

SOUTHERN TITLE INSURANCE CORP.

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Title Talk

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Inside this issue:

Powers of Attorney	1
Mortgage Fraud	1
Thank You	1
Property Descriptions	2
Remittance Software	2
Southern Family	2
Title Talk Info	2
Web site of the Month	2



Southern Title's Core Values

- Honesty & Integrity
- Courtesy & Respect
- Professionalism
- Openness & Fairness
- Safety
- Corporate Citizenship
- Teamwork

Thank You

Southern Title grew 27% in 2006. We attribute our success to a solid business plan and great business partners. The agents and attorneys that we work with every day are the driving force behind our success. Our business plan of working with our agents, and not in competition against them, makes us the underwriter of choice. Here's to a safe and successful 2007.

Powers of Attorney: Fraudulent or Legitimate?

As identity theft and fraud become more prevalent, it is imperative that we all do everything we can to protect ourselves from becoming a victim. As it pertains to the real estate closing industry, we are seeing more suspicious transactions than ever before. One form of fraud that we are seeing more frequently is the closing of loans with fraudulent powers of attorneys. **Be wary of any transaction that is being closed with a power of attorney.** This is not to say that a transaction cannot be closed with a power of attorney. It's just one red flag to be aware of.

If closing with a power of attorney, do your due diligence to ensure that the power of attorney is legitimate. Initiate contact with the person who is granting the power of attorney. If the power of attorney has yet to be recorded in the land records, be suspicious. A power of attorney can be created and forged in 5 minutes on a computer.

These perpetrators of fraud are finding properties that have arrearages in taxes and forging powers of attorney in the name of the record owner. They are trying to pass these documents off as legitimate. They are attempting to have the property sold to a straw buyer and collect the money from the sale.

Some other things to be on the lookout for:

- Be concerned with anyone who wants to rush a transaction through.
- Be on the lookout for odd disbursement requests.
- Know who you're doing business with.

As always, we all need to use our best judgment. If something doesn't seem right, there's probably a reason. If you have any questions or concerns about a specific power of attorney or powers of attorney in general or any concerns about a transaction, please contact your local Southern Title branch office.

Mortgage Fraud-Flip Variety

Multiple sales of the same property with the price going up dramatically may point to fraud. This type of fraud will involve false appraisals, falsified down payments, or fake rental agreements that inflate the value of the property. Lenders' relaxed underwriting and appraisal standards open the door to fraud. Ordinarily there is at least one "straw man" who gets a fee to lend his name and credit to the scam. The idea is to get a lender to make a larger loan than was needed to actually acquire the property. If the insurer is lucky, the seller's mortgage is paid off at the closing. The extra money from the inflated valuation goes to the "real estate professionals" who helped set the scam up. The end result is that the borrower defaults and the lender forecloses but recovers only the actual value of the property. This type of fraud ordinarily does not result in title insurance losses. Sometimes the straw man is tempted by the real estate professionals to help an owner in financial distress, or the professionals explain that they are involved in renovation/leasing/lease-to-sell transactions that need someone to hold title. Be aware that there are also perfectly legal flip transactions, where a sagacious investor finds undervalued property and quickly sells it for a profit.



Southern Title Your Partner In Business

You have enough competitors for your business. Your underwriter should not be one of them. By working with our agents, and not in competition with our agents, Southern Title has become the business partner of choice.

**"Southern Title's
2006 Financial
Stability Rating
A' (A Prime)
Unsurpassed"
Demotech, Inc.**

**Southern Title's
2006 Commercial
Real Estate
Recommendation:
Strongly Recommended
Demotech, Inc.**

Southern's Family

Mr. Cornelius Scott has retired from Southern Title after 17 years of service. Mr.

Scott was a courier for Southern. He will be missed. We wish Mr. Scott the best of luck on his retirement.

Content Suggestions

Suggestions for content of Title Talk? Contact Kevin Dodson at kdodson@southerntitle.com

Property Description Errors

What constitutes an insurable legal description of real property? That answer varies from state to state. In general, the legal description must be adequate enough to identify the particular property such that a third party relying on the public records is placed on notice as to the exact property that is the subject of the Deed or Deed of Trust. Claims experience identifies five frequent errors arising out of property description.

1. The most frequent error is a scrivener's error. A scrivener's error is a misidentification of lot, block, section, plat book, subdivision name or metes and bounds description. In many cases, this type of error, when examined in light of the title chain and verification that it was simply a scrivener's error, can be corrected by the party who made the error.
 2. The legal description has no beginning point. An essential element of any metes and bounds description is a very specific beginning point that can be located by a surveyor from the legal description without input from any other source.
 3. The legal description does not identify the county and state where the property is located. The description of the property on the instrument and in the title policy must identify the county, state and where applicable, the political subdivision such as district.
 4. Failure to reference an attached description. When a description is attached, the deed and the attachment must match. Example: If the Deed says the description is on Exhibit C, the description page must be entitled "Exhibit C Property Description".
 5. Failure to record the legal description as part of the instrument. Recordation without the description is equivalent to not recording at all and can cause substantial losses.
- For questions about this topic or any underwriting issue, please contact an underwriter at your local branch.

Remittance Software Support

The IT Department at Southern Title has created a program for our agents that will simplify the remittal process. Southern Title Agency Remittance Software, or STARS, was created with our agents in mind. Each software program is uniquely formatted for our agents with their information. The program allows our agents to enter information about the policies that they issue. The program calculates premiums and commission splits. When it's time to remit, the program will run a report of all the policies issued since the agency's last remittal. This software is available to all of our agents at no cost to them. Additionally, a representative from Southern Title will be glad to come out to your office to give a tutorial on the program. If you are interested in learning more about this program, or if you would like a disk made for your agency, contact your local branch.

Title Talk Information

As mentioned previously, we will only be sending the Title Talk out via email. If you are not currently on our email list, or know someone who would like to be added, please let us know. To be added to our newsletter email list, please contact Jessica Patterson at 1-800-468-0151 or via email at jpatterson@southerntitle.com. Thank you.

Website of the Month

Our website of the month is:

www.zillow.com

This free website will give you an idea of the fair market value of a piece of property anywhere in the country. The only information that you need to provide is an address, city and state.