

June 2015

# ChicagoBlog

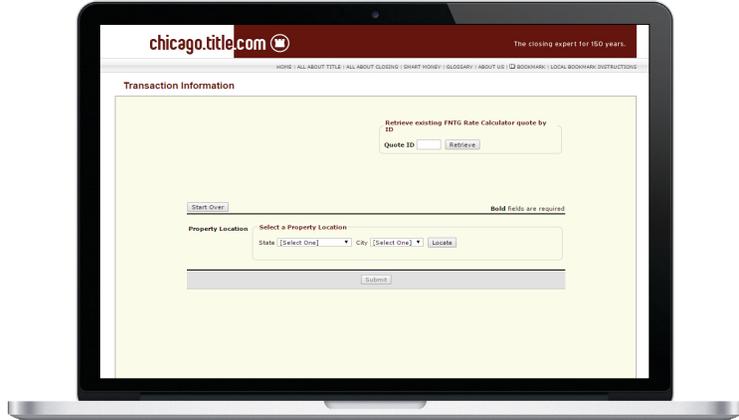
where we share our knowledge and experience.

Featured Product

## NATIONAL RATE CALCULATOR

By  CHICAGO TITLE

Whether you're generating an estimate for a simple title rates and fees quote, or need to create a Good Faith Estimate (or Loan Estimate beginning on August 1st, 2015), let Chicago Title's National Rate Calculator to be your guide. Our instant easy-to-use online design allows you to get the title rate information as well as the closing costs and transfer tax you need -- anytime and anywhere you need it.



[Click here to launch the National Rate Calculator](#)

NOTE: The NATIONAL RATE CALCULATOR is provided as a convenient way of obtaining quick estimates of title and settlement related costs. It is not to be considered as the final rate to be charged, including geographic and transaction-specific items. If you are a Lender that requires special attention to your transactions, please consult with your local sales executive about our Rate Calculator specifically built for Lenders.

## June Fun Facts & Events

1. June Birthstones: Pearl, Alexandrite, & Moonstone
2. Zodiac Signs: Gemini (5/21 - 6/20) & Cancer (6/21 - 7/22)
3. June Flower of the month: Rose
4. Fruit for the month of June: Strawberries
5. Veggies for the month of June: Peas & Broad Beans
6. June 1st - the start of Atlantic Hurricane Season
7. June 21 - Father's Day
8. June is National Candy Month
9. June is National Fruits & Vegetable Month
10. June is Colorectal Cancer Awareness Month
11. June is National Adopt a Cat Month
12. June 14 - Flag Day
12. June 21 - First Day of Summer

## ESCROW CORNER

### IN the back of my mind...

Chris McKim, Title Examiner from FNTG's Sunrise, Florida operation, had an order for a short sale in the amount of \$699,900 for a property in Florida that came in as a rush and was supposed to close in a few days. After reviewing the chain of title, Chris recognized the property's title was a mess and might not even be insurable.

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## IN the back of my mind



A grantor and grantee name on deeds in and out of title rang familiar with Chris. In the back of his mind he knew he had heard the name before. He ran a search on the name from the Fraud Insights page located on the Company's intranet. He instantly discovered an article containing the same entity name from November 2010.

The article provided details about a fraudulent scheme involving an entity in which a woman was running a fraudulent "mortgage rescue" scheme. Chris escalated the transaction to his underwriting counsel, Sarah Diaz.

Sarah discovered the woman was in federal prison and when she pulled up her criminal case using the online system, Public Access to Court Electronic Records (PACER), she found the federal investigation included properties the woman ran the scam on in California, New Mexico, Nevada and other Western states, but she did not see a mention about any Florida properties.

This particular transaction involved property in Miami-Dade owned by a husband and wife. They had transferred title in and out of a trust, but there also was a deed of record from them to the entity and then a deed back out of the entity, to the husband and wife.

The husband and wife also happened to be in bankruptcy. Sarah recognized they had a Chapter 13 bankruptcy filed which was still open, but they did not properly list the property as their "homestead" on Schedule C. Instead the property showed on Schedule A and referenced it as being homestead.

Sarah and Chris informed the insuring title agent that even if they found the title to be insurable, they would not be able to close on that day because they would need an order from the bankruptcy court sending notice to all interested parties, approving the short sale.

Sarah had the following questions:

- Would we find the property insurable even though we suspected that the woman was fraudulently conveying back to her entity and filing false satisfactions of mortgage on those properties?
- How would we even know if the deed out of the entity back into the husband and wife was valid?
- Would there be a need for a quiet title action to clear the title?

Sarah contacted her state underwriting counsel who put her in touch with Eldred Sotello, the Western States Underwriter initially involved in the discovery of the woman and her wrong doing.

Sarah spoke with Eldred and said he was awesome. She stated he had so much information about the entity and the criminal behind the operation. She said he was shocked to learn the scam had reached the East Coast. Until that day the furthest East he had heard of them reaching was Utah. He said he has dozens of chains of title for lands out west where the entity is in the chain.

Eldred said the Company does not insure them unless they go through a proper foreclosure to clean up the mess made by the entity's scam. He also pointed out that the entity is a Nevada company NOT a California company like the deeds purport. In Nevada, their status has been revoked prior to the date of the deed in the chain which appears to put title back into the husband and wife.

Sarah and Chris called back the title agent and advised them of the issues they had uncovered and declined to insure. Strangely enough, the title agent completely understood and agreed. Sarah felt certain it was not the first time they heard this from an underwriter on this property.

### MORAL OF THE STORY

Sometimes turning a blind eye to a bad transaction is easier than acting on gut instincts. Chris acted heroically in discovering the article pertaining to the entity found in the chain of title and escalating the findings to the underwriter to review. Had Chris ignored the nagging feeling he had read an article regarding the entity, the Company might have elected to insure the transaction, exposing the Company to a possible claim against the owner's policy for deeds not properly executed in the chain of title.

Sarah acted heroically by bringing to light the issues regarding the bankruptcy and the failure to list the subject property on the right schedule.



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