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Property Records Education Partners
(PREP)



[PREP Newsletter](#)

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FinCEN Examines Title and Escrow Fraud

excerpted from National Mortgage Professional 7/11/12

Pressing forward in its efforts to address a wide range of criminal risks, the Financial Crimes Enforcement Network (FinCEN) has released its first targeted study analyzing reports indicating suspicious activities involving the real estate title and escrow industry. The study identified thousands of instances where financial institutions, particularly banks and Money Services Businesses (MSBs), filed suspicious activity reports (SARs) involving title and escrow companies, often in connection with mortgage fraud. FinCEN does not currently require title and escrow companies themselves to file SARs, but many have reported suspicious activities by annotating the Report of Cash Payments Over \$10,000 Received in a Trade or Business (FinCEN Form 8300) that they are required to file.

"This first baseline study will help inform our ongoing efforts to identify regulatory gaps that criminals look to take advantage of," said FinCEN Director James H. Freis Jr. "We can now more efficiently and effectively address those gaps and mitigate those risks through public awareness, support to law enforcement, or appropriate regulatory action."

The study presents a range of typologies where title and escrow companies appear to have been abused by money launderers, as well as a number of cases where the companies, or criminals fraudulently representing themselves as legitimate companies, were suspected of being involved in facilitating illegal activity. This comprehensive review provides greater context to understand the individual instances previously identified by FinCEN in its studies of mortgage fraud and money laundering in the real estate industries, as well as in supporting criminal investigations and prosecutions that involved title and/or escrow companies. ([Read complete article.](#))

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Examples of PRIA's Products

News from PREP Chapters

In each PREP Newsletter, we'll highlight one or more of the PREP Chapters meeting across the country. In this edition, we'll be spotlighting the **Red River Minnesota/ND and Northern California PREP Chapter(s)**. You can also go to PRIA's PREP page at any time to find a [local PREP Chapter in your area](#).

Red River Minnesota/ND PREP:

Co-chairs: Government, Bonnie Rehder at bonnie.rehder@co.clay.mn.us and Business, Sue Cosgriff at scosgrif@stewart.com

The Red River Valley PREP Chapter met on May 9, 2012. Sue Cosgriff introduced the presenters on child support liens. They were Paulette Oberst & Barb Reiersen from child support enforcement from the North Dakota Department of Human Services and Jason Ruona, a child support officer from Clay County, MN. North Dakota implemented a child support lien registry on March 1, 2012. The registry is a list of individuals who owe past-due child support that is being enforced by Child Support Enforcement. The lien registry is searchable by the public. It was noted that not all past-due child support will show on this website as not all cases are processed by the Child Support Enforcement Agency. Any real or titled personal property, except for the homestead that is exempt under statute, of an obligor who is listed on the lien registry is subject to a lien. Jason Ruona from Clay County stated that MN does not have a system similar to this. In Minnesota they would docket a judgment. MN does not have an exemption for homestead like ND does. Other agenda items included: 1) an e-recording update: Williams County, ND is now e-recording. ePN is a new document submitter that will soon be ready to submit to Clay County, MN. e-CRV is up and running in MN. Clay County is a "full use" county. 2) Clay County will soon be implementing a property fraud alert program. Landowners or parties who have an interest in property will be able to sign up for a minimal fee and receive an e-mail or voice mail notification when documents are recorded under the name they have requested to be tracked. The next PREP meeting will be on November 14, 2012. ([Read complete minutes](#))

Northern California PREP:

Co-chairs: Government, Theresa Rabe at trabe@smcare.org and Yianni Pantis at yianni@pantislaw.com

The Northern California PREP Chapter met on July 10, 2012. The discussion was primarily about the Northern California PREP conference which will be hosted by the Santa Clara County Recorder and is tentatively scheduled for October 10th in the morning. Several topics were discussed (e.g. Real Estate Fraud, How to Grow e-Recording, County Recorder panel to discuss mutual problems - to name a few). Once the time and place are confirmed a Save-The-Date flyer will be sent out. The next meeting call will be about the Southern California PREP Conference on September 12th as well as an update on Northern California. The meeting is scheduled for 8/22/12 at 10:00 AM. ([Read complete minutes](#).)

["The History of Public Records"](#)
["2010/11 PREP Chapter Topics"](#)
["How to get Ready for eRecording"](#)
[Bulk Records Access and Cost \(other PRIA Standards and Publications\)](#)

PREP Chapter Meetings August/September 2012

Central Texas
 SE Minnesota
 Central Florida
 Northern California
 Colorado
 Uptate South Carolina
 Metro Minnesota
 Nebraska
 Southern California
 Washington State

Contact Information

Do you have questions or suggestions on this newsletter or any updated information on co-chairs, emails, phone numbers etc. please contact us:
[Carolyn Ableman](#)
 PREP Coordinator
[Mark Monacelli](#)
 PRIA PREP Committee Co-Chair
 Recorder
 St Louis County, Minnesota

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Press Release - "Recorder's Office Launches electronic recording"

Released by State of Alaska Department of Natural Resources 7/30/12

"The Anchorage District Recorder's Office has begun electronically recording (e-recording) land record documents such as deeds, mortgages, and reconveyances on a limited basis. Over the next several months, additional recording districts will begin e-recording.

E-recording is the process of submitting, receiving, and processing documents for recording via the Internet that have traditionally been sent to the Recorder's Office for recordation by runner, express mail, or courier service. These documents are typically submitted by title companies, abstractors, banks and attorneys. E-recording is expected to simplify and accelerate all aspects of the recording process and dramatically improve the Recorder's Office ability to serve its customers.

"We are continually evaluating ways to improve the quality of our services for those that we serve," said State Recorder Vicky Backus. According to Backus, e-recording is not only cost effective, but it also eliminates trips to the Recorder's Office and expedites the recording workflow process. E-recording customers will have the ability to record and track the status of documents from the convenience of their offices, using a standard web browser, she said. The Recorder's Office is working with Simplifile, a private vendor, to provide this new service."

For information about the Alaska Recorder's Office, visit its website at <http://dnr.alaska.gov/ssd/recoff/>. For additional information about Simplifile, visit its website at www.simplifile.com. (Vicky Backus, State Recorder, vicky.backus@alaska.gov)



Southern California PREP Chapter to Hold Annual Conference in September

**SAVE THE DATE ANNOUNCEMENT!!
SOUTHERN CALIFORNIA PREP CHAPTER**

DATE: SEPTEMBER 12, 2012

LOCATION: FIRST AMERICAN TITLE, Bldg. 5 Garden Room
5 First American Way
Santa Ana, CA 92707

TIME: 8:00 a.m. - 8:30 a.m. Check-in. Continental Breakfast

PROGRAMS: 8:30 a.m. - 12:15 p.m.

*Southern California Clerk Recorders - Hot Topics
Orange, Los Angeles, Riverside, San Bernardino*

*Southern California District Attorneys Offices - Real Estate Fraud Topics
Orange, Los Angeles, Riverside, San Bernardino*

Interview with Bill Beckmann, President and CEO of MERSCORP Holdings, Inc. and its subsidiary, Mortgage Electronic Systems, Inc.

COST: FREE (Maximum Occupancy: 100)

As a fellow participant in the property records industry, we invite you to join us in the creation of a more positive industry-wide relationship through a local Property Records Education Partners (PREP) Chapter. Industry leaders have long recognized the need for better communication between sectors at the local level, and a PREP Chapter provides the structured forum needed.

By participating in the local PREP Chapter, you will have the opportunity to focus on local industry problems and join in finding solutions by networking more effectively with other members of the industry. New technologies and national standards require expanded educational opportunities, which are offered through the local PREP Chapter. Through the local PREP Chapter, we can share information more effectively, mutually consider legislative needs and, by working together, provide the best possible service to the public!

The PREP program was founded in 2002 through an alliance of the American Land Title Association (ALTA), American Escrow Association (AEA), International Association of Clerks, Recorders, Election Officials & Treasurers (IACREOT), and the National Association of County Recorders, Election Officials & Clerks (NACRC). To provide a long-term, stable foundation for PREP, it has been designated an official work group of the Property Records Industry Association (PRIA). For additional background, please visit the PREP web page at www.pria.us

There are no membership dues for PREP Chapter participants. All that is required is your participation. Please plan to attend our meeting on September 12, 2012 from 8:00 a.m. - 12:15 p.m. and encourage other members of the industry to join you in attending. All sectors are welcome!

Please RSVP to Jamie McCauley at jmccauley@firstam.com no later than September 7, 2012

For questions or additional information, please contact Zachary Zaharek, First American Data Tree, Corporate Attorney, at zzaharek@firstam.com or 714-250-7713, or Jamie McCauley, First American Data Tree, Corporate Paralegal, at jmccauley@firstam.com or 714-250-6468.

New PREP Chapter Presentation available for use - "The Impact of Land Fraud on the Real Estate Industry"

Earlier this year, Ernst Publishing completed a nationwide survey regarding the state of Land Fraud across the United States. This presentation, first presented at PRIA's Legislative Conference in Washington DC in March, 2012, now presents the national survey results and allows local PREP Chapters to participate in the survey as well. Please see the presentation and a guideline document on the PRIA webpage, at both the [PREP Presentations](#) page and on the [Land Fraud Committee](#) page. You can also contact National PREP Coordinator, [Carolyn Ableman](#), at any time to obtain the presentation materials directly.

MERS Reveals New Requirements

excerpted from Financial Reform Insights 7/24/12

Members of the Mortgage Electronic Registration System, Inc. (MERS) are facing new and challenging requirements regarding their quality assurance programs. These requirements include the submission of an annual report of quality assurance standards compliance and an updated quality assurance plan. New requirements could force institutions to use an external independent auditor or consultant for their annual report attestation.

New Requirements: MERS Announcement Number 2012-04, issued in May 2012, incorporated additional changes related to the 2012 quality assurance requirements. The most significant change is related to the annual report requirements. Starting in 2012, all members listed in the MERS System as servicing 1,000 or more Mortgage Identification Numbers (MINs) must use an external independent auditor or consultant for their annual report attestation. All members listed as servicing less than 1,000 MINs have the option of using an independent internal or external review party. Institutions registered with MERS as "lite members" are not required to submit an annual report. In addition to the audit report changes, MERS also announced that all members, including lite members, will be required to submit an updated quality assurance plan in 2012. ([Read complete article.](#))

Dont Forget to Register for PRIA's Annual Conference in Memphis - August 28-30

From August 28-30, PRIA will host its Annual Conference at the famed Peabody Hotel to Shake, Rattle and Roll in Memphis. There are lots of registration options available for both PRIA members and non-members, including a special one-day option for those unable to attend all three days.

Check out the [preliminary schedule](#) and then make your travel reservations keeping in mind that the conference dates immediately precede the Labor Day Weekend. Hotel reservations are now being accepted at The Peabody. Registration materials are available on the [PRIA website](#).

Links to National News

[What Is The Secondary Market's Role In Fighting Mortgage Fraud?](#) - "Lawmakers and regulators have responded to the problem by requiring all lenders - including those that were previously excluded from this requirement - to test for and report on potential fraudulent activities."

[Another Week, More Record Lows for Mortgage Rates](#) - "Fixed mortgage rates continued their streak of record-breaking lows, according to the latest Freddie Mac Primary Mortgage Market Survey."

[Counties Look to Replicate Success of Ventura's Real Estate Fraud Unit](#) - "Ventura County's Real Estate Fraud Unit has built a reputation as one of the best operations in the state when it comes to fighting fraud and other counties have taken notice."

[Refis Apps Hit Heights Last Seen in 2009](#) - "Mortgage applications increased 0.9 percent from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending July 20, 2012."

[Bank of America, MERS Ask Court to Dismiss Texas Counties Mortgage Suit](#) - "Mortgage Electronic Registration Systems Inc. and Bank of America Corp. asked a court to dismiss a lawsuit brought by Texas counties accusing MERS of filing false claims in property records."

ALTA NEWS: ALTA Hosts Successful roundtable with CFPB on New HUD-1

More than 40 ALTA members from around the country met with staff from the Consumer Financial Protection Bureau (CFPB) on June 7 in Washington, D.C., to discuss the Bureau's efforts to create new integrated mortgage disclosures that will replace the current TIL, GFE and HUD-1. The CFPB is currently developing the forms and rules to carry out the Dodd-Frank Act, and is seeking input from industry professionals and the public at large on how to best service both consumers and agents in this matter. The Bureau is expected to publish its draft rule on July 21.

The two-hour roundtable discussion allowed ALTA members to tell CFPB staff members Ben Olson and David Friend their concerns on the CFPB choosing to issue a model form instead of a mandatory form as preferred by ALTA, what happens when either party (lender or settlement agent) fills out the others disclosures, how tolerance works today, how average charge is used, the provider list and the idea of three-day advance preparation. "The meeting reminded me how effective we can be when our message is focused on the best interests of the consumers," said Michelle Korsmo, ALTA's chief executive officer. "This was a wonderful event, and we are hopeful to hold similar events once the rule is published."

Shelley Stewart, president of Southern Title Holding Co. in Florida, was thrilled ALTA organized the meeting to provide agents an opportunity to meet one-on-one with CFPB representatives. "This open forum provided agent members the opportunity to present our questions and openly discuss our concerns directly with the CFPB in connection with the forthcoming TILA and Settlement Statement revisions," she said. "I was very impressed with their interest and willingness to hear title agent concerns. While the end product remains to be seen, I am grateful for the opportunity to share my views directly with CFPB." Stewart added it was evident that ALTA has forged a great dialogue with CFPB staff.

"It is comforting to know that our national trade association is working, behind the scenes, each and every day, on issues that are critical to our industry," Stewart said. "Without ALTA's aggressive involvement with the CFPB, the outcome of the Proposed Rule to integrate mortgage disclosures under RESPA and TILA would have a dramatically different result on the title industry. To that end, we need to assure that we maintain an open dialogue with the CFPB in the future."

ALTA members identified numerous problems that would likely arise if a model form was adopted. Similar to the current unique closing instructions promulgated by individual lenders, a model form system would likely mean that settlement agents would be faced with unique disclosure forms from each lender. This would increase costs in several ways, including the expense of training agents on the requirements of each form, as well as increased software costs associated with developing software capable of creating custom forms. The Dodd-Frank Act, however, requires the CFPB to develop a model form, which may limit the Bureau's ability to require that a standard form be implemented. Therefore, it is imperative for ALTA members to contact both the CFPB and Congress for action on this matter.

In regard to who should present the disclosures to buyers-lenders, settlement

agents or a combination of the two-the consensus was that requiring settlement agents to provide all disclosures would protect the industry from potential business encroachment from lenders. However, attendees voiced concern with regard to the liability risk associated with making TILA disclosures. It was noted that because title agencies specialize in local laws, they are more suited to ensure total compliance. However, additional time spent by settlement agents to provide disclosure at closing will increase closing costs for consumers. ALTA members are urged to provide the CFPB detail regarding the additional expenses this will add to the closing process, including costs to come into compliance and long-term ongoing costs.

Test forms that the CFPB has authored in the last few months have suggested that the bureau may reduce the tolerance for fluctuations in figures between certain disclosures made three days before closing and disclosures made the day of closing from ten percent to zero percent. The CFPB stressed that the current exceptions to this tolerance requirement, such as changed circumstances of the buyer, will remain intact in the future. ALTA members at the meeting described the difficulty in attaining zero percent tolerance in these figures. Industry members are urged to provide information to the CFPB regarding the problems with complying with a zero percent tolerance.

When providing feedback to the CFPB, Korsmo reminds ALTA members to explain in detail how the changes will add additional expense to the closing and impact consumers. If you have any questions about the roundtable, contact ALTA's Legislative and Regulatory Counsel [Steve Gottheim](#).

To get involved with ALTA's advocacy efforts regarding the new mortgage disclosures, sign up for the [Title Action Network](#).

To provide the CFPB with comments on this issue, go to www.consumerfinance.gov.

Keep Up with Land Records News Across the Country

Almost every day, we post news articles, and PRIA and PREP Chapter information, so feel free to subscribe to both the [PREP Blog](#) and the [PRIA/PREP LinkedIn Group](#) to stay in touch.

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