OUR MEETING WILL BEGIN SHORTLY

WELCOME TO THE Title Insurance (C) Task Force Meeting

IN-PERSON ATTENDEES:
Wi-Fi Network: NAIC2023; Password (case sensitive): Summer2023

VIRTUAL ATTENDEES:
• Audio will be muted upon entry
• Use the "Raise Hand" feature to speak
• Enter with video on or off (your choice)
• Use the “Chat” feature for questions, comments, or assistance
• If you have joined by phone, to mute and unmute your line, press *6
• Help: MeetingTechHelp@naic.org or (866) 874-4905
Date: 8/4/23

2023 Summer National Meeting
Seattle, Washington

TITLE INSURANCE (C) TASK FORCE
Aug. 14, 2023
3:45 – 5:00 p.m.
Regency Ballroom B - Level 7 - Hyatt Regency Seattle

ROLL CALL

Eric Dunning, Chair
Kevin Gaffney, Vice Chair
Mark Fowler
Karima M. Woods
Michael Yaworsky
Doug Ommen
Vicki Schmidt
James J. Donelon
Kathleen A. Birrane
Grace Arnold
Nebraska
Vermont
Alabama
District of Columbia
Florida
Iowa
Kansas
Louisiana
Maryland
Minnesota
Troy Downing
Mike Causey
Judith L. French
Glen Mulready
Michael Humphreys
Elizabeth Kelleher Dwyer
Michael Wise
Larry D. Deiter
Scott A. White
Montana
North Carolina
Ohio
Oklahoma
Pennsylvania
Rhode Island
South Carolina
South Dakota
Virginia

NAIC Support Staff: Anne Obersteadt/Aaron Brandenburg

AGENDA

1. Adopt Spring National Meeting Minutes — Eric Dunning (Nebraska)  Attachment 1

2. Hear an Update on the Administration of the Survey of State Insurance Laws Regarding Title Data and Title Matters—Eric Dunning (Nebraska)

3. Hear an Update on the Compiling of Consumer Complaint Data Related to the Title Industry — Chuck Myers (Louisiana)

4. Hear a Presentation on Issues with Non-Title Recorded Agreements for Personal Services (NTRAPS) — Sylvia Smith Turk (Stewart Title)  Attachment 2

5. Hear a Presentation on Current Fraud Trends in the Title Space, Including Seller Impersonation Fraud — Thomas Cronkright (CertifID)  Attachment 3
Agenda Item #1

Adopt Spring National Meeting Minutes

–Eric Dunning, Chair and Director of the Nebraska Department of Insurance
Draft Pending Adoption

Title Insurance (C) Task Force
Louisville, Kentucky
March 23, 2023

The Title Insurance (C) Task Force met in Louisville, KY, March 23, 2023. The following Task Force members participated: Eric Dunning, Chair, and Connie Van Slyke (NE); Kevin Gaffney, Vice Chair, and Emily Brown (VT); Mark Fowler represented by Jimmy Gunn (AL); Michael Yaworsky represented by Anoush Brangaccio (FL); Doug Ommen represented by Travis Grassel (IA); Vicki Schmidt represented by Monica Richmeier (KS); James J. Donelon represented by Chuck Myers (LA); Kathleen A. Birrane represented by Mary Kwei (MD); Grace Arnold represented by Paul Hanson (MN); Troy Downing represented by Bob Biskupiak (MT); Mike Causey represented by Tracy Biehn, Timothy Johnson, and Angela Hatchell (NC); Judith L. French represented by Maureen Motter (OH); Glen Mulready represented by Erin Wainner (OK); Michael Humphreys represented by Michael McKenney (PA); Elizabeth Kelleher Dwyer represented by Patrick Smock (RI); Michael Wise represented by Melissa Manning (SC); and Larry D. Deiter represented by Tony Dorschner (SD). Also participating was Michael Conway represented by Peg Brown (CO) and Amy Beard represented by Pat O’Connor (IN).

1. **Adopted its 2022 Fall National Meeting Minutes**

Commissioner Gaffney made a motion, seconded by Hatchell, to adopt the Task Force’s Dec. 14, 2022, minutes (see NAIC Proceedings – Fall 2022, Title Insurance (C) Task Force). The motion passed unanimously.

2. **Discussed its Charge to Open Model #628**

Director Dunning stated that the Task Force is charged to review the *Title Insurers Model Act* (#628), Section 15C to determine if a request should be made to remove the requirement for the on-site review of underwriting and claims practices. As the pandemic demonstrated, on-site reviews are not always practical. However, based on research done by NAIC legal staff, only eight states adopted the model. Only three of these states still require on-site review. An additional two states require on-site review, but they did not adopt the NAIC model. As a result of the low adoption, Model #628 will be put on the list of models to be reviewed for the Model Law Review Initiative this year. The initiative deals with retention/archiving models, but the full process for this has not yet been finalized. Given this new information, he recommended that the Task Force postpone reviewing Model #628 pending the outcome of its review under the Model Law Review Initiative.

Commissioner Gaffney stated that he supports postponing the review of Model #628. Director Dunning stated that given that there were no objections, the Task Force has a consensus to postpone reviewing Model #628 pending the outcome of its review under the Model Law Review Initiative.

3. **Heard an Update on Requested Information from Voxtur**

Director Dunning stated that Stacy Mestayer (Voxtur) presented to the Task Force during the 2022 Fall National Meeting on Voxtur’s attorney opinion letter (AOL). Following her presentation, the Task Force requested that Voxtur share information on: 1) its operations; 2) whether it has a prominent notice that it does not participate in the guarantee fund in states where applicable; 3) how its carriers are reserving; 4) what due diligence was performed to try and obtain admitted coverage before going to the nonadmitted market; 5) its standard letters and policy; 6) the release of its white paper addressing conflicting characterizations of the Voxtur AOL; and 7) a comparison of the Voxtur AOL and title insurance.
Draft Pending Adoption

On March 14, Commissioner Gaffney, Director Dunning, and NAIC staff met on a background call with Mestayer to discuss the requested items. Mestayer stated that Voxtur relied on its insurance broker for coverage, and it is working on connecting the Task Force with the broker and carriers for direct communications on insurance questions. She is discussing with Voxtur leadership if there are methods of sharing the other requested information that they are comfortable with, as they have confidentiality concerns.

4. **Heard a Presentation on UWM’s Alternative to the Traditional Lender Title Process and the FNMA’s Pilot Program on Title Insurance Requirements**

Steve Gottheim (American Land Title Association—ALTA) said the new alternatives to title insurance on the market are meant to provide more affordable options to homeowners. However, ALTA worries that the lack of transparency on these products is confusing homeowners’ understanding of what they will be protected on. On April 6, 2022, the Federal National Mortgage Association (FNMA) updated its selling guidance on AOLs to permit lenders to obtain either a lender’s title insurance policy or, in limited circumstances, an attorney title opinion letter. Shortly thereafter, Voxtur announced that it would be selling an AOL on FNMA loans. In June 2022, the FNMA and the Federal Home Loan Mortgage Corporation (FHLMC) issued their government-sponsored enterprise (GSE) equitable housing finance plans. These plans were requested of them to help support low- and moderate-income homeownership, especially for minorities. In October 2022, United Wholesale Mortgage (UWM), the largest U.S. mortgage finance company, announced that it would be entering the space through its title review and closing (TRAC) product. While Voxtur’s AOL purports to offer owners’ coverage, the UWM only offers lenders coverage. In February 2023, there was an article in Politico stating that the FNMA is rumored to be looking at forgoing title insurance. It would serve as a defacto insurer by waiving the title insurance requirement from lenders and reserving funds for claims related to title matters.

ALTA proposes the following questions to guide the Task Force in its discussions on these topics: 1) how these products are marketed to consumers; 2) what type of title search and curative work is done with these alternatives; 3) what the differences are in coverage and who takes on the additional risk; 4) whether owners’ coverage is provided and how it compares to title insurance; 5) whether there is a duty of defense; 6) whether these products are being sold in the market; 7) how these products are licensed; 8) whether their coverage and forms are filed publicly; 9) what level of reserves for future loss the insurer holds; and 10) how these reserves are actuarially determined.

The actual underwriting that goes into these products is critical. About 70% of the cost of title insurance comes from underwriting costs (e.g., search, examination, and curative efforts to ensure a clean record). The potential for an increase in title consumer complaints from insufficient underwriting should be examined. Duty to defense is also critical, as most consumers view title insurance as litigation insurance. Model #628 defines the business of title insurance as “guarantying, warranting, or insuring searches or examinations of title to real property or any interest in real property; or guaranteeing or warranting the status of title as to ownership of or liens on real property and personal property by any person other than the principals to the transaction; or doing or proposing to do any business substantially equivalent to any of the activities listed in this subsection in a manner designed to evade the provisions of this Act.”

This is not the first time alternative lighter search products have entered the market stating that they are not title insurance and therefore do not need to be regulated as such. Norwest Mortgage, now Wells Fargo Home Mortgage, offered a similar product to the alternatives entering the market now. In *Norwest Corp. v. State, Dept. of Ins.*, 253 Neb. 574, 571 N.W.2d 628 (1997) and *State, Division of Insurance v. Norwest Corp.*, 1998 S.D. 61, 581 N.W.2d 158, the Court found an alternative product involving a title search and representation that the loan that was in first lien position was title insurance because representation involved a transfer of risk.
Draft Pending Adoption

The UWM partners with brokers rather than having its own mortgage originators. TRAC products provide lenders’ with coverage only, and in-house attorneys write the opinions, creating a question on moral hazard. The purchase price is based on a certain basis point of the loan amount as is owed from the broker to the UWM. This purchase price is not necessarily the price charged from the brokerage company to the consumer. TRAC products are available in Arizona; California; Colorado; Connecticut; Delaware; Florida; Georgia; Illinois; Massachusetts; Michigan; Nevada; New Hampshire; New Jersey; New York; Ohio; Pennsylvania; Rhode Island; Texas; Utah; Virginia; Washington; and Washington, DC. Per frequently asked questions (FAQ) issued to mortgage brokers, the UMW will take on the risk of title defects and issue an AOL. The FNMA is believed to be the sole secondary market purchaser for these products. Despite these products being designed for cost effectiveness, ALTA believes they are more expensive than title insurance in most circumstances. This is particularly true because of the number of states where it is customary for sellers to pay for an owner’s policy. There is usually a discount when the loan and owner’s policy are purchased together because the underwriting work overlaps. The UWM requires settlement agents to sign a closing indemnification letter, which is a rearranged version of a standard ALTA closing protection letter (CPL). ALTA has concerns about another set of closing letters that only place the agent at risk, instead of an insurer.

ALTA has been engaging directly with the FNMA and the FHLMC to help support the mission of more affordable homeownership. There has been some success with ALTA members offering newer or discounted products to help meet the need for lower closing costs. These include first-time homebuyer discounts, community reinvestment rates, special purpose credit programs, and partnering with state housing agencies.

Commissioner Gaffney asked for more information on the first-time homebuyer discounts and whether there are any regulatory barriers. He also asked what percentage of purchasers purchase an owner’s policy versus a lender’s policy. Gottheim stated these are rates title companies have filed in a handful of states to offer discounted rates to first-time homebuyers. Occasionally, states will have laws that state that rates cannot be discriminatory, excessive, or unfair, which make it difficult to get a lower rate for first-time homeowners approved. Due to FNMA and FHLMC guidelines, 99% of homebuyers purchase a lender’s policy. ALTA national member data indicates that about 75% of homebuyers purchase an owner’s policy. The uptake rate for owner’s policies is consistent between low-, middle-, and upper-income homebuyers. Commissioner Gaffney stated that he would be interested in seeing ALTA’s national data on take-up rates.

McKenney stated that he is concerned that if these alternative products do not include the same extensive search and curative work as occurs with title insurers, there would be an increase in unclean titles that would then increase the price of title insurance. Gottheim stated that ALTA believes the curative work done with the alternative products is not as detailed. ALTA is concerned that if more loans are going through these processes, there will be less of an incentive to fix a legal description issue or an issue with the satisfaction of the loan from two owners that never got recorded. If there is a large enough uptake in these alternative products, title insurers may have to pick up an additional expense item, stemming from the lack of diligence done with the alternative products.

Hanson stated that the $370,000 mortgage amount used in the example to illustrate the UWM’s pricing seems excessive for a product meant to save lower-income buyers money. Gottheim stated that the $370,000 mortgage pricing example came from the UWM’s marketing. The national sales price of a home is $375,000. ALTA is concerned that these programs are set up to help cherry-pick higher income products. There is a rumor that the FNMA will be taking on title insurance risks only for homes with a 20% down payment. The median down payment for a first-time homebuyer is 7%.

Birny Birnbaum (Center for Economic Justice—CEJ) stated that the cost of title insurance is significant for first-time homebuyers, and while required to purchase it, they have little understanding of it. His daughter purchased a home in Texas for $225,000, and she was asked to pay several thousands of dollars for title insurance. In Texas,
Draft Pending Adoption

title insurance includes the search, underwriting, and portions of the closing. The title agent also wanted an additional $700 for title and escrow. Eventually, the $700 was removed, as the title insurance policy was supposed to include it. However, most consumers would not have known that they could negotiate its removal. The automated underwriting process includes pulling information from a database, running it through an algorithm, and developing a score that indicates whether the policy is issued automatically. This is a similar process to getting a credit score for a loan. However, a credit score is $25, and a title insurance policy is $2,500. Mortgage lenders set up affiliated title agencies or title insurers to monetize access to the consumer. Title insurance is ripe for innovation, disruption, and consumer protection. Iowa guarantees titles, but it does not allow title insurance. A title insurance policy does not guarantee a title; it provides a marketable title.

Gottheim stated that those offering alternative products are asserting that they are not subject to state regulation, despite offering similar products to title insurers. This should concern state insurance regulators. Automated title insurance engines are in their infancy and used in refinancing. Otherwise, the underwriting process is still a very paper and labor-intensive process.

Birnbaum stated that the FNMA’s Barriers to Entry: Closing Costs for First-Time and Low-Income Homebuyers report was issued Dec. 2, 2021. The report found that closing costs are a meaningful obstacle to sustainable homeownership for first-time and low-income first-time homebuyers, including Black and Hispanic borrowers. Within the low-income first-time homebuyers in the study, 21% of African American and 19% of Hispanic buyers paid closing costs equal to or greater than their down payment. Title insurance is an expensive proposition for first-time homebuyers.

5. Discussed if Additional Questions Should be Added to the Survey of State Laws Before it is Distributed for Update

Director Dunning stated that the Task Force is charged to administer the Survey of State Insurance Laws Regarding Title Data and Title Matters (Survey of State Laws) this year. It was last administered in 2018 and published in 2019. Task Force members were asked to email NAIC staff with any questions they believed should be added to the Survey of State Laws. Additional questions proposed were submitted by Louisiana and Rhode Island, and they are included in the materials. Under the Data Reporting section, Rhode Island proposed adding, “If the number of policies issued is collected, is the number separated by standard title policies and enhanced title policies?” after question 9. Under the Policy Rate and Form Regulation section, Rhode Island proposed adding, “Does the department set requirements for standard title policies? For enhanced title policies?” after question 12. Under the Procedural Regulation section, Louisiana proposed adding two questions: 1) “Is there a statutory requirement for an attorney opinion letter concerning the title examination for the issuance of a title insurance policy?”; and 2) “Is there a statutory standard for the information contained in: a title examination? A title opinion letter?” Under the Insurer-Agent Relationship section, Rhode Island proposed adding, “What are the requirements for title insurers to confirm/verify valid license status of title agents? How often is confirmation/verification completed?” after question 47. Rhode Island also proposed adding a new category for Title Opinion Letters, with the following questions: 1) Does the state department regulate title opinion letters?; 2) “Does the state department regulate the pricing of title opinion letters?”; 3) “Does the state license the entity that generates the title opinion letters?”; 4) “What license is required?”; and 5) “Are title opinion letter forms and rates filed with the state department?”

Smock stated that he is supportive of all the questions, and he particularly liked the ones suggested by Louisiana. Birnbaum stated that the CEJ appreciates the proposed questions, and he has no further questions to propose.

Commissioner Gaffney made a motion, seconded by McKenney, to add the proposed questions to the Survey of State Laws. The motion passed unanimously.

Having no further business, the Title Insurance (C) Task Force adjourned.
Agenda Item #2

Hear an Update on the Administration of the Survey of State Insurance Laws Regarding Title Data and Title Matters

–Eric Dunning, Chair and Director of the Nebraska Department of Insurance
Agenda Item #3

Hear an Update on the Compiling of Consumer Complaint Data Related to the Title Industry

–Chuck Myers, Deputy Commissioner, Property and Casualty, Louisiana Department of Insurance
Agenda Item #4

Hear a Presentation on Issues with Non-Title Recorded Agreements for Personal Services (NTRAPS)

– Sylvia Smith Turk, Division President, Stewart Title
Non-Title Recorded Agreements for Personal Services (NTRAPS)

Sylvia Smith-Turk, ALTA State Legislative and Regulatory Action Committee
Background on NTRAPS

These agreements obligate the current owner to use the other party’s services in the future, and further attempt to bind successor owners by purporting to create a real property interest. Failure to comply with these agreements may give rise to a lien against the property to secure liquidated damages.

The way these agreements are marketed to property owners and the terms, duration, and enforcement of these agreements are concerning. There are no regulatory disclosure requirements regarding these agreements.

Consumers may not fully understand the implications of these agreements.

The act of recording NTRAPS in property records can create a long-term barrier to the sale or refinancing of real estate or hamper estate administration.

The practice of submitting NTRAPS for inclusion in property records characterized as liens, covenants, encumbrances, or security interests in exchange for money recently emerged throughout the country.
HOW HAS THIS IMPACTED CONSUMERS?
HOW HAS THIS IMPACTED TITLE OPERATIONS?
ALTA’s Position on NTRAPS

ALTA supports efforts to protect consumers by prohibiting the filing of unfair real estate fee agreements in property records, a practice that creates impediments and increases the cost and complexity of selling, refinancing, or transferring real estate.

ALTA advocates for state laws and regulations preventing enforcement of Non-Title Recorded Agreements for Personal Services (NTRAPS).
ALTA’s Model Legislative Bill

The model legislation accomplishes four things:

✓ Makes agreements unenforceable
✓ Prohibits the recording of these agreements in property records
✓ Creates penalties for recording these agreements in property records
✓ Provides for recovery of damages and removal of agreements from property records.
Enactment of State-Level Policy

- 30+ Bills Introduced in 21 States
- 15 Laws Passed
Attorney General Action

I-Team: Troubled real estate company ordered to halt business practices, Ohio AG says

NC Attorney General, lawmakers working to end ‘predatory’ real estate agreements

Six States have filed complaints:
- Florida
- Massachusetts
- New Jersey
- North Carolina
- Ohio
- Pennsylvania
Agenda Item #5

Hear a Presentation on Current Fraud Trends in the Title Space, Including Seller Impersonation Fraud

– Thomas Cronkright, Co-Founder and CEO of CertifID
2023 Fraud Trends in the Title Industry
A Persistent Threat

Business Email Compromise (BEC)
How BEC Works:

1. Open source intelligence
2. Social engineering
3. Email account takeover
4. Attack email
5. Funds transfer
The Monetization of BEC

Wire Fraud
BEC targets businesses and individuals performing transfers of funds.

Cryptocurrency has enabled accelerated funds movement.

Compromise has evolved into spoofed phone, video, websites, etc.

BEC losses increased by 4x over the past five years.

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<th>Value</th>
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<td>2022</td>
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Why is wire fraud such a problem in real estate?

Open source information, MLS data syndication and multiple transactional parties make real estate a top target.

INTRODUCTION

“Wire fraud is one of the largest and underpriced risks to our industry, and that’s why Stewart has been making significant investments into the right technologies like CertifID..”

– Fred Eppinger, CEO of Stewart Title
For a summary of our 2022 cybercrime analysis:
State of Wire Fraud

Latest Trends and Forecast
Technology Advances

The Weaponization of Digital Resources
The cyber risk digital divide.

Emerging technologies and expanded personal digital footprints create a growing divide between businesses that protect their customers and those that don't.

**Vulnerable businesses**
- Reliant on belief in trusted communications.
- Focus on manual detection of suspicious behavior.
- Believe they're too small to be a target.

**Protected businesses**
- Verify identities before sharing sensitive information.
- Leverage technology to inspect every case thoroughly and efficiently.
- Know that everyone is a target.

CertifID 2022 State of Wire Fraud Report
New tech = advanced social engineering.

Scammers have access to more resources than ever before to perfect their attacks and divert funds.
“We’ve made huge strides in awareness on wire fraud. Now, in addition to providing resources and education, we’ve codified the use of wire verification services as an industry best practice for 2023.”

Diane Tomb
CEO of ALTA (American Land Title Association)
Wire Fraud Trends

Buyer Closing Funds
Wire Fraud Trends

Seller Impersonation
SELLER VACANT PROPERTY

Sellers are being impersonated to sell unoccupied property.

As a result of a continued dip in home sales, cybercrime rings have turned to new tactics to make up for the lower housing market transaction volume that they can target. Here's how these new vacant property scams work:

1. Public records searched to identify vacant lots
2. Posing as seller, scammer contacts real estate agent to list the property for sale
3. Listing price of the property is below current market value
4. Scammer quickly accepts the offer, with a preference for cash sales
5. Scammer requests a remote notary signing and impersonates the notary
6. Funds transferred to scammer and not discovered until later

CertifID proprietary information and not to be shared without permission.
County Register of Deeds Information

Parcel Identification
- Parcel Number: 41-13-22-431
- Government Unit: 51 - CITY OF GRAND RAPIDS
- Owner Name One: KENNETH B
- Property Address: RAVINE DR NW
- Property Classification: 402 - RESIDENTIAL-VACANT
- School District Number & Name: 41010 - GRAND RAPIDS CITY SCH DIST

Seller Impersonation Scams – Case Study 1
# Seller Impersonation Scams – Case Study 1

## Taxing Authority Information

### Owner and Taxpayer Information

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### General Information for Tax Year 2023

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Seller Impersonation Scams – Case Study 1

Identity Created from Open-Source Information
Seller Impersonation Scams – Case Study 1

Real Estate Listing on MLS

$45,000 List Price
Seller Impersonation Scams – Case Study 2

County Register of Deeds Information

Parcel Identification

Parcel Number: 41-13-21-176
Government Unit: 51
Owner Name 1: DAVIS PHILLIP R &
Property Address: COLINDALE AVE NW
Property Classification: 402-RESIDENTIAL-VACANT
School District: 41010 - GRAND RAPIDS CITY SCH DIST
## Seller Impersonation Scams – Case Study 2

### Taxing Authority Information

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Seller Impersonation Scams – Case Study 2

Identity Created from Open-Source Information
Seller Impersonation Scams – Case Study 2

Real Estate Listing on MLS

$130,000 List Price

- List price of $130,000
- Location: 835 Colladale Avenue NW, Grand Rapids, MI 49504
- Days on Market: 7
- Listing Office: Century 21 Affiliated (GR) (g14041)
- Listing Member: Justin M Rinks
- City: Grand Rapids
- Agent: Nicole G Rinks
- Century 21 Affiliated (G14041)

Are you looking for your dream single family residential building site in the Westside Connection? Look no further! This nearly 2 acres parcel is within walking distance to area favorite shops and restaurants like Lakefront Social and many other amenities along Lake Michigan Drive. The land itself features a flat building site with required setbacks needed for single family, single family attached, duplex's, and possible other uses according to the mid-century modern - low density residential zoning codes. The property starts to drop off into what would be a large backyard, and then into the wooded area of the orosity for possible drain.
Seller Impersonation Scams – Organized and Coordinated Syndicates
Seller Impersonation Scams – Case Study 3

Taxing Authority Information
Seller Impersonation Scams – Case Study 3

Real Estate Listing on MLS

$39,900 List Price
From: The Company Name <s비용지지@gmail.com>
Sent: Saturday, March 25, 2017 6:49 PM
To: Dain さん@outlook.com
Subject: Re: Closing date

Hey Dain-

I just wanted you to know we closed successfully on the Bluewater Hwy property. The buyer signed late Thursday afternoon. I want to thank you for your business. I'm glad everything worked out the way it did. Everyone seems happy- that's the goal.

Eric didn’t hear back from you so I thought I’d at least get you copies of your closing documents. Please see the attachments for all the signed copies- one is the buyer set and one is your set. If you have any questions about anything, just let me know.

It's my understanding that the title company still has your funds. So just let me know what you want me to have them do and I'll make that happen.

---

Re: Closing date

Dain さん@outlook.com

I'm sorry for the late reply, I was sick and could not do anything. here is my social security number: ******** You can best reach me through this number (623) ********

This is the Account information:

Bank: Bank of the West
Account Name: Dain さん
Account number: 071*********
Routing: 121100782
Bank Address: 800 22nd Ave. Coralville, LA. 52241
The real owner was contacted and the sale was completed!
County Register of Deeds Information

Parcel Identification

Parcel Number: 41-14-18-20
Government Unit: 51 - CITY OF GRAND RAPIDS
Owner Name One: [Redacted] JOHN
Owner Name Two: [Redacted]
Property Address: [Redacted] NORTHEAST NE
Property Classification: 402 - RESIDENTIAL-VACANT
School District Number & Name: 41010 - GRAND RAPIDS CITY SCH DIST
Seller Impersonation Scams – Case Study 2

Identity Created from Open-Source Information
Seller Impersonation Scams – Case Study 4

Taxing Authority Information

[Image of property information and payment interface]
Selling Impersonation Scams – Case Study 4

Red flags that thwarted the scam:

- Phone number 206-422-7263 (Seattle, WA)
- Phone listed to a Sarden Trikisha
- Bad connection and difficult to hear
- Text messaging starts after broken phone call
- Fraudster thought value was ~$150K and real value was ~$30K
Florida and Texas are the by far the top two states in terms of vacant land makeup in total deal mix.

Seller Impersonation Scams

ID Validation v. Identity Verification
Fraudsters profile vacant or non-owner occupied property and impersonate the owner in order to steal the proceeds.

Download this recently issued US Secret Service advisory so you know what to look for:

US Secret Service: Vacant Lot Advisory
Wire Fraud Trends

Mortgage Payoffs
Payoff Fraud Caught: $1.6M

- Title company received a PDF with payoff instructions via lender email
- Submitted for verification by PayoffProtect and flagged as high risk
- CertifID spoke with the lender and servicer and confirmed fraud within hours
- Fraudster then sent a 2nd set of false instructions, also caught by the team before accurate instructions were finally obtained
Mortgage Payoff Scams

Banking Crisis and Account Changes
Wire Fraud Trends

Money Laundering and Loss
2022 TRENDS

Fraud cases climbed at an unprecedented rate.

The CertifID Fraud Recovery Services (FRS) team received an unprecedented number of reports of wire fraud.

- 145% increase in cases reported, year over year
- $158k average loss reported per case
- 1 in 4 cases submitted could be worked
- 6.5 days average time from incident to recovery
Businesses suffered losses 3x as large as those of consumers.

Consumers are hit more often, but businesses are hit for larger sums.

- Average wire fraud loss for consumer cases: $106,557
- Average wire fraud loss for business cases: $294,573

CertifID 2022 State of Wire Fraud Report
Wire Fraud Trends

Lowering Risk and Mitigating Loss
THE FUTURE OF WIRE FRAUD

A layered approach.

- Education and engagement
- Technology to lower risk
- Insurance coverage to protect from loss
- Incident response plan to mitigate impact

CertifID 2022 State of Wire Fraud Report
Thank you

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