



TITLE TALK

Old Republic National Title Insurance Company

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Recent Seminar Brings Many Topics to the Forefront

Our all-day six credit seminar provided the perfect opportunity to obtain answers to many recent and long standing issues. The morning kicked off with a discussion on rates. The question was posed to the group, "The last institutional mortgage on record is an uninsured HELOC; do you give the discounted rate based on that transaction?" The answer of course is "Yes!" Any mortgage to an institutional lender, even if known to be uninsured, can qualify for the discounted rate.

The intention of the Rating Bureau was clearly stated – the recodation of an institutional HELOC is evidence of prior insurance, whether or not it was actually insured does not matter. Therefore, if a borrower purchased the property 20 years ago and the only open mortgage of record is an uninsured \$5,000 institutional HELOC just taken out last year, the borrower receives the 0-2 year, 70% of reissue rate, mortgage loans rate.

In addition, because of all the software changes needed for the 2010 HUD-1, many systems may not be calculating all rates correctly. Whether an overcharge or an undercharge, an incorrect rate is not acceptable to the Department of Insurance. It is the agent's responsibility to be sure the correct rate as set forth in the manual is charged. Therefore, agents need to double check the rate to ensure accuracy.

Further discussions of HELOC's lead to conversations regarding the urgency of following up on HELOC satisfactions after closing. Our most frequent claims are HELOC related. Agents need to talk to borrowers or sellers to inquire as to the last time the line was used, are there checks or ATM cards associated with the account – if so and are available at closing, take them from the individuals and destroy them. Inform the mortgagors that the lender may be contacting them with a proposal to keep the line open. Instruct them that this is no longer an option, the line must be closed and they need to advise the representative accordingly.

Agents should send an irrevocable close out letter with the pay-off check, maintaining a copy of the same along with the delivery slip of the check in their file. A sample letter can be found on our website at: <http://www.oldrepublictitle.com/orstarslink/resources/offices/pennsylvania/underwriting2/padirectives/ud68-pa.pdf>.

Donna Anderson from Alliance Bank explained to agents in attendance the difference between a wire and an Automatic Clearing House (ACH). ACH transactions are NOT instantaneous and can take several days to process. Until the transaction is completely processed, the funds can be retracted by the sender. Wired funds are instantaneous and cannot be retracted unless approved by the account holder. Agents can contact their banks to request that ACH transfers not be accepted. This will guarantee that all funds sent to agents are wired, good, instant funds.

Agents also learned from Fran Kelly why retroactive coverage is needed on their E&O policies. It's not only because Old Republic requires agents to have the coverage, but it is also to protect the agent.

Without retroactive coverage, agents are not protected on files that closed prior to the effective date on your policy. For example, this year you decided not to obtain retroactive coverage; therefore, your policy effective date is May, 2010. The next day a homeowner you insured one year ago calls and states that the long lost grandson of the previous owner just showed up on the front porch step stating he was left the property in his grandfather's will. Your E&O policy will not cover you for this loss as the policy is only effective on files that closed May, 2010 and later.

Save the date! We're planning a three (3) credit (CE and CLE) seminar for the fall. The first run will be at the [Radisson](#) in Camp Hill and the second at the [Holiday Inn](#) in Allentown. We will kick off the event with lunch followed by the education session in the afternoon. The seminar will be the same at both locations.

"... the only open mortgage of record is an uninsured \$5,000 institutional HELOC just taken out last year, the borrower receives the 0-2 year, 70% of reissue rate, mortgage loans rate."

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Common Loan Modification Scams



Mortgagors having difficulties making their mortgage payments must be very careful about deals to "help" refinance or negotiate with their current lender. Title agents should also be aware of these scams and very leery of any "Rent-to-Own" or "Leaseback Schemes." We have seen claims and lawsuits against agents increasing over leaseback scams. Agents are often presumed by plaintiff's counsel to be involved in the scam and named as defendant in the resulting lawsuits. The Federal Trade Commission (FTC) has posted warnings on their website exposing the most common loan modification scams currently being encountered. They are also follows:

Phony Counseling or Foreclosure Rescue Scams - The scam artist poses as a counselor and tells you he can negotiate a deal with your lender to save your house-if you pay him a fee first. He may even tell you not to contact your lender, lawyer, or housing counselor-that he'll handle all details. He may even insist that you make all mortgage payments directly to him while he negotiates with the lender. Once you pay the fee, or a few mortgage payments, the scammer disappears with your money.

Fake "Government" Modification Programs - Some scammers may claim to be affiliated with, or approved by, the government or they may ask you to pay high, up-front fees to qualify for government mortgage modification programs. The scammer's company name and Web site may sounds like a real government agency. You may also see terms like "federal," "TARP" or other words related to official U.S. government programs.

Your lender will be able to tell you if you qualify for any government programs to prevent foreclosure. You do not have to pay to benefit from these programs.

Bait and Switch - The scam artist convinces you to sign documents for a "new modification" that will make your existing mortgage current. This is a trick! You actually just signed documents that surrender the title of your house to the scam artist in exchange for a "rescue" loan.

Rent-to-Own or Leaseback Scheme - A scammer urges you to surrender the title to your home as part of a deal that will let you stay in your house as a renter and then buy it back in a few years. He may tell you that surrendering the title will permit a borrower with a better credit rating to get new financing- and keep you from losing your home. However, the scammer may have no intention of ever selling the home back to you.

But the terms of these deals usually make buying back your home impossible. Worse yet, when the new borrower defaults on the loan, you're evicted.

Variations:

1. The scammer raises your rent over time to the point that you can't afford it. After missing several rent payments, you are evicted, leaving the "rescuer" free to sell your house.
2. The scammer offers to find a buyer for your home, but only if you sign over the deed and move out. The scammer promises to pay you some of the profit when the home sells. But the scammer simply rents out your house and keeps the profits while your lender proceeds with the foreclosure. You lose your home and are still responsible for the unpaid mortgage, because transferring the deed does not affect your mortgage obligation.

Bankruptcy to Avoid Foreclosure - The scammer may promise to negotiate with your lender to get refinancing on your behalf if you pay a fee upfront. Instead of contacting your lender or refinancing your loan, he pockets the fee and files a bankruptcy case in your name-sometimes without your knowledge.

A bankruptcy filing often stops a home foreclosure, but only temporarily. Filing bankruptcy stops any collection and foreclosure while the bankruptcy court administers the case. But, eventually you must start paying your mortgage, or the lender will be able to foreclose.

You could lose the money you paid to the scammer and your home. Worse yet, a bankruptcy stays on your credit report for 10 years, which makes it difficult to obtain credit, buy a home, get life insurance or even get a job.

Credit Corner

Need credits? Take a look at these quick online resources:
www.plttonline.org

UPCOMING SEMINARS:

July 15, 2010

PLTI Seminar

Instructors are our own

Dwight Edwards, Esq., CLTP and Sue Morgan

9:00 AM — 12:15 PM

Bucks County Bar Association

Visit www.plta.org for more details

October 5 and 7, 2010

Old Republic Seminar

See front page for details.

Staples® has the Easy Button – ORT has a Smart Button

Our one-stop title agent website is just a button press away with our Old Republic Title Smart Buttons. Let your finger direct you to our “[For the Agent](#)” that will link you to our CSL system, ezJacket, underwriting manual, rate calculator and manual, common level ratios, transfer tax variations, domestic relations and much, much more!

Do you need a button? Contact your agency rep or our office at 800-842-2080.



Free Search to View Any Agent's Underwriter

It's a normal day at the office. You're processing a file and notice an open mortgage with the previous owner. Surprisingly when you contact the borrower she has a copy of the HUD from when she purchased her home and the settlement agent is Phenomenal Title located in downtown Philadelphia. A quick Google search provides you with their phone number and the thought, "Piece of cake!" is whispered under your breath.

Quickly you dial their number and before you know it, your heart sinks. The dreaded beeps followed by, "The number you have dialed _____, is no longer in service. Please check the number and try again."

Of course, the underwriter's name is not listed on the HUD. As you reach for the bottle of Excedrin you start to calculate the amount of time it will take to contact each underwriter to inquire as to whether or not this was an agent of theirs.

The PA Department of Insurance publishes the appointments of agent's underwriter's on their website. You do not need a membership to access the site – it is free for everyone.

- ★ Go to <http://apps02.ins.state.pa.us/producer/alist1.asp>.
- ★ Scroll down to the "Search by License Type/Name etc. section. Select "title" under insurance type and enter in the agent's name.
- ★ Select the state – note, if the agent is located in NJ, than you need to select NJ from the drop down, even though the insured property is in PA. The list is based on the agent's location not the property location. If you're not sure, select "Non-Pennsylvania"
- ★ When you locate the agent, click on the button that displays the agent's license number.
- ★ Under the agent's information is a button indicating "Display Appointments in New Window." The window that opens should list all the underwriters this agent is appointed to.

Possible Issues:

- ★ The agent's name doesn't appear on the list
 - Depending on the name, you may need to try multiple variations; for example, The First Philadelphia Title may be listed under 1st Philadelphia Title, The; First Philadelphia Title, The; The 1st Philadelphia Title, etc. **Solution:** enter just a piece of the name and the city if known and any agent with that word in their name will appear.
 - If the agent's license has expired, their name will not appear on the list and you will need contact each underwriter until you find the one your agent was writing for.
- ★ No underwriters are shown
 - If the agent's license expired, the underwriter then needs to reappoint the agent; the appointment will only carry over if the license was renewed prior to the expiration.
 - If the agent no longer has an underwriter none will appear on the list. The result, you have to start calling underwriters.