



**New England Regional Midweek Update**  
**7/26/2023**

Dear Stewart Partners,

This past weekend felt like the first sunny weekend of the summer. We hope you had the chance to spend it enjoying all that summer in New England has to offer. As we move to the end of July, the heat wave that other parts of the country have been living with is making its way to the Northeast, so higher than normal temperatures are expected, but another sunny weekend seems to be in store.

In this week's update, the first item we are highlighting is a Special Alert that was issued to all our New Hampshire and Massachusetts relative to property located at 21 Lois St., Rochester, NH. A link to the bulletin can be found here: [SA2023160 \(virtualunderwriter.com\)](#). Please take a moment to review the bulletin and if you have a transaction involving this property or the individuals named in the bulletin, please contact your Stewart underwriter.

In our continuing series on vacant property fraud and seller impersonation, we are providing some suggestions about how to verify that the person you're dealing with is actually the owner of the property being sold. We are also reminding our agents about the need to obtain payoffs for HUD mortgages, sometimes called partial claim mortgages, which frequently appear when there has been a mortgage loan modification. On the cybersecurity front, we're relaying some information we came across we thought was useful about downloading apps onto your devices.

Lastly, for our agents who practice in Massachusetts, we've included information on the so-called "Tregor Stamp" which is required for all condominiums and subdivisions in the City of Boston. We are also reminding you about the upcoming REBA webinar on Chapter Lands presented by Stewart's own Christine Provost and Rhonda Duddy.



**Vacant Property Fraud and Seller Impersonation – Some Ways to Verify Seller Identity**

We know you've been hearing a lot about the heightened risk of fraud and seller impersonation involving vacant properties, which leads to the question – how do you verify seller identity? In those states where RON is legal, a software platform with third-party identity verification built in may be one way. Here are some additional tips from a flyer recently shared by Tom Cronkright, CEO of CertifID and Executive Chairman of Sun Title Agency of Michigan on an ALTA forum:

- Ask the real estate agent how the seller contacted them, and confirm that they either met the seller in person or had a video call
- Have a video call with the seller as part of your intake process
- Ask seller for a color copy of their identification
- Ask seller to provide a copy of the title insurance policy or closing statement from their purchase of the property
- Ask seller to provide evidence of the most recent real estate tax bill payment, such as a receipt or cancelled check

When representing a buyer, confirm with the seller's attorney that they are planning to meet with the seller in person to sign the deed and other closing documents. If the documents are being signed in a different state or country, ask the seller's attorney what steps they've taken to confirm the seller's identity. As we mentioned in last week's update, we strongly recommend sending a letter to the seller at the address shown on the property tax records informing them that you are representing the buyer and asking them to contact you immediately if they did not list their property for sale. While this is not foolproof, it's one easy way to start the seller verification process from the buyer side. If you missed last week's update, it contained some great tips and a template letter for this purpose, reach out to your account representative for a copy of last's week's update and/or the template letter.



### **Claim Avoidance - The HUD Mortgage and the Need to Obtain and Make Payoffs Disbursements**

During the economic downturn in the late 2000's, and again during the pandemic, HUD offered assistance to homeowners in the form of mortgage modifications. Frequently, as a method of lowering the monthly payment amount, a portion of the outstanding principal balance was converted into a non-interest-bearing promissory note secured by a mortgage with a balloon payment. With the continuing rise in home values, many homeowners who had modified their mortgages are now able to sell or refinance. If you are handling a refinance or purchase where there is an undischarged Mortgage to the Secretary of Housing and Urban Development, you should not proceed without receiving a payoff statement for this mortgage and submitting payment in accordance with the statement. Often the owner will not be aware that this mortgage needs to be paid because the note does not require monthly payments; instead, it only needs to be paid off when the property is refinanced or sold. In 2017, the Company issued a bulletin regarding these kinds of mortgages under the HAMP program, which bulletin can be reviewed here: [SLS2017005 \(virtualunderwriter.com\)](https://www.virtualunderwriter.com/SLS2017005)

We have received claims from newly insured owners, who have received notification from HUD that the property they purchased is encumbered by a mortgage to HUD and that full payment is due as a result of the sale.

The only time when a mortgage to HUD does not require a separate payoff is when there is a Home Equity Conversion Mortgage to a lender recorded simultaneously with a second priority mortgage to HUD. This is called a "reverse mortgage" because the lender makes

payments to the homeowner. The simultaneous mortgage to HUD is recorded so that if the original lender fails to make the required payments, HUD can step in to pay and will have a security interest for any payments made.

If you are ever asked to insure over a mortgage that is not being paid at closing, and it is not a reverse mortgage to HUD, please contact your underwriter for guidance.



### **Cyberthreat Reminder: Bogus Apps**

This week's threat alert is courtesy of KnowBe4.com. You may have heard about Meta's new Twitter competitor, Threads. Because of its popularity, Threads is one of the most downloaded apps. Cybercriminals are always looking out for the latest trends and have created bogus apps that appear to be the Threads app but are in fact malware.

As a reminder, only download apps from a trusted developer onto your device. If you're downloading through a browser, make sure that the URL is legitimate. Also make sure your security software is up to date and you've installed the latest patches; they can often protect you from inadvertently downloading malware.



### **Boston's Tregor Tax and Stamp Requirements**

For those of you who aren't familiar, or for those who are interested in a recap, this article discusses a requirement unique to the City of Boston: the Tregor tax. The so-called Tregor tax was enacted over 40 years ago and is still required today. Anyone recording a Master Deed or Amendment to a Master Deed or anyone recording a Subdivision Plan in excess of two lots in Boston must calculate the tax amount and obtain a Tregor stamp in person from the collector-treasurer prior to recording.

The tax is calculated at the rate of \$500 per condominium unit (exempting the first unit) and \$500 for each newly subdivided lot in excess of two lots. To pay this tax, the fully executed Master Deed, Amendment or Subdivision Plan is brought to City Hall, where the documents are reviewed and the tax is calculated and paid for, then the document is stamped in order to acknowledge the payment. The Suffolk County Registry of Deeds will not record the documents unless they include this stamp.

This all started when Norman Tregor filed suit against the City of Boston claiming that the City assessed his property at a value that was too high. In *Tregor v. Board of Assessors of City of Boston*, 377 Mass. 602 (1979) the Supreme Judicial Court held that the victim of a disproportionate assessment had the right to have the assessment reduced so that it was "proportional to the assessments of the class of property valued at the lowest percentage of fair cash value." The Court concluded that for every assessment that had been made on a wrong basis, the tax board had to lower the taxpayer's assessment to the average percent of fair cash value computed for all taxable property in the taxing district. The

Court further stated, “The assessors argue that the decision we now reach will result in huge total abatements, a massive rise in the ‘effective tax rate’ and an unbearable increase in the average residential tax bill, leading to a sudden reduction in property values, an increase in mortgage foreclosures and other adverse effects. In any event the consequences will be less burdensome than the consequences of full compliance with the law. We, like the assessors, are required to comply with the law, burdensome or not.” This ruling, combined with the passage of Proposition 2½, created a financial burden on the City of Boston.

In an effort to reduce the financial burden that the City was faced with, legislation was passed entitled “An Act Establishing the City of Boston Funding Loan Act of Nineteen Hundred and Eighty-Two and the Massachusetts Convention Center Authority”, c. 190, §9 of the Acts of 1982, which allowed the City of Boston to borrow funds that would be secured by the levy of several taxes. Chapter 190 §9 states in part, “... (A)n excise is hereby imposed upon the creation of any condominium or subdivision located in whole or in part in the City of Boston at the uniform rate of five hundred dollars for each unit, in excess of one unit, in the condominium, as shown by the master deed, and five hundred dollars for each lot in excess of two lots, in the subdivision as shown by the subdivision plan ... Payment of the excise imposed hereby shall be made by the applicant to the collector-treasurer of the city prior to recording any master deed or subdivision plan. No master deed or plan shall be accepted for recording in Suffolk County Registry of Deeds or in the land court, where applicable, unless the collector-treasurer certifies thereon that the excise imposed by this section has been paid.”

The Tregor stamp is the certification by the collector-treasurer that this excise tax has been paid. As stated, the Tregor tax is an excise tax levied only in the City of Boston and it must be paid for and obtained in person at the collector-treasurer’s office prior to recording. When working with a client on a new condominium development or subdivision plan it is important to calculate the tax amount due for each unit or lot. When representing a condominium association, you should inform them of the Tregor tax cost they will incur for recording any Amendment to a Master Deed. Lastly, be sure to allocate enough time to obtain the Tregor stamp from the treasurer-collector’s office since this must be done in person.



## **REBA Webinar on “Chapter Lands”**

**Topic:** Massachusetts Horticultural and Recreational Liens under GL. 61, 61A & 61B.

Christine Provost and Rhonda Duddy will be discussing Forest, Recreational, and Agricultural and Horticultural lands, otherwise known as Chapter Lands. Join the discussion for a review of M.G.L. chapters 61, 61A and 61B with a focus on how to clear title for a purchase or sale, or for a withdrawal from Chapter. The discussion will include how to deal with rights of first refusal and particular notice requirements.

**Date/Time:** August 16, 2023 (Wednesday) from 12:00 – 1:00PM

**Registration:** Open to all REBA members. To Register please email Matt Zarrella at REBA – [zarrella@reba.net](mailto:zarrella@reba.net)



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