

JUNE 2024

TITLENews

AMERICAN LAND TITLE ASSOCIATION



FBI: Cybercrime Losses Hit \$12.5B

Defining Your Brand

as a Title Insurance Agent

Between homeowners seeking peace of mind and lenders looking to protect their investment, the path to effective branding of a title insurance business is intricate. In reaching your target audience, it's important to consider diverse stakeholders, including real estate agents, brokers, attorneys and loan officers. Your strategy should address the needs of both your customers and the professionals who shape the real estate transaction. Let's explore how to create a brand that resonates with all parties involved.

10 Essential Brand Elements

1. Logo:

- Having a well-designed logo is important. A recognizable and easy-to-read logo or brand mark will help identify you in the channels where you advertise.
- Simple and sizeable: Most of your clients and consumers will find you while searching on mobile devices. In the United States, it is reported more than 80% of internet users access the internet through mobile devices. If your logo is too complex, it will be hard to read or recognize when reduced to the size of a mobile screen. The average profile picture space on social media sites is only 300 x 300 pixels!

2. Color and Imagery:

- The colors you choose can have a big impact. Whether they are bold and bright, or subtle and subdued, color lends tremendous weight to how your clients view your brand. Colors increase brand awareness.
- Color also affects the mind and body! It is proven that primary and secondary colors evoke strong emotional, psychological and even physiological responses. For example, red can actually raise your pulse and blood pressure.
- The same responses also apply to imagery. Pick a few key words that embody your company and values. Think about the quick "elevator pitch" describing what you do. When you market yourself, be sure to pick images that match those words. This helps reinforce your identity in the marketplace.

3. Consistency:

- Establish a cohesive brand identity. Use consistent colors, fonts, and logos across all channels—your website, social media and marketing materials. A unified brand builds trust and recognition. Although your communications will be tailored to each audience, you'll need to keep consistency within your messages, since many of your target audiences will overlap.

4. Content is (still) key:

- If the real estate mantra is location, location, location, the marketing mantra is content, content, content! Create informative content about title insurance. Blog posts, videos and infographics can explain the importance of title insurance, demystify the process and address common questions. Online software (such as Canva® or Adobe Express®) is available with free or low-cost access to powerful social media, video and presentation creation tools.
- Looking for more resources for marketing content? Check out Old Republic Title's ezMarket™ for customizable collateral, or ezShare™ for ready-to-share social media content.

5. Identify Your Audience:

- Before diving into marketing efforts, understand your target audience. Fine-tune your messaging to resonate with the group you hope to connect with. Are you looking to attract more residential clients or commercial business? Your message and marketing strategies will vary depending on the answer.
- Demonstrate your strengths! Make a list of your customers' pain points and what your business does specifically to remedy them. You might advertise your company's ability to work through difficult transactions, including distressed properties. You could also highlight the strength and stability behind a title insurance policy to give buyers and lenders additional peace of mind.

6. Be Authentic:

- Your brand is a representation of your values. Laying a solid foundation of the ideas and values your business stands for, fosters growth and opportunity. Authenticity is a key reason for doing business and should be reflected in your brand.

7. Tell Your Story:

- Nobody knows the business like you do! Take that knowledge and position yourself as an industry expert. Write articles, speak at conferences and share insights. Social media is an excellent avenue for this. Using platforms like LinkedIn can spread your influence. Thought leadership establishes credibility and attracts clients.

8. Community Involvement:

- Participate in local events, sponsor community initiatives and collaborate with real estate professionals. Take pictures at events and post them on your social channels. Being active in your community reinforces your brand's credibility and positions you as a good corporate steward.

9. Online Presence:

- Optimize your website for search engines. Ensure it is user-friendly, mobile-responsive and showcases your expertise. Leverage social media platforms to engage with your audience.

10. Client Testimonials:

- Showcase positive experiences from satisfied clients. Testimonials build trust and demonstrate your commitment to excellent service.

Remember, successful brand marketing is about consistency, authenticity and delivering value to your audience. Your story is unique and the only person who can truly tell it is you. By implementing these strategies, your title insurance business can thrive!





iN This Issue

VOLUME 103 | NUMBER 6 | JUNE 2024

COVER STORY

10 FBI: Cybercrime Losses Hit \$12.5B

Survey Shows Title Companies Report Increase in Cyberattacks, but Mitigation Efforts Help

FEATURES

16 ALTA-supported HEIRS Act of 2024 Introduced in House

18 Questions to Consider if Lender Asks You to Close an AOL Deal

20 Title Insurance Premium Volume Decreased 31% in 2023, ALTA Reports

25 You Have to Ask for What You Want

Citation: Deutsche Bank National Trust Company v. Stewart Title Insurance Company, No. 22 Civ. 9319, (S.D.N.Y., Feb. 20, 2024).

27 Supreme Court Rules CFPB Funding Structure Constitutional

DEPARTMENTS

- 5 Publisher's Desk
- 6 ALTA News
- 27 Industry Update
- 30 Movers & Shakers
- 33 Closing Comment



**DON'T MISS THIS MONTH'S
DIGITAL ISSUE OF**

TiTLENews

The digital edition of **TITLENews** includes a webinar recording that takes a deep dive into how reported losses from wire fraud is impacting the title industry and its customers. The webinar provides insights from the latest FBI IC3 report, an ALTA survey on wire fraud and cybercrime, and the CertifID State of Wire Fraud Report.

Go to alta.org
to get your copy of
Digital TitleNews Today.



TitleNews is published monthly by the American Land Title Association. United States and Canadian subscription rates are \$100 a year for members and \$300 a year for nonmembers. For subscription information, call 800-787-ALTA.

Send address changes to *TitleNews*, American Land Title Association, 1800 M Street, Suite 300 S, Washington, D.C. 20036-5828.

Anyone is invited to contribute articles, reports and photographs concerning issues of the title industry. The Association, however, reserves the right to edit all material submitted. Editorials and articles are not statements of Association policy and do not necessarily reflect the opinions of the editor or the Association.

Reprints: Apply to the editor for permission to reprint any part of the magazine. Articles reprinted with permission must carry the following credit line: "Reprinted from *TitleNews*, the monthly magazine of the American Land Title Association."

©2024 American Land Title Association

Members Call Toll Free: 800-787-ALTA
Members Fax Toll Free: 888-FAX-ALTA
Visit ALTA Home Page: alta.org
Email Feedback to: service@alta.org

TiTLENews

OFFICIAL PUBLICATION OF THE **AMERICAN LAND TITLE ASSOCIATION**

PUBLISHER + EDITOR IN CHIEF
Jeremy Yohe

DIRECTOR OF DIGITAL AND PRINT MEDIA
Shawn Sullivan

ASSOCIATION OFFICERS

PRESIDENT

Don Kennedy
First American Title Insurance Co.
Santa Ana, Calif.

BOARD REPRESENTATIVES, TITLE INSURANCE UNDERWRITERS SECTION

Scott T. Chandler CTIS, NTP
Westcor Land Title Insurance Co.
Lone Tree, Colo.

PRESIDENT-ELECT

Richard H. Welshons NTP
The Title Team/DCA Title
Hastings, Minn.

Donald A. O'Neill
WFG National Title Insurance Co.
Portland, Ore.

TREASURER

Tara Smith
Stewart Title Guaranty Co.
Houston, Texas

BOARD REPRESENTATIVES, ABSTRACTERS AND TITLE AGENTS SECTION

Quinn H. Stufflebeam
Title Financial Corp.
Blackfoot, Idaho

CHAIR, FINANCE COMMITTEE

Lisa Steele
Mother Lode Holding Co.
Roseville, Calif.

Deborah Bailey
Bailey Helms Legal
Roswell, Ga.

CHAIR, TITLE INSURANCE UNDERWRITERS SECTION

David Townsend MTP, NTP
Agents National Title Insurance Co.
Columbia, Mo.

IMMEDIATE PAST PRESIDENT

Jack Rattikin III
Rattikin Title Co.
Fort Worth, Texas

CHAIR, ABSTRACTERS AND TITLE INSURANCE AGENTS SECTION

Craig Haskins
Knight Barry Title Inc.
Milwaukee, Wis.

ASSOCIATION EXECUTIVE STAFF

CHIEF EXECUTIVE OFFICER
Diane Tomb

VICE PRESIDENT
OF GOVERNMENT AFFAIRS
Elizabeth Blosser

CHIEF OPERATING OFFICER
Cornelia Horner CMP

VICE PRESIDENT
OF GOVERNMENT AFFAIRS
Emily Tryon

SENIOR VICE PRESIDENT
OF PUBLIC AFFAIRS
Chris Morton

VICE PRESIDENT OF COMMUNICATIONS
Jeremy Yohe

CHIEF INFORMATION OFFICER
Kelly Romeo CAE

GENERAL COUNSEL
Steve Gottheim

To Err Is Human ... And It Can Be Costly

IN 1711, POET ALEXANDER POPE WROTE HIS FAMOUS LINE,

“TO ERR IS HUMAN.” Each of us, almost every day, will make an error of some kind. Most are harmless, like wearing different colored socks or accidentally cutting in line at the grocery store..

Some mistakes, however, can have very costly consequences. According to a recent report from Proofpoint, human error continues to be perceived as the Achilles' heel of cybersecurity. The study found almost three-quarters (74%) of chief information security officers (CISOs) identified employees as the most significant cyber vulnerability. This is up from 61% in 2023. Additional surveys have found nine out of 10 data breaches were the result of a criminal simply tricking an employee or taking advantage of a human oversight, a phenomenon known as social engineering.

In a year of growing insider threats and people-driven data losses, more CISOs than ever (80%) see human risk—in particular, negligent employees—as a key cybersecurity concern over the next two years.

This human risk can be costly in the title and settlement industry. According to the results of a cybersecurity survey conducted by ALTA and highlighted in this edition's cover article, more than half of the responding companies reported an increase in cybercrime attempts. Specific to wire fraud, 58% of companies receive emails attempting to change wire or payoff instructions. The survey also found, unfortunately, that 17% of companies have erroneously wired funds to incorrect accounts controlled by cybercriminals. Of these companies, most believe compromised or spoofed emails from customers (consumers, real estate agents, lenders or title companies) led to the fraud.

Criminals use phishing emails to attempt to garner sensitive information or data. That's why we offered a webinar in June to help members learn best practices to help identify phishing attempts when reviewing emails. We also plan to offer another cybersecurity webinar in July.

Education and training go a long way toward building your cyber defense. In the Proofpoint report, 86% of the same CISOs said they believe employees understand their role in protecting the organization. And ALTA's survey showed most companies are involved in some type of mitigation activities or services. The most common include consumer training (58%), Realtor training (51%), wire or payee verification software (48%), and simulated phishing tests with employees (42%).

This use of preventive measures is a good sign because the attacks won't cease. To err is human, but to prevent wire fraud is divine.



JEREMY YOHE

ALTA vice president of communications

| ALTA Congratulates Latest NTP Designees

Whether you want to level up your career, enhance your reputation or simply prove your knowledge, earning ALTA's National Title Professional (NTP) designation can help you reach your goal.

A measure of personal achievement, the NTP designation proves you are a powerhouse of knowledge, experience and dedication essential to the title industry.

Hear what your peers have to say about NTPs in this video.

The following are the latest title professionals who have earned their the

designation:

- Zachary Atwood NTP, Mississippi state counsel, Stewart Title Guaranty Co. in Birmingham, Ala.
- Ellen Margheim NTP, SDTP, licensed title



examiner, Rosebud Title in Gregory, S.D.

- Dan Roe NTP, SDTP, president, Black Hills Title Inc. in Sturgis, S.D.
- Eric Swarthout NTP, president, Thoroughbred Title Services in Rye Brook, N.Y.

Check out the full list of NTPs [here](#).

| Several Member Companies Renew as ALTA Elite Providers

ALTA announced several associate member companies recently renewed as Elite Providers. The program features distinguished service providers committed to furnishing extensive benefits to the title insurance and settlement services industry. Elite Providers promote the highest industry standards and provide effective solutions for ALTA members' critical needs.

- **AccuTitle** provides end-to-end technology platforms. The company's software services much of the East Coast and is equipped with innovative technology to simplify the complex real estate transaction process. An ALTA Best Practices Pillar I, II, III, IV, V, VI and VII company, AccuTitle offers ALTA members a 10% discount on the initial setup and training fee for new customers.
- **CertifID** provides an identity verification SaaS platform, insurance and proven recovery services. It safeguards billions of dollars every month and provides



further peace of mind with up to \$1 million in direct insurance coverage on every wire it protects. An ALTA Best Practices Pillar II company, CertifID offers ALTA members 10% off their first-year annual licensing fee.

- **ePN** is a national e-recording service provider, offering a variety of recording solutions designed to meet the needs of title agents, settlement providers, attorneys and other document submitters across the United States. Its services include a web-based traditional e-recording solution called eCourier. ePN offers ALTA members a 30% discount on the first 100 documents submitted for e-recording within the first 30 days of service.

- **HDEP International** provides title production services, order entry, commitment preparation, O&E reports, abstracts, foreclosure reports, final polices and more. In addition to title production work, the company builds electronic title plants, maintains existing daily plants and completes legal descriptions. HDEP offers complimentary project evaluations and project setup services to ALTA members.
- **Qualia** provides a digital closing platform that offers a secure system of record for the real estate settlement ecosystem through a suite of workflow, accounting, reporting and collaboration products as well as product and service integrations. Qualia offers one free month of its Qualia Marketplace, Qualia's Vendor Management subscription valued at \$500, to ALTA members.

Several Member Companies Renew as ALTA Elite Providers, cont.

- RamQuest** provides technology that includes solutions for title and settlement production, escrow accounting, document imaging and management and transaction management. RamQuest provides software in-house or in a hosted environment. For new customers, RamQuest offers ALTA members a complimentary bundle of up to five RamQuest User Group memberships, good for two years.
 - Sky Lien Search:** The company uncovers issues and possible future liens with real estate properties, such as property taxes, code and building violations, utilities, permits and more. The company's TaxTrack system provides comprehensive and accurate information about how much and when to pay any outstanding real estate property taxes. Skyline will waive its service fee for the first MLS or HOA estoppel letter (nationwide) or half off the first survey order (Florida only) for any new customer who is an ALTA member.
 - SoftPro:** The company provides closing and title and escrow software that is flexible, secure and fully customizable. The platform can be used for residential or commercial closings. It also provides automation capabilities. The company provides hosted and on-premise installations. An ALTA Best Practices Pillar II, III, IV and V company, SoftPro offers ALTA members 20% off any new license fees.
- For more information about the Elite Provider program or to apply, visit alta.org/elite.

ALTA Good Deeds Foundation Awards Grant to Legal Counsel for the Elderly

The ALTA Good Deeds Foundation, a registered 501(c)(3) charitable organization founded by ALTA, awarded a \$6,000 grant to Legal Counsel for the Elderly in Washington, D.C.

"Since the ALTA Good Deeds Foundation was founded in October 2020, we have awarded \$982,000 in grants to 169 community nonprofits in 41 states and the District of Columbia," said Foundation Board Chair Mary O'Donnell, president and CEO of Westcor Land Title Insurance Co. and past president of ALTA. "Because of the overwhelming support from ALTA members, the Foundation is able to grow its meaningful work with leaders like AARP's Legal Counsel for the Elderly."

ALTA CEO Diane Tomb said the Legal Counsel for the Elderly champions the dignity and rights of Washington, D.C.'s elderly by providing free legal services to those in need.

"The organization helps administer Washington, D.C.'s Heirs Property Assistance Program, which aligns with ALTA's efforts on this important topic, including how to better leverage estate planning tools and resources and how to expand access to programs and services for those with heirs' property. In



addition to ALTA's continued advocacy for legislation and widespread education on these issues, I am gratified the ALTA Good Deeds Foundation is helping to support this vital effort."

Rhonda Cunningham Holmes, executive director at Legal Counsel for the Elderly, added, "Helping people remain in their homes—including homes that are titled to a parent, grandparent or other relative—is critical to our work on behalf of low-income older adults in D.C. Thanks to the foundation, more of our older neighbors will age with dignity, secure in their family homes and able to pass this asset on to future generations."

The grant application process is open through July 31. Applicants will be notified of all decisions in September.

[Click here](#) to apply for a grant.

CALENDAR

2024 ALTA EVENTS

LARGE AGENTS CONFERENCE

July 21
Park City, Utah

ALTA ONE

Oct. 15-18
Orlando, Fla.

STATE CONVENTIONS

MICHIGAN

July 14-16

UTAH

July 11-12

ILLINOIS

Aug. 6-8

KANSAS

Aug. 7-10

MINNESOTA

Aug. 16-17

INTRODUCING ionFraud

ionFraud is a new tool for FNF Family of Companies agents aimed at assisting in the identification of potential fake sellers as early as possible – during the order entry process. We know seller impersonation scams continue to plague all of us in real estate, and we want to make utilizing ionFraud the guidance you and your partners can lean on.

Questions?

Reach out to your local FNF representative or email ionFraud@fnf.com for more details.



nationalagency.fnf.com





nFraud
Companies Fraud Awareness Service

FBI: Cybercrime Losses Hit \$12.5B



Survey: Title Companies Report Increase in Cyberattacks, but Mitigation Efforts Help



CYBERCRIME LOSSES ROSE TO \$12.5 BILLION

and reported incidents reached all-time highs last year, according to the [2023 FBI Internet Crime Report](#).

The FBI reported it received a record 880,418 complaints in 2023. This is nearly a 10% increase in complaints received, and represents a 22% increase in losses suffered, compared to 2022. The FBI said that incidents continue to be underreported.

“The cyber landscape is threatened by a multitude of malicious actors who have the tools to conduct large-scale fraud schemes, hold our money and data for ransom, and endanger our national security,” said Timothy Langan, executive assistant director for the FBI. “Profit-driven cybercriminals and nation-state adversaries alike have the capability to paralyze entire school systems, police departments, healthcare facilities, and individual private sector entities. The FBI continues to combat this evolving cyber threat. Our strategy focuses on building strong partnerships with the private sector, removing threats from U.S. networks, pulling back the cloak of anonymity many of these actors hide behind and hitting cybercriminals where it hurts: their wallets, including their virtual wallets.”

2023 CRIME TYPES

By Complaint Loss			
Crime Type	Loss	Crime Type	Loss
Investment	\$4,570,275,683	Extortion	\$74,821,835
BEC	\$2,946,830,270	Employment	\$70,234,079
Tech Support	\$924,512,658	Ransomware*	\$59,641,384
Personal Data Breach	\$744,219,879	SIM Swap	\$48,798,103
Confidence/Romance	\$652,544,805	Overpayment	\$27,955,195
Data Breach	\$534,397,222	Botnet	\$22,422,708
Government Impersonation	\$394,050,518	Phishing/Spoofing	\$18,728,550
Non-payment/Non-Delivery	\$309,648,416	Threats of Violence	\$13,531,178
Other	\$240,053,059	Harassment/Stalking	\$9,677,332
Credit Card/Check Fraud	\$173,627,614	IPR/Copyright and Counterfeit	\$7,555,329
Real Estate	\$145,243,348	Crimes Against Children	\$2,031,485
Advanced Fee	\$134,516,577	Malware	\$1,213,317
Identity Theft	\$126,203,809		
Lottery/Sweepstakes/Inheritance	\$94,502,836		

SOURCE: FBI INTERNET CRIME REPORT

In one incident involving a real estate transaction last year in Stamford, Conn., an individual was in the process of purchasing a home. The victim received a spoofed email from their supposed attorney instructing them to wire \$426,000 to a financial institution to finalize the closing. Two days after the wire was initiated, the victim realized the instructions had come from a spoofed email. Upon notification, the IC3 Recovery Asset Team (RAT) immediately initiated the Financial Fraud Kill Chain (FFKC) process to freeze the fraudulent recipient financial bank account. Collaboration with the domestic recipient financial institution and the local police department confirmed \$425,000 was frozen and returned to the individual, which enabled them to complete the real estate transaction.

In 2023, the FBI initiated the FFKC on 3,008 incidents with potential losses of \$758 million.

FBI Guidance for Sending Wire Transfers

- Contact the originating financial institution as soon as fraud is recognized to request a recall or reversal and a Hold Harmless Letter or Letter of Indemnity.
- File a detailed complaint with [IC3.gov](https://www.ic3.gov). It is vital the complaint contains all required data in provided fields, including banking information.
- Never make any payment changes without verifying the change with the intended recipient; verify email addresses are accurate when checking email on a cell phone or other mobile device.

Attacks on Title Industry Increase, but Mitigation Efforts Help

As cyberattacks trend up nationally, the title industry continues to be targeted at an increased rate. More than 90% of title insurance companies reported the volume of cybercrime attempts increased or remained the same over the past year, according to a [Cybercrime & Wire Fraud Study](#) sponsored by the ALTA Land Title Institute.

Over half of the 470 title professionals surveyed reported an increase in cybercrime attempts from 2021 to 2022, while another 40% reported a similar volume of attacks. This is up from 86% that reported an increase or comparable level of incidents from 2020 to 2021.

“Fraud attempts are increasing compared to a year ago, meaning title and settlement companies must be even more vigilant,” said Diane Tomb, ALTA’s chief executive officer. “In response to the increased attacks, more companies have mitigation efforts in place, so while there is still significant concern about the issue, companies are better equipped to protect their businesses and customers.”

Companies with higher transaction volumes were targeted with more frequency. According to the survey, 73% of companies with over 250 monthly closings experienced an increase in cybercrime compared to 61% of those with 76 to 250 closings and 38% with 75 or fewer closings.

While fraud attempts remain elevated, mitigation efforts are helping and more companies are reporting the ability to recover diverted funds. In 2022, 26% of companies reported they were able to recover the total amount of funds incorrectly transferred due to fraud compared to only 17% in 2021. Additionally, two-thirds of companies reported recovering more than half of the stolen funds.

Because of policy limitations and restrictions, insurance providers typically did not cover losses due to cybercrime in 2022. Of the businesses that experienced losses, 54% reported their insurance

carriers did not cover any of the amount, 10% reported that some of the losses were paid and 5% said most losses were paid. Only 7% indicated the total amount was covered.

Most companies reported that average consumer losses were \$100,000 or less, including 14% that reported losses under \$1,000, 22% reporting losses of \$1,000 to \$25,000, and 24% indicating \$26,000 to \$100,000. Two-thirds of companies reported that customers who transferred funds to the wrong account due to fraud were assisted by financial institutions to recover the funds, followed by insurers (23%) and the FBI (22%).

Mitigation Efforts Help Protect Against Rising Cybercrime

CYBERCRIME ATTEMPTS ARE UP AND COMPANIES ARE MORE PREPARED

Fraud attempts are increasing compared to a year ago, but more companies have mitigation efforts in place. So, while there is still significant concern about the issue, companies are better equipped to protect their businesses and customers.

Companies Experiencing Increasing or Similar Levels of Fraud Attempts Compared to the Prior Year

Companies Engaging in Mitigation Activities or Services

Companies Concerned About Fraud Impacting Business in the Next 12 to 18 Months

BUSINESSES AND CUSTOMERS FELL VICTIM TO WIRE FRAUD IN 2022

17% of land title companies experienced wire fraud

Companies with Losses Under \$1M

■ \$500K or Less (62%)
 ■ \$500K to \$1M (7%)

28% had customers who experienced fraud

Companies with Avg. Customer Losses Under \$100K

■ Under \$1K (14%)
 ■ \$1K to \$25K (22%)
 ■ \$26K to \$100K (24%)

Top 3 Entities Assisting with Recovery of Business & Consumer Funds

1

Financial Institutions

2

Insurers

3

FBI

Companies that Recovered All Funds

COMPANIES ENGAGE IN MITIGATION EFFORTS TO PREVENT FRAUD

Companies are protecting their businesses and customers by conducting a range of mitigation efforts. Additionally, companies use ALTA resources, such as the Rapid Response Plan & Outgoing Wire Prep Checklist to combat fraud.

Select Mitigation Efforts Implemented by Land Title Companies

Customer & Realtor Training

Wire/Payee Verification Software

ALTA Resources

Source: ndp | analytics. 2024. ALTA Critical Issues Study: Cybercrime & Wire Fraud.

“It’s important that all fraud attempts get reported to authorities, however, cybercrime in the land title industry is underreported,” Tomb said. “While nearly 60% of companies report successful wire fraud attempts to the FBI via the Internet Crime Complaint Center, only a third notify the bureau about attempted fraud.”

Report Incidents to IC3

Reporting incidents to the FBI’s Internet Crime Complaint Center (IC3) is a crucial step in helping law enforcement fight cybercrime. [Click here](#) to report a complaint.

Efforts to Reduce Fraud

Compared to last year, there has been a significant increase in the share of companies that conduct mitigation efforts. In 2023, the survey showed 86% of companies reported engaging in mitigation activities and services compared to 63% in 2022. Two-thirds of the companies surveyed reported spending up to \$25,000 annually on mitigation efforts.

The survey showed nearly all companies inform customers about the risks of cybercriminals targeting real estate transactions. The most common methods include standard warnings via email (85%), oral or telephone warnings (67%), written information mailed to consumers (41%) and specific warnings on company websites (41%). Companies also often remind customers about cybercrime risks throughout the transaction process. According to the survey, 64% of companies communicated with customers frequently using written reminders, 31% provided warnings or education at the beginning of the transaction process and 30% did so at the time of closing.

“Title insurance companies protect their business and customers by conducting a range of mitigation efforts, including customer and real estate agent training, simulated phish testing of employees and wire/payee verification software,” Tomb said. “Additionally, companies use ALTA resources, such as the Rapid Response Plan & Outgoing Wire Prep Checklist, to protect against fraud. These mitigation efforts help to ease concern of future fraud. While cybercrime remains a major issue, the share of companies concerned that it would impact business over the next 12 to 18 months declined from a year ago.”

Last year, ALTA released an [update to its Best Practices](#), which included a recommendation to use a wire verification service when sending money.

Claims Up Due to Cybercrime

Fraud and forgery claims are on the rise due to threats from cybercrime, rising from 19% of total reported claims in the category of basic risks between 2013 and 2020 to 44% of claims within that category in 2022 alone, according to [new independent analysis](#) conducted by global consulting and actuarial firm Milliman.

For claims on owner’s policies, the average cost of fraud and forgery claims is more than \$100,000, while the average claim

cost for all other claims is more than \$27,000. For claims on loan policies only, the average cost of fraud and forgery claims is more than \$194,000.

“The evidence is clear: expert title professionals do so much more than just scan public records or push a button to secure property rights,” Tomb said. “The research found that fraud and forgery claims represent 21% of the total dollars spent by title insurers on claims expense and losses, with an average claim cost of over \$143,000. With the cost of fraud and forgery claims averaging more than twice the national average salary in the U.S., the risk of not purchasing a title insurance policy is far too high.”

Update Email Security

The FBI, National Security Agency and the U.S. Department of State in May issued a [joint cybersecurity advisory](#) regarding state-sponsored email attacks that evade authentication security measures. According to the advisory, an organization called “Kimsuky”—a subunit of the military intelligence apparatus of the Democratic People’s Republic of Korea (DPRK, a.k.a. North Korea)—is exploiting the improperly configured DNS Domain-based Message Authentication, Reporting and Conformance (DMARC) record policies to conceal social engineering attempts.

Without properly configured DMARC policies, malicious cyber actors can send spoofed emails that look like they came from a legitimate domain’s email exchange, the FBI said.

What Is DMARC?

- DMARC is an email security protocol that authenticates whether an email message legitimately came from the organization that appears to have sent it.
- A DMARC policy can be configured and applied to a domain to specify actions to be taken when email authentication fails.
- When an organization securely configures a DMARC policy, it helps ensure malicious actors, like Kimsuky, are unable to spoof the organization’s legitimate email domain when sending messages to a target.
- A DMARC policy tells a receiving email server what to do with the email after checking a domain’s Sender Policy Framework (SPF) and DomainKeys Identified Mail (DKIM) records.
- Depending on if an email passes or fails SPF and DKIM, the email can be marked as spam, blocked or delivered to an intended recipient’s inbox.

Mitigation Measures

Missing DMARC policies or DMARC policies with “p=none” indicate that the receiving email server should take no security action on emails that fail DMARC checks and allow the emails to be sent through to the recipient’s inbox.

In order for organizations to make their policies stricter and signal to email servers to consider unauthenticated emails as spam, the authoring agencies recommend mitigating this threat by updating DMARC policies to one of these two configurations:

■ “v=DMARC1; p=quarantine;”
 ■ “p=quarantine” indicates that email servers should quarantine emails that fail DMARC, considering them to be probable spam.

■ “v=DMARC1; p=reject;”
 ■ “p=reject” instructs email servers to block emails that fail DMARC, considering them to be almost certainly spam.

In addition to setting the “p” field in DMARC policy, the authoring agencies recommend organizations set other DMARC policy fields, such as “rua” to receive aggregate reports about the DMARC results for email messages purportedly from the organization’s domain.

Red Flags

■ The following activity may be indications or behaviors of malicious cyber actors:

- Innocuous initial communication with no malicious links/ attachments, followed by communications containing malicious links/documents, potentially from a different, seemingly legitimate, email address.
- Email content that may include real text of messages recovered from previous victim engagement with other legitimate contacts.
- Emails in English that have awkward sentence structure and/or incorrect grammar.
- Emails or communications targeting victims with either direct or indirect knowledge of policy information, including U.S. and ROK government employees/officials working on North Korea, Asia, China, and/or Southeast Asia matters; U.S. and ROK government employees with high clearance levels; and members of the military.
- Email accounts that are spoofed with subtle incorrect misspellings of legitimate names and email addresses listed in a

Important and Affordable Cybersecurity Defenses

Cybersecurity is a critical topic for the land title insurance and settlement industry and an ongoing threat to every title operation regardless of size, location or years in business.

ALTA is dedicated to helping members safeguard their operations from the constant threat of cyber attacks. Here’s a collection of helpful links to cybersecurity resources provided by ALTA’s Information Security Work Group and other trusted sources. (Note that some solutions require a monthly/yearly fee.)

ALTA Resources

- **ALTA Cybersecurity Incident Response Plan:** Use this tool to help your team to establish and maintain secure systems and be prepared to act quickly if an incident occurs.
- **ALTA Cyber System Overview:** Use this narrative to improve your understanding of a cyber system inventory, why it is important to cybersecurity efforts, and how to create and maintain your company’s inventory.
- **ALTA Cyber System Inventory Workbook:** Use this model workbook to create and customize your company’s inventory.
- **ALTA Business Impact Analysis:** Use this guide to examine your software applications, determine which resources are critical to your operation, and discover when to add resources to minimize the business impact of downtime.
- **ALTA Outgoing Wire Preparation Checklist:** Use this checklist as a best practice for verifying outgoing wire information.
- **ALTA Rapid Response Plan for Wire Fraud Incidents:** Use this tool to customize your action plan when a wire fraud attempt occurs.

Security Awareness

- SANS: www.sans.org/newsletters/ (OUCH and NewsBites)
- SANS Security Blogs (pick your

interest): www.sans.org/blog/

- CISA Cyber Training: www.cisa.gov/cybersecurity-training-exercises
- MIST Training Resources: www.nist.gov/itl/applied-cybersecurity/nice/resources/online-learning-content
- Amazon Learning: learnsecurity.amazon.com/en/index.html
- Cyber101: www.cyber101.com/
- Cyber Readiness: cyberreadinessinstitute.org/
- Udemy: www.udemy.com/
- Cybrary: www.cybrary.it/
- eDX: www.edx.org/
- LinkedIn Learning: www.linkedin.com/learning/

Endpoint Detection and Response (EDR) tools

This is a cybersecurity technology that continuously monitors devices to detect and respond to cyber threats like ransomware and malware. Here are some solutions:

- CrowdStrike Falcon Go (\$4.99/device/month [min of 5 with 1Y contract]): www.crowdstrike.com/products/
- CrowdStrike Falcon Pro (\$8.33/device/month [min of 5 with 1Y contract])
- SentinelOne Singularity Core (\$69.99/device/

year [min of 5]: www.sentinelone.com/platform-packages/EPP

- SentinelOne Singularity Control (\$79.99/device/year [min of 5]): EDR
- SentinelOne Singularity Complete (\$159.99/device/year [min of 5]) – XDR incl [managed services]
- Huntress MDR: www.huntress.com/platform/managed-edr

Email Security Tools

- Sublime Email Security (free option available): sublime.security/
- Abnormal Security: abnormalsecurity.com/products/inbound-email-security
- Huntress MDR for Microsoft 365: www.huntress.com/platform/managed-detection-and-response-for-microsoft365
- Check your existing email security: checkcybersecurity.service.ncsc.gov.uk/email-security-check

Web Security Tools

- Cloudflare SSE & SASE Platform (free version is available for up to 50 users): <https://www.cloudflare.com/zero-trust/products/#overview>
- NextDNS (free and low-cost plans are available): nextdns.io/
- Cisco Umbrella (DNS Essentials or SIG Essentials): umbrella.cisco.com/products/umbrella-enterprise-security-packages
- Basic Web Protection – point your DNS to
 - 1.1.1 – Cloudflare
 - 8.8.8 – Google

Suites (bundles)

university directory or an official website.

- Malicious documents that require the user to click “Enable Macros” to view the document.
- Follow-up emails within two to three days of initial contact if the target does not respond to the initial phishing email.
- Emails purporting to be from official sources but sent using unofficial email services, identifiable through the email header information being a slightly incorrect version of an organization’s domain.

Top Risks

The biggest cybersecurity threats perceived by chief information security officers (CISOs) in 2024 are ransomware attacks (41%), malware (38%) and email fraud (36%), according to a survey by Proofpoint. The results show CISOs demonstrate increasing confidence in their ability to defend against these threats,

reflecting a significant shift in the cybersecurity landscape. However, human error continues to be perceived as the Achilles’ heel of cybersecurity, with 74% of CISOs identifying it as the most significant vulnerability.

“As we navigate through the complexities of today’s cyber threat environment, it’s encouraging to see CISOs gaining confidence in their strategies and tools,” commented Ryan Kalembur, chief strategy officer at Proofpoint. “However, the ongoing challenges of employee turnover, pressure on resources, and the need for continuous board engagement remind us that vigilance and adaptation are key to our collective cyber resilience.” ■



JEREMY YOHE is ALTA's vice president of communications. He can be reached at jyohe@alta.org.

- Office 365: www.microsoft.com/en-us/microsoft-365/business#heading-ocb6f5
- Google for Business: <https://smallbusiness.withgoogle.com/#/> and workspace.google.com/

Password Managers

A password manager is an app on your phone, tablet or computer that stores your passwords, so you don't need to remember them. Here are a few providers:

- Bitwarden (starts at \$10/year): bitwarden.com/
- Dashlane (starts at \$60/year): www.dashlane.com/
- 1Password (starts at \$36/year): password.com/
- Check if your password has been leaked: haveibeenpwned.com/

MFA Apps

Mobile authenticator apps provide a more secure way to log in to websites and online accounts using multifactor authentication. Here are some options:

- Authy (free): authy.com/ [most universal, cloud backup]
- Google Authenticator (free): download from Apple or Google store
- Microsoft Authenticator (free): download from Apple or Google store
- Duo Security (free up to 10 users): duo.com/

Security Keys

A security key is a small external device that looks like a thumb drive or tag, which can be used for verification when signing in to an account using multifactor authentication.

- Yubikey (keys start at \$50 one-time fee):

www.yubico.com/

- Feitian (keys start at \$25 one-time fee): www.ftsafe.com/Products/FIDO

Logs Aggregation (SIEM)

These platforms aggregate historical log data and real-time alerts from security solutions and IT systems like email servers, web servers and authentication systems. They analyze the data and establish relationships that help identify anomalies, vulnerabilities and incidents.

- CISA Logging Made Easy (free): github.com/cisagov/LME
- Graylog (free and paid plans): graylog.org/
- ManageEngine Log360: www.manageengine.com/log-management/siem-solution-log360.html
- Solarwinds Security Event Manager: www.solarwinds.com/security-event-manager
- Datadog: www.datadoghq.com/dg/security/siem-solution/
- Cynet XDR: www.cynet.com/platform/

Security Subscriptions and Resources

- CISA Alerts and Advisories (subscribe): <https://www.cisa.gov/news-events/cybersecurity-advisories> {subscribe for automated delivery - www.cisa.gov/about/contact-us/subscribe-updates-cisa}
- CISA Cyber Guidance for Small Businesses: www.cisa.gov/cyber-guidance-small-businesses
- CISA Free Cybersecurity Services and Tools: www.cisa.gov/resources-tools/resources/free-cybersecurity-services-and-tools
- CISA Shields Up: www.cisa.gov/shields-up

Incident Response

- CISA Incident Response Training: www.cisa.gov/resources-tools/programs/Incident-Response-Training
- Huntress Managed Security Platform (Managed EDR, MDR for M365, Security Awareness): www.huntress.com/platform
- CISA Basic Incident Response Plan: www.cisa.gov/sites/default/files/publications/Incident-Response-Plan-Basics_508c.pdf
- IRP Templates: www.cynet.com/incident-response/incident-response-plan-template/
- How to build an Incident Response Plan: www.upguard.com/blog/creating-a-cyber-security-incident-response-plan

Takeaways

- Standard antivirus software alone is no longer acceptable or adequate for protection.
- EDR takes antivirus software to the next level and becomes the de facto for endpoint protection.
- If you don't have IT resources to manage EDR, MDR is the answer. Think of it as an extension of your team.
- SIEM aggregates logs and alerts the IT/security team of abnormal behaviors and attacks.
- If you lack IT resources to monitor alerts and respond to incidents, XDR is the answer.
- If you have time and resources to focus only on three things, focus on web and email security and EDR.



ALTA-supported HEIRS Act of 2024 Introduced in House

Leadership doesn't automatically belong to the person with the most seniority or the one with the best networking skills—leadership is something that comes from within.

Led by U.S. Rep. Nikema Williams (D-Ga.), alongside Reps. Emanuel Cleaver (D-Mo.), Lizzie Fletcher (D-Texas) and Byron Donalds (R-Fla.), the HEIRS Act will preserve family legacies and the transfer of generational wealth by establishing a grant program to provide legal assistance for heirs' property owners to clear titles and incentivize states to adopt the [Uniform Partition of Heirs Property Act \(UPHPA\)](#).

"The HEIRS Act will equip families with the resources necessary to ensure the family home stays in the family, helping to create generational wealth and close the racial wealth gap," Williams said.

Property passed down from generation to generation without formal wills or estate planning documents leaves families open to legal and financial risks. A financial and knowledge gap prevents many families from taking steps to appropriately secure their legacies. Unfortunately, challenges presented by heirs' property disproportionately affect communities of color across the country, jeopardizing their wealth-building potential.

"On behalf of title companies in every county nationwide, who work tirelessly every day to protect the American dream of homeownership, we commend the leadership of Rep. Williams and her partners in Congress on the introduction of Heirs' Estate Inheritance Resolution and Succession (HEIRS) Act," said ALTA CEO Diane Tomb. "Too many families across the country are harmed by the issue of heirs' property, threatened with the possibility of losing their home and the wealth that it represents. Title insurance professionals work with families every day that are negatively impacted by these circumstances and understand the positive impact this legislation will have on protecting homeownership and wealth creation for millions of Americans. We look forward to working with Congress to pass this legislation and continuing the fight to protect homeownership for all communities and households nationwide."

According to Fannie Mae, the total assessed value of properties impacted by heirship issues is conservatively estimated to be more than \$32 billion across 44 states and the District of Columbia.

In addition to ALTA, the legislation also is endorsed by the National Fair Housing Alliance, National Association of Real Estate Brokers, National Low Income Housing Coalition, National Consumer Law Center, National Housing Resource Center, National Association of Realtors and Urban League of Greater Atlanta.

ALTA Efforts

- ALTA has endorsed UHPA, which aims to preserve family generational wealth by ensuring heirs receive fair market value when a forced sale occurs, and creating a cost-effective, uniform process to establish ownership rights. The UHPA has been [signed into law in 23 states](#) and introduced in seven others.
- ALTA developed a [handout](#) that explains heirs' property, the harms associated with these types of properties and legislative steps that can be taken to help heirs.

HEIRS' PROPERTY

What Is Heirs' Property?

When a person dies, their home, land or other real estate is treated differently than their personal effects and financial assets. If new ownership of a deceased person's property isn't determined through a will or court proceeding, and the deceased person didn't use alternative estate planning that doesn't require a probate proceeding, that property becomes heirs' property. Heirs' property is real estate that official government records indicate is owned by someone who is deceased, and maybe has been for multiple generations.

Estate planning such as a trust or transfer on death deed may help heirs avoid a probate process.

alta.org 1

Innovation knows no boundaries...

Take innovation to the next level and discover endless possibilities for your operation with **Horizon™**, RamQuest's new title and settlement production solution.

Horizon delivers countless industry integrations, unparalleled efficiency, robust features, and scalability to ensure you have tools to boost productivity and elevate performance like never before. **Horizon** streamlines your operation with secure 24/7 access, automatic updates, and all the power only the cloud can offer. Horizon is everything you need in one seamless solution.

Experience innovation with no boundaries when you join us for our free **Horizon** webinar!

Register Today: RamQuest.com/ExperienceHorizon



RamQuest.com | 800.542.5503



Questions to Consider if Lender Asks You to Close an AOL Deal

Title and settlement agents may see lender customers request a transaction be closed with an attorney opinion letter (AOL) now that Fannie Mae expanded the use of AOLs in limited circumstances for loans on condo properties and those subject to homeowner associations.

If a lender requests such a closing, it's important to explain that using an AOL significantly increases their risk versus insuring the transaction with title insurance.

It is important to consider how adoption of unregulated title policy alternatives like AOLs could expose lenders and consumers to greater risk. Since its creation in the late 19th century, title insurance has provided lenders with reassurance that their investments in mortgages are secure. Title policies guaranty lenders' lien priority. As a lender, having confidence in the security of their investments is critical. Risk should be managed effectively and minimized whenever possible—especially when considering closing transactions with AOLs.

Another item to consider is what's covered under a title policy versus an AOL. Title insurance protects against losses or damages from known and unknown title defects, including hidden risks that are not discoverable during a public records search. An AOL, on the other hand, only covers known risks. Importantly, attorneys are not liable for title defects that cannot be discovered by a public records search.

There are many scenarios in which a lender would be at risk by allowing a borrower to purchase an AOL instead of a title policy. By accepting an AOL in lieu of a title policy, lenders are effectively self-insuring. Under state insurance laws, only licensed title insurers are permitted to underwrite specific coverages afforded by title insurance. AOLs simply do not cover certain title risks. In contrast, title insurance policies insure against hidden risks that are not discoverable during public record searches. Some of these unknown risks could include fraud, forgery and impersonation by someone purporting to be owner of the property. Approximately one-third of all claims made under title policies are for issues that would not have been found in a public records search.

In addition, lenders must meet several detailed conditions

before seeking reimbursement for financial loss with AOLs. For example, lenders must demonstrate they foreclosed upon and sold the property to a disinterested third party or that they have exhausted all efforts to collect the mortgage balance. With a title policy, a title insurer would directly pay the lender for a covered loss, subject to the terms of the policy.

Lending would become much riskier if AOLs were widely adopted. Warehouse lenders may decide to withdraw their resources from the industry, constricting industry liquidity—not unlike what was experienced during the housing crisis in late 2007 and into 2009. A similar collapse could trigger a domino effect, resulting in lower prices of existing assets and higher prices on newly originated loans—costs that consumers would ultimately shoulder.

- As an option, if a lender is looking to get a policy quickly, title agents may consider issuing the ALTA Short Form Residential Loan Policy. The four-page Short Form incorporates all terms, exclusions and conditions of the Long Form.

What would you do if a long-time lender customer asks you:

- To close an AOL deal?
- To sign a CPL not backed by your underwriter?
- To close a transaction based on title work you didn't perform?

Potential Pitfalls to Consider

- Errors and omissions policies may not provide coverage to title agents if they handle parts of this type of transaction.
- State licensing requirements may also come into play if a title agent is asked to close an AOL deal.
- Certain states may have limitations on the type of products a title agent can close on.

If you receive an AOL order, you don't have to accept it. It is critical lenders examine alternative products like AOLs and ask themselves what risks they are willing to take. In today's climate, to remain relevant title agents need to explain to their lender and real estate agent customers what's covered in title policies and why they provide better protection than unregulated alternatives.

Are you leaving money on the table?

doma Title Insurance

Discover the 7 ways your underwriter
should be **increasing your margins**.



Title Insurance Premium Volume Decreased 31% in 2023, ALTA Reports



AS MORTGAGE ORIGINATIONS CONTRACTED LAST YEAR, SO DID TITLE INSURANCE PREMIUM VOLUME.

According to [ALTA's Market Share Analysis](#), the title insurance industry generated \$15.1 billion in title insurance premiums during 2023, a 31% decrease compared to 2022.

"While the lack of supply and high mortgage rates continue to hinder home sales and refinances, title professionals continue to serve their customers, protecting property rights and supporting their communities," said Diane Tomb, ALTA's chief executive officer. "In addition to facilitating closings and safeguarding one of consumers' largest purchases, title professionals help raise awareness about issues that could threaten homeownership rights, including heirs' property issues and the predatory practice of filing unfair real estate fee agreements."

In 2023, the industry paid more than \$638 million in claims. This was up from \$596 million in claims paid in 2022.

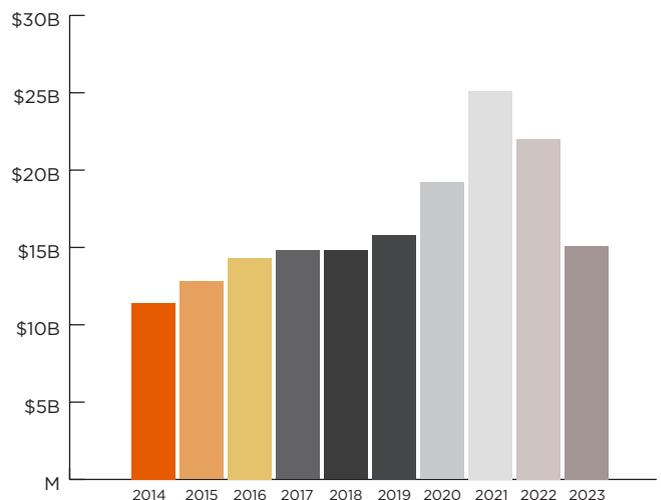
Top Companies by Market Share in 2023

- First American Title Insurance Co., 22.0%
- Old Republic Title Insurance Co., 15.2%
- Fidelity National Title Insurance Co., 13.4%
- Chicago Title Insurance Co., 13.0%
- Stewart Title Insurance Co., 9.2%
- Westcor Land Title Insurance Co., 3.8%
- Commonwealth Land Title Insurance Co., 3.4%
- Title Resources Guaranty Co., 3.1%
- WFG National Title Insurance Co., 2.5%
- Doma Title Insurance Co., 2.0%

Top States by Title Premium Volume in 2023

- Texas, \$2.26 billion (-33.2%)
- Florida, \$1.92 billion (-28.8%)
- California, \$1.30 billion (-31.4%)
- New York, \$899.90 million (-34.0%)
- Pennsylvania, \$596.40 million (-33.6%)

Title Insurance Premium Volume Over the Past 10 Years



First Quarter Underwriter Results

According to Fannie Mae, active home sale listings are now up approximately 30% compared to a year ago. Fannie Mae economists now believe sizable declines in home sales are unlikely and continue to forecast a modest upward drift in existing home sales over the forecast horizon, particularly compared to the historically low sales levels of the previous two years. Here's a summary of how the big four publicly traded companies fared during the first quarter of the year.

Fidelity

Fidelity National Financial [reported](#) its title insurance segment generated pretax earnings of \$218 million during the first quarter of 2024. This compared to pretax earnings of \$157 million during the same period in 2023.

"While the residential housing market has remained under pressure due to higher interest rates and lack of supply, we continue to conservatively manage the business to the trend in open orders as we work to protect our profitability," said Mike Nolan, Fidelity's chief executive officer. "This can be seen, once again, in our industry leading margins in the first quarter. Importantly, we are well positioned for the current environment as well as the long term. While the timing of a potential rebound in the housing market is uncertain, we believe there is significant pent-up demand given favorable demographics in the U.S. that will be unlocked once mortgage rates begin to moderate."

During the first quarter of 2024, Fidelity opened 315,000 direct orders and closed 186,000 direct orders. This compared to 308,000 direct orders opened during the first quarter of 2023 and 188,000 direct orders closed during that period.

The company's commercial revenue came in at \$238 million during the latest quarter, which was a 1% decrease from Q1 2023.

Fidelity paid \$70 million in claims during the first quarter of 2024. This is up from \$62 million in claims paid during Q1 2023.

"We remain focused on managing our business and we'll continue to monitor our headcount and footprint carefully," Nolan said. "Over the long term, we remain bullish on the real estate market, and we'll continue to develop and invest in technology, recruit top talent and make strategic acquisitions all while maintaining industry-leading margins."

During Fidelity's earnings call, Nolan commented on efforts to address housing affordability and the company's support of that initiative, but said the Federal Housing Finance Agency's (FHFA) title waiver

pilot program is misguided, as are comments by the Consumer Financial Protection Bureau (CFPB) that title insurance is a junk fee driving up housing costs.

He said the attacks display a misunderstanding of the vital protections title insurance provides consumers and the broader economy and the critical role it plays in helping to make the American dream of homeownership a reality.

"The title industry not only protects consumers' property ownership rights, but also the critical integrity of land records," Nolan said. "In addition, we are the first line of defense in helping protect buyers and sellers from real estate and wire fraud. We welcome the opportunity to continue conversations with the FHFA and CFPB and we'll continue to actively engage with all stakeholders in discussing the fundamental value that title insurance and settlement services deliver to America's homebuyers and sellers, lenders and other participants."

First American

First American Financial Corp. [reported](#) its title insurance segment generated \$73 million in pretax income during the first quarter of 2024. This is down from \$88 million in pretax income during the same period in 2023.

"Market conditions in the real estate and mortgage industries continued to be a challenge in the seasonally weak first quarter," said Ken DeGiorgio, chief executive officer at First American. "Elevated mortgage rates and low, albeit growing, inventory levels have caused transaction volumes to remain near historically low levels. During this period, we have maintained our focus on managing operating expenses while continuing to invest in long-term strategic initiatives such as expanding our title plant assets and building technology solutions to increase efficiency, reduce risk and enhance our customers' experience."

During the first quarter of 2024, First American opened 155,500 direct orders and closed 102,700 direct orders. This compared to 172,600 direct orders opened and 106,600 closed direct orders during the first quarter of 2023. On the commercial side, the company closed 14,300 orders in Q1 2024 versus 14,900 closed orders during Q1 2023.

The provision for policy losses and other claims was \$29 million in the most recent quarter, or 3% of title premiums and escrow fees, down from the 3.5% loss provision rate in the prior year, First American reported. Claims paid during the latest quarter increased to \$48.1 million compared to \$42.7 million in claims paid during Q1 2023.

TrustLink™

Not All Reconciliation Products are the Same

Schedule a demo to see why TrustLink is the Premier Trust Accounting Service

Daily 3-way reconciliation
1099 tax reporting
Unclaimed property

Scan QR code or call to schedule a demo today.



Scott Brothers
Business Development Specialist

385.421.0724
scbrothers@firstam.com

TrustLink™

The Premier Trust Accounting Service

800.767.7833 | trustlink.support@firstam.com | www.trustlinkservices.com

TrustLink, a division of First American Professional Real Estate Services, Inc., makes no express or implied warranty respecting the information presented and assume no responsibility for errors or omissions. TrustLink is a trademark of First American Financial Corporation and/or its affiliates.

©2024 First American Financial Corporation and/or its affiliates. All rights reserved. NYSE:FAF



TIAC

SERVING ALTA MEMBERS SINCE 1988

Protect Your Business With **Confidence.**

Title Industry Assurance Company, RRG has the industry relationships and experience to provide comprehensive errors and omissions insurance and exceptional service **so you don't have to worry.**

800.628.5136 | www.tiacrrg.com

“Though we believe these market challenges will persist throughout the year, we continue to expect modest revenue growth and title margins similar to what we achieved in 2023,” DeGiorgio said.

During the company’s earnings call, DeGiorgio said the industry does a better job educating policymakers and other stakeholders about the critical role title insurance plays in protecting people’s investments in their homes.

“This role includes not only paying claims when they arise, but also the extensive work we do to correct title defects before the transaction closes,” he added. “The cost of which is not reflected in our industry’s claims rate. This important curative work protects consumers and lenders, among others from hundreds of billions of dollars of title risk exposure per year. The discussions in Washington are still in early stages, and we believe that ultimately, our industry will be successful in reaffirming the value of title insurance to policymakers.”

Old Republic

Old Republic International Corp. [reported](#) its title insurance segment generated \$2.3 million in pretax income during the first quarter of 2024. This compared to \$17.4 million in pretax income during the same period a year ago.

“While challenging market conditions and interest rate uncertainties persist as the second quarter begins, we believe the trends in our order counts, along with a modest uptick in our directly produced revenues are positive signals as we head into the seasonally more active market period,” said Carolyn Monroe, president of Old Republic National Title Holding Co.

Title insurance net premiums and fees earned decreased by 6.5% for the quarter, according to Old Republic. Commercial premiums represented approximately 21% of net premiums earned compared to 25% in the prior year quarter. Overall, commercial premiums decreased 24% during first-quarter 2024 compared to the first quarter of 2023.

The company reported its loss ratio decreased to 3.4% during the latest period compared to 3.7% during the first quarter of 2023. Old Republic reported the loss ratio decrease reflected consistent levels of favorable prior year reserve development and a decline in the current year loss ratio driven primarily by changes in the business mix with higher levels of fees earned.

During the company’s earnings call, Monroe said Old Republic remains focused on innovation and technology.

“This includes streamlining the closing process through fully digital and hybrid executed on a single,

secure collaborative platform and offering our agents a comprehensive approach to help address wire fraud and assist with payoff verification,” Monroe said. “We are also providing state-of-the-art cloud-based title production and transaction management solutions to modernize and streamline operations. We believe providing the best tools to our internal teams and agents will provide us with an advantage in this market and when the market improves.”

Stewart

Stewart Information Services Corp. [reported](#) its title insurance segment generated pretax income of \$10.2 million during the first quarter of 2024. This compared to a pretax loss of \$700,000 during the same period a year ago.

“Our first quarter results improved over the first quarter 2023, but reflect the continuing challenges in the real estate market due to the higher interest rate environment, which we expect to continue for several quarters,” said Fred Eppinger, Stewart’s chief executive officer. “We are encouraged by the increase in our commercial revenues this quarter compared to the prior year, although we anticipate ongoing challenges to residential transaction volumes. We remain focused on our strategic investments and will continue to focus on balancing thoughtful cost discipline with investment in long-term enterprise initiatives to create a stronger and more resilient company.”

First quarter 2024 title segment operating revenues decreased \$5.5 million compared to the prior year period. Stewart attributed the decrease to a decline in residential volume in its direct and agency title operations. The decrease was partially offset by increased commercial revenues.

During the first quarter, Stewart opened 79,335 direct orders and closed 50,549 direct orders. The company opened 73,861 direct orders during the first quarter of 2023 and closed 47,899 orders.

The company reported \$17.4 million in title losses and related claims during the first quarter of 2024. This compared to \$17.7 million in losses and claims during the same period a year ago.

During the company’s earnings call, Eppinger said Stewart is dedicated to growing scale in attractive markets across all lines of business and improving the customer experience through technology improvements.

“In the anticipation of our growth and return to normal home sales volumes, we have also implemented technology to enhance our title production processes and are also working on utilization of technology to improve our data management and data access,” he said.

You Have to Ask for What You Want

Citation: *Deutsche Bank National Trust Company v. Stewart Title Insurance Company*, No. 22 Civ. 9319, (S.D.N.Y., Feb. 20, 2024).

Facts

This case concerns two lots of land associated with the street address 23 Hemlock Drive. A residence is constructed on one lot (Lot 23), while the other (Lot 24) is an adjacent vacant lot. Gandley acquired Lot 23 by deed in 1999, and Lot 24 by deed in 2000. In 2005, Gandley conveyed only Lot 23 to L.I. Property Inc. About a year later, Gandley obtained a mortgage loan from IndyMac for \$210,000 (2006 Mortgage).

In applying for the 2006 Mortgage, Gandley identified the property with the address “23 Hemlock Drive,” and indicated that it was a “Primary Residence.” In connection with the loan, IndyMac received an appraisal dated Oct. 23, 2006, which states that it is an appraisal of Lot 23 (only). In connection with the closing, tax information for Lot 23 was ordered, and it was included in the title report created by one of Stewart’s agents, Homestead Title Agency & Settlement Co. It seems the change in ownership of Lot 23 went unnoticed.

A title report prepared for the deal under Stewart letterhead contained a legal description of only Lot 24. The report identified the property by (1) referring to the 2000 deed by which Gandley acquired Lot 24, and (2) providing the Section/Block/Lot number for only Lot 24. It also states that the “Premises described herein are known as: 23 Hemlock Drive.” Schedule A has a description based on a “Subdivision Map Identifier” for Lot 24 (only) and refers to an earlier deed in the chain for Lot 24. Both the mortgage and the lender’s policy issued post-closing contained a description of only Lot 24. The 2006 Mortgage was later assigned to Deutsche Bank.

The 2006 Mortgage was foreclosed in state court in 2015. As part of those proceedings, Deutsche Bank also sought reformation of the mortgage description to include Lot 23, but the court denied that relief. Following entry of judgment, Lot 24 was sold at auction, and Deutsche Bank filed a claim under its policy seeking the difference between the loan amount and the auction proceeds. Stewart denied the claim.

Holding

The court first set out the basic rules concerning the interpretation of insurance policies as a matter of law, the definition of “ambiguity,” and the analytical rubric concerning ambiguous policies. After restating the parties’ positions on these matters, the court concluded: “it is not necessary to reach these arguments, however, since we find that the Policy cannot be read to cover Lot 23,” and goes into the details of how it arrived at that conclusion in this particular case.

The court, however, saved the best for last. “Of course, all evidence points to the fact that IndyMac loaned money to

Gandley under the assumption that it was placing a mortgage on the residence, not the vacant lot. ... In the course of its briefing, Deutsche Bank makes an implicit appeal to equity by arguing that “[Stewart] is on the hook because it created the series of events that caused Deutsche Bank’s loss,’ and that Homestead ‘made a mistake’ ... But these assertions do nothing to aid in determining whether the Policy is ambiguous as to its coverage” [emphasis supplied]. Under New York law, reformation of an insurance policy is available in cases of mutual mistake, and a claim “for reformation of the Policy (assuming it were timely) would have allowed the court to examine equitable principles, which might have included an inquiry into who was at fault for starting the chain of events that caused the Policy and the 2006 Mortgage to cover only Lot 24. In this suit, however, Deutsche Bank makes no claim for reformation or any other claim in equity. Rather, the only claims sound in breach of contract.”

Relevance to the Title Industry

After the title agent flagged a cloud on title to the owner, the owner filed a quiet title action and received a default judgment. It was then proper for the title insurer to rely on the judgment and issue title insurance. The title agent did not have additional duties under state regulations, such as conducting further research at the county register.

LANCE POMERANTZ, a New York-based sole practitioner who provides expert testimony, litigation consulting and strategic advice in land title disputes, can be reached at lance@landtitlelaw.com.



BOWE KNOWS TITLE.

**LET US HELP YOU
SUCCEED.**

**BOWE
DIGITAL**

Custom Marketing

bowedigital.com

TITLE SUCCESS
POWERED BY BOWEDIGITAL

Mergers & Acquisitions

titlesuccess.com



**Railroad
Marketing**

Budget Marketing

railroadmarketing.co



GROWTHHOUSE

Data Leasing

growthhousemarketing.com

Contact Bradley Erb at bradley@bowedigital.com to get started today!



Supreme Court Rules CFPB Funding Structure Constitutional

The U.S. Supreme Court on May 16 rejected a challenge to the funding structure of the Consumer Financial Protection Bureau (CFPB).

In a 7-2 decision, the court rejected an argument that the CFPB's funding method violated the U.S. Constitution's Appropriations Clause because Congress had not annually authorized money for the agency. Instead, Congress authorized the CFPB to draw funding from the Federal Reserve system that the agency's director deems necessary for its work.

"The statute that authorizes the Bureau to draw money from the combined earnings of the Federal Reserve System to carry out its duties satisfies the Appropriations Clause," conservative Justice Clarence Thomas wrote for the majority.

Three other conservatives, and the court's three liberal justices, joined in the majority opinion. The court's two remaining conservative justices, Samuel Alito and Neil Gorsuch, dissented.

In 2022, a panel of judges on the U.S. Court of Appeals for the Fifth Circuit on Oct. 19 ruled in [Community Financial Services Association of America v. CFPB](#) that the bureau's funding structure was unconstitutional. The panel found the CFPB's

funding structure violated the Constitution's doctrine of separation of powers, which sets the authority of the three branches of government. Congress has the sole power of the federal purse, and the bureau's funding structure undercuts that authority, the court said.

Under the Dodd-Frank Act, the CFPB is authorized to request funding from the Federal Reserve of up to 12% of the Fed's total operating expenses. In fiscal year 2021, the CFPB's budget of \$598 million supported 1,557 full-time employees. The bureau expected those figures to rise by 22% and 9%, respectively, in fiscal year 2023. If the decision was held through appeal, the bureau would have been forced into the congressional appropriations process.

In 2020, the U.S. Supreme Court [ruled](#) the bureau's single director structure was unconstitutional and that the director could be removed by the U.S. president "at will." For several years, ALTA has endorsed a multi-member commission as the most effective form of governance for the agency.



FinCEN Renews Real Estate Geographic Targeting Orders

The Financial Crimes Enforcement Network (FinCEN) on April 17 renewed its [geographic targeting orders](#) (GTO) that requires U.S. title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate.

- The terms of the GTO are effective through Oct. 15, 2024.
- FinCEN renewed the GTOs that cover certain counties and major U.S. metropolitan areas in California, Colorado, Connecticut, Florida, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New York, Texas, Washington, Virginia, and the District of Columbia.
- The purchase amount threshold remains \$300,000 for each covered metropolitan area, except for the city and county of Baltimore, where the purchase threshold is \$50,000.

FinCEN said it appreciates the continued assistance and cooperation of title insurance companies and ALTA in protecting real estate markets from abuse by illicit actors.

According to FinCEN, the GTOs continue to provide valuable data on the purchase of residential real estate by persons possibly involved in various illicit enterprises. Renewing the GTOs will further assist in tracking illicit funds and other criminal or illicit activity, as well as inform FinCEN's future regulatory efforts in this sector, according to the agency.

FinCEN began issuing geographic targeting 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 February 2024, FinCEN issued a notice of proposed rulemaking for an anti-money laundering regulation in the residential real estate sector.

Fannie, Freddie Issue Notices on Commissions Paid to Real Estate Agents

[Fannie Mae](#) and [Freddie Mac](#) both issued industry notices on April 15 addressing the current treatment of buyer real estate agent fees paid by the seller.

The notices were prompted by inquiries concerning the settlement agreement by the National Association of Realtors in the Burnett et al and Moehrl et al cases.

Under Freddie Mac's [interested party contribution requirements](#) (Guide Section 5501.5), property sellers are permitted to make financing concessions toward the borrower's closing costs in maximum amounts between 2% and 9% of the property value. Fees or costs customarily paid by the property seller according to local convention are not subject to these financing concessions limits. Buyer

agent fees have historically been fees customarily paid by the property seller or property seller's real estate agent, and, as such, they are currently excluded from these financing concession limits. If these fees continue to be customarily paid by the property seller according to local convention, they will not be subject to financing concessions limits.

Fannie Mae's Seller Guide includes similar language.

Both Fannie Mae and Freddie Mac said they will continue to monitor and assess the impact of the proposed NAR settlement and other real estate agent commission lawsuits to determine if any updates to its requirements are necessary.

FHFA Releases Fair Lending Final Rule, Updates to Equitable Housing Finance Plans

The Federal Housing Finance Agency (FHFA) on April 29 [released](#) its final Fair Lending, Fair Housing, and Equitable Housing Finance Plans Final Rule.

The final rule codifies in regulation the FHFA's fair lending oversight requirements for the government-sponsored enterprises (GSEs) and the Federal Home Loan Banks; the GSEs' Equitable Housing Finance Plans; collection of homeownership education, housing counseling and language preference information from the Supplemental Consumer Information Form (SCIF); and new Federal Home Loan Bank reporting requirements.

The FHFA also released updates to Equitable Housing Finance Plans for Fannie Mae and Freddie Mac, as well as 2023 performance reports.

FHFA will seek public feedback to inform the next three-year plans through a [request for input](#) and listening session. FHFA expects to hold a public listening session in June 2024, and anticipates releasing the next plans in January 2025.

Relevant to the title industry, Fannie Mae mentioned in its report that in

2023 it expanded the use of attorney opinion letters (AOLs) instead of title insurance policies on loans for condos and properties subject to restrictive agreements or covenants. Fannie Mae reported it has acquired 320 loans from six lenders since allowing AOLs.

Also in its 2024 plan, Fannie Mae said it will continue to work closely with title industry stakeholders to research programs to lower closing costs for low- and moderate-income and historically underserved borrowers.

ALTA continues to warn Fannie Mae's use of AOLs, as well as the title waiver program for certain refinances, increases risk to consumers and lenders. ALTA will continue to engage with the FHFA and GSEs to ensure future policies do not negatively impact the title industry and consumers we serve.

Resources

- [Fair Lending, Fair Housing, and Equitable Housing Finance Plans Final Rule](#)
- [Fannie Mae 2024 Equitable Housing Finance Plan](#)
- [Fannie Mae 2023 Equitable Housing Performance Report](#)
- [Freddie Mac 2024 Equitable Housing Finance Plan](#)
- [Freddie Mac 2023 Equitable Housing Performance Report](#)

Old Republic Title, CertifID Partner to Combat Mortgage Payoff Fraud

CertifID and Old Republic Title formed a strategic partnership to help prevent mortgage payoff fraud in the title industry.

Fraud has become an increasing source of loss in the real estate sector, reaching \$446 million in a recent [FBI public service announcement](#).

"Old Republic Title continues to focus on innovation to enable the success of our direct and agency operations,"

said Carolyn Monroe, president and CEO of Old Republic National Title Holding Co. "We are excited to leverage the comprehensive approach to fraud prevention that CertifID provides, inclusive of software, insurance, and recovery and support services, to help prevent fraud and create the best experiences for our agents and customers, and all parties involved in real estate transactions."

More than 90% of title insurance companies reported the volume of cybercrime attempts increased or remained the same over the past year, according to a [Cybercrime & Wire Fraud Study](#) sponsored by the ALTA Land Title Institute. According to the study, about half of title companies have adopted the industry best practice to use a wire or payee verification service.

Mortgage payoffs have become the largest source of loss for title and real estate law firms, due to their large transaction size at [\\$247,000 in median loss](#), according to CertifID. The new package offered by Old Republic Title and CertifID is designed to address this significant source of loss risk.

Tyler Adams, CEO of CertifID, added, "CertifID applauds the leadership by Old Republic Title to invest in solutions that can reduce risk while enabling efficiency in their direct and agency operations. We look forward to working together to truly solve the issue of payoff fraud seen across the industry."

CloseSimple Launches Integrated E-signing Solution

CloseSimple unveiled a new e-Signing platform designed specifically for the title industry.

Called E-Sign Anything, the solution integrates with a title company's title production software, allowing for documents to be tagged and sent for secure signing.

"Since launching in the title industry, we've continued to release products and

features that are designed to streamline our users' day-to-day activities," said Paul Stine, CEO and co-founder of CloseSimple. "Adding an integrated E-Sign solution gives them another way to save time and increase efficiency in their process."

Settlor Launches API Gateway

Settlor unveiled a new API gateway allowing for integrations to a network of approved partners and vendors.

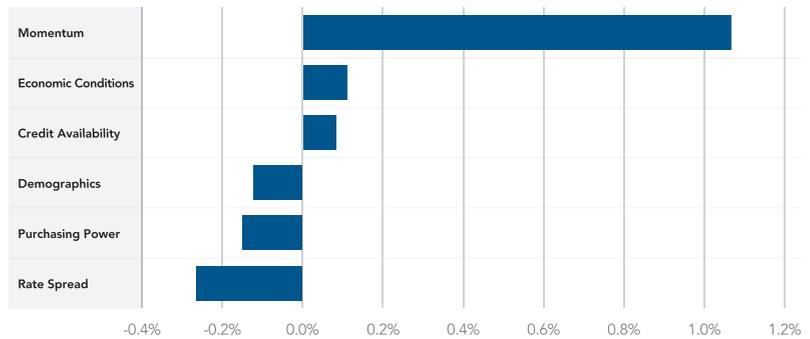
Alanna, an AI-powered virtual assistant for title companies, is the first company to integrate with the Settlor API. Agents using Settlor will now have access to a communications tool facilitating conversations with real estate professionals, buyers or sellers for anything from simple reminders to answering specific customer questions. Alanna allows users to focus attention on the more detailed tasks necessary to prepare a closing.

"With the launch of our new API gateway, we are excited to offer customers the ability to scale their digital title capabilities and offerings without leaving the Settlor platform," said John E. Freyer Jr., co-founder and president of Settlor. "Settlor customers can now easily integrate with preferred business systems and vendors free of any transactional costs charged by Settlor. Further, the first integration with Alanna.ai, underscores our commitment to equip our customers with the innovative tools they need to thrive in today's dynamic market."

Settlor's proprietary API uses security features that enable customers and partners to leverage the company's existing authentication process for authorization to the application. Settlor customers can grant access to any authorized partner, and can customize each partner's permissions, which allows customers complete control over their data.

Existing-Home Sales Outlook

Percentage-Point Contribution to Monthly Change in Existing-Home Sales



*The Existing-Home Sales Outlook nowcasts existing-home sales based on the historical relationship between existing-home sales and U.S. demographic data, house-buying power, financial and economic conditions, as well as momentum, the weight assigned to past values.

National Consumer House-Buying Power

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

March 2024

\$350,203
House-Buying Power

-0.1%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Markets



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

Capital Title of Texas Names President of Austin, San Antonio Regions



Kristy Santelia

Capital Title of Texas recently named Kristy Santelia as president of its Austin and San Antonio regions.

In this role, Santelia will extend her expertise in escrow and operations to oversee the entire state of Texas. She also will serve as director of the title company's escrow operations in the state. Santelia joined Capital Title of Texas several years ago as president of escrow operations for the Houston and Golden Triangle regions.

Doma Names Agency Manager for Kansas, Missouri and Nebraska

Doma Title Insurance Inc. has appointed Casey Evans as agency manager for Missouri, Kansas and Nebraska. In this role, she will assist agents in developing effective marketing initiatives, as well as identifying and implementing business growth strategies specific to their market.

First National Title Hires National Title Production Manager

First National Title Insurance Co. (FNTI) hired Robert "Bob" Schmidt as its national title production manager.

Schmidt has been in the industry for over 25 years, working from entry level positions to leadership roles across all areas of title, escrow, examination, curative, survey review, and more with numerous title and underwriting companies. These skills have allowed him to develop and lead several title production operations from the ground up and to understand all sides of the title insurance business.

WFG Appoints Southwest Regional Manager for Agency Division

WFG National Title Insurance Co. appointed Dan Hassen as senior vice president and Southwest regional manager for the company's agency operations.

In this role, Hassen will be responsible for ensuring that WFG's Southwest region aligns with and supports the company's agency division business objectives, growing WFG's title agent base within the region and helping the region's title agents leverage the extensive resources WFG makes available to them to help them succeed and increase their market share.

Hassen started in the title industry more than 40 years ago while still in high school. He continued working for title companies through college. He has served in executive-level positions with national title insurance companies and agencies, including establishing international operations for a national underwriter.



Dan Hassen

First National Title Announces Director of Strategic Accounts



Stacy Daniels

First National Title Insurance Co. announced Stacy Daniels as its director of strategic accounts.

Daniels has worked in sales on both underwriting and title agency sides. Most recently, she has worked with multi-state agent accounts. In this role, she will work with agents across the country to provide support and strategies to grow their business.



BUILDING RELATIONSHIPS THAT STAND THE TEST OF TIME.

We focus on building relationships that last.
We value our title agents and provide them with the support and resources they need to succeed.

For more information, visit:
oldrepublictitle.com/agencydriven.

Unlock the Title Industry's Best Kept Secret

The ONLY Title Insurance Company with a Bank

- ✓ Real Estate Settlement Experts
- ✓ Title & Escrow Banking Solutions
- ✓ Integrated Title/Escrow Software



SCAN
to connect
and learn
more.



Sheri Olsen

SVP, National Director Banking Services

801.573.4103

stolsen@firstam.com



First American Trust[®]

BANKING SERVICES

877.600.9473 ► www.firstamtrust.com

Job Well Done

HAVING GROWN UP IN THE TITLE INDUSTRY, advocating for our



DON KENNEDY
ALTA president

livelihood and explaining the benefits of title insurance is not new. On May 8, more than 250 title professionals attended the 2024 ALTA Advocacy Summit (AAS) and held 256 meetings with members of Congress from 41 states to explain why the administration's title waiver program is misguided and would increase risk to homeowners, lenders and taxpayers.

This was the highest-attended AAS to date, and I couldn't be prouder as title professionals from across the country rallied together to ensure property rights continue to be protected. You can check out photos from our day on Capitol Hill on Facebook and Instagram.

Now that AAS is over, we will continue to drive support for the Protecting America's Property Rights Act. Primarily, the bill requires all loans purchased by Fannie Mae and Freddie Mac to be insured by a title policy issued by a state licensed and regulated company. In the House, it has been referred to the House Committee on Financial Services. In the Senate, the bill has been referred to the Committee on Banking, Housing, and Urban Affairs. During our day on the Hill, the Ohio Delegation met with Sen. Sherrod Brown, chair of the Committee on Banking, Housing, and Urban Affairs. He listened to the industry's concerns and asked for suggestions to help with affordable housing. We encouraged Chairman Brown and other lawmakers to focus on real solutions that will increase the supply of housing and lower costs, rather than disrupting the title industry and increasing risk to the entire economy.

We continue to provide education about the significant investment title companies provide prior to closing in title research and curative work that protects property rights and limits ownership challenges down the road. According to a study conducted by ndp | analytics, expert title professionals spend approximately 22 hours to close a standard transaction and 45 hours for more difficult transactions. While all standard transactions require important title clearance efforts prior to closing, difficult transactions require even more substantial work to correct more complex title issues prior to closing.

We know the curative work is why title insurance has a lower claims rate versus other lines of insurance. Please use information in this report to highlight the important work you provide to your customers to limit their risk. It takes more than a click of a button to conduct a search and issue a title policy. We were heard on Capitol Hill. Let's make sure our role and value continue to be heard.

“Jerry, you studied abroad in Europe for a semester, how do you say, ‘Protect your money from closing scams when buying a home’ in Mandarin?”



Introducing the HOP Multilingual Suite



ALTA

HOP

Our **most popular** consumer marketing documents **translated into several foreign languages.**

Customize documents in several languages at
alta.org/multilingual