

ALTA NEWS

1828 L Street, N.W., Suite 705
Washington, DC 20036-5104
www.alta.org

Contact: Alyssa Marois
Phone: 202-296-3671 (office) _____

**AMERICAN
LAND TITLE
ASSOCIATION**



For Immediate Release

ALTA TESTIFIES AT HOUSE FINANCIAL SERVICES SUBCOMMITTEE HEARING ON THE TITLE INDUSTRY'S ROLE IN DETECTING MORTGAGE FRAUD

Washington, DC, June 18, 2009 – ALTA Board Member Frank Pellegrini testified today at a House Financial Services Subcommittee on “Strengthening Oversight and Preventing Fraud in FHA and other HUD Programs.” Pellegrini, President of Prairie Title in Chicago, IL, told Members of Congress, “title professionals enjoy a unique vantage point from which to observe, identify and thwart instances of fraud. Title agents are the independent third party to the transaction whose only interest is to the integrity of the transaction and the protection of our customers. Through training and experience, we hone our ability to spot improper transactions every day.”

ALTA’s testimony focused on mortgage fraud and the title industry’s role in facilitating the real estate purchase and refinance process; conducting closings in real estate transactions; and protecting borrowers and lenders by preventing fraud. Pellegrini also offered thoughts on additional steps that can be taken to combat mortgage fraud. The title industry protects consumers and lenders from fraud every day, and provides consumers with the certainty that

when they walk away from the closing table they own their real estate and that it cannot be taken from them because the property has been properly and legally conveyed.

“Fraud is the second leading cause of title claims, so we track it very closely,” said Pellegrini. “Our experience indicates that mortgage fraud schemes change with the economy. In a more robust economy we witnessed claims involving inflated values. As prices have fallen and equity has dried up, we now see loan slamming claims. Additionally, with the large numbers of mortgage defaults, short sale mortgage fraud claims are becoming more prevalent.”

Pellegrini’s testimony established ALTA’s members as the experts in the closing space and explained that they are on the frontlines of preventing fraud, and are incentivized to do so because of their claims exposure. Pellegrini also urged Congress to pass a Borrower Right of Inspection as a common-sense step to be taken to assist in the prevention of mortgage fraud. Borrowers should receive their key closing documents in advance of their closing – a consumer protection measure which is strongly supported by HUD. The title industry is well positioned and eager to serve as a resource to combat mortgage fraud.

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About ALTA

The American Land Title Association®, founded in 1907, is the national trade association and voice of the abstract and land title insurance industry. ALTA® members search, review and insure land titles to protect home buyers and mortgage lenders who invest in real estate. ALTA is headquartered in Washington, DC.