

Executive Summary

SCOPE OF REGISTRY AUDIT

McDonnell Property Analytics examined assignments of mortgage recorded in the Essex Southern District Registry of Deeds issued to and from JPMorgan Chase Bank, Wells Fargo Bank, and Bank of America during 2010. 565 assignments in total were examined.

From there, we researched the underlying mortgage and assembled all documents cross-indexed thereto such as prior assignments of mortgage, discharges of mortgage, orders of notice, and all documents recorded in connection with a completed foreclosure. This increased the population of examined documents to approximately 2,000.

In total, 473 unique mortgages were analyzed, covering \$129,577, 415 in principal.

KEY QUESTIONS AND FINDINGS

Question 1: Transparency – how discoverable is the true, current owner of a given mortgage?

Findings:

- A. Using our forensic tools and methods (typically unavailable to the general public and registry staff), we were able to trace ownership to only 287 of 473 mortgages (60%).
- B. 46% and 47% of mortgages were either MERS registered or owned by the Government Sponsored Enterprises (i.e., Fannie Mae, Freddie Mac, Ginnie Mae), respectively. Typically ownership of these mortgages is highly obscure.
- C. 37% of mortgages were securitized into public trusts (as opposed to private trusts), which are typically more discoverable through use of forensic tools and high cost, subscription-based databases.

Question 2: Chain of Title Integrity – how valid (legal) are the assignments of mortgage (instruments that transfer ownership of mortgage and thus legal interest in property)?

Findings:

- D. Only 16% of all assignments examined are valid.
- E. 75% of all assignments examined are invalid and an additional 8.7% are questionable (require more data.)
- F. 27% of the invalid assignments are fraudulent, 35% are “robo-signed” and 10% violate the Massachusetts Mortgage Fraud Statute.
- G. 683 assignments are missing, translating to approximately \$180,000 in lost recording fees per 1,000 mortgages whose current ownership can be traced.