

# **AGENT UNDERWRITING BULLETIN**

## **Mortgage Payoff Procedures**

Effective as of June 1, 2008 the following procedures shall be adhered to by all parties throughout the State of Connecticut involved in a purchase transaction where the release of mortgage is not available at closing. The procedures are intended to eliminate recent issues and confusion involving mortgage payoffs and real estate transactions. The procedures have been incorporated into the customs for every bar association in the state, and are being advocated by the Connecticut Bar Association.

### **Procedures:**

If Seller's title is encumbered by mortgage(s) for which the Seller's attorney is unable to deliver release(s) at closing, the parties shall close the transaction pursuant to the following procedure with respect to each mortgage lien:

- 1) Seller's attorney shall provide to buyer's attorney the following documents at the time of closing:
  - a. Undertaking and indemnity for payoff of mortgage (form attached as Exhibit A);
  - b. Copy of mortgage payoff statement provided by the mortgagee; and
  - c. Mortgage payoff transmittal letter issued by seller's attorney.
- 2) Buyer's attorney shall tender to the seller's attorney the mortgage payoff check(s) by Clients' Fund Account check(s), cashier's check(s), or bank treasurer's check(s) made payable directly to the mortgagee. Seller's attorney shall cause the transmittal letter and check to be delivered to the lender.
- 3) If seller's attorney is going to pay the mortgage by wire transfer, the wire shall be initiated by the buyer's attorney in accordance with the lender's instructions. Buyer's attorney shall provide seller's attorney with the Federal Reserve reference number and confirmation of receipt of the wire.
- 4) With respect to an equity line of credit, seller's attorney shall notify the lender to terminate all future borrowing rights as of the time at which the mortgage payoff statement is requested, and provide proof of the same to buyer's attorney.

If you are involved in a purchase transaction where the seller's attorney is unwilling to adhere to these procedures, please be advised that you must contact a Chicago Title underwriter before proceeding with the transaction.

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## **CHICAGO TITLE INSURANCE COMPANY**

Danbury - 203-743-7012 | Hartford - 800-848-4947 |  
Stamford - 800-225-2628

### **EXHIBIT A**

## **UNDERTAKING AND INDEMNITY FOR PAYOFF OF EXISTING MORTGAGE**

Sale of: (property address)

Seller(s): (Name of Seller)

Purchaser(s): (Name of purchaser)

### **INDEMNITY OF OWNER**

The undersigned, being the owner(s) of the above referenced property, hereby acknowledge that the property is presently encumbered by the following mortgage:

Mortgage from \_\_\_\_\_ to \_\_\_\_\_ dated \_\_\_\_\_ and recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records, and assigned to \_\_\_\_\_ by Assignment dated \_\_\_\_\_ and recorded in Book \_\_\_\_\_ at Page \_\_\_\_\_ of the \_\_\_\_\_ Land Records.

The attorney signing below has obtained a payoff statement for this mortgage and I/we have directed said attorney to fully pay and satisfy said mortgage from the closing proceeds. In the event the payoff statement provided is not accurate, I/we agree to immediately tender all funds necessary to pay this mortgage in full.

In consideration of the issuance of policies of title insurance without exception to the above referenced mortgage, the undersigned owner(s) agree(s) to indemnify and hold harmless the Purchaser(s), their attorney, and their title company from and against all loss, cost, or damage, including attorney's fees and court costs, arising or resulting from any claim made in connection with said mortgage.

\_\_\_\_\_  
Owner

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Owner

\_\_\_\_\_  
Date:

### **CLOSING ATTORNEY'S UNDERTAKING**

The undersigned hereby certifies that I am an attorney licensed to practice in the State of Connecticut. I received a payoff statement for the above referenced mortgage, and I have sent sufficient funds in accordance with the attached payoff statement to the mortgagee to pay off this mortgage in full. Upon payment in full of said loan, I will be responsible for obtaining and having recorded a proper release of the mortgage or, if necessary, I will assist in the preparation of an affidavit in accordance with Section 49-8a of the Connecticut General Statutes. Attached hereto is a copy of the payoff statement, payoff check and the transmittal letter to the mortgagee.

\_\_\_\_\_  
Attorney

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Date

\_\_\_\_\_  
City, State, Zip