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Escrow Association of Santa Clara Valley

JANUARY 2009



PRESIDENT'S LETTER

Congratulations goes out to all of us in our industry for completing what has been a challenging 2008! Being in the title and escrow industry, I can't imagine anyone who hasn't felt the impact of our nation's economic downward spiral.

Most of us have made many life changes in an attempt to stay ahead of the difficulties presented in 2008. Keeping pace with the increased cost of living while at the same time being hit with reduced income required some creative thinking, more accurately known as "tightening-of-the-belt". My personal irritation is having to keep track of which gas station has the best price, on the day I need to fill-up the gas tank. Trying to figure out what my standard of living can survive without in order to eliminate costs has been the focus for many of us.

What's Inside?

President's Letter	Page 1
2009 Calendar	Page 2
2009 Board / Website Info	Page 3
Dinner Meeting	Page 4
Notifying the Lendor Article	Page 5
Budget	Page 7
Minutes	Page 8

Like everyone else, our association also felt the pain of reduced income, all the while expenses continued to incur. (Dang, I hate when that happens!) The board has begun the process of taking a sharp knife to the budget to slash costs for 2009. We've heard from many, that the cost of the dinner meeting was keeping people from attending. Yet, we must continue our core focus of providing educational opportunities.

Being inventive, we found a way to reduce the cost of the dinner meetings by moving the location to Stewart Title Company at 901 Campisi in Campbell. Their large conference room is on the first floor. Not wanting anyone to faint from starvation, we will bring in Subway, munchies and dessert. The member price is \$15.00 and non-members will pay \$20.00. We will have beverages available for sale.

We have one less delegate going to the CEA meetings, the California Escrow Association has eliminated one meeting and having the American Escrow Association's annual conference in Sparks Nevada will greatly reduce our operating expenses.

Since real estate fraud in one way or another, is a giant part of our economic downward spiral, our next guest speaker will offer enlightenment on fraud issues. As the escrow holder, we are often considered the only 'Stop-Sign' for keeping transactions on the straight and narrow path away from the slippery slope of fraud. This honorable responsibility and the health of our careers require vigilant commitment in keeping our radar sharp to recognize and prevent fraud.

We will survive these times, and be stronger for the lessons we learn during this experience. So come join us at our next educational dinner meeting on Tuesday, January 20th. It is the beginning of a new three-year cycle for earning Professional Designation Points.

Anita Rubeck

Anita Rubeck, 2009 President

alrubeck@firstam.com ~ anita.rubeck@yahoo.com

2009 CALENDAR

ESCROW ASSOCIATION OF SANTA CLARA VALLEY

<p>January 9-10, 2009</p> <p>January 13, 2009</p> <p>January 15, 2009</p> <p>January 20, 2009</p>	<p>CEA Board of Directors Meeting Renaissance Hotel, Long Beach</p> <p>Teleconference Board Meeting at 5:30 p.m.</p> <p>Budget Meeting at 5:30 p.m.</p> <p>General Membership Dinner Meeting at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008 ~ Speaker: District Attorney's Office</p>
<p>February 17, 2009</p>	<p>Face to Face Board Meeting at 5:30 p.m.</p>
<p>March 10, 2009</p> <p>March 17, 2009</p>	<p>Teleconference Board Meeting at 5:30 p.m.</p> <p>General Membership Dinner Meeting at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008 ~ Speaker: TBA</p>
<p>April 21, 2009</p> <p>April 24-25, 2009</p>	<p>Face to Face Board Meeting at 5:30 p.m.</p> <p>CEA Board of Directors Meeting at Renaissance Hotel, Long Beach</p>
<p>May 12, 2009</p> <p>May 19, 2009</p>	<p>Teleconference Board Meeting at 5:30 p.m.</p> <p>General Membership Dinner Meeting at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008 ~ Speaker: Michael Haas</p>
<p>June 4-6</p> <p>June 16, 2009</p>	<p>AEA Conference, Sparks NV</p> <p>Face to Face Board Meeting at 5:30 p.m.</p>
<p>July 12-13, 2009</p> <p>July 14, 2009</p> <p>July 21, 2009</p>	<p>Nor Cal Conference – San Ramon, CA</p> <p>Teleconference Board Meeting at 5:30 p.m.</p> <p>General Membership Dinner Meeting at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008 ~ Speaker: Mock Trial Part I</p>
<p>August 7-8, 2009</p> <p>August 18, 2009</p>	<p>CEA Board of Directors Meeting at Renaissance Hotel, Long Beach</p> <p>Teleconference Board Meeting at 5:30 p.m.</p>
<p>September 8, 2009</p> <p>September 15, 2009</p>	<p>Teleconference Board Meeting at 5:30 p.m.</p> <p>General Membership Dinner Meeting at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008 ~ Speaker: Mock Trial Part II</p>
<p>October 20, 2009</p> <p>October 22-25, 2009</p>	<p>Face to Face Board Meeting at 5:30 p.m.</p> <p>CEA 54th Annual Educational Conference in Long Beach, CA</p>
<p>November 10, 2009</p> <p>November 13-14, 2009</p> <p>November 17, 2009</p>	<p>Teleconference Board Meeting at 5:30 p.m.</p> <p>CEA Board of Directors Meeting at Renaissance Hotel, Long Beach</p> <p>Installation of 2010 Officers & Directors Dinner Mtg at 6:00 pm at Stewart Title 901 Campisi Way, Campbell, Ca 95008~ Speaker: Escrow-Opoly</p>
<p>November 30, 2009</p>	<p>2010 membership renewals due to CEA Headquarters</p>
<p>December, 2009</p>	<p>Joint Meeting with 2009 and 2008 with Board of Officers and Directors Time and Date - TBD</p>
<p>December 31, 2009</p>	<p>P. D. 502 forms due to CEA Headquarters</p>

2009 Officers and Board Members

President	Anita Rubeck	<u>alrubeck@firstam.com</u> <u>Anita.rubeck@yahoo.com</u>	(925) 225-2637
Vice President	Lena Signor	<u>lena@norcalescrow.com</u>	(408) 267-2100
Secretary	Linda R. Murphy	<u>Linda.al@comcast.net</u>	(408) 203-0820
Treasurer	Joette Joseph	<u>jjoseph@ortc.com</u>	(408) 354-9128
Past President	Colleen Gallagher	<u>colleen.gallagher@fnf.com</u>	(408) 371-8040
Director	Joseph Difu	<u>joe@1031xsi.com</u>	(408) 377-6700
Director	Jackye Chai	<u>jchai@ortc.com</u>	(408) 296-4500x 325
Director	Philipe Doren	<u>pdoren@hotmail.com</u>	(408) 464-2158

Check out our website for additional information!

<http://www.eascv.org>

Questions or comments? Please email us at info@eascv.org

Escrow Association of Santa Clara Valley Presents.....
January's Dinner Meeting

NEW Where: Stewart Title Company at 901Campisi Way, Campbell 95008
NEW When: Tuesday January 20, at 6:00

Our Speaker is
From the District Attorney's Office
Discussing Escrow Fraud

NEW \$15.00 for Members and \$20.00 for Non-members

NEW Please note: RSVP's must be emailed to pdoren@hotmail.com OR faxed to (408) 295-2891 no later than 3pm the FRIDAY BEFORE the meeting!

Go to <http://www.eascv.org/membership/registration> to pay via PayPal

Company Name: _____ Phone _____

Company Contact: _____

Name of guests	Member Y/N	Designation	Paid w/Paypal
1. _____	_____	_____	_____
2. _____	_____	_____	_____
3. _____	_____	_____	_____
4. _____	_____	_____	_____

ChicagoTitle-Kathryn Kelly: (650) 326-7538	First American(San Jose)Lauren Willis: lwillis@firstam.com
Cornerstone Title: ssayers@cornerstonetitleco.com	LandAmericaCompanies-Pam Mannia: Fax to: 866-9769
Fidelity National Title-Jason Herrera: jhererra@fnf.com	North American-Pam Jackson: pjackson@nat.com
Stewart Title-Vickie Stermer: vstermer@stewart.com	Old Republic Title-Linda Bentson: lbentson@ortc.com
First American(Monterey) Lal Sutton: lsutton@firstam.com	

NEW If your company is not listed or if you are the contact person for your company, please email reservations to pdoren@hotmail.com or fax (408) 295-2891

"PD holders will receive 2 to 2 ½ credits for this dinner meeting & future general membership meetings."

Is It Important to Notify the Lender of Other Financing?

About 18 months ago, escrow received an order from their very good client, Mr. Loan Agent. The escrow was opened to process a \$500,000.00 refinance.

When the preliminary report arrived the diligent escrow officer order the demand to payoff the existing deed of trust.

The loan documents arrived and escrow drafted the estimated statement. Turns out the payoff amount exceeded the new \$500,000.00 loan and the estimated statement reflected \$60,000.00 due to close

Mr. Loan Agent made arrangements with the Escrow Officer for a second (separate) escrow for the same property. This second escrow was to start the process of a \$60,000.00 loan with a different lender that only required a Limited Coverage Policy (aka PIRT, **LCP**, FAST and maybe a few other names). The Escrow Officer took care to order this second transaction with another (different) title company or department that specialized in LCP services.

Shortly thereafter the loan package for the second escrow arrived into escrow and escrow drafted the estimated statement.

Both loans were processed at the same time, but escrow never disclosed to either lender the existence of the other loan. The loans funded on the same day. The Escrow Officer released both recording packages for recording on the same date. Hence, neither title date-down search picked-up the other loan.

Escrow transferred all the proceeds from the \$60,000.00 loan/escrow for processing the \$500,000.00 loan escrow, as the amount due to close.

Fast forward to about a month ago.

The \$500,000.00 loan had a variable interest rate and the monthly payments have been steadily grown bigger, bigger and bigger. As we are painfully aware, the real estate market values have dropped significantly and the two loan amounts are now way more than the value of the property. The option of refinancing the property for a better loan is gone. The borrower quit making the payments on the \$500,000.00 loan.

The first lender filed a Notice of Default. It was at this point the \$60,000.00 loan was discovered.

But wait, it gets worse!

The \$60,000.00 loan **recorded first!**

Now fast forward to today.

There are now services available to help borrowers negotiate with lenders to reduce or set aside the monthly payments.

The \$500,000.00 lender told the negotiation service to obtain subordination from the \$60,000.00 lender and that would then open negotiations on the \$500,000.00 loan.

Is It Important to Notify the Lender of Other Financing? CONTINUED...

The negotiator contacted the \$60,000.00 lender and they will **NOT** consider subordinating their loan (no kidding!). If they subordinate, then the \$500,000.00 lender would wipe out their loan in a foreclosure.

Or, should the borrower consider selling the property, in a “short sale”, whatever lender is in second position is usually forced into receiving little or no money.

The negotiator then contacted the Escrow Officer asking for any kind of help.

The Escrow Officer was very much aware of the situation. The \$500,000.00 lender had already turned in a claim to the title department as their policy reflected their position as the **first and only loan** (pursuant to the lender instructions that were **signed by the Escrow Officer**)

The \$500,000.00 lender approved funding of the loan based on the borrower using their OWN money to reduce their debt obligations. The \$500,000.00 lender would not have funded the loan if they knew the borrower had incurred more debt.

The lender also filed a lawsuit naming the Escrow Officer. The charges include escrow negligence, conspiracy to commit fraud, and a few other really scary sounding things.

Needless to say, the underwriter is asking the Escrow Officer many questions, such as: Why did you do this? How many times have you done this?

The readers of this story may be saying, BUT WAIT, the borrower committed fraud too! Yes, that’s true, but the borrower doesn’t have any money. With the way things are going, the borrower won’t have a house too much longer, either.

Some will argue that the original intent of the \$60,000.00 lender was to be in second position. Talking this lender into taking pen-to-paper to a Subordination Agreement to the \$500,000.00 loan will be a challenge. The \$60,000.00 lender will counter that they did not have knowledge and would not have agreed to subordinate to the TERMS of the \$500,000.00 loan.

The lender wants their money and they will go after the title company the escrow company and the Escrow Officer to recover their losses.

YES! It is Extremely Important to Disclose Other Financing to the Lender

Anita Rubeck, CSEO, CEI
President 2009

EASCV BUDGET FOR 2008

Category	Dec. 2008	2008 Disbursed	Annual Budget 2008	Remaining Balance	2007 Disbursed	Annual Budget 2007
Expense						
Marketing/Web Site	\$69.95	\$1,078.31	\$1,800.00	\$721.69	\$4,218.63	\$3,000.00
AEA Conference		\$3,020.58	\$1,800.00	-\$1,220.58	\$1,055.85	\$2,000.00
Bank Charges		\$26.43	\$30.00	\$3.57	\$2.00	\$30.00
CEA Directors		\$4,324.22	\$5,000.00	\$675.78	\$7,224.30	\$6,000.00
Dinner Meeting Cost		\$4,550.00	\$7,000.00	\$2,450.00	\$12,277.45	\$16,000.00
Donations		\$500.00	\$500.00	\$0.00	\$500.00	\$500.00
Personal Donations		\$416.00				
Fundraising Expense			\$500.00	\$500.00	\$1,642.36	\$2,500.00
Holiday Turkeys		\$250.00	\$250.00	\$0.00	\$500.00	\$500.00
Installation Cost/Wine			\$0.00	\$0.00	\$81.26	\$10.00
Membership Expense		\$61.84	\$300.00	\$238.16	\$500.00	\$500.00
Newsletter	\$65.00	\$780.00	\$780.00	\$0.00	\$715.00	\$700.00
Historian			\$250.00	\$250.00	\$64.92	\$250.00
PD/Education costs		\$445.75	\$1,000.00	\$554.25	\$516.32	\$1,400.00
PO Box fee		\$94.00	\$125.00	\$31.00	\$92.00	\$75.00
President's Fund			\$0.00	\$0.00		\$10.00
President's Plaque		\$32.48	\$20.00	-\$12.48	\$8.12	\$50.00
Raffle Prizes	\$280.63	\$739.51	\$900.00	\$160.49	\$1,007.00	\$2,000.00
CEA raffle		\$150.00	\$400.00	\$250.00	\$300.00	\$400.00
Scholarships			\$0.00	\$0.00		\$10.00
Speaker Costs/Gifts		\$1,250.00	\$2,000.00	\$750.00	\$250.00	\$1,000.00
Storage Rent		\$456.00	\$500.00	\$44.00	\$481.43	\$500.00
Tax Obligation		\$10.00	\$10.00	\$0.00	\$10.00	\$10.00
Tax Preparation		\$489.00	\$500.00	\$11.00	\$428.00	\$500.00
Escrow Trivia			\$0.00	\$0.00		\$250.00
Expense/All Other			\$50.00	\$50.00	\$20.00	\$10.00
Board Meeting Expense	\$122.60	\$670.09	\$750.00	\$79.91	\$1,416.81	\$2,000.00
Total	\$538.18	\$19,344.21	\$24,465.00	\$5,536.79	\$33,311.45	\$40,205.00
Income		2008 Received	2008 Budget		2007 Received	2007 Budget
Earned Interest	\$0.24	\$4.93	\$20.00	\$15.07	\$6.56	\$50.00
Returned Check Charges			\$0.00	\$0.00		\$30.00
Dinner Meetings	\$168.40	\$4,405.01	\$10,000.00	\$5,594.99	\$13,325.06	\$21,225.00
Fundraising			\$400.00	\$400.00	\$400.00	\$8,000.00
Membership		\$1,250.00	\$1,500.00	\$250.00	\$1,625.00	\$2,500.00
Miscellaneous			\$0.00	\$0.00	\$0.24	\$1,000.00
NorCal		\$881.68	\$2,500.00	\$1,618.32	\$1,671.75	\$3,000.00
PD/Education		\$695.00	\$2,000.00	\$1,305.00	\$1,290.00	\$2,400.00
Raffle		\$928.00	\$2,045.00	\$1,117.00	\$3,633.00	\$2,000.00
Investment CD Withdrawal		\$6,000.00	\$6,000.00	\$0.00		
Personal Donations		\$416.00				
Total	\$168.64	\$14,580.62	\$24,465.00	\$10,300.38	\$21,951.61	\$40,205.00

Minutes for 1st Half December 10, 2008
Board Meeting

Dated: December 10, 2008

Called to Order: 5:55 pm. By President, Colleen Gallagher

At: 1707 S. Bascom Avenue, Campbell, CA 95008

Attendance Colleen Gallagher, Ron Ricard, Lena Signor, Cory Winters, Marie Barber, Joe Difu, Jason Herrera, and Linda Murphy.

Absent: Jackie Chai

Guests: Philippe Doren, Joette Joseph and Anita Rubeck

1. Approval of Minutes: Motion to Approve November 11, 2008 minutes made by Cory Winters. Second by Ron Ricard. Motion carried or as amended.
2. Treasurer's Report: Motion to approve November Treasurer's Report made by Linda Murphy. Second by Ron Ricard. Motion carried or as amended.
 - a. Bills to submit:
 - \$ 19.95 to Danie Eisenman for October website hosting
 - \$ 19.95 to Daniel Eisenman for November website hosting
 - \$ 50.00 to Jackie Chai – November speaker gift
 - \$500.00 to Camp Okizu donation
 - \$598.00 to Three Flames Restaurant dinner costs.
 - \$416.00 to Camp Okizua personal donations thru out the year
 - \$169.32 to Jason Herrera for CEA Hotel and Parking
 - \$ 69.00 to Lena Signor CEA Hotel difference
 - \$250.00 to Colleen Gallagher holiday turkeys
 - \$122.60 to Premier Global from November teleconference
 - b. Funds to deposit:
 - \$350.00 from Nov. dinner meeting
 - \$168.40 from Paypal
 - \$ 25.00 from Colleen – late charge
3. Membership – Linda, any membership news.

Discussion: We don't have a list from CEA, yet as to who has or has not renewed their dues. Linda will check back with CEA in a few weeks and report back.
4. Professional Designation: Lena Signor, any news to report? None
5. Old Business Cory and Joette will get together regarding the treasurer's portfolio.
6. New Business:
 - a. CEA directors meeting for January is now January 9th and 10th, 2009.
 - b. CEA has asked that we need to strongly encourage our membership to bring in at least 1 new member for each current member. Everybody knows somebody that is not a member and could benefit from membership to our local region, CEA and AEA. Ron asked for a list of the 2008 members.

Adjourned at 6:20 pm.

Minutes for 2nd Half December 10, 2008
Board Meeting

Dated: December 10th, 2008

Called to Order: 6:21p.m. by President, Anita Rubeck

At: 1707 S. Bascom Avenue, Campbell, CA 95008

Attendance: Anita Rubeck, Lena Signor, Linda R. Murphy, Joette Joseph, Philippe Doren, Colleen Gallagher and Joe Difu.

Absent: Jackie Chai

Guests: Marie Barber, Jason Herrera and Ron Ricard

1. Approval of Minutes: None
2. Treasurer's Report: None
3. Professional Designation: Lena Signor, any news to report?
Linda Bentson has offered to prepare and coordinate the PD classes.
Jason Herrera is still going to keep the computer and help with the check-in table.
4. New Business:
 - a. Anita suggested a change of dinner meeting locations and charge \$10 to \$15.
Menu: sandwiches, pizza or pasta
Joette Joseph made the motion to move away from The Three Flames Restaurant for the 2009 dinner meetings, seconded by Lena Signor. Motion carried.
Suggestions were Stewart Title of California- Campbell or Chicago Title Company – Almaden.
 - b. We might want to invite the CEIs to participant in a role playing event and it will take up 2 dinner meetings.
 - c. Michael Haas is scheduled for May.
 - d. Sponsorship will not necessary for 2009. It was suggested that we sell raffle tickets for \$5.00, and provide a glass of wine. Ron volunteered to bartend for January's dinner meeting.
 - e. Raffles prizes will change with the times i.e. \$50.00 gas cards, "dinner for 2".
 - f. Philippe Doren will check other teleconference services. We need to know the cost and how they are handled.
 - g. Speaker for January– Contra Costa DA Lena will check it out for us.
 - h. Speaker for March– Unknown at this time
 - i. Speaker for May – Michael Haas – Lena's company, Northern California Escrow, will act as the sponsor for the meeting
 - j. Speaker for July – Trial, Part I
 - k. Speaker for September – Trial, Part II
 - l. Speaker for November – Installation Night – Escrowopology
 - m. We need a Flag for the dinner meetings
 - n. Speaker gifts - Certificates and/or Thank You cards or Starbuck cards.
 - o. Paypal will still be in force and only use it on the months that we expect to have a large meeting.

- p. Newsletters: Deadline is the 25th of the month for articles and announcements
- q. Anita circulated a list of the board members and asked for their contact information. This should be made available for the 2009 newsletters
- r. Reservation contacts have changed this year:
 - 1. Kathryn Kelly for Chicago Title Company
 - 2. Pam Jackson for North American Title
 - 3. Monica Gonzales or Debbie Bently for Land America, Lena to confirm and report back
- s. EASCV website contacts will change to Anita, Joette and Lena.
- t. Anita reminded the board to get your dues paid by the end of the year.
- u. P.O. Box key will be passed from Colleen to Joette
- v. Storage keys are in the hands of Anita, Lena and Linda
- w. Chairpersons designation:
 - 1. Membership chairperson is Linda Murphy – membership contest – send out group email
 - 2. Site/reservations chairperson is Philipe Doren
 - 3. Raffle chairperson is Colleen Gallagher
 - 4. Professional Designation chairperson is Lena Signor and co-chair is Linda Bentson
 - 5. Historian chairperson is Joseph Difu
 - 6. Speaker accommodations chairperson is Jackye Chai

Adjourned at 7:36 p.m.