

Fraud Is Unaffordable

When housing affordability is discussed, the focus is usually on mortgage rates, housing supply, zoning or construction costs. While those factors matter, there is another powerful—and often overlooked—driver of affordability: **fraud prevention**.

Fraud may seem like a background issue, but its effects ripple through the entire housing market. When fraud increases, costs rise for everyone, including buyers, lenders and communities. This makes homeownership harder to achieve.



Fraud Adds Hidden Costs to Every Home Transaction

Real estate fraud takes many forms, including **wire fraud, identity theft, forged deeds, appraisal manipulation and mortgage fraud**. These crimes don't just harm individual victims, they inject risk into the entire housing system.

According to federal data, consumers lost billions of dollars to fraud in recent years, with real estate fraud alone accounting for hundreds of millions in losses annually. Each successful scam forces lenders, insurers and investors to account for higher risk, which ultimately shows up as higher costs for consumers.

When Fraud Increases, Affordability Decreases

Fraud doesn't disappear when protections are removed. It simply gets passed on.

Without strong safeguards to prevent fraud:

- **Lenders** price higher risk into higher interest rates or stricter credit standards
- **Buyers** face increased legal costs, larger down payments or denied financing
- **Investors** demand higher returns, driving up borrowing costs across the market

In short, unchecked fraud raises the cost of buying and owning a home, particularly for first-time and middle-income buyers.





Wire Fraud: A Growing Threat to Homebuyers

Wire fraud has become one of the fastest-growing risks in residential real estate. Criminals impersonate real estate professionals, lenders or settlement companies to trick buyers into wiring closing funds to fraudulent accounts.

The average loss from a wire fraud incident exceeds \$100,000—an amount that would financially devastate most homebuyers. These losses destabilize families and erode trust in the homebuying process.

Title Insurance Professionals Protect Affordability

Title professionals and title insurance play a critical role in preventing fraud and keeping housing affordable.

The title insurance industry invests heavily in:

- Secure transaction processes
- Employee training and verification protocols
- Consumer education
- Rapid response and recovery efforts when fraud is detected

Fraud and forgery claims

account for a significant

share of title insurance

losses, with average claims

exceeding **\$143,000**. This

risk is even higher on refinances, as the average

cost for fraud and forgery claims is **\$207,000**.

By preventing and absorbing these losses, title

insurance helps stop fraud-related costs from being

shifted onto homebuyers and lenders.



Strong Fraud Prevention Supports a Stable Housing Market

Effective fraud prevention reduces systemic risk. Lower risk means:

- More stable lending conditions
- Lower costs throughout the housing finance system
- Greater confidence for buyers, sellers and investors

In this way, fraud prevention is a quiet but essential component of housing affordability.

Affordability Requires Trust and Protection

Housing affordability is about more than supply and interest rates. It depends on trust, stability and protections that prevent hidden costs from undermining the market.

Fraud prevention—and the title professionals who work every day to protect real estate transactions—helps ensure that the cost of crime is not passed on to families trying to achieve homeownership.

Any type of fraud is unaffordable.

