

# TITLE News

MARCH 2023

AMERICAN LAND TITLE ASSOCIATION

## The Latest Scam Vacant Land Fraud

Protect Your Company  
by Knowing the  
Red Flags



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DIGITAL ISSUE OF

# TITLE News

The digital edition of **TITLE News** includes a new video ALTA created that explains how title insurance protects a consumer's property rights. The video outlines a few simple examples to help people understand the benefits of title insurance. Use this video to help educate your customers about title insurance..

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# TITLE News

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## Share Your Affordable Housing Initiatives

### **STORIES APPEAL TO OUR SENSES AND OUR EMOTIONS,** not only drawing

our attention more easily, but also leaving an impact on us as audiences. This makes storytelling powerful in delivering any message. To help our advocacy efforts, we recently asked members to share any affordable housing initiatives that they or their companies are already involved in or may have planned.

Brenda Silveus of Arizona-based Pioneer Title shared an initiative that her company promotes and supports. In her state, the Northern Arizona Housing Fund awards \$25,000 grants for specific housing-related opportunities. She said Pioneer Title provides information to its customers about the housing fund and makes it easy for donations to be made at the close of a purchase, sale or refinance transaction. Pioneer then matches any customer donation. The title company educates Realtors and lenders with presentations to their team members and provides written information to their buyer and seller customers. Posters adorn Pioneer Title's lobbies, encouraging donations through the escrow process. Silveus said the program is still in its infancy, but has done very well and the company is extremely proud to be a cheerleader for affordable housing.

The CATIC Family of Companies recently shared one of its initiatives in the company's first inclusion report. CATIC learned that the agency MassHousing was offering a new loan product to the public to help bridge the disparity in minority homeownership in Massachusetts. The goal of the enhanced product—Workforce Advantage 2.0—is to inject more borrowing power into Gateway City communities, where the stimulation and funds are needed to promote minority homeownership. In support of this program, CATIC offers a 10% discount on title insurance premiums for all first-time homebuyers. CATIC said it believes the program can make a huge difference in fighting the racial disparities that currently exist in Massachusetts.

We love to hear examples like these and want to highlight other efforts as well. Even if it's a closing fee discount to first-time homebuyers, we want to know! Share your initiatives at [communications@alta.org](mailto:communications@alta.org).

We support innovation and competition in the title industry. However, new products or initiatives shouldn't weaken protection for consumer property rights or increase risk to lenders, the GSEs or the broader safety and soundness of the housing finance system. We encourage regulators and policymakers to maintain public trust and transparency, and to continue collaborating with our industry to help ensure properly regulated products are offered in the market.

With the ALTA Advocacy Summit being held May 8-10 in Washington, D.C., we need your presence on Capitol Hill with us. The stronger our voice in Washington, the more successful our efforts will be to effectively educate on the benefits of title insurance and the risks associated with unregulated title insurance alternatives or other unproven initiatives. I hope you'll join us for the Advocacy Summit in May. You can register at [alta.org/events](http://alta.org/events).

Your stories are powerful and make a difference!



## | Help Tell Our Story Through Your Network

Besides ALTA members, the best advocates for the importance of title insurance and the work of title professionals are the stakeholders we work with every day. If you know of an individual or organization who understands the benefits of title insurance and who would be willing to share their experiences with lawmakers, regulators and the media, we want to hear from you. Examples include:

- Homeowners
- Current or former legislators (federal, state, municipal)
- Lenders
- Realtors
- Builders
- Current or former housing officials

- Affordable housing advocates
- Good Deeds Foundation grant recipients

Hearing from a diverse group of stakeholders who can communicate the benefits of title insurance and positive interactions with the industry helps ALTA advocate for public policies that help our members and clients. These personal connections are an important part of telling our story to the people who create public policy throughout the country. By showing lawmakers ALTA members' contributions and impact on people's lives, we can ensure our industry will continue to protect the American Dream.

Contact [communications@alta.org](mailto:communications@alta.org) for more information.

## | ALTA Good Deeds Foundation Appoints Two New Board Members

The ALTA Good Deeds Foundation, a registered 501(c)(3) charitable organization founded by ALTA, appointed Bill Burding NTP and Aaron Davis to its Board of Directors.

Burding, an ALTA past president, is executive vice president and general counsel of Orange Coast Title Co. in Santa Ana, Calif. Burding successfully led the ALTA Board of Governors as president from 2020-2021, in the midst of major challenges such as the COVID-19 pandemic.

"I am truly honored to be appointed to the Foundation's Board of Directors," Burding said. "Having raised more than \$1 million and awarded more than \$550,000 in grants to 97 community nonprofits in 36 states and Washington, D.C., the foundation has done an amazing amount of work in less than three years. I look forward to helping the foundation reach even bigger goals over the next few years."

Davis, an ALTA member and a past board member of the Florida Land Title Association, is CEO of AMD Enterprises. He took a temporary leave of absence from his business and volunteered in Harper, Texas, following severe winter storms in February 2021. With Davis' support, the ALTA Good Deeds



Burding



Davis

Foundation awarded the Harper Volunteer Fire Department a \$5,000 emergency grant during the time of crisis. He also has been recognized by national media outlets, including *People* magazine and The Kelly Clarkson Show, for his charitable service assisting Harper and other communities after natural disasters and was awarded the 2021 October Research Philanthropy Award, in part, for those efforts.

"It is a genuine honor to be asked to serve as a member of the ALTA Good Deeds Foundation Board," Davis said. "The title industry has been incredibly generous to me throughout my entire career. So it's humbling to be asked to serve alongside some of the industry's most respected and charitable leaders. I appreciate the opportunity to serve the Foundation and to continue supporting the charitable efforts of our members."

The ALTA Good Deeds Foundation was launched in 2020 to bolster the charitable efforts of ALTA members. Land title insurance professionals can apply for grants on behalf of recognized 501(c)(3) organizations that they support financially or through volunteer efforts; preference is given to housing-related charities. The next round of grants will be announced in March.

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## Share This Video and Help Explain Benefits of Title Insurance

ALTA recently created this new animated video that explains how title insurance protects a consumer's property rights. The video outlines a few simple examples to help consumers understand the benefits of title insurance. Use this video to help educate your customers about the benefits of title insurance.

[www.youtube.com/watch?v=qBWAQoK\\_zJA&t=24s](https://www.youtube.com/watch?v=qBWAQoK_zJA&t=24s)

### ALTA 2023 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan political action committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. So far in 2023, TIPAC raised 141,650 from 60 people. In addition, \$124,000 from 16 companies has been pledged to the TIPAC Education Fund. Check out who has supported the industry at [alta.org/tipac](https://alta.org/tipac).

## Membership by the Numbers

ALTA is the title insurance and settlement services industry resource for advocacy, education, communications, networking and policy standards. Here's a look at some membership numbers from the past month.

- New Members: 70
- Title Agents: 48
- New Associate Members: 3
- New Attorney Members: 13
- State With the Most, New Members: Florida with 122
- Total Members: 5,162



### NEWS TO SHARE?

If you have information you'd like us to consider for TITLE News, send company announcements to [communications@alta.org](mailto:communications@alta.org).

# CALENDAR

## 2023 ALTA CONFERENCES

### ALTA SPRINGBOARD

March 20-22  
St. Louis, Mo.

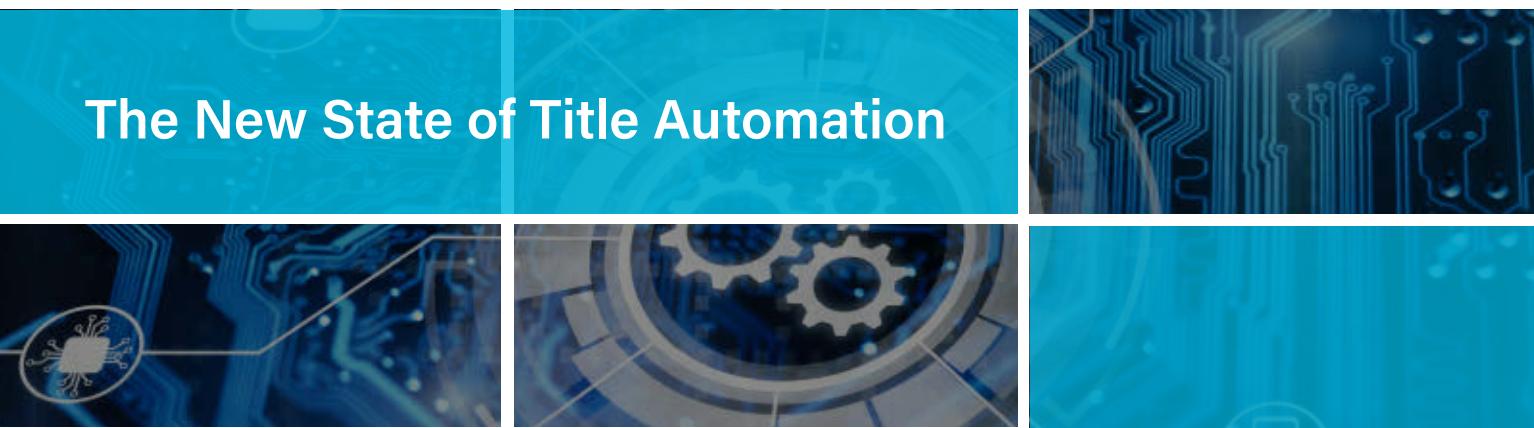
### ALTA ADVOCACY SUMMIT

May 8-10  
Washington, D.C.

### ALTA ONE

October 10-13  
Colorado Springs, Co.

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# The Latest Scam Vacant Land Fraud

By Jeremy Yohe

## Protect Your Company by Knowing the Red Flags

**J**AIME KOSOFSKY had just spent a full day attending a cybersecurity conference hosted by Premier One. After eight hours of hearing about all the stuff that could go wrong, a founding partner of the North Carolina-based law firm Brady & Kosofsky, spent the night changing passwords, making adjustments and implementing new ideas to better protect his company.



But when Kosofsky got to the office the next morning, he didn't have to address a potential wire fraud scam. His firm was handling a transaction that had an alarming fact pattern similar to one being dealt with by other title and settlement companies across the country. The transaction involved vacant land, was free and clear of any mortgages or liens, had a cash buyer, used a local listing agent and an out-of-state seller.

"So, before I got in the office, my team had already started the procedure for this type of fact pattern," Kosofsky said. "We have seen it before, and I knew we would see it again."

Real estate transactions have been a prime target of cybercrime over the past decade. There is little sign of change in this focus—even as the housing market slows. Instead, fraudsters continue to improve their scams and money laundering tactics to avoid detection. This latest trend involves vacant lots or unencumbered properties. These scams involve bad actors posing as owners of these vacant lots or properties. This trend began to emerge before the winter holidays.

According to the National Association of Realtors (NAR), home sales continued to fall throughout the last several months of 2022. As a result, cybercrime rings have turned to new tactics to make up for the lower housing market transaction volume.

"This recent trend involving seller impersonation is particularly concerning, as the real property owner is typically not aware nor in a position to prevent the fraud, until it is too late," said Tom Cronkright II, co-founder of CertifID. "Unfortunately, it's just the latest evolution of wire fraud that



Kosofsky

affects title companies, law firms, lenders, Realtors and homebuyers and sellers. Our company has received hundreds of cases and helped recover over \$52 million for victims in the last two years alone, by partnering with the U.S. Secret Service."

In Kosofsky's situation, his office hit the brakes on the transaction. They asked for picture IDs and reviewed old and new documents to compare signatures.

"The signatures weren't even close," he said.

The seller said he was in New York. His driver's license was from Texas. The documents were signed in Florida by a duly licensed notary public from that state.

Then, Kosofsky's team called the seller. What they learned proved something was awry.

"We told the seller that he needed to come to our office to sign and he responded that has been unable to travel for months," Kosofsky said.

At that point, the law firm called and asked the Florida-based notary public if they had performed notarial acts for anyone by the name appearing on the documents.

"Surprise, surprise, the notary had no record of it in the journal," Kosofsky said.

Cronkright said CertifID has worked recently with federal law enforcement on numerous cases like this one. In one such situation, a title agency reported to CertifID a loss of \$33,000 from a vacant lot transaction.

The title agency and the real estate agent were scammed by an imposter seller. Luckily, it was reported quickly. CertifID worked with the U.S. Secret Service to freeze and return the funds.

Here's how these new vacant property scams work:

- Scammers search public records to identify real estate that is free of mortgage or other liens. These often include vacant lots or rental properties. The identity of the landowner is also obtained through these public records searches.
- Posing as the property owner, the scammer contacts a real estate agent to list the property for sale. All communications are through email and digital means and not in person.
- The listing price of the property is typically set below the current market value to generate immediate

interest in the property.

- When an offer comes in, the scammer quickly accepts it, with a preference for cash sales.
- At the time of closing, the scammer refuses to sign documents in person and requests a remote notary signing. The scammer impersonates the notary and returns falsified documents to the title company or closing attorney involved in the transaction.
- The title company or closing attorney transfers the closing proceeds to the scammer. The fraud is typically not discovered until the time of recording of transferring documents with the applicable county.

Another recent case with one of CertifID's title company customers in Ohio followed this playbook almost perfectly. The "seller" of a vacant lot contacted

the real estate agent online, with no previous connection. The "seller" was very pushy about transferring money and the amount they'd make. They claimed to owe more than the \$30,000 sale value and were anxious to receive

the funds. There were many other markers of fraud identified during the CertifID verification process. Luckily, due to all of these red flags, the fraud was detected and stopped in time.

Another title company customer in Florida avoided a sizable \$110,000 fraud loss by paying attention to the clues. A "seller" living in Vermont contacted a real estate agent online to list a vacant lot. The listing came

from a real estate agent that the title company knew and trusted. However, red flags were identified by the CertifID verification process. The "seller" asked to use their own notary due to being out of state. Luckily, this too, was detected and prevented in time.

According to Cronkright, the best way to limit exposure is to supplement your teams' efforts with a solution that can verify wire instructions before any funds are sent. The human eye will not catch every spoofed email address or web domain. Having a solution that reduces your risk by using a combination of software, services, and insurance is a more comprehensive approach.

Federal law enforcement has been fielding a sharp increase in victim reports on this type of vacant land



Cronkright II

fraud. The U.S. Secret Service issued an advisory describing how these scams work and what to look for.

Similar stories have popped up in other states. A scam was attempted to purchase properties near Hilton Head, S.C., just before Thanksgiving. The Beaufort County Sheriff's Office received four reports of real estate scams since October 2022, including properties on Daufuskie Island and Fripp Island, said spokesperson Maj. Angela Viens. She said the number of scams could be higher, as many go unreported and others fall outside the jurisdiction of Beaufort County. At the beginning of January, the South Carolina Department of Labor, Licensing and Regulation sent out a letter warning real estate agents and property owners of the scam.

Hilton Head Island Realtor Mark Devers said he spoke with the fake seller about seven times on the phone, though the scammer tried to communicate primarily through email. Devers said he received multiple offers, but the scammer wanted to go with a lower offer because the deal would close faster. Once Devers and a real estate attorney started reviewing documents, the attempted fraud was identified—notarized forms didn't match the address of the seller and photos on IDs looked strange.

"That was really the straw that broke the camel's back," Devers said. "That sparked us to do some research online and then I found the actual seller after searching for a while. I called him up and it turns out that he was under contract in a private sale." The private sale was for between \$200,000 and \$400,000, according to Devers and the scammers had been prepared to accept much less as part of the fraudulent sale.

In January, Scott Mayausky, the Stafford County Commissioner of Revenue, helped a man who found out his vacant land was posted for sale on Redfin. Mayausky directed him to the Stafford County Sheriff's Office, where detectives are currently investigating cases of land fraud sales.

"Cases like this are under investigation and will be looked at from every possible angle," the Stafford County Sheriff's Office said in a statement. "For those currently looking to purchase or rent, it is important to take preventive measures to ensure cases like these do not continue. Those who are a victim are urged to contact their local law enforcement to report the fraud."

The Virginia Realtors Association said criminals are contacting real estate agents to list properties they don't own. The properties they want to sell typically don't have mortgages and the criminals are often willing to sell the land for below market value and for

## Protect Your Company

All title companies should protect themselves and their clients from vacant land scams. The following are some tips to help identify potential scams:

- Look for misspellings of key information such as names, business and addresses.
- Monitor for sudden changes in voice or tone of the messages, especially invoking a sense of urgency.
- Be suspicious for changes in the next steps or instructions that the customer is supposed to follow.
- Be wary of unusual attachments or links.
- Independently search for the identity and a recent picture of the seller.
- Request an in-person or virtual meeting to see their government issued identification.
- Be on alert for a seller who accepts an offer price below market value in exchange for the buyer paying cash and closing quickly.
- Never allow a seller to arrange their notary closing. Use a trusted title company or closing attorney to coordinate the exchange of closing documents and funds.



cash. The standard tactic is to sell these properties quickly before the true owners catch on.

The Virginia Department of Professional Occupational Regulation (DPOR) also is actively investigating cases of fraudulent sellers posing as property owners and trying to sell land they don't own. The department sent out a warning to real estate licensees after a number of complaints in neighboring states like North and South Carolina.

"This mortgage fraud stuff you hear about is real," Kosofsky said. "Keep your eyes open, live your policies and procedures, forget everything you know about doing real estate closings in the past because the bad guys are serious and they don't care how it used to be done. In fact, it just makes it easier for the bad guys when you do it the same way it's always been done. As the market gets shaky, people get desperate and get in a hurry. Don't lose your focus!" ■



**JEREMY YOHE** is ALTA's vice president of communications. He can be reached at [jyohe@alta.org](mailto:jyohe@alta.org).

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## FinCEN Expects to Propose New Anti-money Laundering Rule This Year

### Agency Warns of Potential Illegal Real Estate Purchases by Sanctioned Russia Elites

**FINCEN INTENDS TO ISSUE A NOTICE OF PROPOSED RULEMAKING (NPRM)** to address anti-money laundering (AML) threats in the U.S. real estate sector in April, the Department of the Treasury indicated on its website.

During his keynote address at the ABA/ABA Financial Crimes Enforcement Conference in December, FinCEN Acting Director Himamauli Das mentioned the potential for a new AML rule in 2023. Das said FinCEN is focused on increasing transparency in U.S. real estate transactions “to prevent corrupt elites and others from using the U.S. real estate market to launder and hide their ill-gotten wealth.”

FinCEN began issuing Geographic Targeting (GTOs) orders in January 2016 requiring title insurance companies to file reports and maintain records concerning all-cash purchases of residential real estate above a certain threshold in select metropolitan areas of the United States. In October, FinCEN once again renewed and

expanded these orders.

Das said FinCEN is actively considering comments to the Advance Notice of Proposed Rulemaking (ANPR) the agency issued in December 2022.

#### ALTA Advocacy

Last year, ALTA submitted a letter recommending FinCEN develop tailored and specific transaction reporting requirements for all-cash real estate transactions involving corporate entities, instead of imposing a traditional anti-money laundering regime like those imposed on banks. ALTA also said FinCEN should finalize regulations for the development of a beneficial ownership



database required under the Corporate Transparency Act (CTA) before taking further actions that would add additional burdens to the title insurance industry.

“The collection of beneficial ownership data under the CTA should reduce (if not eliminate) the need for real estate and title professionals to collect and report this duplicative information,” ALTA wrote. “Instead, reporting companies should be able to rely on information already collected under the CTA and only require reporting of beneficial owner data when it is not otherwise collected under the CTA.”

Additionally, given the data coverage of many title data providers, it is possible that FinCEN could develop more targeted real estate programs given those commercial options.

“The burden is currently falling on small businesses and title insurers to gather information and function as ‘private investigators,’ according to ALTA. “Once implemented, the CTA should ensure that most law enforcement asset tracing is possible using those commercial sources. This would make it possible for a real estate rule to focus on specific coverage gaps. A narrower set of real estate specific data would be less costly and time consuming to collect and provide.”

In a separate letter sent to FinCEN in February, ALTA said it believes the Beneficial Ownership Information (BOI) system being created by the agency under the CTA is a critical tool for combatting money laundering in the financial system. ALTA encouraged FinCEN to broaden the scope of the proposal to give title insurance companies and their licensed agents that have to comply with any real estate GTOs, access to the BOI system.

## Warning of Potential Illegal Real Estate Purchases

FinCEN issued an alert in January regarding potential investments in the U.S. commercial real estate (CRE) sector by sanctioned Russian elites, oligarchs, their family members and the entities through which they act.

The alert provides guidance on identifying potential red flags and general scenarios related to this activity in the commercial real estate market.

FinCEN requests financial institutions reference the alert in SAR field 2 (Filing Institution Note to FinCEN) and the narrative by including the following key term: “FIN-2023-RUSSIACRE.”

Common typologies FinCEN has identified that may be used in

money-laundering activity in CRE:

- The use of pooled investment vehicles.
- Shell companies and trusts.
- Involvement of third parties.
- Inconspicuous investments that provide stable returns.

## Red Flags

1. The use of a private investment vehicle that is based offshore to purchase CRE and that includes politically exposed persons (PEPs) or other foreign nationals (particularly family members or close associates of sanctioned Russian elites and their proxies) as investors.
2. When asked questions about the ultimate beneficial owners or controllers of a legal entity or arrangement, customers decline to provide information.
3. Multiple limited liability companies, corporations, partnerships or trusts are involved in a transaction with ties to sanctioned Russian elites and their proxies, and the entities have slight name variations.
4. The use of legal entities or arrangements, such as trusts, to purchase CRE that involves friends, associates, family members or others with a close connection to sanctioned Russian elites and their proxies.
5. Ownership of CRE through legal entities in multiple jurisdictions (often involving a trust based outside the United States) without a clear business purpose.
6. Transfers of assets from a PEP or Russian elite to a family member, business associate or associated trust in close temporal proximity to a legal event such as an arrest or an OFAC designation.
7. Implementation of legal instruments (e.g., deeds of exclusion) that are intended to transfer an interest in CRE from a PEP or Russian elite to a family member, business associate or associated trust following a legal event such as an arrest or an OFAC designation of that person.
8. Private investment funds or other companies that submit revised ownership disclosures to financial institutions showing sanctioned individuals or PEPs that previously owned more than 50% of a fund changing their ownership to less than 50%.
9. There is limited discernable business value in the CRE investment or the investment is outside of the client’s normal business operations.

# ALTA Publishes Major Revision to Best Practices

## Enhancing Closing and Settlement Focus of Changes

**N**ew digital payment options, increasing fraud threats and new regulations and laws, as well as changes to business and market needs, led to the recent revision to the ALTA Title Insurance and Settlement Company Best Practices.

The changes, which go into effect May 23, are focused on the continual improvement to operations and primarily involve escrow accounting, and privacy and information security programs to protect non-public information, as well as an overhaul to enhance the closing and settlement process. Title and settlement companies may implement the new version of the Best Practices whenever they are ready. Any assessments—whether first-time assessments or renewals—performed after the effective date should use the version 4.0 framework.

Changes include:

### **Pillar 2 (Escrow Accounting):**

- Purpose section is updated to note that the loss of funds may fall outside of E&O insurance coverage.
- Updates to the treatment of non-settled funds and outstanding file balances, following state good funds laws.
- Control the use of fintech application.
- Ensure that third-party earnest money platforms for receiving or disbursing escrow funds meet good funds law requirements and not subject to the Electronic Fund Transfer Act (EFTA) verification of outgoing wire transfers including multi-factor authorization and similar to ALTA's outgoing Wire Preparation Checklist.
- Extend the background check refreshes beyond those employees having access to customer funds to include all employees.
- Review of escrow file balances older than six months and manager approval of activity.
- Use of wire verification services.
- Use of manual or electronic methods for daily reconciliation, and specific action of identification and investigation of discrepancies.

### **Pillar 3 (Privacy and Information Security Programs to protect NPI):**

- Use of the defined term "WISP" to identify the written information security plan.
- Use of specific measures to protect both NPI and company systems by including MFA (expanded beyond use with remote systems), a password management plan, and software updates.
- Require background checks for employees not just for access to NPI, but also for access to systems, and include service providers.
- Explicitly specify that physical forms of NPI must also be protected.
- Extend network security requirements to the use of cloud

systems, virtual equipment, data centers, and hosting by third parties.

- Inclusion in the Disaster Recovery/Business Continuity plan occurrence where there is a compromise of systems or facilities.
- Include in the definition the continuity of operations for consumer settlements along with timely notifications of delay.
- Expand the scope of the written response plan from compromises of NPI now to any cybersecurity incident.
- Specify that service providers required to be consistent with the company's WISP also include IT consultants, outsourcing company employees, and third-party software employees.
- Extend the need to be consistent with the company's WISP to software tools that may have access to NPI, along with other systems that may provide an inadvertent gateway to the company systems (such as security systems, guest Wi-Fi, smart devices and personal devices).

### **Pillar 4 (Settlement):**

- Include establishing "consumer objectives" with the training of staff.
- Disclosure of affiliated business arrangements.
- Establishment and implementation of procedures related to closing documents.
- Delineate expanded best practices requirements for internal and external signing professionals, including:
  - Background checks for employee signing professionals,
  - Proof of E&O and notary coverage if required by state law or the title insurer.
- Included requirements related to remote notarization and e-recording vendors.
- Require compliance with escrow trust account procedures and controls, including e-recording accounts, for recording fees and taxes upon recording.

### **Pillar 6 (Insurance and Fidelity Coverage):**

- Cyber, crime and E&O coverage limits and exceptions should now be reviewed with the company's insurance broker or agent at least yearly.

As part of this revision, ALTA also published the following ALTA Best Practices Framework documents:

1. The Best Practices Assessment Procedures
2. The Internal Assessment Report and Letter
3. The Third-Party Assessment Report

To access the documents, go to [alta.org/bestpractices](http://alta.org/bestpractices).



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- ▶ Agent branded, multi-channel agency title calculator
- ▶ Generate Seller Net Sheets, Buyer Estimates, Refinance Estimates, and Property Reports<sup>2</sup>

Learn more: [www.firstam.com/agency](http://www.firstam.com/agency)

<sup>1</sup> Service available for First American residential refinance orders.

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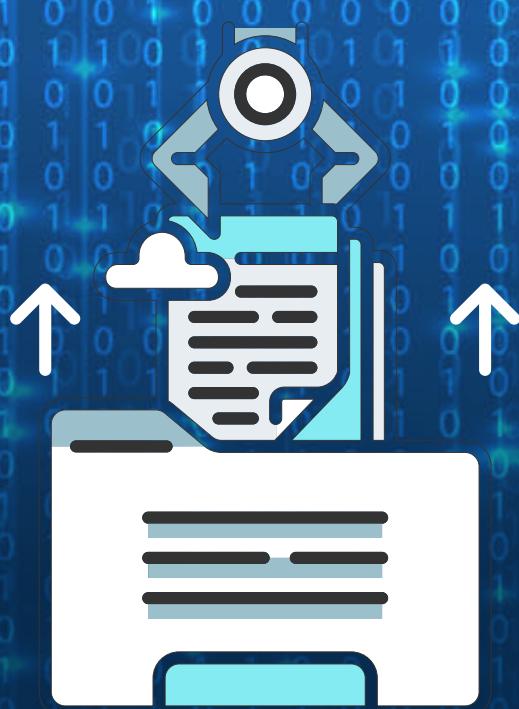


**First American Title™**

[www.firstam.com/agency](http://www.firstam.com/agency)

# Why Data Extraction Is Critical to the Digital Transformation of Real Estate Transactions

CIO for First American Data & Analytics Discusses How Automation Will Help Industry Evolve



## MODERN BUSINESSES AND THE DIGITAL TECHNOLOGIES THAT POWER

them rely on the rapid analysis of large amounts of data to drive decisions, automation, reporting and, ultimately, the customer experience. In real estate, mortgage finance and title and settlement, data fuels everything from web-based home listing searches, mortgage loan applications and originations, and increasingly title and escrow. As the real estate transaction shifts from a paper-intensive process to a more digital experience, the massive amounts of information on mortgage documents and within public land records must be extracted, digitized and turned into structured data, so it can be useful.



Collecting this data used to involve the manual keying and re-keying of information, but has evolved to include the use of powerful data extraction technologies, including optical character recognition, in combination with machine learning and cloud computing.

Calvin Powell, chief information officer for First American Data & Analytics, shared his thoughts on the evolution of data extraction technology and how that evolution is fueling the next generation of title and escrow automation.

## How did you get into data extraction as a professional field?

■ “I’ve been fortunate to work in the real estate industry and worked with leading businesses across the entire real estate transaction, from the front end with mortgage financing, through title, escrow and on to the closing and post-closing. Along the way, I’ve been heavily involved in the adoption and application of a variety of leading technologies, including the data extraction and related technologies that are empowering the future of title and escrow automation.”

## How has data extraction technology evolved over the last 5-10 years?

■ “The evolution really can be traced back to the 1990s when First American led the industry shift to computer-based title plants. Today, we’re pioneering the automation of title and escrow. Foundational to this evolution is the information on title and mortgage documents and public land records. Initially, those documents were converted to document images, like a scanned document, and indexed in a database via the manual keying and rekeying of only a few key pieces of data, like property address, owners’ names and one or two other data fields. This helped create indexed files of document images that could be quickly located within a title plant.

As we look to fuel title and escrow automation, we need to lift considerably more, if not all, of the data from these title and mortgage documents and public land records, which becomes a daunting process with the technology available 10 years ago and even more daunting if it was done manually as it was 20-30 years ago.

However, our patented advances in optical character recognition technology, combined with the advent of cloud computing and machine learning, allow us to compile the data rapidly and efficiently from these documents in a way that allows it to be analyzed from a risk identification and risk decisioning perspective. The more data you have, the stronger and more robust your risk models become, and First American has the industry’s largest and most comprehensive property and ownership dataset. And we’re adding more data to that dataset every day to maintain that leadership.”

## What role does data extraction play in supporting the digital transformation of real estate transactions?

■ “Data extraction is central to building and maintaining the high quality, accurate and comprehensive datasets needed to fuel digital transformation and automation. Real estate transactions and their accompanying property records have traditionally been very paper intensive. To enable a more digital real estate transaction, all of the information captured in documents within the mortgage finance and real estate transaction process must be turned into structured data that can be analyzed and also

packaged for consumption by the technologies used by the other parties in a transaction, such as the lender, Realtor, and title and escrow provider.

Our patented data extraction technologies have accelerated our ability to lift data from documents that often have different formats depending on local preferences, customs and other considerations. Once the data is extracted and structured, we can then validate the accuracy of that data with an extremely high level of confidence. One of our advantages as a leading data provider is the vast amounts of reference data we have that we can use to cross-check the data we extract from documents with other sources, so we can quickly and efficiently determine a confidence level in how well our extraction engines are performing.

The rapid extraction and validation of the data means high-quality data can be fed into our risk decisioning models, enabling us to automate title decisions and help accelerate the real estate transaction process, which benefits the buyer, seller, lender and Realtor.”

## What’s on the horizon for data extraction technology?

■ “We’re still in the early stages of implementing more advanced modeling and machine learning capabilities. As we continue to enhance the breadth and complexity of our data, we’ll continue to have greater opportunities to leverage more robust models that will help further improve and accelerate our decisioning processes.

We’ve also begun deploying our technology in new ways to help solve other challenges. We’ve architected these solutions so they are easy to pivot and adapt to new use cases. Our CovenantGuard solution is a great example. The existence of discriminatory restrictive covenants in county recorded land records became a real concern across the country over the past several years. In California, a bill was enacted that requires the county recorder of each California county to establish a restrictive covenant modification program to assist in the identification and redaction of unlawfully restrictive covenants in public land records. Depending on the county, these land records can number in the millions and are often paper documents, so sifting through them to locate discriminatory restrictive covenants can be an overwhelming task for county staff. With CovenantGuard, we can leverage our existing data and our patented data extraction technologies to help counties identify where these discriminatory restrictive covenants may exist and help the county redact the discriminatory language.

So, we’re looking at a variety of ways that we can deploy our proprietary technologies to provide value and it will be exciting to share more details about these projects in months ahead.”

# Underwriters Report 2022 Financials as Market Returns to Pre-COVID Levels



**T**otal residential origination volume hasn't been reported yet, but the National Association of Realtors reported existing home sales tumbled 17.8% to 5.03 million units in 2022, the lowest annual total since 2014 and the sharpest annual decline since 2008.

Meanwhile, commercial and multifamily loan originations slipped further during the fourth quarter of 2022, with more declines expected this year, according to the Mortgage Bankers Association (MBA).

The MBA reported a 54% year-over-year decrease in commercial and multifamily originations during Q4 2022. Compared to the previous quarter, fourth-quarter originations were down 23%.

"Borrowing and lending backed by commercial and multifamily properties slipped further to close out 2022," said Jamie Woodwell, the MBA's head of commercial real estate research. "The last quarter of the year typically sees the highest volumes, but the chill caused by rising interest rates, questions about property valuations and increased economic uncertainty made the fourth quarter of 2022 the weakest of the year."

With fourth-quarter figures not yet officially confirmed, the preliminary full-year tally for 2022 has commercial and multifamily origination volumes at \$804 billion, 10% lower than one year prior.

Here's a recap of how the decrease in origination volume impacted the major underwriters in 2022 and the fourth quarter of last year.

## Fidelity

Fidelity National Financial Inc. reported its title insurance segment generated \$1.6 billion in pre-tax earnings in 2022. This was down from \$2.6 billion in pre-tax earnings in 2021.

The decrease from the prior year was primarily a result of the considerable decline in refinance volume representing trough level activity and moderating residential purchase volume due to higher mortgage rates. The decline was partially offset by higher average fee per file and healthy volume of commercial orders closed for the full year, Fidelity reported.

"The housing market has been adjusting to the rapid rise in mortgage interest rates, which has resulted in a sharp slowdown in the residential purchase and refinance markets from the record levels experienced throughout 2020 and 2021," said Mike Nolan, Fidelity's chief executive officer. "While our open orders decelerated through the year, we continued to aggressively manage our expense structure much like we have done in previous cycles with a focus on reducing costs."

During the fourth quarter, Fidelity reported \$227 million in pre-tax income. This was down from \$717 million during the same period a year ago. The company's direct operations opened 266,000 orders during the fourth quarter of 2022 and closed 216,000 orders. This compared to 536,000 direct orders opened during the fourth quarter of 2021 and 477,000 closed orders. Fidelity reported it paid \$79 million in claims during the Q4 2022. This was up from \$62 million in claims paid during Q4 2021.

At the end of 2022, Fidelity had 10,700 total field operations employees. This was down from 13,700 at the end of 2021.

The fee per file increased to \$3,649 during Q4 2022. This is up from \$3,023 per file during the same quarter in 2021.

Fidelity reported that its adjusted pre-tax title margin of 16.7% for full year 2022 was the company's third best since 2003.

"These strong results point to the disciplined management of our business in what has been a challenging environment combined with resiliency in the commercial market where a higher fee per file partially offset a moderation in volumes," Nolan said. "Looking forward, we will continue to manage our business to the trend in open orders while evaluating opportunities to strategically expand our operations given the strength of our balance sheet which puts us in an advantageous position."

## First American

First American Financial Corp. reported its title insurance segment generated \$758.0 million in pre-tax income in 2022. This was down from \$1.4 billion in pre-tax income in 2021.

During the fourth quarter of 2022, the company reported \$114.0 million in pre-tax income. This was down from \$369.0 million in pre-tax income during the same period in 2021.

"The ongoing, cyclical decline in the real estate market adversely impacted our fourth-quarter results," said Ken DeGiorgio, chief executive officer at First American Financial. "However, our expense management efforts and continued growth in investment income helped mitigate the impact of the challenging business environment. For the full year of 2022, we delivered a title segment pretax margin of 10%."

First American's direct operations opened 895,500 orders and closed 695,900 orders in 2022. In comparison, the company opened 1,275,000 direct orders and closed 1,050,700 orders in 2021.

For the year, First American paid \$177.0 million in claims. This compared to \$154.0 million in claims paid in 2021.

"Although current market conditions remain difficult, we are seeing early indications of stabilization in the purchase market and we believe the company is well positioned to emerge even stronger when the current down cycle ends," DeGiorgio said. "Our strong balance sheet allows us to continue to invest in strategic initiatives and pursue acquisitions to deliver long-term growth."

## Old Republic

Old Republic International Corp. reported its title insurance segment generated \$308.8 million in pre-tax income during 2022. This was down from \$515.7 million in pre-tax income in 2021.

During the fourth quarter, Old Republic reported \$45.0 million in pre-tax income for its title segment during the fourth quarter of 2022. This was down from \$137.3 million in pre-tax income during the same period in 2021.

"While increasing mortgage rates, refinance decline and a softening housing market impacted our residential activity, our commercial activity remained strong in the fourth quarter with

commercial premiums up 13% over fourth-quarter 2021 and represented 26% of our total premiums compared to 18% in the fourth quarter of 2021," said Carolyn Monroe, president of Old Republic National Title Holding Co.

The company reported that commercial premiums for 2022 represented an all-time high for Old Republic's title group.

"As we enter 2023, we'll continue with a focus on commercial opportunities," Monroe said. "During 2022, we transformed and aligned our commercial operations with an internal structure that allows us to leverage more tools, resources and support to enhance our capacity to deliver in this sector."

Old Republic reported its title insurance loss ratios decreased slightly during the fourth-quarter and full-year 2022 due predominantly to higher levels of favorable development as a percentage of premium. The fourth-quarter and full-year expense ratios were elevated compared to the same periods a year ago. The company said this generally reflected the combination of lower directly produced revenues that carry higher fixed expenses, and to a lesser extent, a greater proportion of agency produced revenues that have a higher overall expense ratio.

"We're getting back to what 2018 and 2019 looked like, and that's how we're starting to manage our operation again," Monroe said.

## Stewart

Stewart Information Services Corp. reported its title insurance segment generated \$232.7 million in pre-tax income in 2022. This was down from \$434.0 million in pre-tax income reported in 2021.

To close out the year, Stewart reported \$26.9 million in pre-tax income during the fourth quarter. This compared to \$118.6 million in pre-tax income during the same period in 2021.

"Our fourth-quarter results were impacted by historically low transaction volumes due to the current economic environment and its impact on the housing industry," said Fred Eppinger, Stewart's chief executive officer. "We have continued to manage our operations during this challenging environment with a reasonable balance of cost discipline and investment in capabilities that we expect will have a positive impact on our business over the long term. We have made significant progress in becoming a stronger company and will continue to invest opportunistically to build a more resilient company."

Stewart's operating revenues for the title segment decreased \$254.8 million in the fourth quarter of 2022 compared to the fourth quarter of 2021. The company attributed the decrease to volume declines in its direct title and agency operations. Total employee costs and other operating expenses in fourth-quarter 2022 decreased \$36.2 million, compared to the prior year quarter.

The company's direct operations opened 62,307 orders and closed 53,362 orders in 2022. This compared to 119,135 opened orders and 108,438 closed orders in 2021.

Stewart paid \$102.7 million in claims last year. This was down from \$126.2 million in claims paid in 2021.

# New York Issues RON Regulations

THE NEW YORK STATE DEPARTMENT of State [issued regulations](#) for remote online notarizations (RON).

The regulations went into effect Jan. 25.

Here are some highlights of the regulations:

- Notaries must be physically located in New York when performing an electronic notarial act and use a network that permits location detection. The signer can be outside of the state. If the principal is located outside of the United States, the notary must verify that the record or subject of the notarial act involves property located in the territorial jurisdiction of or involves a transaction substantially connected with the United States.
- Satisfactory evidence of identity: For anyone signing a document appearing before an electronic notary using communication technology, and who is not personally known to the notary, satisfactory evidence of identity requires:
  - Identity verification utilizing communication technology.
  - Credential analysis performed by a third-party service provider that has provided evidence to the online notary of the provider's ability to satisfy the requirements set forth in the rule.
  - Identity proofing by a third-party service provider.
- Communication technology: The communications technology used to perform electronic notarial acts must:
  - Permit sufficient audio and visual clarity to enable the notary and the person(s) to see and speak to each other through live, real-time transmission throughout the duration of the notarial act.
  - Permit sufficient visual clarity to enable the notary to view, read and capture the identification card presented as verification of identity.
  - Include a signal transmission secure from interception through lawful means by anyone other than the parties to the notarial act.
  - Include a process of reproduction that does not permit additions, deletions or changes without leaving a record of such.
  - Permit recording and archiving of the audio-video communication session.
- Journal: All notaries, including those notaries that only provide traditional in-person services, are required to keep a journal of all notarial acts performed, which includes the type of identification provided, for 10 years. Additionally, electronic notaries must maintain a journal of all notarial acts as well as an audio and video record of all electronic notarial acts performed. The electronic notary journal must include:
  - the date, approximate time and type of notarial acts performed.
  - the name and address of any individuals for whom a notarial act was performed.



- the number and type of notarial services provided.
- the type of credential used to identify the principal, including, for verification made where a notary relies on the oath or affirmation of two witnesses who identify themselves with a valid government issued ID and who know the document signer personally, the names of the witnesses and, if applicable, the type of credential used.
- the verification procedures used for any personal appearance before the notary public.
- for electronic notarial acts, identification of the communication technology, certification authority and verification providers used.
- an actual audio/video recording of the act.

## Online Notary Portal

In addition to the regulations, the department launched the availability of a new online application and registration portal for notaries. Notaries can now register the capability to perform electronic notarial acts. Registration of the capability to perform electronic notary services is opt-in. Through the traditional license, notaries will continue to provide services through in-person interaction with an individual signing a document in ink.

Those already licensed and intending to provide electronic notary services will need to register with the Department of State the capability to perform electronic notarial acts. Electronic notary services must be provided by registered electronic notaries.

## Remote Online Notarization

Currently, 43 states have enacted laws allowing permanent access to remote online notarization, but that still leaves 10 states where consumers don't have this option to close their transactions. ALTA continues to work with champions in the U.S. House and Senate, and a large coalition of industry partners including the Mortgage Bankers Association, National Association of Realtors, American Council of Life Insurers, and the Independent Community Bankers of America, among others, to move the bipartisan Securing and Enabling Commerce Using Remote and Electronic Notarization Act (SECURE).

On Feb. 27, the U.S. House of Representatives passed SECURE by a voice vote. SECURE would permit immediate nationwide use of RON with minimum standards and provide certainty for the interstate recognition. ALTA will now concentrate efforts in the Senate.

# Industry Update

## Essent to Acquire Agents National, Boston National for \$100M

Bermuda-based Essent Group Ltd. has entered into an agreement through its subsidiary Essent US Holdings Inc. to acquire Agents National Title Holding Co. and Boston National Holdings LLC for \$100 million from Incenter LLC.

Closing of the transaction is subject to regulatory approvals.

Missouri-based Agents National Title, which is licensed in 44 states, generated \$144.1 million in title premiums in 2021. Boston National Title is a title agency based in North Carolina that provides title and settlement services, with licenses in 40 states and the District of Columbia.

Essent Group, through its wholly owned subsidiary Essent Guaranty Inc., offers private mortgage insurance for single-family mortgage loans in the United States. Headquartered in Radnor, Pa., Essent Guaranty is licensed to write

mortgage insurance in all 50 states and the District of Columbia, and is approved by Fannie Mae and Freddie Mac. Essent also offers mortgage-related insurance, reinsurance and advisory services through its Bermuda-based subsidiary, Essent Reinsurance Ltd.

"Title insurance is a natural complement to our mortgage insurance business with relatively low and stable loss ratios historically," said Mark Casale, chair and chief executive officer of Essent. "The acquisitions of Agents National Title and Boston National Title add a team of seasoned title professionals to Essent and provide a platform to leverage our capital position, lender network and operational expertise across an adjacent real estate sector as we continue to expand our franchise."

Incenter, which is a subsidiary of

Finance of America Companies Inc. (FOA), purchased Agents National Title in 2017 and Boston National Title in 2016. Finance of America exited the wholesale channel when it shut down its forward mortgage origination unit in 2022.

FOA Interim Chief Executive Officer Graham Fleming said the company's long-term growth initiatives are centered on providing solutions to help Americans achieve their retirement goals through the use of their home equity.

"This transformation has included the decision to discontinue the operations of our forward mortgage originations segment," he added. "Today's transaction is part of our continued execution of this strategy, which is supported by some of the industry's most powerful macro themes."

## Texas AG Investigating Home Title Lock for Potentially Misleading Consumers

Texas Attorney General Ken Paxton is investigating Home Title Lock for potentially violating the Texas Deceptive Trade Practices Act by misleading consumers with deceptive statements concerning the prevalence of home title theft and the need for Home Title Lock's services.

Home Title Lock is a California-based entity that claims to provide 24/7 monitoring of a consumer's home title. The company has received scrutiny in recent months over questionable claims in its advertisements, including its claim that the FBI calls home title theft "one of the



fastest growing white-collar cyber-crimes in America." According to news reports, Home Title Lock admitted that it markets to "older customers."

To address these concerning reports, Paxton issued a Civil Investigative Demand (CID) to Home Title Lock to investigate whether the company's claims

and advertisements are false, misleading or deceptive. The CID requires Home Title Lock to turn over documents regarding its advertisements and all documents substantiating certain claims.

"I won't tolerate false, misleading or deceptive advertisements targeted to any Texas consumers—especially Texas seniors," Paxton said. "If Home Title Lock is misrepresenting its services or the need for its services, I will put a stop to its unlawful behavior."

## FCC Takes on Robocall Scam Targeting Homeowners

The Federal Communications Commission's (FCC) Robocall Response Team took action to shut down an apparent illegal mortgage robocall scam by real estate brokerage firm MV Realty targeting homeowners.

"Mortgage scams are some of the most pernicious types of robocalls we see," said FCC Chair Jessica Rosenworcel. "Sending these junk calls to financially stressed homeowners just to offer them deceptive products and services is unconscionable. That's why we are shutting down these calls right now."

Several attorneys general have filed complaints against MV Realty, alleging that the company misled consumers over the terms of the brokerage's "Homeowner Benefit Program." FCC Enforcement Bureau Chief Loyaan Egal thanked state attorneys general offices for their enforcement efforts against MV Realty.

Additionally, the FCC ordered telecommunications companies to effectively mitigate suspected illegal traffic from dialing platform PhoneBurner, which facilitates MV Realty's robocalls. The bureau also demanded that voice service provider Twilio cease and desist

from carrying the suspected illegal robocall traffic which it was apparently receiving from PhoneBurner. Twilio is the largest voice service provider yet to receive a cease-and-desist letter from the FCC.

ALTA has prioritized combating this abusive and anti-consumer activity in the marketplace, which adds costs and complications to the transfer or financing of real estate. ALTA has worked with national stakeholders to design model legislation to make these types of unfair agreements unenforceable, prevent the recording of the agreements in land records and provide consumers with options for seeking damages.

Currently, close to a dozen states are considering introducing legislation in 2023 on this issue.

## Stewart Acquires Ohio-based Elite Family of Companies

Stewart Title announced the acquisition of Elite Family of Companies, which is comprised of Elite Land Title LLC, Aspen Land Title Agency LLC and Citizens Land Title Agency LLC.

The Elite Family of Companies have served customers across Ohio for more than two decades with locations in Columbus, Circleville and Dayton.

"The Elite Family of Companies have grown into one of the highest quality service providers in the region," said Stewart Group President Steve Lessack. "As we've spent time with Shannon [Corwin] and her team, we see they share many of the same values and will be a seamless addition to our already strong team in the Columbus market. With the addition of the Elite Family of Companies team, Stewart further highlights our commitment to investing in attractive

markets, both in Ohio, where we are a leader in the top three markets, and across the country."

Stewart has made other acquisitions in Ohio over the past two years. In July 2021, Stewart purchased Westerville-based Title First and acquired Cleveland-based NorthStar Title Services in January 2021.

## Near North Title Group Acquires O'Connor Title Guaranty

Near North Title Group recently acquired Chicago-based O'Connor Title Guaranty.

O'Connor Title Guaranty is a 22-year-old title insurance agency serving the Chicago area and Southern Illinois commercial and residential real estate markets. Near North Title Group, which is focused on the Midwest but offers services nationwide, has been serving commercial and residential title customers for over 30 years.

"I am excited about this next step for O'Connor Title Guaranty and the platform Near North Title Group provides that will allow us to continue to serve our clients with the skill, care and professionalism that is core to our company," said John O'Connor, CEO of O'Connor Title. "We are immensely grateful to the Britehorn team, led by Bobbi Babitz Armstrong, for guiding us to a successful transaction in a turbulent market for title."

## First American Acquires 1031 Solutions

First American Financial Corp. completed the acquisition of 1031 Solutions LLC, a full-service 1031 exchange company that provides qualified intermediary services for real estate exchanges, including reverse and improvement

exchanges, to attorneys, tax advisors, real estate professionals and investors. All of 1031 Solutions' capabilities will now be positioned under the First American Exchange Co. brand.

"We are pleased to welcome 1031 Solutions and its deep expertise to the First American family," said Julie Baird, president of First American Exchange. "The addition of 1031 Solutions will augment our ongoing efforts to offer customers in the Rocky Mountain region and surrounding markets superior service, and we're looking forward to pursuing new opportunities for growth."

Based in Boulder, Colo., and founded in 2002, 1031 Solutions' staff has more than 50 years combined experience facilitating 1031 tax-deferred exchanges. 1031 Solutions' founders Richard and Linda Levy will assist with the transition of the business and customer relationships.

## Real Advantage Title Launches Agency Division

Real Advantage Title Insurance Co. (RATIC) has launched an Agency Division to expand its underwriting services to title agencies across the county.

RATIC is licensed to issue policies in 30 states and has a Demotech rating of A. The underwriter reports a strong capital and surplus position supported by \$1.5 billion in reinsurance through Lloyds of London syndicates.

"The Real Advantage Way is what separates us from our competitors," said Rich Macaluso, president and chair of the RATIC board. "Our core principles include truth, commitment, accountability, personal responsibility and vision. RATIC management knows from years of experience what is needed by an agent from its underwriter. Real Advantage

offers creative, safe, and fast underwriting to facilitate the most closed files with the fewest number of claims. Combined with the best consumer and professional client experience possible, these have been the goals and our experience throughout our tenure in the industry."

## Indecomm Expands E-recording Capability

Indecomm recently announced it has increased the number of jurisdictions where it offers e-recording services.

The company now offers electronic capabilities in 1,900 jurisdictions. In some jurisdictions, Indecomm reports it can process documents in as little as 12 days. These accelerated turnaround times significantly reduce human error, lost documents and manual paper handling, all of which translate to on-time recordings and fewer recording fees and fines.

"Indecomm is committed to giving its clients the most streamlined and simplified document recording experience in the market," said Venkatasubramanian (KVS) Krishnan, executive vice president of global operations at Indecomm. "Integrating with such a large number of digitally friendly jurisdictions to Indecomm's service will allow our clients to electronically record 70-80% of their documents, saving time, money and resources."

## Doma, Paymints.io Partner to Reduce Wire Fraud and Paper Checks

Doma Holdings Inc. added digital payment solution provider paymints.io to its AgentMarketplace vendor partnership program to reduce the risk of wire

fraud and allow homebuyers to digitally deposit earnest money. Paymints.io will offer its services to Doma's independent and affiliated title agent and attorney customers.

The paymints.io platform helps homebuyers deposit earnest money directly from their checking account. The secure, digital SaaS platform also gives escrow holders and settlement agents a safe, compliant way to digitally disburse funds to clients and vendors. Paymints.io's white-label application enables users to create a digital payment system with their company's branding and imaging. Using single sign-on authentication, users need only one set of credentials to access their applications, which not only streamlines the user experience, but also improves enterprise security and identity protection.

"Paymints.io's focus on leveraging digital technology to create faster, more efficient closing experiences supports Doma's mission to transform real estate transactions using patented machine-learning technology," said Emilio Fernandez, president of Doma Title Insurance Inc. "Doma is eager to introduce paymints.io to our title agent and attorney customers who are seeking tools to save time and money and compete in today's challenging market."

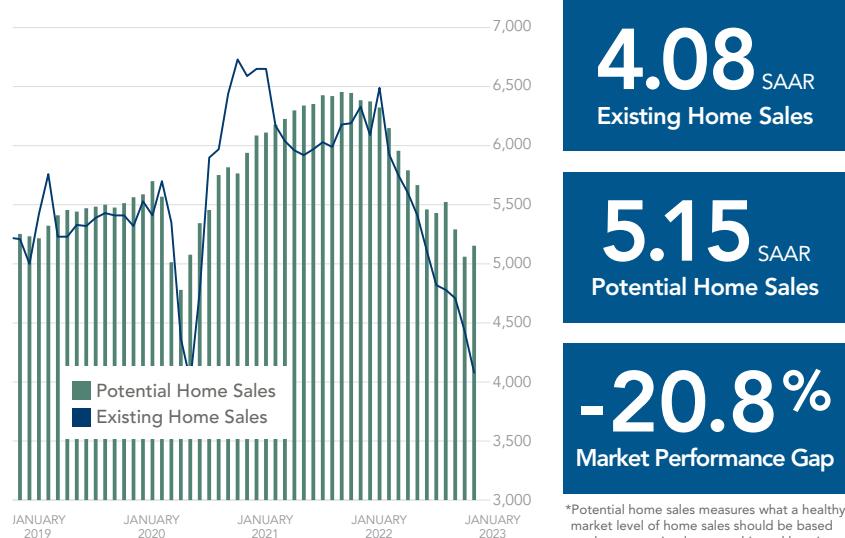
## CATIC Acquires Lane Guide Lenders On Line

CATIC acquired Lane Guide Lenders On Line, a provider of data on individual lenders and the lending industry.

Headquartered in Reno, Nev., the acquired firm is the holding company for the Lane Guide online lender resource used to locate lenders, financing companies and bank-owned real-estate asset managers. Lane Guide specializes

# Housing Market Potential

Existing and Potential Home Sales\* (in Millions, Seasonally Adjusted Annualized Rate)



**4.08** SAAR  
Existing Home Sales

**5.15** SAAR  
Potential Home Sales

**-20.8%**  
Market Performance Gap

\*Potential home sales measures what a healthy market level of home sales should be based on the economic, demographic and housing market environments.

## HUD Awards \$315M in Grants to Address Rural Homelessness

The U.S. Department of Housing and Urban Development (HUD) announced the first set of communities to receive grants and vouchers to address homelessness among people in unsheltered settings and in rural communities.

The announcement totals nearly \$315 million in grants to 46 communities. In addition, HUD will be awarding grants to an additional set of communities, as well as allocating housing vouchers to awarded communities. Together, these grants and vouchers comprise a first-of-its-kind package of resources to help communities provide housing and supportive services to people in unsheltered settings and people experiencing homelessness in rural areas. Communities were also asked to develop a comprehensive approach to addressing unsheltered and rural homelessness that involves coordination with health care providers, other housing agencies such as public housing authorities, and people with lived experience.

View the grantees at [www.hud.gov/press/press\\_releases\\_media\\_advisories/HUD\\_No\\_23-02-02](http://www.hud.gov/press/press_releases_media_advisories/HUD_No_23-02-02).

## National Consumer House-Buying Power

How much home one can afford to buy given the average income and the prevailing mortgage rate

November 2022

**\$329,005**  
House-Buying Power

**-32.5%**  
Year-Over-Year

## Where House-Buying Power is Strongest

Top States and Markets

<b>1</b>	New Jersey	<b>\$478,699</b>	<b>1</b>	San Jose, CA	<b>\$696,038</b>
<b>3</b>	Massachusetts	<b>\$475,395</b>	<b>2</b>	San Francisco, CA	<b>\$639,999</b>
<b>2</b>	Hawaii	<b>\$451,582</b>	<b>3</b>	Washington, DC	<b>\$582,119</b>
<b>4</b>	Maryland	<b>\$450,751</b>	<b>4</b>	Boston, MA	<b>\$531,570</b>
<b>5</b>	California	<b>\$434,891</b>	<b>5</b>	Denver, CO	<b>\$479,413</b>

Source: Mark Fleming, Chief Economist at First American Financial Corporation



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Elizabeth A. Daniel, NTP, MTP, KTP

President | Continental Title Company

# Company President Enjoys Industry Challenges, Problem Solving

## How long have you been in the title industry and how did you get started in this profession?

I have been in title since 1996 when I accepted a receptionist position at a small, independently owned title company.

## What's a day on the job like for you? What excites you about what you do or what is the most challenging aspect of your job?

I enjoy problem solving with our team. And, wow, we have had a lot of challenges to problem solve in the past few months. There is nothing better than dropping a challenge on the table and everyone working through it. We all think differently and so our conversations are lively and productive.

## Why is the title industry a great career opportunity for those entering the workforce? Where are you finding new employees?

The title industry has the capability of being a wonderful and rewarding career that does not require a college degree. We collect a lot of resumes and conduct extensive interviews to find someone who may not know they are a good fit for the title industry. Then, we educate them on how they can make a career of an entry-level position through our advancement opportunities.

## What's your best industry "war" story?

One of my most memorable closings was when Mrs. Buyer was nine-months pregnant, and her water broke during her closing. She was not concerned and wanted to continue with signing before heading to the hospital. We had to toss out the chair and have the carpet cleaned.

The other one was when I was asked to do a closing in a car. This was in the late 1990s before curbside closings. I agreed, and the gentlemen was in the back seat with a blanket over his legs. I climbed into the front seat, and he proceeded to let me know

he had broken his leg (compound fracture), and he wanted to sign before he had to go to the emergency room and take pain medication. It was crazy how freakishly calm he was.

## What advice do you have for professionals starting their career in the industry?

Title and escrow are for a special person. It is an industry that you either love or hate it. People who kind of like it do not last. Our job is hard, however, it is one of the best professions in the real estate industry. We are the hidden gem in real estate transactions. We have the opportunity to educate our customers and be a part of one of the most important financial decisions in their life.

## How does your company differentiate itself in the market?

We try to be on the cutting edge of technology in order to focus more on the quality of our work. We spend a lot of time and resources to protect ourselves and our clients from fraud. We do extensive training with all our employees on a regular basis.

## How does your company support its community?

We focus on giving back to our communities and worthy causes. In 2020, we started offering our buyers the option to choose from five different non-profits that CTC donates a portion of the closing revenue to on their behalf. We choose causes that are local and are important to us and our clients. It is very rewarding to hear from the non-profits on how impactful our donations are to the people who need them.

We created B.L.U.E. Day, which stands for Benefiting Locals, Uniting Employees. We take off the second Monday in October, and all our employees choose a non-profit to volunteer at for the day. It's a very enjoyable way to give back and team build at the same time.



For the last 18 years, we have held either a golf or bowling tournament for Children's Mercy or the Veterans Community Project. It is one of the best events of the year.

### **Why are you a member of ALTA?**

This is such an easy question! I initially joined for the continuing education, which is some of the best I have attended. Then, I found that the networking is invaluable. ALTA has provided me with an amazing community to bounce different ideas around, learn how other companies handle situations, and I've made friends for life.

### **Which ALTA committees do you participate in? Why do you participate?**

Currently, I am a co-vice chair of the Membership Committee. Over the years, I have participated in more than seven different committees. I was on the TIPAC committee for Kansas and was the Kansas Trustee for many years. In 2015, I won the TIPAC Rookie of the Year. I participate so I can make a difference, help recruit new members and educate them on what an

asset ALTA can be to their company. The resources are unbelievable and can save agencies money.

### **Why is it important to advocate for the industry?**

If we are not advocating for our profession, then who is? It is essential we participate and advocate for the title industry. There have been so many situations over the years, like TRID/CFPB, and now the attorney opinion letters, that ALTA actively advocates for our industry. Joining the Title Action Network is so easy, and they simply ask members to participate by letting our representatives and senators know how regulations impact our industry.

### **What is something that others in the industry may not know about you?**

I love this business and WINE! Wait, everyone probably already knows this. I am an open book.

### **If you could have dinner with anyone, who would it be and why?**

My grandmother. I lost her when I was 28, and I have always wanted to talk to her since I became a mom of two boys. She is my hero, and she raised the most amazing person, my dad.

### **What's your favorite book/movie/TV series? Why?**

I love books that are action and covert operation novels. Brian Andrews and Jeffrey Wilson wrote the *Tier One* series, and it is my all-time favorite. I absolutely love *The Thomas Crown Affair* movie (the remake with Pierce Brosnan). My current binge is *Yellowstone*.

### **What's in your music playlist?**

Oh boy, I am all over the place—watch out! Shinedown, Journey, Brantley Gilbert, Boys II Men, Five Finger Death Punch, Morgan Wallen, Bon Jovi, Metallica, Whitesnake, Def Leppard, Linkin Park, Papa Roach, New Edition, Chicago, Disturbed, Usher, Keith Sweat, AC/DC and Queen.



### **NOMINATE SOMEONE FOR A PROFILE**

If you know someone you'd like us to consider for a member profile, send your nominations to [communications@alta.org](mailto:communications@alta.org).

# Movers & Shakers

## CoreLogic Appoints Chief Economist

CoreLogic has named Selma Hepp as chief economist. In this role, Hepp leads the economics team, which is responsible for analyzing, interpreting and forecasting housing and economic trends in real estate, mortgage and insurance. She served as interim chief economist since July 2022. Prior to joining CoreLogic in 2020, Hepp was chief economist and vice president of business intelligence for Pacific Union International, which was later acquired by Compass. Additionally, Hepp has also held the role of chief economist for Trulia, senior economist for the California Association of Realtors, economist and manager for public policy and homeownership research for the National Association of Realtors and special research assistant at the U.S. Department of Housing and Urban Development.



Christine sparks

## Illinois Land Title Association Names New Executive Director

The Illinois Land Title Association (ILTA) named Christine Sparks as its executive director. Sparks is a past president of ILTA and chaired various association committees, including the Title Counsel Committee. Prior to joining ILTA, Sparks was chief operating officer and senior vice president at Attorneys' Title Guaranty Fund Inc. (ATG). Before joining ATG in 2003, she was an associate at the law firm of Jump & Associates PC. Sparks has obtained professional designations from ALTA and ILTA. She is a member of the Illinois State and Chicago bar associations.



Chad Huston

## WFG Bolsters San Francisco Bay Area Commercial Team

WFG National Title Insurance Co. appointed 30-year title and real estate industry veteran Chad Huston as senior vice president and regional manager for the company's National Commercial Title Services San Francisco Bay Area region. Huston will support the growth and expansion efforts for the national underwriter's commercial title business. During his career, Huston has built and managed diverse teams to support his clients' growth. Prior to joining WFG, he managed strategic national accounts for another national underwriter for more than 20 years.

## Kensington Vanguard National Land Services Adds to Exec Team

Kensington Vanguard National Land Services (KV) has hired Steve LaForgia and James Cosolito as senior executive vice presidents. Combined, the two have more than 40 years of industry experience. LaForgia and Cosolito started their careers at First American Title Insurance Co., before joining KV. After a few years at KV, they left to work at the start up First Nationwide Title Agency, which was later acquired by Amtrust Title Insurance Co.

## CATIC Hires National Accounts Manager

CATIC has hired Kyle Rank as senior vice president and national accounts manager. In this role, he will oversee the national and multi-state division within The CATIC Family of Companies. Rank has more than 30 years of title industry experience, having held executive leadership positions for several regional underwriters and multi-state title agencies. He previously served as executive vice president of business development and executive vice president of agency for two large regional underwriters.

## Kriss Law/Atlantic Closing & Escrow Names CSO

Kriss Law/Atlantic Closing & Escrow (KL/ACE) added industry veteran Landon Smith as its chief strategy officer. Smith will spearhead KL/ACE's national growth strategy, including brick and mortar sites in new jurisdictions, the hiring and management of new sales staff, entrée into new lines of business, technology advancements and mergers and acquisitions. Smith has over 30 years of experience in the technology and title insurance and mortgage industries. He held executive positions at LandAmerica, Stewart Lender Services, ServiceLink and The Closing Exchange as well as with a number of independent national title insurance agencies.

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—Mary O'Donnell, CEO & President



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## The Threat of GSE Mission Creep

### FOR MOST TITLE PROFESSIONALS, THE ACTIVITIES OF FANNIE MAE AND FREDDIE MAC AREN'T MUCH OF A CONCERN.

The two government sponsored entities (GSEs), which remain in conservatorship, generally require title insurance policies on loans they purchase from lenders. Because of this requirement, Fannie Mae and Freddie Mac have significant impact on the title insurance marketplace..

As you may have heard, Fannie Mae last year made a change to its Selling Guide that said it will accept a written opinion from an attorney in lieu of a title insurance policy "in limited circumstances."

While most of the recent conversation has centered on the use of certain attorney opinion letters, these products are not the only title-related initiatives that have been considered over time. It has been reported that Fannie Mae plans to launch a pilot program on certain transactions. Under the proposal, it has been conveyed that a few mortgage originators would be granted a waiver on title insurance requirements for loans sold to Fannie. Under the initiative it seems that Fannie Mae would handle any claims that arise from the servicer and will set aside a portion of the fee paid by the consumer for this waiver as a claims reserve.

The lack of transparency with unregulated title insurance alternatives and any other initiatives that may be under development causes great concern. Many have observed over the past year and voiced objections with what seems to be mission creep beyond the GSEs' charters to support the secondary market. We've seen this before, when the GSEs attempt to enter the primary housing market.

In July, several members of the Senate Banking Committee sent a letter to FHFA Director Sandra Thompson raising significant concerns with the Equitable Housing Finance Plans and the GSEs pushing into the title insurance market, among other business lines.

During the financial crisis, we unfortunately witnessed several systemic financial problems caused by shortcuts to well-established processes. Throughout that time, the title insurance industry indisputably proved its ability to reliably pay claims, many fraud-related, even in a severe recession. If that crisis taught us anything, it is that underwriting standards and risk protection should be strong and well-tested. Robust underwriting protects lenders and consumers alike—and title insurance provides a key part of this due diligence.

We support innovation and competition in the title industry. However, new products or initiatives shouldn't weaken protection for consumer property rights or increase risk to lenders, the GSEs or the broader safety and soundness of the housing finance system. We will continue to press regulators and policymakers to protect the consumer, maintain public trust and transparency, and to continue collaborating with our industry to help ensure properly regulated products are offered in the market.



**JACK RATTINK III**  
ALTA president



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