

# Stewart<sup>®</sup> Bulletin

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SA2008015

**Date:** July 25, 2008  
**From:** Stewart Legal Services  
**To:** All Issuing Offices  
**RE:** **Fraudulent MERS Releases**

Dear Associates:

We have been alerted to the existence of forged MERS releases.

Stewart has been alerted that someone has been scanning MERS satisfactions and then taking the MERS officer signatures and cutting and pasting them to satisfactions for mortgages that are not paid.

Please have your examiners verify all MERS releases. MERS releases may be verified through their website at <https://www.mers-servicerid.org/sis/>.

In the last few years we have seen an increase in the number of fraud and forgery related claims. In order to try to contain these problems, it is important to remind all of your personnel that we have to be alert and aware of certain situations.

Title companies can sustain huge losses occasioned by alleged forged releases appearing in the chain of title.

Bulletin NL000003 provided the following example:

Example: A land owner placed a mortgage on the property involved, followed in a few months with a release of such lien, after which appeared in a few weeks another mortgage, and on down the line. All releases were dated prior to the new deed of trust. Normally, the release of the former mortgage should be dated subsequent to the new deed of trust because the funds from the new loan are used to pay off the former mortgage before obtaining the release. In one instance, there were six liens placed on the same property and five forged releases within a period of five years. Aggregate indebtedness created by such liens were \$840,000.00. Payments on all liens (where releases were forged) were kept current. Different loan companies, title companies and closers were used. In most instances, several loans and several releases were used in a short period of

time. Such forgeries are amazingly accurate and complete as to forms, seals, signatures and acknowledgements.

#### Preventive Measures:

- Have all office personnel and examiners be alert to any mortgages that have been satisfied in the chain of title without having another mortgage simultaneously recorded. If you or your personnel come across this situation, please contact the lienholder to confirm that the mortgage is paid and the release is valid.
- In a transaction involving the issuance of a loan or mortgagee policy in excess of \$100,000.00, company policy requires that the last lienholder executing a release within one year of the current transaction be contacted to confirm that such mortgage is paid and such release is valid. Inform your appropriate personnel as to this policy and the reason therefore.
- Alert all examiners and title officers to watch for unusual circumstances as described in the Example and if anything looks suspicious or unusual to contact the prior mortgage holder to see if it actually received the money. Escrow officers are normally unaware of instruments in the chain of title. You will have to depend on examiners and title officers to watch for this.

Please contact your local Stewart underwriter with any questions regarding this bulletin.

For on-line viewing of this bulletin, please log onto <http://specialalerts.stewart.com>.

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**Note:** Copy and distribute this bulletin to your escrow officers, title examiners, title officers, searchers and anyone else that you feel should know about it.

#### **References**

##### **Bulletins Replaced:**

None.

##### **Related Bulletins:**

[NL000003](#): Forgeries

##### **Underwriting Manual:**

6.38 Fraud

**Exceptions Manual:**

None.

**Forms:**

None.