

# Title

## FREQUENTLY ASKED ^ QUESTIONS

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**Are there any special considerations when we find title vested in the record owner without any open mortgages?**

Yes.

The forged or “naked” satisfaction continues to make headlines. A naked satisfaction is one which is recorded without corresponding evidence of the source of funds for payoff of the loan, such as another mortgage (in the case of a refinance) or a deed (for a sale).

This situation requires more than casual inquiry. Whenever you review a title search which shows no open mortgages you must do the following:

1. Ascertain whether the property was purchased for cash (i.e. without a mortgage). If it was, and the property was never the subject of a mortgage during the present owner’s ownership, there is no need to make any further inquiry.
2. If the property was subject to a mortgage which appears to have been satisfied without utilizing the proceeds from a new mortgage you must ask your seller or borrower how they were able to pay off their mortgage without a new loan. You may require copies of documentation establishing how the mortgage was paid off; you may make additional inquiries from the lender that the loan was, in fact, paid in full.

Unfortunately, in this day and age, it is not appropriate to accept on face value that the record owner owns the property free and clear of mortgages. Further inquiry under this scenario is necessary.