



April 3, 2017

The Honorable Richard Cordray  
Director  
Consumer Financial Protection Bureau  
1275 First Street, NE  
Washington, DC 20020

Dear Director Cordray,

In our meeting this past January, we discussed attempts by criminals to defraud homebuyers and divert their earnest money deposits or other closing funds. Despite efforts by the title industry and others to educate consumers about the risk, homebuyers continue to be targeted. If we are going to protect consumers from these schemes during the upcoming home buying season we will need your help.

We request that the Consumer Financial Protection Bureau publish a consumer alert to homebuyers warning them of these schemes. In the past, your consumer alerts have generated significant media attention and improved consumer awareness.

Over the past few years, the American Land Title Association (ALTA) has worked to educate our members about these schemes and how they can help consumers protect themselves from falling victim. In response, title companies have taken an array of steps to combat this fraud including:

- Use of secured email communications;
- Consumer warnings on their websites and communications;
- Notices to consumers and real estate agents informing them that the title companies' wire instructions will never change during the transaction;
- Calling homebuyers and real estate agents on a known number to verify wire instructions before transmitting; and
- Verifying account holder information with the receiving bank prior to submitting a wire transfer.

Unfortunately, these criminals frequently target homebuyers prior to the title company getting involved in the transaction. In many instances, they obtain access to unsecured public domain email accounts, including those used by real estate professionals who are trusted by the consumer. They use

this access to find transaction patterns and details to make their fraudulent communications seem legitimate.

As was true in the story we told your staff back in January, when this occurs, it is not uncommon for the fraud to be discovered weeks later when the buyer shows up to settlement with insufficient funds. As was the case in that story, the consumer often not only is unable to close on their home, but it is also unlikely they will be able to recover the stolen funds.

With this year's home buying season expected to be the strongest in a decade, we believe a consumer alert is crucial. We would be happy to work with our members to provide you with real life examples to illustrate an alert.

A successful alert should inform consumers about these schemes, and provide tips to on how to protect themselves. It should provide consumers with questions to ask all real estate professionals involved in the transaction to determine if those professionals have procedures in place to protect consumer's transactions. Additionally, an alert should explain how to best work with law enforcement to shut down these criminals and attempt to recover any lost money.

A consumer alert will help align the efforts of everyone in the real estate transaction. This will have a multiplier effect, enhancing the message to reach more consumers.

Lastly, we encourage you to work with your fellow financial regulators and law enforcement officials to prevent these criminals from utilizing the United States financial system. One of the most difficult aspects for consumers of falling victim is how long it takes to recover stolen funds. This can be especially frustrating even when the scam is discovered early enough and the account is able to be frozen before the funds leave the country.

A consumer alert from the CFPB will greatly enhance our ability to help educate consumers ahead of the spring home buying season. We look forward to working with your team to develop this alert.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle L. Korsmo". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Michelle L. Korsmo  
Chief Executive Officer