FRAUD Insights

CHICAGO TITLE

NO takebacks

Molly Fisk, an escrow processor with Fidelity National Title's Orlando, Florida operation, recently opened a cash–out loan in the amount of $142,500 and ordered the title commitment. The title commitment called for a corrective deed from the prior owners and reflected the chain of title as follows:

1. Special Warranty Deed filed in 2013 from Federal Home Loan Mortgage Corporation (Freddie Mac) to EEEK Investments, LLC (this transaction was insured by another title company)

2. Quit Claim Deed filed in 2015 from EEEK Investments, LLC to Sandy A. Gough, Neider A. Gough and Sabrina A. Gough (which was prepared and recorded by an attorney)

3. Quit Claim Deed filed August 21, 2018 from Sandy A. Gough and Neider A. Gough back to EEEK Investments, LLC (which was prepared and recorded by the manager member of the LLC)

The requirement on the title commitment was to address the fact that Sabrina A. Gough did not sign the last quit claim deed conveying the property back to EEEK Investments, LLC. Molly reached out to the borrower on the loan who was the managing member of EEEK Investments, LLC, to see if he had any contact information from the prior owners, Sandy A. Gough and Neider A. Gough. The managing member told her they were in Haiti and he provided an email address for Sandy A. Gough.

Molly proceeded to email Sandy about obtaining a corrective deed to add Sabrina A. Gough to perfect the transfer back to EEEK Investments, LLC. In the meantime, she ordered the survey needed for closing.

The surveyor went to the property and was questioned by a woman living in the home. She claimed to be the owner of the property, and stated she and her husband were not selling or refinancing the property.

The surveyor called Molly thinking he may have received the wrong property information. He told Molly someone was living in the property and purported to be the owner. He provided Molly with the phone number of the woman.

Molly called to verify the woman in the property was the true owner and not EEEK Investments, LLC. She soon discovered she was actually speaking to Sandy A. Gough! She confirmed the email the managing member of the LLC provided did not belong to Sandy.

Molly obtained the correct email address and sent Sandy a copy of the quit claim deed that had been sent back to EEEK Investments, LLC. Sandy called back and confirmed it was fraudulent and the signature on the deed was not her signature. She asked Molly to hold the document and not record it. Unfortunately the document had already been recorded.

While speaking with Sandy, Molly looked again at the recorded deed. Molly discovered not only was Sabrina's signature missing, but the notary also acknowledged the signature of the grantee — the managing member of the LLC — not the signatures of Sandy A. Gough and Neider A. Gough, whose signatures were forged on the document. The notary acknowledgement must have been taken from another document and attached to the deed, since the grantee never even signed the deed.

Molly raised her concerns with her management team and together they resigned from closing and insuring the transaction by notifying their customer, the lender. They gave the lender the facts — and nothing else — and allowed them to make their own determination as to what happened.

MORAL OF THE STORY

Molly's careful attention to detail prevented the Company from insuring a mortgage that likely would never have had a first payment. The insured lender could have attempted to foreclose on their loan, only to discover the real property owners never conveyed their interest back to EEEK Investments, LLC, and their borrower.

Had a policy been issued in this scenario, the lender likely could have looked to the Company for coverage, since subject to the terms and conditions thereof, policies insure against defects in title caused by forgery in the chain of title.