

FEDERAL STANDARD ABSTRACT

TITLE NEWS

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IMPORTANCE OF THE ROLE OF NOTARY PUBLIC

Mortgage fraud has been and remains a topic of grave concern in the arena of property transactions. Some type of fraud or misrepresentation is estimated to occur in 5 to 10 percent of all mortgage loan applications. The problem results not only from dealings with private citizens but 80% of all reported fraud losses involve collaboration or collusion by industry insiders. In order to guard against these forms of fraud, notaries must be alert and aware of the potential criminal methods.

Fraud, when it comes to notaries, comes in two forms: identity fraud and misrepresentation. Identity fraud is self-explanatory: it appears in the form of a forgery. Misrepresentations usually involve tricking the homeowner to sign away his property.

However, new types of fraud are developing such as "property flipping," and down payment scams. These forms of fraud all involve active participation by the borrowers. "Property flipping" involves using false information from false property appraisals, bank statements, pay stubs and W-2 forms in order to be approved for a higher loan. Down Payment scams involve inflating the sales price through the amount of the down payment required by the Lender. Either the seller will make the down payment but will be reimbursed through the loan funds, or the borrower will get the money back when the transaction has been completed.

The presence of a notary prevents the potential illegality of a mortgage closing in six ways: (1) Personal appearance: grantors of property must sign or acknowledge the conveyance in the presence of a notary public (2) Identification: the notary must verify the identity of the signer to assure the signer is not an imposter (3) Basic awareness and absence of duress: notary observes whether the signer appears aware and knowingly and willingly signs the documents (4) Paper trail: notaries should record each notarization in a journal. The journal stands as public record and provides evidence in the event of an act or attempt of fraud (5) Journal thumbprint: California law requires thumbprints of the signers to be left in the journal as evidence fraud was attempted by that specific individual (6) Completed Documents: notaries must make sure they are not notarizing a totally or partially blank instrument.

REVERSE MORTGAGE

A reverse mortgage is a loan that enables homeowners 62 years or older to borrow against the equity in their home without having to sell their home, give up title or take on a new monthly mortgage payment. The loan proceeds can be taken out as a lump sum payment, fixed monthly payment, line of credit, or a combination. Reverse mortgages have significant potential to help seniors pay for home healthcare services and home modifications that make independent living possible.

For example, a borrower aged 75 years old with a home worth \$100,000 could receive a reverse mortgage that could provide the caregiver \$500.00 a month for almost 12 years or \$1120 a month in adult day care services for almost 5 years.

A reverse mortgage isn't repaid until the borrower moves out of the home permanently. After the loan is repaid, any remaining equity is distributed to the borrower and the home doesn't have to be owned free and clear to qualify for a reverse mortgage.

NYC TITLE FEE(S) CALCULATOR

Federal Standard Abstract Inc. is pleased to announce that is has added the "Purchase/Refinance Calculator" on its website to assist in the calculation of certain fees.

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