

**SPECIAL
POINTS OF
INTEREST:**

- **Chicago Title Website:** Everything to make your day easier!
- **Employee Spot Light:** Tom Healey & Josh Luksberg
- **Fraud Insights on Page 2.** Protect your clients and yourself!

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DID YOU KNOW THAT HELP IS JUST A CLICK AWAY....

Start off the year right...use Chicago Title's website and make your closing transactions easy. Our Connecticut Website (<http://www.cticne.com/welcome.asp?state=ct>) is for the exclusive use of our Agents and customers.

We understand Connecticut's dynamic and competitive real estate market. We recognize the need for greater speed, accuracy and quality in our products and services it uses.

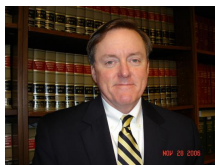
Therefore, we have developed this site in order to provide you with information and assistance regarding all your Real Estate and Title Insurance needs.

Through this site some of the valuable services you will access include the ability to generate Closing Protections Letters, create and print out policy jackets, and order and track your search orders right from your desktop. Rate Cal-

culators, informative links, staff contact lists, industry news alerts, Release tracking and additional real estate information is provided throughout the site in an easy, user friendly format.

At Chicago Title Insurance, we pride ourselves on providing you with the right answers, right away. So point and click your way around to learn more about us, our industry and what we can do for you. If you do not already have access to our website, contact your representative today for your user name and password.

EMPLOYEE SPOT LIGHT:

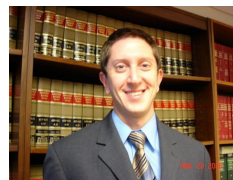


**THOMAS HEALEY,
ESQ.**

Tom is Counsel in our Stamford office at CTIC.

Tom has extensive experience in the practice of real estate law in Fairfield County and is a respected member of the Connecticut, American and Stamford/Norwalk Regional Bar Associations. Tom is a former P&Z and Inland Wetland Commissioner for the Town of Wilton, Darien Rotary President and currently Head Coach of the Wilton Soccer Association. A graduate of SCSU and the Quinnipiac College School of Law, (Law Review Editor), Tom resides with his family in Wilton.

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**JOSHUA LUKSBERG,
ESQ.**

Josh is Office Counsel for the Stamford Branch of CTIC. Josh attended the University of

Massachusetts, Amherst, where he graduated with a major in Sports Marketing. Before attending Law School Josh worked at Velocity Sports & Entertainment in Westport, CT. Josh graduated from Quinnipiac University, cum laude. Josh was admitted to the bar in October 2006 and in January 2007 will be admitted to the New York Bar as well. He resides with his wife, Leslie in Stamford. Josh worked for Chicago Title while attending law school. He worked extensively on commercial and residential transactions in Connecticut. Josh can be reached via email at Joshua.Luksberg@ctt.com, or by phone at 203.653.3124.

Chicago Title Insurance Company

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Stamford, CT (800) 225-2628
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Fraud Insights:

Latest Scheme Takes the Country by Storm

In the current real estate market, some real estate agents are turning to fraud to boost their incomes. This latest scheme is pervasive throughout the U.S. and is being perpetrated primarily by selling real estate agents or brokers.

Fraud isn't only committed by the public. Unfortunately, a growing number of real estate agents and brokers are doing it too. Here is a recent example of a scheme that is being perpetrated by real estate agents or brokers: a residential property is listed through MLS for \$350,000. The buyer, through his or her real estate agent, tenders a purchase contract that is contingent upon financing and requires the seller to pay a percentage of the buyer's closing costs. Everything proceeds in a customary and usual manner until closing.

At closing, the seller is shown a settlement statement that reflects a much higher sale price of \$525,000. The settlement statement also reflects a payoff of an unsecured lien for more than \$100,000. The payoff funds represent the proceeds of the fraud scheme.

Additional characteristics of these types of schemes include:

- 100 percent financing
- Over-inflated values in the appraisal
- False earnest money deposit

Straw buyers (usually compensated outside of escrow)

Another scenario of the scheme is as follows: a property is listed through MLS for \$375,500. The buyer, through his or her real estate

agent, presents a purchase offer to the seller for \$500,000. An addendum to the purchase contract requires that the net difference between the contract sale price and the list price be paid to release an unsecured lien, or to pay for a management fee, bills for repairs, new floor covering or painting of the subject property. The amounts paid to third parties in these types of transactions are typically in excess of \$100,000. However, no money is actually brought to closing and financing is generally at 100 percent of the contract sale price. Investigation has proven that the lender does not receive a copy of the addendum and is not aware of the additional terms that would preclude the lender from funding this mortgage loan. In addition, the payoff of the unsecured lien is reflected on the seller's side of the settlement statement, which the parties believe will be overlooked by the lender.

What is the harm? These types of schemes are designed to defraud the lender or secondary market investor. They are illegal and participants risk significant civil and criminal penalties by engaging in these transactions.

Avoid being an unwitting participant by taking these measures:

- Never reflect the payment of unsecured liens in the 500 series of the HUD settlement statement.
- Always reflect payment of unsecured liens in the 1300 series.
- Never show buyer/borrower credits for monies paid outside of escrow on line 201.
- Always reflect those credits on or below line 204 with a complete description of the funds paid and to whom.

Never reflect third party deposits on line 201 of the HUD settlement statement, even if the remitter's name is disclosed on page three of the settlement statement. Lenders believe that amounts shown on line 201 were funds deposited by the buyer/borrower into an escrow trust account. Instead, show deposits from third parties on line 204 or below and designate the party the funds were remitted by. As an extra precaution, provide the lender with all copies of receipts, incoming checks and third party instructions, even if the lender does not request them.

In summary, if you receive an instruction to disburse proceeds to anyone other than the seller of record, you must receive written approval from the funding lender agreeing to your disbursement.