

PENN ATTORNEYS

TITLE ALERT

DATE: 7/25/07

RE: Title Alert 2007-25

Foreclosure Rescue

A growing practice that purports to assist distressed homeowners causes us concern because of subsequent claims by distressed homeowners that they were misled or taken advantage of. In one variation, the “rescuer”, having identified a homeowner in default on a mortgage, convinces the homeowner to transfer the property by deed to a putative trust the trustee of which is an entity affiliated with the rescuer, and the initial beneficiary of which is the homeowner. There may or may not be an interim payment or loan from the rescuer to the homeowner. The rescuer then finds a purchaser for the property, often for consideration substantially more than the debt. Unfortunately, when the homeowner was induced to transfer the property to the trust, the homeowner was also induced to sign a transfer or assignment of the beneficial interest in the trust to the rescuer that eliminates any interest or rights of the homeowner under the trust. Consequently, the rescuer walks away with the sale proceeds and the distressed homeowners end up with little or none of the equity they may have accrued in the property.

**Penn Attorneys Title Insurance Co. will not facilitate
or insure such transactions.**

If any transaction, but particularly one involving residential property, appears unnecessarily complicated, such as those involving additional parties, or assignments of interests, contact your servicing Penn Attorneys office.

There are other options available for distressed homeowners, including but not limited to Pennsylvania Housing Finance Agency (phfa.org, 717-780-3800) as well as county and community based services.

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