart Partners,

Yesterday was the summer solstice, making it the longest day in the Northern Hemisphere and also the official start of summer. We hope that all of you have a healthy, fun, and enjoyable summer in New England.

In this week's update we want to remind you of a bulletin issued in April of this year that brings awareness to and provides tips for prevention of fraud in real estate transactions. We know that with the arrival of summer, you and your colleagues are taking long planned vacations, and office personnel isn't always at full staff. This is an environment ripe for human error and fraudsters are well aware of this. Please take a moment to review the bulletin.

We're also including information on who to contact when you have a HUD mortgage for which you need a payoff. About six months ago, HUD switched servicers for its partial claim mortgages. We've received a number of inquiries recently asking for information on who to contact. We hope you find the information below helpful.

Lastly, as we have been doing in our mid-week update for the past several weeks, we have another installment about the new 2021 policy. This week's focus is on a new Stewart specific endorsement available for issuance by Stewart agents only. It provides increased coverage for owners of single-family homes or condominium units who purchase the 2021 Homeowner's Policy.



### **Claims Avoidance – Fraudulent Land Sale Prevention – SLS2022004**

In the past year, Stewart has seen an increased number of attempts by fraudsters purporting to be sellers of land, particularly of vacant and unoccupied properties. The fraudster poses as the owner of the property and claims to reside out of state and therefore is unable to attend the closing or meet with the parties in person. The purported seller handles their end of the transaction entirely remote, never having any physical contact with the buyers, brokers or attorneys involved in the transaction. One of the most effective ways to detect and determine this kind of fraud scheme is to contact the record title owner with a confirmation / thank you letter sent by regular mail directly from the title agent to the seller at the address shown for the seller in the municipal tax records to confirm the true owner's intent to sell. Stewart has created a sample letter for your use, which can be accessed through the bulletin. To read the complete bulletin and access the sample correspondence, follow this link: <https://www.virtualunderwriter.com/en/bulletins/2022-4/sls2022004.html>



### **HUD Forbearance Programs and Modified Mortgages - Servicer Contact Information**

Many borrowers facing mortgage payment issues were eligible to modify their mortgages through various programs. HAMP was the most well-known program, but there were others, particularly

during the pandemic. As part of the loan workout and modification or forbearance, many borrowers signed a partial claim note, which would be secured by a mortgage. A partial claim is an interest-free loan from HUD, which allows the borrower to get caught up on overdue payments. One of the features of the partial claim mortgage is that it need not be paid off until the property is sold or the first mortgage is paid in full. The partial claim debt is not included in the principal balance of the first mortgage and is treated as a distinct payoff. Because many borrowers are not making additional monthly payments, they are unaware that this additional debt is a lien on the property and must be paid and a separate payoff statement must be received. HUD announced that as of October 9, 2021, Information Systems & Networks Corporation (ISN) will be servicing the following FHA Single Family Secretary-Held Mortgages:

- Partial Claim Subordinate Mortgages
- Section 235 Subordinate Mortgages
- Nehemiah Subordinate Mortgages
- Emergency Homeowners Loan Program (EHLP) Subordinate Mortgages
- Asset Control Area (ACA) Mortgages
- Hope for Homeowners (H4H) Subordinate Mortgages; and
- Good Neighbor Next Door (GNND) Subordinate Mortgages

All payoff requests, and other inquiries relating to the above mortgages must be directed to ISN as follows:

ISN Corporation – Western Operations Center  
Attention: Secretary-Held Loan Servicing  
2000 N Classen Blvd Suite #3200  
Oklahoma City, OK 73106

Payoff requests can be emailed to: [PCPayoffs@hud.gov](mailto:PCPayoffs@hud.gov)

To view HUD's announcement and for additional details, follow this link:

[https://www.hud.gov/sites/dfiles/SFH/documents/SFH\\_FHA\\_INFO\\_21-84.pdf](https://www.hud.gov/sites/dfiles/SFH/documents/SFH_FHA_INFO_21-84.pdf)



### **The 2021 Homeowner's Policy and Stewart's Gold Endorsement (aka Homeowner's Endorsement) – Worth its Weight in Gold**

In conjunction with the new 2021 ALTA Policy Forms, Stewart has developed the STG Gold Endorsement. This is a Stewart specific endorsement; it is not an ALTA form and is only available for issuance by Stewart agents when the 2021 ALTA Homeowner's (expanded) policy is issued to a buyer of a single-family home or condominium unit. There is no additional charge for this endorsement. We recommend that this endorsement always be issued when the transaction meets all of the following requirements:

1. Property being purchased is a single-family home or condominium unit; and
2. The buyer intends to occupy the home as a principal place of residence or as a second home; and
3. The 2021 Homeowner's (expanded) policy is being issued.

## *What does the STG Gold Endorsement do?*

The STG Gold Endorsement provides additional coverage and protections to the insured. Some of the key benefits include extending the availability of the expanded policy, subject to policy provisions, to a buyer that is a business entity, including corporations and LLCs, and expanding the post-policy coverage provisions. It also broadens the continuation of coverage provisions, including if there is a transfer to a spouse, child, or grandchild without consideration.

To view our recently issued bulletin on this endorsement, follow this link:

<https://www.virtualunderwriter.com/en/bulletins/2021-9/ma2021004.html>



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