

July 2015

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Due to an "administrative error", the Consumer Financial Protection Bureau proposed delaying the implementation of the TILA-RESPA Integrated Disclosures (TRID) rule until Oct. 3. While this gives the industry 2 additional months, it's important for companies to remain focused on getting prepared. Below is a synopsis of the Top 3 implementation tips for Realtors as they prepare for the Oct. effective date.

Realtor Perspective

1. Add 15 days to your transaction time: If you could normally close in 30 days, adjust the purchase contract to 45 days. TRID does not sufficiently address the "unexpected". The stranger the deal, the more potential for issues, so give it more time.
2. Manage Closing Disclosure timing: Borrowers must receive the Closing Disclosure (CD) at least 3 days before closing and sellers no later than day of consummation. NAD helped win limited circumstances that trigger waiting periods after a revised CD is issued. The big impact is that lenders will review, approve, and issue every change, because they are fully liable for everything on the CD, so last minute changes could be problematic. As soon as change is known, it must be communicated to the lender.
3. Focus on three things between now and Oct. 3: (1) maintain regular contact with your business partners (lenders, title providers etc.); (2) avoid last-minute changes on your end; and (3) help your business partners avoid last-minute changes on their end.

For more information on the new CFPB rule and implementation information, please go to: <http://www.chicagotitlelibrary.com/cfpb.html>. Above articles are reprinted with permission from the American Land Title Association. "Realtor Perspective" was provided by Ken Trepeta with NAR.

July Fun Facts & Events

1. July Birthstone: Ruby, symbolizes contentment
2. Zodiac Signs: Cancer - 06/21 - 07/22, Leo - 07/23 - 08/22
3. July Flower of the month: Larkspur or the Water Lily
4. The month of July was named after Julius Caesar
5. July 1 is Canada Day
6. July 4 is America's Independence Day
7. July 7 - Tanabata - a Japanese star festival
8. July 14 - Bastille Day - French National Holiday
9. Ice Cream Sundae Day is the third Sunday in July
10. July 18 - National Caviar Day
11. July 19 - National Ice Cream Day
12. July 26 - Parent's Day is the fourth Sunday in July
13. July 30 - Father-in-law day
14. July is national Watermelon Month

ESCROW CORNER

MECHANIC'S lien fraud

In November of 2014, Alicia Obernuefemann, Escrow Officer for Abstracts and Titles in Illinois, was preparing documentation on a purchase closing for a property located in Illinois. The real estate agent had just scheduled the closing for the following week.

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Alicia called as soon as she had the file in her hands to discuss the numerous issues noted on the title report, including a pending foreclosure and a mechanic's lien that had been filed one month earlier in the amount of \$3,125.

The real estate agent was aware of the foreclosure, but was surprised to hear a mechanic's lien had been filed for work that had supposedly been done at the property in July 2014. The real estate agent stated the property was in poor condition and could not believe any work had been performed recently. She asked Alicia to contact the seller.

Alicia called the seller and informed her of the title defects that would need to be resolved before closing. The seller readily admitted she knew the foreclosure proceedings had begun, but was completely surprised by the mechanic's lien.

The seller stated there had never been any improvements made to the property, therefore there was no reason for this lien to be filed. She, like the listing agent, stated the house was in poor condition and the buyers were accepting the property "as is."

When Alicia mentioned the supporting documentation filed with the lien mentioned John Doe as the property owner, the seller was even more shocked. John was an ex-husband who had not lived in the property since 2009 and had nothing to do with the property since that time.

Alicia then realized that John was listed in the foreclosure proceedings since he signed the mortgage in 2004. There was no other way this contractor would even know about her former marriage to John since he never held title to the subject property as an owner. The contractor must have read the foreclosure notice when he filled out the mechanic's lien documentation.

Alicia and the seller continued talking about other items on the report that needed to be resolved, but the matter about the mechanic's lien did not sit well with Alicia. The details were just not adding up. She decided further investigation was necessary to determine the validity of the lien.

One exhibit filed with the mechanic's lien had an address for the independent contractor who purportedly performed the work, but no other contact information, such as a telephone number, fax number or email address. Alicia searched the Internet for a telephone

number using the address. She found a number and dialed it, but no one answered and there was no way to leave a message. Alicia decided to open a search on the independent contractor to see what information she could discover pertaining to any other properties he had worked on within the county. A basic search showed the contractor had filed five mechanic's liens against properties within the county in one month. All the different properties seemed to either be delinquent on taxes or in early foreclosure proceedings. Some of the liens were for services and home repairs on parcels of vacant land!

Alicia then conducted a search in a neighboring county and discovered liens against properties under the same circumstances. Nine liens had been filed in a two month period on various properties by the same contractor, with what now appeared to be fake invoices as supporting evidence. After discovering this information, Alicia advised the homeowner to contact the police.

Next, a detective called Alicia and asked her to explain the situation. She met with the detective and provided him with all the information she had collected and explained the discovery of the falsified mechanic's liens. The detective thanked her and said that due to her report and detailed documentation they had opened an investigation on this supposed contractor with the intention of making an arrest.

The buyer and seller directed Alicia to holdback sufficient money to pay the mechanic's lien and proceed to close their transaction. After closing, the seller retained an attorney who was able to convince the contractor to sign a release of the fraudulent lien. Once the lien release was recorded, Alicia released the funds held to the seller.

After closing, Alicia was notified by the detective that charges had not only been filed in the county, but in the neighboring county as well. Warrants were issued in both counties for the arrest of the contractor and he was apprehended. The charges were perjury and unlawful clouding of title. He is in police custody awaiting trial.

Alicia used all resources available to clear the cloud on title to the property she was closing. More importantly she made sure law enforcement had all the necessary evidence to stop the contractor from filing additional fraudulent mechanic's liens.



Your CFPB readiness partner - every step of the way.