



JOURNAL

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BONDING AROUND A LIEN

Originally posted by **Fidelity National Financial** in February 2017:
<http://fraudinsights.fnf.com/vol12iss02/article1.htm>

Briannon Totlers, an extraordinary title officer from Lawyers Title Company located in San Diego, recently opened a title only transaction for a refinance of property located in Saratoga, California. The loan was originated by a mortgage broker charging \$16,250 to originate a \$650,000 new loan with a private money lender. The new loan was to be in first position, but when Briannon prepared the title report, she noticed an existing first deed of trust in the original amount of \$850,000.

The independent escrow agent handling the closing of the loan had a conversation with the borrower about the existing first loan. The borrower insisted the loan was fully paid and would work with a bonding company to bond around the loan, so the new loan could close.

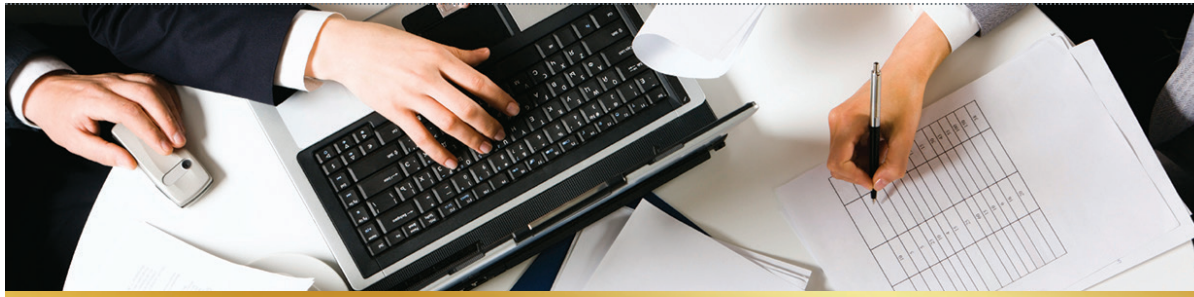
The escrow agent received loan instructions, and completed the note and deed of trust along with other documents for the borrower to sign at closing. The package was sent to the borrower in Las Vegas, even though the statement of information indicated the borrower was retired and living in La Quinta, California.

The documents were signed, notarized and returned to the independent escrow agent, along with wire instructions for the loan proceeds to be sent to someone other than the borrower. The owner of record and borrower on the note and deed of trust was a family trust, but the proceeds were to be sent to different people who were not a party to the transaction.

(Continued on reverse)



Lawyers Title



The escrow agent called Briannon to tell her she was suspicious because the borrower was directing the loan proceeds to someone unrelated to the transaction. She sent Briannon the documents that were signed in Las Vegas.

Briannon pulled the documents recorded previously, and discovered the signatures on the recorded deed of trust and the signature on the \$650,000 deed of trust did not match. Briannon decided to escalate the matter to her manager, Nelle Mirez. Nelle agreed with Briannon's findings and looked up a phone number for the borrower in La Quinta. She placed a call to the owner of record.

The owner of record acknowledged he owned the property in Saratoga, but confirmed he was not involved in a loan for that property. He asked if he could have his attorney call Nelle. The attorney called and confirmed the owner was the victim of identity theft, and that he had contacted the FBI to make them aware of the incident.

As a result of the conversation, Nelle notified the independent escrow agent our Company would

not be willing to insure this transaction. Ironically the escrow officer said she received an email that very day from the purported borrower stating the bond for the \$850,000 deed of trust had been delivered to Lawyers Title Company, so the funding would not be delayed.

The original bond arrived via overnight delivery the very next day with a receipt showing the purported borrower had paid \$23,000 for the bond. Briannon and Nelle commented the \$23,000 cost of the bond was a small price to pay for a \$600,000 pay-out. For her keen sense of wrong doing and her expertise in pulling documents in the chain of title to compare signatures, and mostly for saving the Company from a potential claim of \$650,000, Briannon has been rewarded \$1,500 and has received a letter of recognition from the Company.

Moral of the Story

Had Briannon ignored the alert by the independent escrow agent, and recorded and issued a policy of title insurance, the Company could have been exposed to a \$650,000 claim if the purported borrower defaulted on the new loan and the new lender initiated a foreclosure action.

The names of the individuals featured in this story have been changed from the original featured article by Fidelity National Financial:
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