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A PROFESSIONAL CORPORATION

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August 21, 2007

REBA  
50 Congress Street  
Boston, MA 02109-4075

RE: Title Companies and the Unauthorized Practice of Law

To Whom It May Concern:

I have been very interested in REBA's efforts to prevent the unauthorized practice law and to preserve the sanctity of the conveyancing practice in Massachusetts. In a conversation with Mr. Peter Wittenborg, he had asked that I keep REBA apprised of various encounters which further support the purpose preventing non-lawyers from conveyancing in Massachusetts and to send in any stories or experiences. This is just such an instance.

I recently met with a new client who closed on a refinance with a title company in December of 2006 (a mere month after the lawsuit was filed by REBA). This company is now, not surprisingly, out of business but the lesson is still important.

Proponents of title companies tout the great "financial" benefits to consumers. As can be seen from the enclosed redacted HUD, a borrower is likely to be entirely misled, overcharged and victimized by an uninformed, conscious less and profit driven title company. Employing a single attorney to act as a token compliance person, is hardly fulfilling either the letter or the spirit of the law in Massachusetts.

This HUD shows incorrect overcharges for title insurance, a fictitious "endorsement" charge and "survey affidavit" fee<sup>1</sup>, upcharges for various items such as courier and wire charges, and blatant and egregious fluff charges that would never be attempted by an attorney in good standing of the Commonwealth. An attorney has too much at stake and too much respect for the law to attempt such thievery.

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<sup>1</sup> While Survey Affidavit fees may be an allowable charge, they are extremely rare and almost never charged by law firms. Massachusetts attorneys have historically not charged separately for endorsements as is done in other states.

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There are at least \$1,000 in fictitious charges on this HUD.

More importantly, this consumer was lied to and misled about the nature of his loan and the costs he would be charged at the time of closing. Many of the bank charges were neither explained nor disclosed. Most importantly, was the fact that his loan was a forty (40) year amortization with a \$205,000 balloon payment in thirty years. This was a fact that he did not know until we just met and reviewed his loan package in August of 2007.

There are obvious RESPA violations in the upcharges and the failure to breakdown the split of title insurance. How does a "corporation" accept a legal fee and not run afoul of the statute? After a corporation like this, pillages a neighborhood for hundreds of thousands of dollars in illegal costs and expenses, they simply dissolve their status with the Secretary of State, change officers and open their doors under a new name. A corporation is able to do this where an attorney can not (and would not). There is not even an attorney's name anywhere on this Settlement Statement and the corporation is now dissolved. What can a consumer do? It is egregious.

Please feel free to use this HUD as an example of where a consumer was intentionally misled by a title company and blatantly overcharged for amounts far in excess of the value of service that was provided.

The worst part of the entire story is that there is no accountability for the company and no recourse for the consumer. This consumer has been lied to, cheated, stolen from and now is trapped in an extremely bad loan, thanks in large part to the "consumer friendly title company" that "helped him" in 2006.

Title companies are not consumer friendly. With friends like this, there is no need for enemies.

Sincerely,



David A. Marsocci

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