



By Lisa A. Tyler
National Escrow Administrator

Some thieves use a mask to conceal their identity; others lurk in the shadows. The internet offers intruders the ability to do both — virtually. Hackers lurk in hidden corners of the web tracking the progress of real estate transactions waiting for just the right time to strike. Who are their targets? Everyone is their target! The hackers' end goal is to convince someone to wire transfer their funds to an alternate account.

The Company continues to receive reports describing attempts to divert proceeds, down payments and payoffs from real estate transactions. Fortunately, we continue to receive reports from our hardworking colleagues who have been successful in thwarting these attempts. All disbursements are vulnerable. Read

“BREAKING and entering” for details of how Deborah Cash, from Titor Title Company in Riverside, California, thwarted one such attempt.

The story entitled “DEAD or not” provides a detailed account of how an escrow officer discovered the seller in her transaction had died prior to closing. Everyone involved in the transaction was trying to cover it up, including the listing agent, selling agent and buyer's new lender. The escrow officer used an internet search to discover an obituary posted in the name of the seller.

Generally speaking, public records give constructive notice of matters affecting title, according to the state statutes where the land is located. Read “TITLE records” for more details on where and how the search is performed.

IN THIS ISSUE



Share Fraud Insights
via email, mail or word of mouth.



volume 14 issue 5
May 2019

Publisher
Fidelity National Financial

Editor
Lisa A. Tyler
National Escrow Administrator



BREAKING and entering

Ticor Title was the title agent for the transaction and an independent escrow agent was handling the escrow. This was a refinance. The file was getting ready to close and the escrow officer sent her closing statement, payoff demand and invoices to Deborah Cash in the Payoff Department at Ticor Title in Riverside, California.

Deborah carefully reviewed the documents and immediately noticed:

1. The demand was dated 1/3/2019 but was only good through 12/31/2018.
2. The borrower's last name was misspelled
3. Just the first number of the account number on the wire instructions was bold. The rest of the numbers were not.
4. The top of the demand appeared to be cut off. A portion of it was missing.
5. The demand contained instructions to call and verify the figures, but there was no phone number provided.

The lien holder was a private party lender and not an institutional lender. Deborah reached out to the escrow officer to obtain a known, trusted phone number of the beneficiary. The escrow officer provided a phone number for the lien holder's assistant.

Deborah called the assistant and asked him to verify his boss' wire instructions. The wire

instructions, which were received in response to the fax request, did not match ones from the previously-received payoff demand at all.

Deborah requested an updated demand. The previous demand letter received by Deborah had clearly been intercepted by the fraudster since it had the incorrect wire instructions on it.

Deborah decided to start over by faxing a demand request to the lender. Upon receipt of the new payoff demand, she called the lender to verify the figures. They all agreed it would be best to cut the lender a check for the payoff and have it delivered to his office. Thank goodness.

Deborah saved the Company from a possible loss of \$54,492.49. In addition to stopping the monetary loss, her hard work — and many others — all contributed to maintaining our Company's reputation. Prevention of a financial loss is certainly important, but the loss of reputation can often be immeasurable.

The borrower, new lender and even the payoff lender may not truly understand just how hard Deborah worked to protect them, but we do. She is being rewarded \$1,500. Thanks Deborah!

Article provided by contributing author:

Diana Hoffman, Corporate Escrow Administrator
Fidelity National Title Group
National Escrow Administration



STOP

TELL US HOW YOU
**STOPPED
FRAUD**

settlement@fnf.com or
949.622.4425



DEAD or not

Tiffany Carver, with Fidelity National Title Company's Tukwila, Washington office, received a purchase contract in the amount of \$502,000 which reflected the seller as "The estate of Sally Simple." She reached out to the listing agent and requested the death certificate and Last Will and Testament for the deceased seller.

The following day the sales representative from Tiffany's office went to meet with the seller's representative and was told, "Oops, the seller is not actually deceased. I am her nephew and I am helping her sell the property, here is my power of attorney."

The sales representative left with the power of attorney and returned it to Tiffany. Tiffany sent the power of attorney to the title officer to review and approve. The real estate agent prepared an addendum changing the seller to "Sally Simple" and the nephew corrected his signature on the purchase contract to reflect him as the attorney-in-fact for Sally.

The sales representative from Tiffany's office went to meet with the nephew to sign the closing documents. Tiffany included a power of attorney affidavit in the closing documents, confirming the seller was still living and the power of attorney had not been revoked.

The nephew signed the affidavit, as well as the other closing documents. He provided wire instructions for his aunt's bank account to wire the proceeds. His name was on the account as well as his aunt's name.

On the day of closing the buyer's new lender issued funding conditions, one of which was an addendum to the purchase contract changing the seller credit toward buyer's closing costs. Since the full amount of the credit could not be used, there simply were not enough charges to use up the entire credit. The amount of the credit needed to be reduced.

The seller's nephew was angry he had to sign one more form and refused. The real estate agent called Tiffany to explain the situation and to see if she could convince the lender to fund without the addendum. The purchase contract said the seller would credit, "...up to \$4,500 towards closing costs," so the agent did not feel it was necessary to prepare an addendum.

During the conversation, the real estate agent casually mentioned to Tiffany the nephew had a death in the family and he had a lot going on. The real estate agent said an aunt passed away and the whole family was in town for the funeral services.

Tiffany hung up the phone with the real estate agent and immediately thought, "Wait, our seller is his aunt. Surely it was not her that passed away." Tiffany used an internet search to pull up the obituary for the aunt. The obituary named the nephew so there is no question that the aunt was the seller.

Not only did the seller pass away, she passed away at the very beginning of the transaction. In fact, according to the obituary she passed away the day prior to the nephew telling us his aunt was not deceased and he was helping her sell her property.

It turned out both real estate agents and the buyer's loan officer were all aware the seller was deceased, but they collectively decided it was easier to close using a power of attorney. Tiffany halted the closing and insisted the parties provide a death certificate, lack of probate affidavit and a complete copy of the Last Will and Testament.

Tiffany received the documents and turned them over to the title officer to review. The title officer determined the estate needed to be probated. The title officer discovered the documents named two children and twenty-four grandchildren that had been completely left out of the aunt's Last Will and Testament.

The nephew did not let us know his aunt had passed away because he did not want the children and grandchildren involved. That is why he decided it was easier to sell the house using a power of attorney, rather than probating the estate and then selling the property as the personal representative.

The estate was probated, and the nephew ended up being named the personal representative for the estate. Tiffany was able to close the transaction two weeks later. As a result of her heroic efforts, Tiffany was awarded \$1,500 from the Company.

MORAL OF THE STORY

The power of attorney used to initially conduct the closing by the nephew did not survive the aunt's death and was no longer valid. Had the transaction closed without a probate of the estate, the children and grandchildren of the deceased aunt could have protested the sale. Our Company would then be in a position to protect the insured owner against any legal action to reverse the sale.



TITLE records

In order to assess whether title to a particular parcel of property is insurable, a title company usually performs a title search. A title search is the process of retrieving and reviewing documents evidencing events in the history of a particular piece of property. Generally, the title companies obtain those documents from the following places:

County Recorder: The county recorder is the custodian of public records in its county (such as deeds, mortgages and plat maps, among other documents). These records can be examined to determine ownership and any liens that may encumber the property.

Title Plant: A privately owned collection of information about the ownership and lien history of a parcel of property; information is usually filed according to geographical location (legal description) instead of by owners' names. A title plant gathers information from the county recorder's office and systematically catalogues that information into a data base.

Tax Assessor: The Tax Assessor works for the city or county, aiding the process of collecting real estate taxes. The county assessor's records are reviewed to determine if the real estate taxes and any other assessments are paid to date.

Court Records: State and/or federal court systems may also be reviewed if it comes to the title company's attention there is a pending court action against the property or the principals such as litigation, divorces and probate proceedings that may affect the property or the principals in the transaction.

But who does all this research? Next month's issue will discuss the person(s) behind the product.

