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County clerk combats fraud with technology, extra staff

■ Home buyers vulnerable during transaction period.

By Chad Selweski
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Anti-fraud measures to protect home buyers from scams were approved Monday by county officials at the request of county Clerk Carmella Sabaugh.

Sabaugh told a Board of Commissioners committee that gaps in the way real estate transactions are recorded by her office make the computerized process susceptible to con artists. To fix the flaw, Sabaugh will spend \$135,000 on new technology and additional staff at her register of deeds office.

Macomb will be the first county in Michigan to instantly make an

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FRAUD: Con artist could sell house twice

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electronic notation of a property sale.

Sabaugh's plan, which was unanimously approved by the Legislative and Administrative Services Committee, has generated applause from the real estate industry.

"This prevents opportunists and defrauders from taking advantage of all of us," said Michael Hagerty, legal counsel for Metropolitan Title Company.

The potential problem derives from the time it takes to record the pages of paperwork associated with each real estate transaction, putting them into the register of deeds computer system. When the housing market was booming in Macomb County, the office was 30 days behind in recording transactions.

Under a worst case scenario, a huckster could take advantage of

the gap by selling a home twice in a matter of days, without the second buyer realizing a fraud had occurred. By the time the buyer realized the scam, the seller could flee with cash in hand.

An 1846 state law requires that a brief notation of each property transaction must be immediately recorded in an "entry book" when the paperwork is brought to the register of deeds. But the use of entry books faded when counties converted to a computerized process in the late 1980s and early 1990s.

The Michigan Land Title Association has pushed for the implementation of electronic entry books, with little success until Monday. While Macomb will have an entry book that's accessible to the public via the Internet, Wayne County continues to fight the issue, despite a 60-day backlog in recording transactions.

Patricia Cwiek, legal counsel

for the association, said the title companies have spent more than \$1 million on litigation trying to force Wayne County to comply.

"It's critical to have this information in the clerk/register of deeds office in order to prevent fraud. This protects the public," Cwiek said.

In Macomb County, the \$135,000 will be allocated from a restricted fund in the clerk's budget which, by law, can only be spent on technology upgrades. The fund is financed by fees paid by the title companies.

Sabaugh's plan is expected to receive final approval from the full Board of Commissioners on Feb. 15.