

LEGAL BULLETIN

An information bulletin
for the LandAmerica
family of companies and agent
partners

No. 08-80

DATE: August 25, 2008
FROM: Samuel A. Shiel, Illinois State Counsel
RE: Payoffs – Equity Line/Future Advance/Revolving Line of Credit

In an effort to curtail the high incidence of claims in the area of equity line and related mortgage loan payoffs, the company has developed a more detailed and stringent procedure. *This self-explanatory procedure is embodied in a new requirement that, effective immediately, must be included in every commitment* that involves an open equity line, future advance, or revolving line of credit mortgage that must be paid-off. Please note that the two new forms called for by the requirement are included herein following the requirement itself.

REQUIREMENT FOR TITLE COMMITMENT

Discharge of the equity line/future advance/revolving line of credit mortgage executed by _____ to _____, dated _____, recorded _____, as document number _____, in the original amount of _____.

NOTE: RELATIVE TO THE ABOVE-IDENTIFIED MORTGAGE, THE DISCHARGE OF SAME MAY BE PRESENTED AT CLOSING, OR, IN LIEU THEREOF, ALL OF THE FOLLOWING ACTIONS MUST BE PERFORMED:

Pre-Closing

- a) Execution by the subject borrower of an “EquityLine/Future Advance/Revolving Line of Credit Mortgage – Notice of Account Suspension and Request for Payoff Statement” form (“**Account Suspension/Payoff**” form) at least five (5) business days before the closing date.
- b) Delivery by the Company of the executed Account Suspension/Payoff form to the current mortgagee at least five (5) business days before the closing date by telecopier.
- c) Retention by the Company of a copy of the Account Suspension/Payoff form delivered to the current mortgagee and a copy of the telecopier “confirmation”.
- d) Receipt by the Company of the Payoff Statement from the current mortgagee.

Closing

- e) Execution by the subject borrower of an “Equity Line/Future Advance/Revolving Line of Credit Mortgage – Notice of Account Closure and Request for Discharge of Mortgage form (“**Account Closure/Discharge**” form).
- f) Delivery by the Company of the executed Account Closure/Discharge form to the current mortgagee by:
 - i) telecopier, at the time of disbursement and
 - ii) overnight mail, immediately following disbursement.
- g) Retention by the Company of a copy of the Account Closure/Discharge form delivered to the current mortgagee and a copy of the telecopier “confirmation”.

Should you have any questions please do not hesitate to contact me at (312)553-8613 or via email at sshiel@landam.com.

**EQUITY LINE/FUTURE ADVANCE/REVOLVING LINE OF
CREDIT MORTGAGE**

**NOTICE OF ACCOUNT SUSPENSION AND REQUEST FOR
PAYOFF STATEMENT**

Date:

To: (lender/address)

Re: Borrower(s):

Loan No.

Company Commitment No.

To Whom It May Concern:

The undersigned borrower(s) hereby demands the following:

- a. Immediate suspension of the above-identified loan account such that there shall be no further disbursement of funds for or on account of borrower(s), and
- b. Immediate issuance of a payoff statement.

Please immediately contact the undersigned if anything further is required in this regard.

(borrower)

(borrower)

**EQUITY LINE/FUTURE ADVANCE/REVOLVING LINE OF
CREDIT MORTGAGE**

**NOTICE OF ACCOUNT CLOSURE AND REQUEST FOR
DISCHARGE OF MORTGAGE**

Date:

To: (lender/address)

Re: Borrower(s):

Loan No.

Company Commitment No.

To Whom It May Concern:

The undersigned borrower(s) hereby demands the following:

- a. Immediate closure of the above-identified loan account, and
- b. Immediate issuance and recordation of a properly executed Discharge of Mortgage.

Please immediately contact the undersigned if anything further is required in this regard.

(borrower)

(borrower)