

Dear Stewart Partners,

We hope everyone enjoyed the long weekend and Labor Day holiday. In this week's update we are including a reminder regarding partial claim mortgages and highlighting some recent Stewart Bulletins. One of the bulletins contains information on the updated Terms of Use of Stewart's Virtual Underwriter, and the other includes updates to our FinCEN Flow Chart that coincides with changes to FinCEN filing requirements. We have also included a reminder about the New England Land Title Association Annual Conference, which starts in less than two weeks.

We also wanted to say a big **"Thank You"** to all of our agents who have contacted us recently regarding possible property fraud schemes they've encountered. We appreciate the time and effort you spend on reviewing each transaction and helping to stop these fraudsters! In case you missed it, our Mid-Week updates in July and August featured a series on vacant property fraud schemes, how to identify them, and suggestions on what to do as part of your vetting process. Copies of those updates are available on our Stewart Massachusetts website at: <https://www.stewart.com/en/state-pages/massachusetts-agents/underwriting-resources/covid-19.html>



Partial Claim Mortgages and HUD as Mortgagee

When completing your title search, you may discover that the property is encumbered by a Partial Claim Mortgage to the Secretary of Housing and Urban Development (HUD). These mortgages are junior mortgages and there will always be a senior mortgage to some other lender which also encumbers the property. Sometimes the senior mortgage will also be affected by a modification that has been recorded, but not always. One particularly confusing aspect is that the Partial Claim Mortgage will identify its loan with the same loan number as the senior mortgage. You might be wondering what a Partial Claim Mortgage is, and whether it requires a payoff since it has the same loan number as the senior mortgage. We've received many questions as to whether one payoff for both mortgages is sufficient as the payoff references the one loan number. The short answer is NO, a distinct payoff for the Partial Claim Mortgage is always necessary.

What is a Partial Claim Mortgage? These mortgages were part of loan modification programs offered by lenders when borrowers were facing mortgage payment issues, and eligible borrowers were able to modify their mortgages through various programs. HAMP was the most well-known program, but there were others, particularly during the

pandemic. A Partial Claim Mortgage is an interest-free loan from HUD which allows the borrower to get caught up on overdue mortgage 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 majority of FHA Single Family Secretary-Held Mortgages. (Please note, ISN does not service HECM or reverse mortgages.)

All payoff requests, and other inquiries relating to Partial Claim 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

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



Virtual Underwriter Terms of Use – UPDATED

Stewart Bulletin SLS2023009 was issued on August 22, 2023 as a reminder that the information contained on Stewart's Virtual Underwriter website is the copyrighted proprietary work of Stewart Title Guaranty Company. You can view the bulletin, which contains a link to the entire Terms of Use for Virtual Underwriter here:

<https://www.virtualunderwriter.com/en/bulletins/2023-8/sls2023009.html>



FinCEN Flowchart – UPDATED

For our Massachusetts and Connecticut agents, Stewart has issued Bulletin SLS2023008 which includes a link to an updated version of our FinCEN Flowchart. The chart helps identify transactions that require reporting to FinCEN. As indicated in the bulletin, if you require reporting assistance, Stewart is here to help. Submit your request for reporting with the necessary documentation to FINCENreports@stewart.com.

You can view the Bulletin here: <https://www.virtualunderwriter.com/en/bulletins/2023-7/sls2023008.html>



New England Land Title Association Annual Conference – September 18-20, 2023

The New England Land Title Association (NELTA) is holding its annual conference Monday September 18, 2023 through Wednesday, September 20, 2023 in Portsmouth, New Hampshire. To view a list of the scheduled sessions, click here:

<https://nelta.org/events/EventDetails.aspx?id=1747329>

This year, there are reduced rates for those who only want to attend the Tuesday educational sessions. The deadline to make reservations online is September 11, 2023. We hope to see you there!



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