



Activist official: Mortgage flaws pervasive 'crime'

By Jerry Kronenberg | Tuesday, July 5, 2011 | <http://www.bostonherald.com> | Real Estate

Five out six North Shore mortgages checked for paperwork problems showed evidence of "robo-signing" or other flaws that could make properties hard to sell or refinance, a new audit shows.

"My registry is a crime scene," Southern Essex County Register of Deeds John O'Brien said in releasing a test audit of 473 mortgages filed with his office during 2010. "This crime has affected thousands of home-owners in Essex County who, through no fault of their own, have had their property rights trampled on and their chain of title compromised."

Lenders across the country are facing lawsuits and government probes over allegations that they used "robo-signers" — low-paid workers who allegedly signed hundreds of mortgage and foreclosure documents a day without reading them.

Some robo-signers have admitted to stating under oath that they had reviewed foreclosure paperwork when they hadn't. Others allegedly used fake names or presented themselves as bank executives when they weren't.

O'Brien and others claim such actions invalidate tens of thousands of property documents, "clouding" land titles and making lots of homes hard to sell or refinance.

To assess the problem's scope, O'Brien recently had an expert perform a free test audit of some 500 mortgage "assignments" — documents that transfer loan ownership from one bank to another.



Photo by Nancy Lane

The review found that only one assignment in six was completely valid.

Of the rest, 75 percent had either robo-signatures or other flaws, while another 9 percent seemed "questionable."

O'Brien believes the audit shows that tens of thousands of U.S. homes likely have title problems.

"It's clear to me that every registry has been infected with this fraud — not only in Massachusetts but around the country," he said.

O'Brien recently began refusing to accept paperwork he believes has robo-signatures, drawing ire from the real estate industry.

Edward Bloom of the Massachusetts Real Estate Bar Association said it's not clear that robo-signed documents are invalid — or that O'Brien can legally reject them.

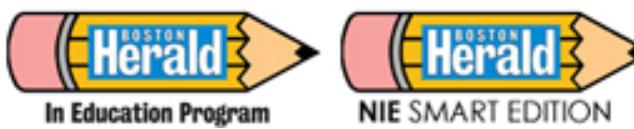
"Mr. O'Brien is grinding the real estate business to a halt and he doesn't have any right to do that," Bloom said.

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