



INTEROFFICE MEMORANDUM

DATE: August 27, 2012
TO: California Title Agents
FROM: Roger Therien
California Agency Manager
SUBJECT: Another forgery scam: Fake loan + short sale

We have had a rash of claims that follow the same pattern. This is a typical situation:

1. There is an existing first deed of trust securing a loan from an institutional lender.
2. A new deed of trust records. The deed of trust is uninsured and is not from an institutional lender.
3. A reconveyance of the first deed of trust records.
4. A few months after the uninsured deed of trust records, we insure a short sale with the new lender accepting less than the amount owed.
5. The lender holding the first deed of trust starts foreclosure.

The new deed of trust was a fake. It was likely signed by the owner as part of some kind of foreclosure rescue scam, but there is no actual loan.

The reconveyance is a very good forgery. It gives the illusion that the new deed of trust was a refinance, and by itself does not raise any red flags. It is what happened before, and especially after, it recorded that raises red flags.

RED FLAG #1

The new deed of trust was uninsured.

RED FLAG #2

The new lender is a private lender. This appears to be a refinance rather than a hard money loan, but the private lender needs to be treated with the same suspicion.

RED FLAG #3

This is the big one! The lender agreed to a short sale a few months after making the loan. Short sales do not involve recent loans! The loans were almost always made in the 2005 – 2008 range. DO NOT believe short sale where the loan was made recently (within a year or two). The loan was made after the property had already depreciated and a short sale does not make sense.

LET'S NOT GET CAUGHT AGAIN!! PLEASE DISTRIBUTE THIS MEMO TO YOUR TITLE AND ESCROW PEOPLE.

Roger Therien
California Agency Manager