

OUR MEETING WILL BEGIN SHORTLY

SEATTLE

NAIC

2023 SUMMER
NATIONAL MEETING

August 14, 2023

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

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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

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

Draft: 3/28/23

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 default 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 UWM 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



American Land
Title Association

Protect your property rights

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:

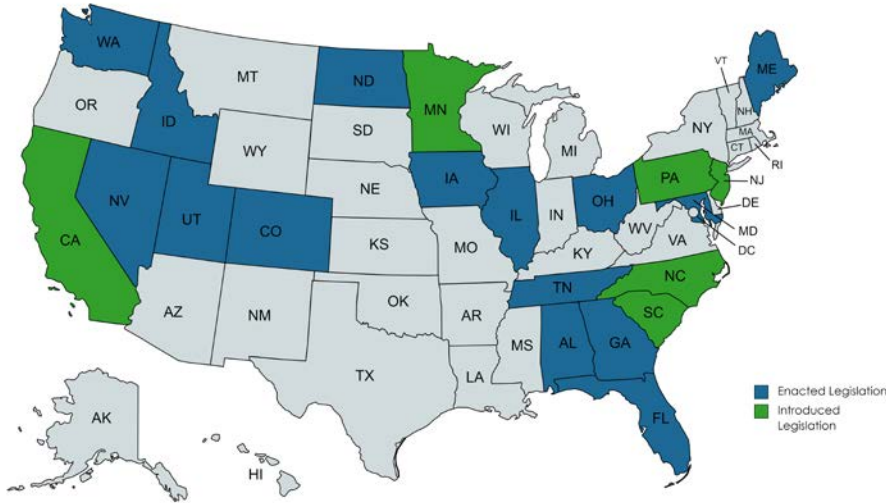
- ✓ Makes agreements unenforceable
- ✓ Prohibits the recording of these agreements in property records
- ✓ Creates penalties for recording these agreements in property records
- ✓ Provides for recovery of damages and removal of agreements from property records.



American Land
Title Association

Protect your property rights

Enactment of State-Level Policy



30+ Bills
Introduced
in 21 States

15 Laws
Passed

Attorney General Action

WHIO TV 7

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

3 WBTV
ON YOUR SIDE

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

The State of Wire Fraud:

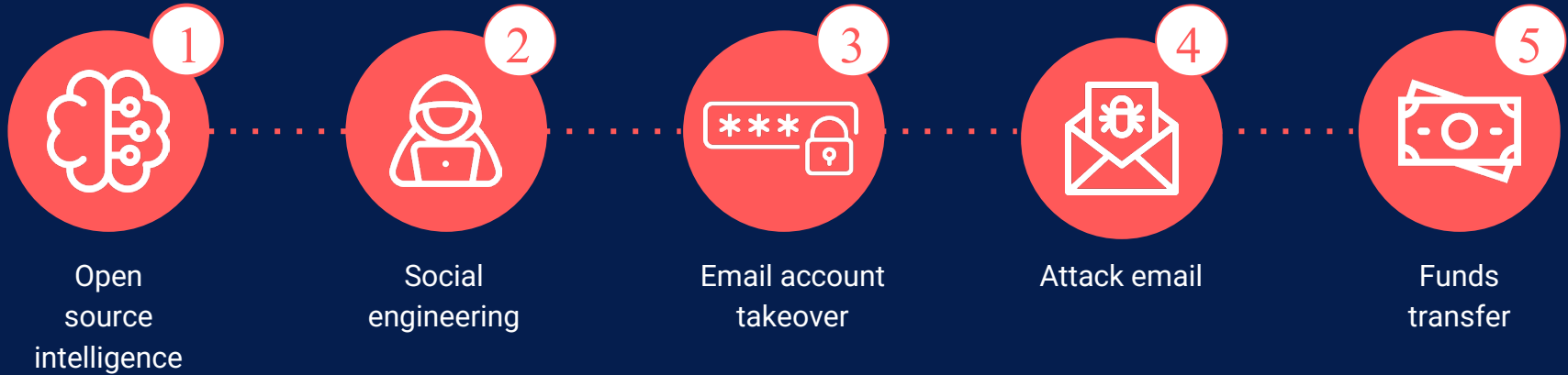
2023 Fraud Trends in the Title Industry

A Persistent Threat

Business Email Compromise (BEC)

DID YOU KNOW?

How BEC Works:





The Monetization of BEC

Wire Fraud

BEC Growth

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.



INTRODUCTION

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.



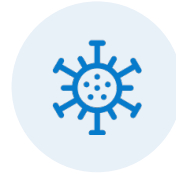
Real estate transactions are **complex**



They involve a **lot of money** and a **lot of people** (8 different parties on average)



Much of the information scammers need to trick you is **publicly available** on the internet



The COVID-19 pandemic led to a rapid growth in digital closings **without creating a safety net**

“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:
<https://www.certifid.com/infographic/2022-cybercrime-trends>

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.

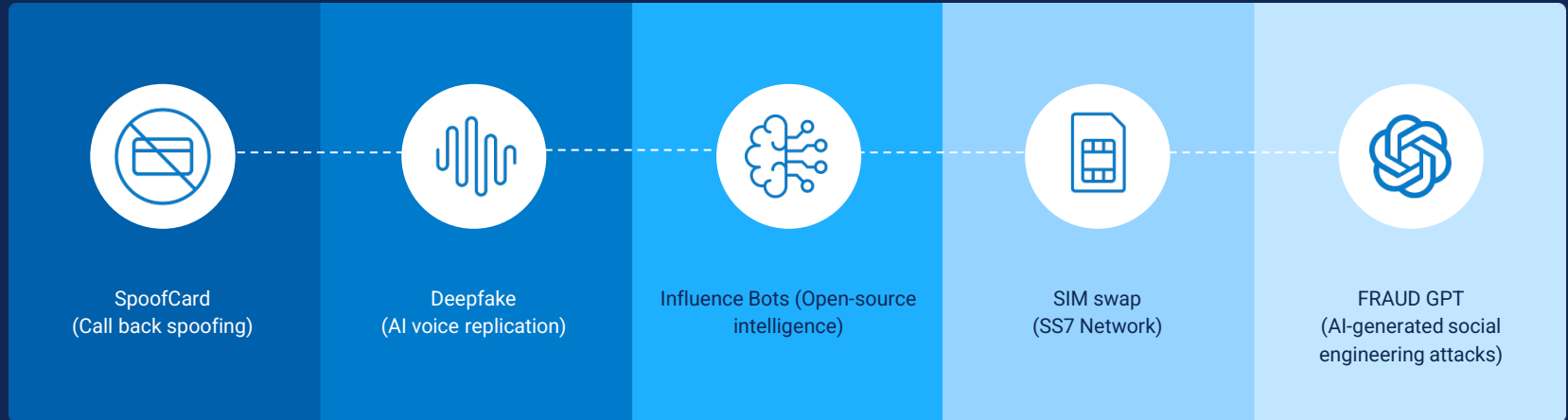


Protected businesses

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

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

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:



Seller Impersonation Scams – Case Study 1

County Register of Deeds Information

Parcel Identification

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



Seller Impersonation Scams – Case Study 1

Taxing Authority Information

Owner and Taxpayer Information

Owner

[REDACTED] KENNETH B
1236 COMSTOCK PL
NEWBURY PARK, CA 91320-5805

Taxpayer

SEE OWNER INFORMATION

General Information for Tax Year 2023

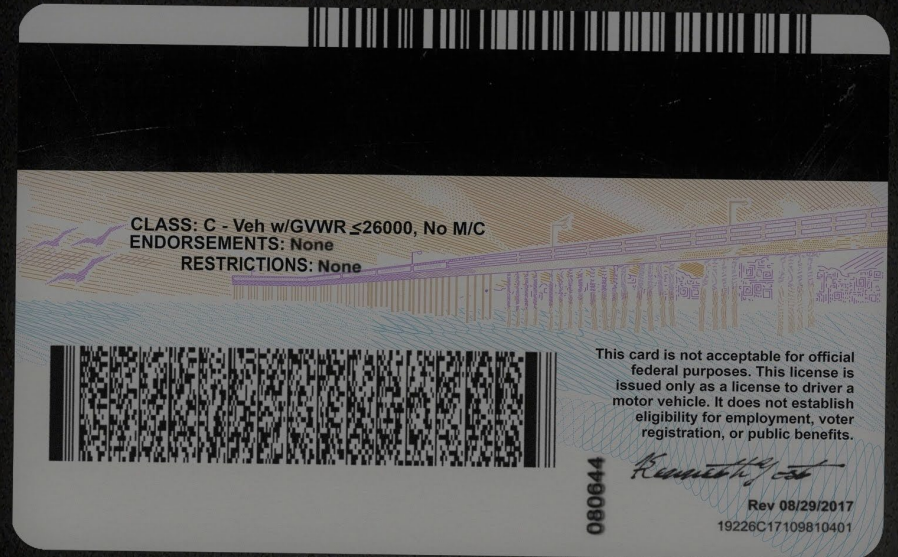
Property Class	402 RESIDENTIAL-VACANT
School District	GRAND RAPIDS CITY SCH DIST
LOT	83E *253E *78.4*209E
DWELLING UNITS	Please contact Planning Department for Property Use Verification at (616)-456-4100
GR USE CODE	Not Available
AV NOTICE	Not Available
Historical District	No
STYLE/ACTS	Not Available

Unit	51 CITY OF GRAND RAPIDS
Assessed Value	\$24,700
Taxable Value	\$12,320
State Equalized Value	\$24,700
Date of Last Name Change	01/20/2004
Notes	Not Available
Census Block Group	Not Available
Exemption	No Data to Display



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

REDFIN City, Address, School, Agent, ZIP 1-844-759-7732 Buy • Rent • Sell • Redfin Premier Mortgage • Real Est

← Search Overview Property Details Sale & Tax History Public Facts Schools Favorite Edit Facts Share

OFF MARKET

Street View

Ravine Dr Nw, Grand Rapids, MI 49504

Redfin Estimate Beds Baths 0.48 Acre (Lot)

Off Market

Is this your home? Track this home's value and nearby sales activity

I own 634 Ravine Dr Nw

Sale and tax history for [REDACTED] Ravine Dr Nw

Sale History Tax History

Today		
Mar 21, 2023	Pending	—
Date	MIRealSource-MIMLS #70303812	Price
Mar 12, 2023	Listed (Active)	*
Date	MIRealSource-MIMLS #70303812	Price
Mar, 2023		
Mar 21, 2023	Pending	—
Date	REALCOMP #65023007186	Price
Mar 12, 2023	Listed (Active)	*
Date	REALCOMP #65023007186	Price



Seller Impersonation Scams – Case Study 2

County Register of Deeds Information

Parcel ID Sales History Split History Tax Description Get Map

Parcel Identification

Parcel Number: 41-13-21-176 [REDACTED]

Government Unit: 51

Owner Name 1: DAVIS PHILLIP R & [REDACTED]

Property Address: [REDACTED] COLLINDALE AVE NW

Property Classification: 402-RESIDENTIAL-VACANT

School District: 41010 - GRAND RAPIDS CITY SCH DIST



Seller Impersonation Scams – Case Study 2

Taxing Authority Information

Owner and Taxpayer Information

Owner

DAVIS PHILLIP R [REDACTED]
[REDACTED] COLLINDALE AVE NW
GRAND RAPIDS, MI 49504

Taxpayer

SEE OWNER INFORMATION

General Information for Tax Year 2023

Property Class	402 RESIDENTIAL-VACANT
School District	GRAND RAPIDS CITY SCH DIST
LOT	120.3*654.25*122.65*654.6
DWELLING UNITS	Please contact Planning Department for Property Use Verification at (616)-456-4100
GR USE CODE	Not Available
AV NOTICE	Not Available
Historical District	No
STYLE/ACTS	Not Available

Unit	51 CITY OF GRAND RAPIDS
Assessed Value	\$32,000
Taxable Value	\$32,000
State Equalized Value	\$32,000
Date of Last Name Change	01/16/2013
Notes	Not Available
Census Block Group	Not Available
Exemption	No Data to Display



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

Flexmls 835 collin Guided Help Help SD 18

Menu Quick Search Hot Sheet Contact Management My Messages Market Summary Tour/Open Houses Market Areas Market Trends Graphs Market Trends Reports Quick Search Templates [Reorder...](#)

Search Results

Work on behalf of ... [Share](#) [Email](#) [Save](#) [Print](#) [CMA](#) [Report Error](#) [Edit Search](#) [List](#) [Detail](#) [Photos](#) [Map](#) [Stats](#)

Results: 1 Selected: 0

835 Collindale Avenue NW, Grand Rapids, MI 49504 **\$130,000**

Cancelled / 23011973

Days On Market: 7
Listing Office: Century 21 Affiliated (GR) (g160401)
Listing Member: Justin M Rinks
Municipality: City of Grand Rapids
Lot Acres: 1.82
Selling Office:
Selling Member:
Next Open House:
School District: Grand Rapids
Co-listing Member: Nicole G Rinks
Century 21 Affiliated (GR) (g160401)

Are you looking for your dream single family residential building site in the Westside Connection? Look no further! This nearly 2 acre parcel is within walking distance to area favorite shops and restaurants like Westside Social and many other amenities along Lake Michigan Drive. The land itself features a flat top 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 property for good drainage

Land **Cancelled** **Agent Detail Report** **835 Collindale Avenue NW, Grand Rapids, MI 49504** **\$130,000**

Legal: 411321178024 S 1/8 E 1/4 NW 1/4 EX N 100 FT & EX S 110 FT * SEC 21 77N R12W 1.82 A. SPLIT ON 12/14/2011 FROM 41-13-21-176-012;
Taxable Value: 32,000
Annual Property Tax: 1,077.48
School District: Grand Rapids

Assoc. Amenities: Mineral Rights: Unknown
Auction Details: Outbuildings: None
Docs at List Office: Sale Conditions: Paved; Public
Association Info.:

Public Remarks: Are you looking for your dream single family residential building site in the Westside Connection? Look no further! This nearly 2 acre parcel is within walking distance to area favorite shops and restaurants like Westside Social and many other amenities along Lake Michigan Drive. The land itself features a flat top 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 property for good drainage and yard clipping. Become a valuable addition to this neighborhood! Call for further information or builder referrals.
Agent Only Remarks: Text your email to Justin Rinks for Property Profile done by Nederveld. Buyer and/or Buyer's agent to verify all information and measurements. Please use showing time Go and Show for records and walk property. Park on 7th.
Seller: Agent For Owner SA: 0% BA: 3% Trans Coord: 0% Var: No
Exclusive Agency: No

Name	Primary Phone	Email	Other Fax:
Century 21 Affiliated (GR) (g160401)	616-369-4040		
Justin M Rinks (grmk0383)	616-350-5643	justinrinksrealtor@gmail.com	
Greater Regional Alliance of REALTORS			
Century 21 Affiliated (GR) (g160401)	616-369-4040		
Nicole G Rinks (grmk7623)	616-350-5638	nicolerinks@gr.com	

Showing Instructions: Courtesy Schedule Go and Show on Showingtime and go walk land. Park on side of Seventh St.
Listing Date: 04/20/2023 **Status Change Date:** 04/27/2023

All information deemed materially reliable but not guaranteed. Interested parties are encouraged to verify all information. Copyright 2023 MichRIOS, LLC All rights reserved. **DMCA Notice** The property on this sheet has been made available on 06/01/2023 9:48 AM and may not be listed by the officiant presenting this information.

Seller Impersonation Scams – Organized and Coordinated Syndicates



Seller Impersonation Scams – Case Study 3

Taxing Authority Information

Parcel Number: 020-002-000-18 [REDACTED] (Property Address) [Map It](#) [Print](#)

Property Owner: [REDACTED] DAIN

Summary Information

- > Assessed Value: \$17,300 | Taxable Value: \$13,323
- > Property Tax information found

Item 1 of 1 1 Image / 0 Sketches

Property Information | **Tax Information** | Delinquent Tax Information

Jump To: Owner and Taxpayer Information | General Information for Tax Year 2022 | Land Information | Legal Description | Land Division Act Information | Sale History

Click here to add this parcel to your favorite records for easy access on your next visit.

Parcel is Vacant

Owner and Taxpayer Information [Back To Top](#)

Owner	[REDACTED] DAIN W9053 CASTLE MOUND RD BLACK RIVER FALLS, WI 54615	Taxpayer	SEE OWNER INFORMATION
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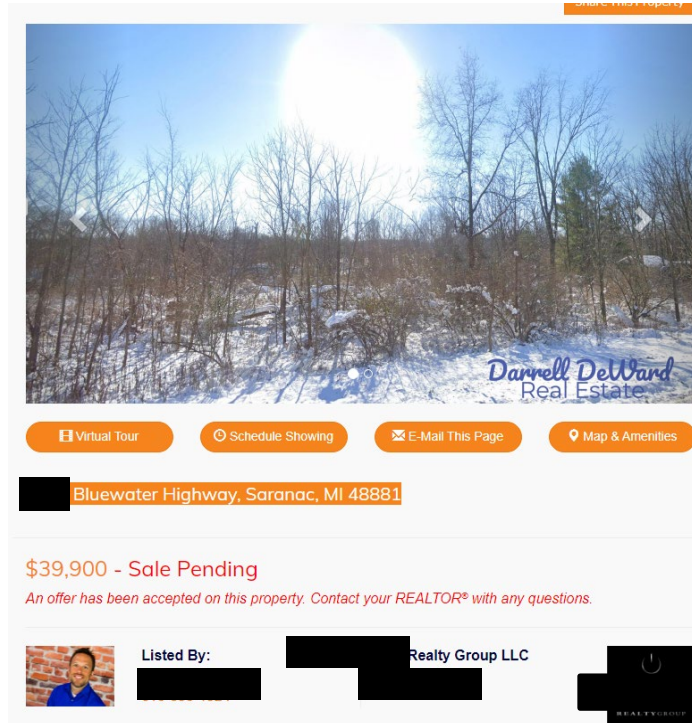
General Information for Tax Year 2022 [Back To Top](#)

Property Class	402 RESIDENTIAL-VACANT	Unit	020 BOSTON TOWNSHIP
School District	SARANAC COMMUNITY SCHOOLS	Assessed Value	\$17,300
REV YEAR	2022	Taxable Value	\$13,323
USER NUM IDX	0	State Equalized Value	\$17,300
USER ALPHA#1	No Data to Display	Date of Last Name Change	02/03/2020
IND USE	No Data to Display	Notes	Not Available
Historical District	No	Census Block Group	No Data to Display
YEAR SPLIT/COMB	No Data to Display	Exemption	No Data to Display

Seller Impersonation Scams – Case Study 3

Real Estate Listing on MLS

\$39,900 List Price



Virtual Tour Schedule Showing E-Mail This Page Map & Amenities

Bluewater Highway, Saranac, MI 48881

\$39,900 - Sale Pending
An offer has been accepted on this property. Contact your REALTOR® with any questions.

Listed By: [Redacted] Realty Group LLC [Redacted]



Seller Impersonation Scams – Case Study 3

From: T [REDACTED] <[REDACTED]@gmail.com>
Sent: Saturday, March 25, 2023, 6:49 PM
To: Dain [REDACTED] <[REDACTED]@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 [REDACTED] <[REDACTED]@outlook.com>
To: T [REDACTED]

 If there are problems with how this message is displayed, click here to view it in a web browser.
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

Hello [REDACTED]
I'm sorry for the late reply, I was sick and could not do anything, here is my social security number- [REDACTED] You can best reach me through this number (623) [REDACTED]
This is the Account information:

Bank- Bank of the West Paribas
Account Name- Dain [REDACTED]
Account number- 07 [REDACTED]
Routing- 121100782
Bank Address- 800 22nd Ave. Coralville, LA. 52241



Seller Impersonation Scams – Case Study 3

The real owner was contacted and the sale was completed!



Ionia County, Michigan
Register of Deeds
Home | Search Public Records | Preferences

Search Details - Verified thru: 08/08/2023

History: BK 0674 PG 6319 Warranty Deed

Instrument Info | References

Instrument Type: Warranty Deed
Liber/Page: LIBR 0674 / 6319 [Prev] [Next]
Instrument Status: Recorded and Verified instrument
Signed: 04/10/2023

References1:
Recorded Date: 04/12/2023 03:26:03 PM
Received Date: 04/12/2023 01:00:15 PM
Returned Date: 04/13/2023
Consideration: \$37,000.00
Number of Pages: 3

Name Information

First Party:
DAIN [REDACTED]

Second Party:
TIMOTHY [REDACTED]



Seller Impersonation Scams – Case Study 4

County Register of Deeds Information

Parcel Identification

Parcel Number: 41-14-18-20 [REDACTED]

Government Unit: 51 - CITY OF GRAND RAPIDS

Owner Name One: [REDACTED] JOHN

Owner Name Two:

Property Address: [REDACTED] NORTH [REDACTED] ST NE

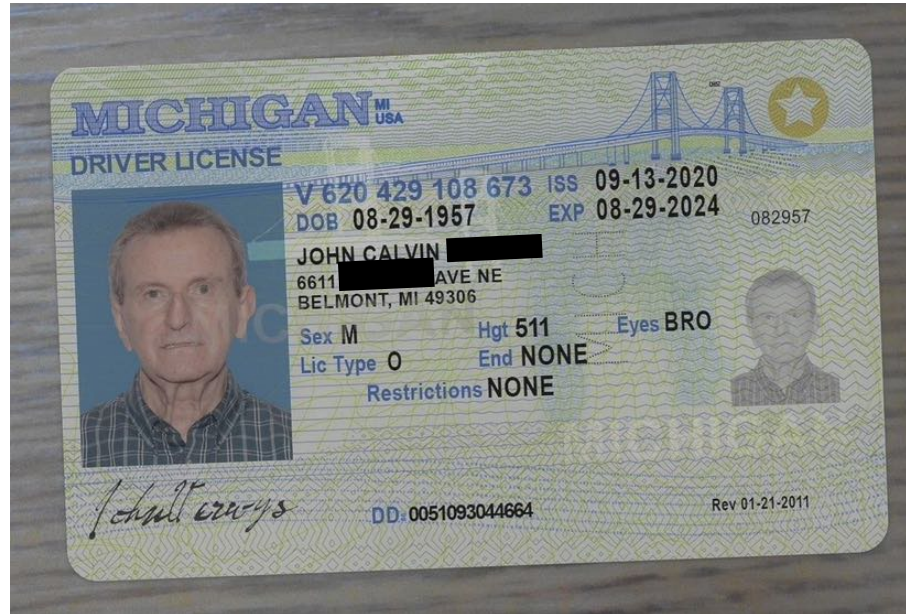
Property Classification: 402 - RESIDENTIAL-VACANT

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

██████████ NE NORTON CT GRAND RAPIDS, MI 49505 (Property Address)

Parcel Number: 41-14-18-203 ██████████



Property Owner: ██████████ JOHN

Summary Information

- > Assessed Value: \$4,700 | Taxable Value: \$1,239
- > 1 Invoice Found, Amount Due: 0.00

Item 1 of 1 1 Image / 0 Sketches

Property Information Tax Information Invoices

Jump To: Owner and Taxpayer Information | Other Information | Tax History

★ Click here to add this parcel to your favorite records for easy access on your next visit...

⊕ Make an Online Payment

☐ Owner and Taxpayer Information

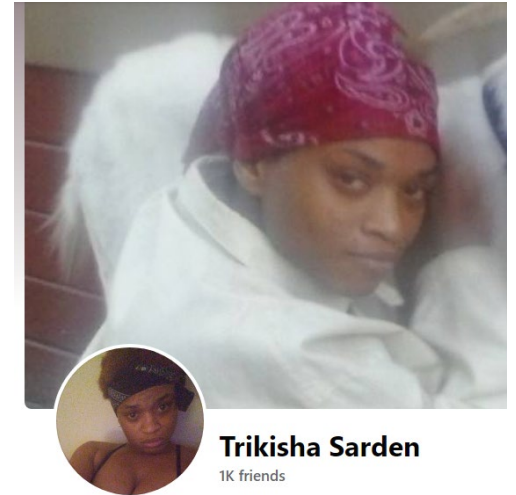
Owner ██████████ JOHN
6611 ██████████ AVE NE
BELMONT, MI 49306-9487



Seller Impersonation Scams – Case Study 4

Red flags that thwarted the scam:

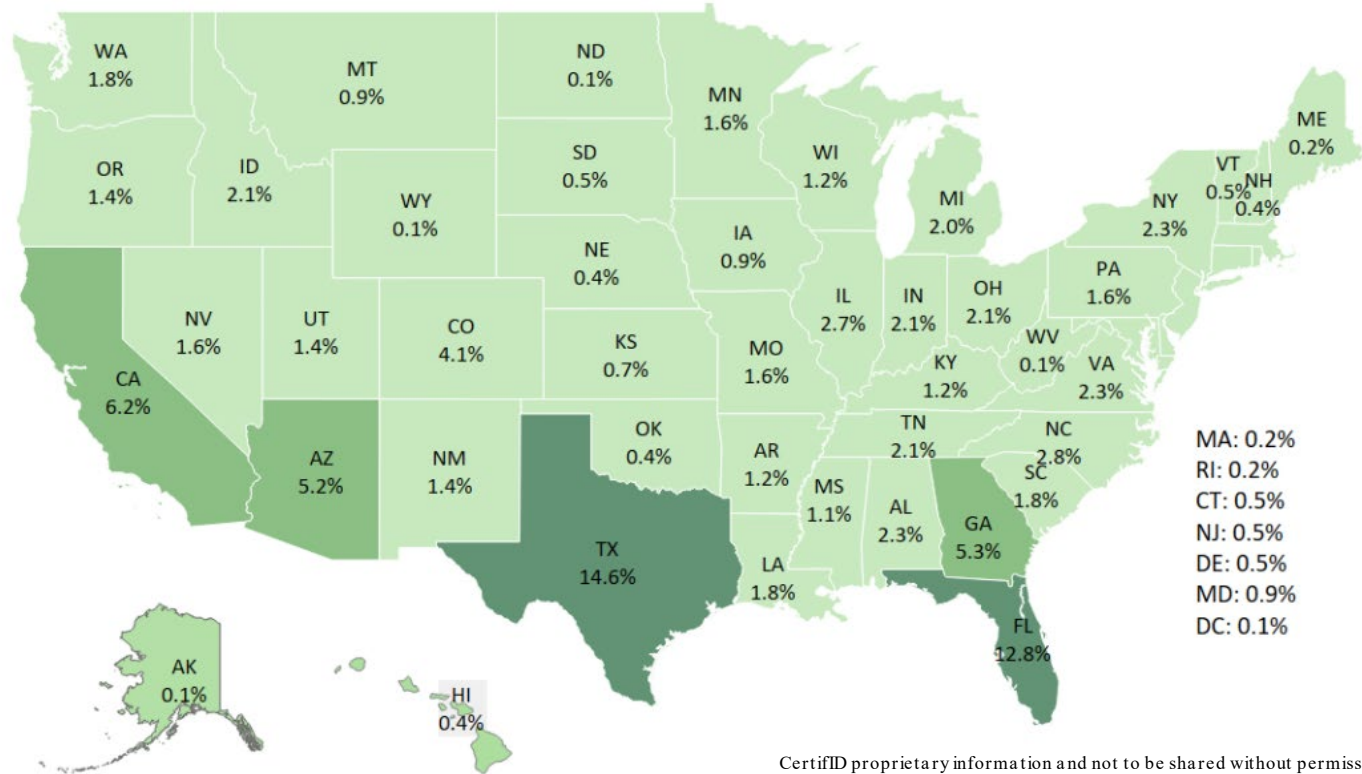
- Phone number 206-422-7263 (Seattle, WA)
- Phone listed to a Sarden Trikisha
- Bad connection and difficult to hear
- Text messaging starts after broken phone call
- Fraudster thought value was ~\$150K and real value was ~\$30K



SELLER VACANT PROPERTY

Land sales as a percentage of total sales.

Florida and Texas are the by far the top two states in terms of vacant land makeup in total deal mix.



[2021 Land Market Survey](#), Realtors Land Institute and National Association of Realtors.



Seller Impersonation Scams

ID Validation v. Identity Verification

Seller impersonation will continue to climb.

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](#)



The U.S. Secret Service has observed a sharp increase in reports of real estate fraud associated with vacant and unencumbered property. Criminals are posing as real property owners and through a series of impersonations are negotiating the sale of properties which are vacant or lien free. Criminals are using similar techniques that continue to be deployed in real estate specific Business Email Compromise (BEC) schemes, to include open-source research. Visit the Secret Service website for [guides on BECs and other cyber-enabled financial crimes](#).

the scheme

- ❖ The criminal searches public records to identify real estate that is free of mortgage or other liens and the identity of the property owner. These often include vacant lots or rental properties.
- ❖ The criminal poses as the property owner and contacts a real estate agent to list the targeted property for sale, and requests it being listed below current market value to generate immediate interest.
- ❖ The criminal, posing as the property owner, demonstrates preference for a cash buyer, and quickly accepts an offer.
- ❖ The criminal, posing as the property owner, refuses to sign closing documents in person, and requests a remote notary signing.
- ❖ The criminal (or co-conspirator) also impersonates the notary and provides falsified documents to title company or closing attorney.
- ❖ Title company or closing attorney unwittingly transfers the closing proceeds to criminal.
- ❖ All communication is electronic, not in person.

The fraud is often discovered when recording the transfer of documents with the relevant county. This scheme has particularly affected elderly and foreign real property owners, but it is not limited to these groups, because there are no means to automatically notify the legitimate owners. Therefore, the burden of verification is on the real estate and title companies.

how to prevent

- ✓ Independently search for the identity and a recent picture of the property seller.
- ✓ Request an in-person or virtual meeting and to see their government issued identification.
- ✓ Be on alert when a seller accepts an offer below market value in exchange for receiving the payment in cash and/or closing quickly.
- ✓ Never allow a seller to arrange their own notary closing.
- ✓ Use trusted title companies and attorneys for the exchange of closing documents and funds.



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

The preferred method for expedited payoff remittance is by wire transfer.
Wire to:
Bank: Chase Bank, Trenton, NJ, ABA Nbr. [REDACTED]
Beneficiary Name: [REDACTED]
Beneficiary Address: [REDACTED]
BNF Account Number: [REDACTED]
●originator to BNF Info: Attention Payoff Department
Include sender's contact name and phone number



Mortgage Payoff Scams

Banking Crisis and Account Changes

Wire Fraud Trends

Money Laundering and Loss

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



1 in 4

cases submitted
could be worked



\$158k

average loss reported per
case

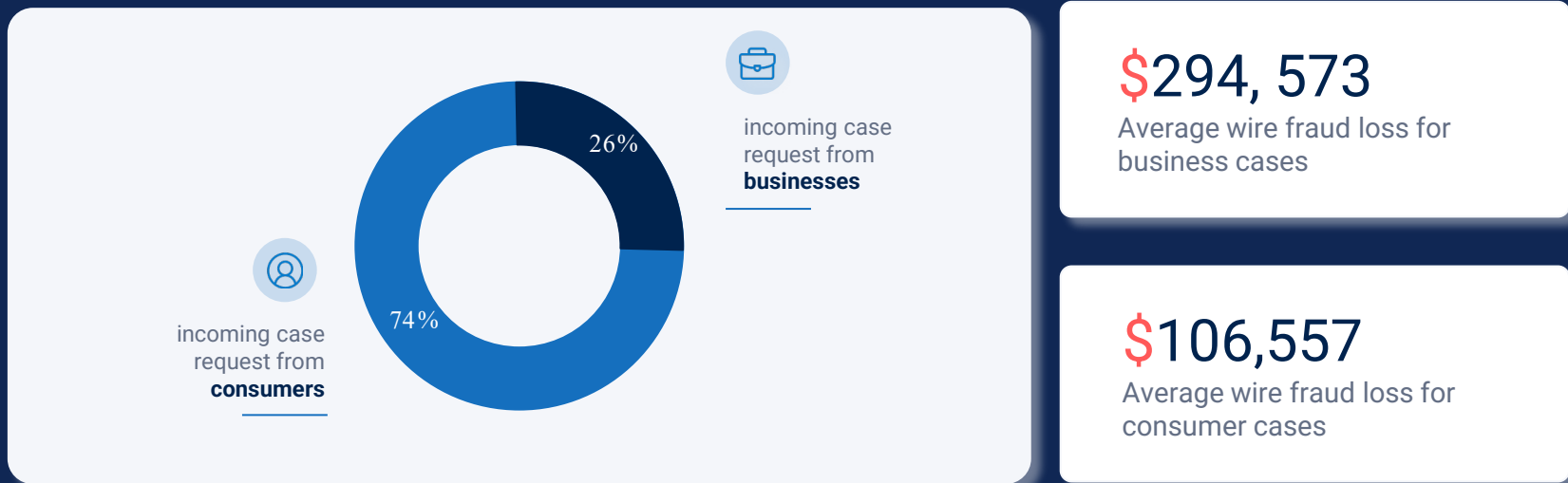


6.5 days

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.



Wire Fraud Trends

Lowering Risk and Mitigating Loss

A layered approach.

Education and engagement

Technology to lower risk

Insurance coverage to protect from loss

Incident response plan to mitigate impact



Education



Protection Software



Insurance



Incident Response

Thank you



Tom Cronkright

Co-Founder and Executive Chairman

tcronkright@certifid.com





NAIIC

**NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS**