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October 2011 – It has been a really nice month, great weather, many gatherings to see all of you, and no sign of “cold” yet... A nice October.

Check out the definition feature below.... Sue. This Month - E
Contact me at sestes@ctmaine.com to be removed or added to this newsletter list.

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“When one door of happiness closes, another opens; but often we look so long at the closed door that we do not see the one which has opened for us” - [Helen Keller](#)

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TITLE INSURANCE IN ACTION

Bonnie purchased a residential parcel of land from Joe and purchased an Eagle Owner Policy. Prior to conveying the land, Joe had mortgaged the residential parcel of land along with some other nearby property to a lender. In the mortgage Joe’s last name was misspelled and so when the mortgage was recorded at the registry of deeds, the mortgage was not indexed under the correct name. Therefore, the title examination performed for Bonnie did not reveal the outstanding mortgage and it was not paid off and released as a part of her closing. Joe’s lender later began a foreclosure proceeding against Bonnie’s land and named Bonnie as a party in interest. Bonnie contacted First American and made a claim under her title insurance policy.

Outcome: First American hired counsel to defend Bonnie in the foreclosure action. The attorney successfully argued that the lender’s mortgage did not take priority over Bonnie’s interest in the land because the mortgage was not properly indexed in the public records and stopped the foreclosure proceeding against Bonnie’s land.

The Misindexed Mortgage

MORTGAGE FRAUD?!?

Mortgage fraud is still on the rise. We tend to believe most of all that happened a few years ago, but The U.S. Treasury's Financial Crimes Enforcement Network (FinCEN) recently released its Second Quarter 2011 Analysis of mortgage loan fraud suspicious activity reports (MLF SARs). It reported that financial institutions filed 29,558 MLF SARs, up from 15,727 MLF SARs reported in the same quarter of 2010. Almost doubled!

"We're continuing to see a large number of SARs filed on activity that occurred more than two years ago, an indication that financial institutions are uncovering fraud as they sift through defaulted mortgages," said FinCEN Director James H. Freis, Jr. "But we also continue to see indications of ongoing mortgage fraud activities," he added.

Topping the list were misrepresenting income, occupancy, or debts and assets, followed by debt elimination scams and scams involving the fraudulent use of Social Security numbers. As well as identity theft, false statements and false documents, fraud involving short sales and appraisals, forged rescission of notice of default, advance fee scams, buy and bail schemes, and organized crime-like money laundering.

Here are a few hints to avoid mortgage fraud

- Don't be a naive. If your local lenders are not willing to lend to you right now – you are better off to wait and repair your credit and debts than to try to get promised “high risk” loans. Debts, bad credit and other financial problems did not appear over night. They do not go away over night.
- Be wary of unsolicited offers, as well as high-pressure sales techniques. Avoid spam emails and web-based advertisements promoting the elimination of mortgage loans, credit card and other debts for an up-front fee.
- Don't be pressured into making false statements on loan applications including overstating your income, the source of your down payment or the nature and length of your employment.
- Ask family, friends, co-workers and others you trust who also recently completed a satisfactory mortgage, for referrals to mortgage and other real estate professionals.
- Always shop for a lender by comparing all costs and terms. Don't be fooled by lenders who tell you they are your last chance at home ownership.
- Don't sign blank documents, documents containing blank sections or documents you don't understand. Have someone knowledgeable, whom you trust to go over the terms of the deal with you.

If you honestly investigate mortgage offers and are truthful when you apply for a mortgage or mortgage assistance you can avoid scams after your money, your home and your reputation.

Many thanks
to
Wesley
Lovely for
this great
Moose
picture
Let me know
if you have a
picture you
would like
me to
feature



E: Effective Age; Encroachment, Encumbrance, ECOA, Equity

Real Estate Definitions

This new section will include new definitions each month.
Do you know what they mean?

effective age

An appraiser's estimate of the physical condition of a building. The actual age of a building may be shorter or longer than its effective age.

encroachment

An improvement that intrudes illegally on another's property.

encumbrance

Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

Equal Credit Opportunity Act (ECOA)

A federal law that requires lenders and other creditors to make credit equally available without discrimination based on race, color, religion, national origin, age, sex, marital status, or receipt of income from public assistance programs.

equity

A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.