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Flippers profit at banks' expense in Carolina Forest

\$350,000 made by family; lenders left holding the bag

By David Wren

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A former Conway real estate agent who state officials say used forged documents to sell his girlfriend's house to his ex-wife - without the ex-wife's knowledge - is among a group of friends and relatives whose property-flipping deals in the Berkshire Forest neighborhood cost banks nearly \$1.9 million, public records show.

William Behrens, the former broker-in-charge at Realty Masters, took out a \$425,000 loan in his ex-wife's name so girlfriend Vatsana Keoviengxai could sell a home just as the Myrtle Beach area's real estate market was starting to collapse, according to the S.C. Real Estate Commission.

The commission learned of the deal more than two years after it happened and only after the ex-wife filed a formal complaint with the state agency. The commission levied a fine against Behrens, but had no authority to file criminal charges.

The home sale was the last of six property flips that Behrens, Keoviengxai and other family members and friends completed during a 14-month period from late 2005 to early 2007 in the same neighborhood - three of them on the same street - according to a review of property records by The Sun News.

Keoviengxai, her family members and friends made \$353,638 in profit from flipping the homes, according to Horry County property records.

Banks and finance companies, however, lost nearly \$1.9 million when all of the mortgages on those homes went into foreclosure, court records show.

Tony Cox, the commission's chairman, said the agency did not know the full extent of Behrens' real estate deals when it held a hearing on the home sale involving his ex-wife.

The commission said Behrens was guilty of fraud, revoked his license and ordered him to pay a \$5,000 fine. Behrens never paid the fine, according to agency spokeswoman Lesia Kudelka.

Cox said he does not know if the commission forwarded Behrens' file to the FBI for further investigation.

Behrens and Keoviengxai - who have lived along the Grand Strand and in Las Vegas, Nev. - could not be reached at any of the telephone numbers they have had in either community.

The Sun News also attempted to contact them through relatives, but those relatives did not respond to repeated inquiries.

Robert Behrens - who is William Behrens' son and a former partner in Realty Masters - said he no longer speaks with his father and does not know how to find him. Robert Behrens declined to discuss his involvement in the property transactions.

Nearly \$110,000 profit

Keoviengxai bought the home at 512 Wardour Court from builder Centex Homes for \$315,325 on Nov. 15, 2005 - one day after county inspectors approved a certificate of occupancy for the new construction in the Berkshire Forest neighborhood, located in the sprawling Carolina Forest subdivision.

A year later, this area's real estate market was heading for a freefall.

William Behrens prepared a real estate sales contract for the home on Dec. 12, 2006, with a list price of \$425,000. He then completed a loan application for that amount in the name of his ex-wife, Donna Jean Miller, according to the commission.

Miller testified during a commission hearing on Sept. 16, 2009, that she did not know her ex-husband was using her name on the documents and did not give him permission to do so, according to Cox and commission documents.

William Behrens testified that he drove all night to New Jersey to obtain his ex-wife's signature, Cox said, adding that the commission did not believe his story.

Dawn Ford Behrens - who is the wife of Robert Behrens and William Behrens' daughter-in-law - signed Miller's signature on the sales contract and loan documents, according to a commission report. Neither Miller nor Dawn Behrens could be reached for comment.

William Behrens used his daughter-in-law's notary stamp to notarize his ex-wife's signature on the documents. He then submitted those documents to a mortgage lender, the commission said.

Bear Stearns Residential Mortgage Corp. approved the loan in Miller's name on Jan. 19, 2007, county records show.

Keoviengxai made \$109,675 in profit from the home sale.

Miller was not aware of the mortgage and did not make the payments, according to Robert Behrens and the commission's findings.

Bear Stearns eventually foreclosed on the home, which sold at a public auction for half the original loan amount.

Court records show the bank obtained a deficiency judgment against Miller for \$257,097 - the difference between the loan amount with interest and the auction's sale price.

Profits, foreclosures

The commission's disciplinary action against William Behrens was among the toughest the agency has ever taken in a mortgage fraud case.

Property records, however, show William Behrens' real estate dealings were far more extensive than the commission knew.

Keoviengxai also bought two more houses on Wardour Court shortly after Centex had completed building them in 2005.

She held onto one of the houses for two months before selling it to William Behrens and pocketing a \$60,039 profit, according to county property records.

Keoviengxai kept the other house for three months before selling it to Robert Behrens. Documents show Keoviengxai made a \$60,503 profit off of that sale.

William Behrens and Robert Behrens did not pay the mortgages they obtained to buy those homes from Keoviengxai and both properties wound up in foreclosure.

At about the same time, Keoviengxai's parents - La and Nom Keoviengxai - bought a house on Elgin Court, which is across the street from the homes their daughter had purchased.

Property records show Keoviengxai's parents kept their house for eight months before selling it to William Behrens. The parents made a \$50,610 profit off of that sale and the loan William Behrens obtained eventually went into foreclosure.

Keoviengxai's parents could not be reached for comment.

Donna Behrens Wrich also bought a house from Centex in 2005 on Pembridge Court - about two-tenths of a mile away from the others in the same Berkshire Forest neighborhood.

Property records show Wrich kept that home for six months and then sold it to William Behrens. Wrich made a \$36,126 profit from the sale and the mortgage that Behrens obtained went into foreclosure.

Wrich, who lives in Las Vegas, did not respond to requests for comment.

Another man - Paul Martin of Las Vegas - bought the house two doors down from Wrich. Martin - who is friends with Wrich, according to their Facebook pages - kept that house for about five months and then sold it to William Behrens for a \$36,685 profit.

Martin did not respond to requests for comment.

The mortgage that William Behrens obtained to buy the house wound up in foreclosure because he did not make the payments.

A family affair

In addition to being friends and relatives, loan documents show other ties between William and Robert Behrens, the Keoviengxais and the others.

William Behrens and Keoviengxai's parents have listed the same Las Vegas address on separate loan applications, and Keoviengxai has used the same Las Vegas address that once was used by Robert Behrens.

Dawn Ford Behrens was the notary public on documents when Wrich bought her home from Centex. Keoviengxai then signed as a witness when Wrich sold that home to William Behrens.

Dawn Ford Behrens was a notary and witness for one of the homes that Keoviengxai sold to William Behrens. She also was the notary when Martin bought his home from Centex.

Keoviengxai was the witness and notary on documents filed when Martin sold his home to William Behrens.

Keoviengxai also was the notary for William Behrens' application for a state real estate license and Dawn Ford Behrens

was the notary for her husband's real estate license application.

Renee Daggerhart - spokeswoman for the S.C. Secretary of State, which regulates notaries public - said it is not against the law for family members to notarize documents for each other although it is not recommended.

Last year's disciplinary hearing also was not the first time William Behrens had been in trouble with the S.C. Real Estate Commission.

The commission in 2008 reprimanded William Behrens after a state investigator found his Realty Masters trust account was not being kept according to state law. The investigator said deposit and disbursement dates in the account's journal were not in chronological order, monthly reconciliations were not being performed and property owners were not being paid on time.

The commission levied a \$500 fine against William Behrens on Sept. 24, 2008, because of the trust account problems. His license was suspended in early 2009 when he failed to pay the fine.

A few months later, the commission learned about the house William Behrens purportedly sold to his ex-wife.

Fast, furious flipping

Property flipping - buying a home at one price and then selling it for a higher price a few months later as property values rise - was a common and legal practice during the early stages of the Myrtle Beach area's real estate boom.

However, experts say it is not common for family members and friends to flip properties among themselves before letting them go into foreclosure.

"It's doubtful the lenders were aware of the family and friends flipping program," said Curt Novy, president of San Diego-based Corporate Mortgage Advisors, which is a consulting group that specializes in fraud analysis. "Most lenders would not have anything to do with family members trading property."

Novy said he is seeing a "tremendous amount" of cases involving flipped properties.

"Some cases are resolved in civil court, some are resolved via indictment and prosecution," he said. "During peak times, it was very common for investors to buy homes and then flip them as quick as possible. When the markets cooled off, many investors defaulted or walked away from their homes."

All of the homes that had been flipped to William and Robert Behrens, as well as the home purportedly sold to the ex-wife, went into default between one and two years after the loans were made, court documents show.

Jeff Bruning, supervisor for the state's white-collar crimes program for the FBI, discussed a type of mortgage fraud that involves property flipping after a news conference earlier this year.

Bruning, who did not speak about any specific case, said the deals often involve family members who purchase homes in the early stages of a development's construction.

"You have a family come in and buy the units at inflated prices to set the [appraisal] comps and then it's a run on the bank," Bruning said. "It's kind of a way of doing business for some folks."

Property records show the homes that were flipped to William and Robert Behrens - as well as the one purportedly sold to the ex-wife - had sale prices that were, on average, nearly 30 percent higher than the average Berkshire Forest home at the time.

Bruning is part of a task force of federal officials who are investigating mortgage fraud statewide. Several indictments already have been issued for real estate officials along the Grand Strand and Bruning said there will be more to come.

"I don't see any slowing down in the cases and referrals of cases to the FBI and other agencies," he said.

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