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News from Prairie Title

Falling Upward: Will the Housing Market Continue to Thrive?

MY PERSPECTIVE - By Frank Pellegrini, Prairie Title CEO



Fall is here, and with it that sense of renewal that typically accompanies the end of summer. Humidity levels have dropped,

kids are back in school and business in many industries is picking up as workforces are returning to "normal" day-to-day staffing levels with summer vacations behind us.

In the real estate industry, of course, business has been very active throughout the year and the question is: Will that high level of activity continue or even increase? Realtor magazine interviewed several economists regarding that question and answered this way:

"Will bidding wars continue? Will home prices stay elevated? Will home buyer demand remain strong? Heading into the fall season, economists are optimistic about the market's direction considering its unpredictability since the beginning of the pandemic. For the most part, the economists agree it won't be a return to the usual slowing pace of sales in the fall—nor will prices slide to the extent typical of the season as families settle into a new school year."

My personal feeling is that the fall will, indeed, be very active for real estate, and then the housing market will likely cool as it typically does as winter sets in and we move back into a more normal economic cycle. That may sound pessimistic, but really it's not. It would presage a return to

normalcy and that we could all use sooner rather later.

I am truly grateful for the increased real estate business in the last year. When we entered 2020 things did not look good in our business for the foreseeable future. At the same time, I am heartsick that it took a pandemic accompanied by so many deaths of fellow Americans and others around the world to turn things around.

We can live peacefully in the knowledge that in our industry, whether we're agents, brokers, lenders, attorneys, appraisers or title insurance professionals, we are helping people realize their homeownership and financial dreams, no matter the circumstances in the world at large.

That's why I got into the real estate business, and why I continue to be proud of our industry every day.

On a separate note, it seems as though we are right around the corner from Remote Online Notarizations being recognized nationally. Nearly 40 states have adopted RON, and legislation that would federalize and codify RON throughout the United States is pending, with a big push behind that movement from the American Land Title Association. My hope is that late 2021 or early 2022, before next year's elections, will bring movement in Congress on RON legislation that will bring it to the President's desk.

RON is here to stay, and we need national standards to ensure that online notarizations are smooth and efficient in every county in every state. Please see our coverage of RON developments on page 2.

Fannie Mae Survey: Homebuyers Remain Satisfied With Mortgage Process

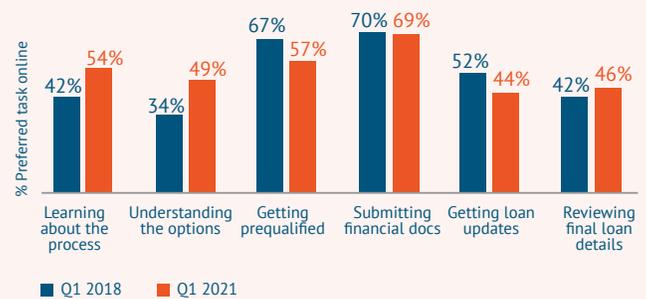
Consumers remained satisfied with their mortgage experience despite the COVID-19 pandemic and lenders moving to remote working conditions and handling record-high origination volume, according to Fannie Mae's National Housing Survey.

The survey showed that 88% of recent homebuyers expressed satisfaction with the mortgage process during the first quarter of 2021. This remained unchanged from 2020.

More consumers are gradually migrating to a complete digital process. According to the survey, 12% of recent homebuyers conducted their transaction completely online during Q1 2021. This is up from 7% compared to the same period a year ago.

Additionally, 46% preferred reviewing their final loan documents online. This is up from 42% during the first quarter of 2018.

Homebuyer preferences for using digital mortgage tools depend on the task

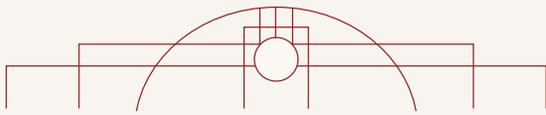


Fannie Mae reported it expected a larger increase in the percentage of homebuyers that wanted to use online channels for mortgage tasks.

"Consumer satisfaction in the mortgage experience remained high during the pandemic, but the change in consumers using online processes was not as large as we expected," Fannie Mae wrote on its blog. "The shift to digital continues to be a gradual process, with certain segments showing different online servicing/in-person needs. Since buying a home is an infrequent and complicated expense, shifting to online-only channels appears to be an imperfect solution for many borrowers who have questions and want to make the right choices."

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Meet the Prairie Team

Prairie Title's excellence is directly attributable to the quality of our people. Our professional staff members have decades of experience in the industry, and they are dedicated to the notion that great customer service begins with them. As a result, our clients have easy access to dedicated real estate professionals in an environment where decisions are made quickly, but not imprudently.



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RON Legislation now Passed in Nearly 80 Percent of States

The American Land Title Association reported that the use of remote online notarization has now been passed by legislatures in Illinois, New Jersey and Oregon, bringing the number of states with RON legislation up to 37. Legislation is also pending in New York and New Hampshire.

In May, senators Mark Warner (D-Va.) and Kevin Cramer (R-N.D.) reintroduced federal legislation that would allow RON nationwide. Dubbed the Securing and Enabling Commerce Using Remote and Electronic (SECURE) Notarization Act, the bipartisan legislation would permit "immediate nationwide use" of RON by every notary in the United States. It would also require the use of tamper-evident technology in electronic notarizations, and help prevent fraud through the use of multifactor authentication.

"We continue to support the bipartisan SECURE Notarization Act," ALTA said in a statement. "The bill would permit immediate nationwide use of RON, create national minimum standards for its use, and provide certainty for the interstate recognition of RON."

Adoption of remote online notarization soared 547% in 2020, with Florida, Texas and Virginia reporting the most RON usage in that timeframe. Usage in the Midwestern U.S. has also risen, ALTA reported.

The number of title and settlement companies offering digital closings increased 228% compared to 2019, according to ALTA's 2021 Digital Closing Survey. The survey of 300 title professionals showed that 46% offered digital closings in 2020 during the pandemic. Prior to the health crisis, a 2019 survey showed that only 14% of companies offered digital closings two years ago.

"The original SECURE Notarization Act was introduced at the beginning of the pandemic as a way to help standardize the various processes resulting from the differences in the state laws governing remote online notarization (RON)," Fred Gooch, senior vice president for Compliance at Docutech told Mortgage Orb. "The past year has only showcased the clear need in the industry to modernize the notarial process to deal with unknown circumstances, such as a world-wide pandemic. Throughout the pandemic, borrowers and lenders alike embraced digital financial tools, and the reintroduction of the bill reflects that the demand for digital tools will remain high, even as we regain some normality this year."

"With the open-mindedness shown by many states, as well as multiple groups and organizations backing such legislation, there will hopefully be a nationwide standard to ease the burden on lenders trying to juggle state laws that are very similar, but could have important differences."

Diane Tomb, CEO of ALTA, said that by passing the SECURE Notarization Act, "we can take a much-needed step into the future by modernizing the notarization process with a secure system that has proven to meet consumer needs and expectations."

Consumers Call Remote Online Notarization Process Safe, Secure

An overwhelming majority of consumers who used RON technology to complete their real estate transaction described the process as secure and convenient, and made the possibility of purchasing a home a reality.

According to a survey issued by ALTA member company Champion Title, 97% of consumers who closed on transactions in Virginia using RON said the process was safe and secure. Additionally, 95% said they would recommend the RON process to others. Nearly 350 consumers participated in the survey.

"Since the onset of the pandemic, businesses have been forced to rapidly adapt to a new normal, and the real estate industry is no exception," Diane Tomb said. "Remote online notarization has been one of the title industry's most important tools in this process."

"All Americans deserve the same opportunity to close their transaction safely and securely through a remote process," she added. "This is why Congress must pass the SECURE Notarization Act."

Mortgage Fraud Increased as Market Shifted to Purchases

A shift to a purchase-dominated origination market from strong refinance business has pushed fraud risk to its highest level since early 2019, according to CoreLogic's latest report.

The probability of application fraud jumped 10.5% during the second quarter compared to the same period a year ago. The year-over-year increase is 37.2% annually. The index is at nearly the same level it was in Q2 2019, which was 131. At the height of the pandemic refi boom Q2 2020, it had dropped to 96 due to the influx of low-risk rate/term refinances. The rise back to 132 for Q2 2021 is on the historically high end of the index, but CoreLogic said that it "is not cause for great concern."

The report said the shift in volume toward purchase loans is reflected in the increased risk indicated by the national index.

One area to watch is occupancy fraud, according to the report. As the GSEs limit financing availability for non-primary occupancy, it seems quite likely to increase motivation for occupancy misrepresentation, already one of the most common mortgage fraud risks.

Meanwhile, cyber scams, especially phishing attempts, continue to be a menace. As explained by noted real estate journalist Law Sichelman in a recent column:

"Once the bad guys latch on to e-mails between buyers and their agents and lenders, they gain transaction details, including the amounts buyers are required to transfer for their pending closings. Armed with that information, they send fake wiring instructions under the guise of the title company or other professionals involved in the transaction.

"The instructions often tell buyers to send the money immediately – sometimes as digital currency – or the transaction will be delayed or canceled altogether. And if an unsuspecting buyer complies, his money is gone in a flash."

ALTA says to watch for the following red flags:

- A customer's seemingly legitimate emailed transaction instructions contain different language,

timing, and amounts than previously verified.

- Transaction instructions originate from an email account closely resembling a known customer's email account; however, the email address has been slightly altered by adding, changing, or deleting one or more characters. For example:
 - Legitimate email: john-doe@abc.com
 - Fraudulent email: john-doe@bcd.com
- Emailed transaction instructions direct payment to a known beneficiary; however, the beneficiary's account information is different from what was previously used.
- Emailed transaction instructions direct wire transfers to a foreign bank account that has been documented in customer complaints as the destination of fraudulent transactions.
- Emailed transaction instructions direct payment to a beneficiary with which the customer has no payment history or documented business relationship, and the payment is in an amount similar to or in excess of payments sent to beneficiaries whom the customer has historically paid.
- Emailed transaction instructions include markings, assertions, or language designating the transaction request as "Urgent," "Secret," or "Confidential."
- Emailed transaction instructions are delivered in a way that would give the financial institution limited time or opportunity to confirm the authenticity of the requested transaction.
- Emailed transaction instructions originate from a customer's employee who is a newly authorized person on the account or is an authorized person who has not previously sent wire transfer instructions.

Sichelman wraps up his column with this advice: "Consequently, it's incumbent upon real estate agents and loan officers to alert their clients that it's entirely

Phishing: Don't Take the Bait

Phishing is when you get emails, texts, or calls that seem to be from companies or people you know. But they're actually from scammers. They want you to click on a link or give personal information (like a password) so that they can steal your money or identity, and maybe get access to your computer.

The Bait



Scammers use familiar company names or pretend to be someone you know.

They ask you to click on a link or give passwords or bank account numbers. If you click on the link, they can install programs that lock you out of your computer and can steal your personal information.

They pressure you to act now – or something bad will happen.

Avoid the Hook



Check it out.

- » Look up the website or phone number for the company or person who's contacting you.
- » Call that company or person directly. Use a number you know to be correct, not the number in the email or text.
- » Tell them about the message you got.

Look for scam tip-offs.

- » You don't have an account with the company.
- » The message is missing your name or uses bad grammar and spelling.
- » The person asks for personal information, including passwords.
- » **But note: some phishing schemes are sophisticated and look very real, so check it out and protect yourself.**



possible they will receive such a request and what to do about it. Reminding them frequently of the possibility so often won't hurt, either. Warn them that if they receive any e-mails from anyone claiming to be a part of the transaction, they should call you to verify that fact before doing anything else."

Economists Believe Sales Momentum Will Carry Into Winter

Will bidding wars continue? Will home prices stay elevated? Will home buyer demand remain strong? Heading into the final quarter of the year, economists are optimistic about the market's direction considering its unpredictability since the beginning of the pandemic.

"I expect an unusually busy fall season," said George Ratiu, realtor.com's chief economist. "Sellers are putting homes on the market. Normally, this activity happens early in the spring."

Buyers continue to purchase homes for sale at a frantic pace. Eighty-nine percent of homes sold in July were on

the market for less than a month, according to NAR's data.

Buyer demand likely will remain strong, especially as mortgage rates stay near record lows. "The fear of missing out on what could be a once-in-a-lifetime deal will likely entice additional buyers," realtor.com® reported.

Supply is also an issue. According to the National Association of Realtors, the U.S. has underbuilt its housing needs by at least 5.5 million units over the past 20 years. That's a stark comparison to the previous housing bubble in 2008 when overbuilding was the issue.

"So we've got a boost in demand that's due to record low mortgage rates and we've got a shrinkage of supply," said, Frank Nothaft, CoreLogic chief economist. "Between more demand and less supply, prices are up and they're up at the fastest pace since the 1970s."

As a result, home buyers likely will still face intense competition. "Don't expect deals if you are house hunting in the most desirable part of a market or competing for a particularly nice house," Ali Wolf, chief economist at Zonda, a building consulting firm, told Realtor.com®. "Homes that stand out for one reason or another are still flying off the shelf."



Summer Golf Outings

Prairie Title's Van Hante (yellow shirt), Michael Guerin and Agatha Sobczyk attended the MORE golf outing. (Right) Michael Guerin and Maggie O'Donnell attended the IMBA golf outing.

Chicago area Witnesses 20-year Record low Industrial Vacancy

REJournals.com reported that, as expected, the industrial boom continued well into the summer months, but new numbers help illustrate just how in-demand industrial building stock is in the Chicago area at the moment. According to a new report from Avison Young, the Chicago metro area has just witnessed a 20-year record low vacancy rate in the industrial segment. The Q2 2021 overall vacancy stood at just 6.4%, or nearly half of the record high of 12.3% back in 2009.

Unsurprisingly, REJournals said, industrial asset prices have also

continued to move into new territory, reaching \$80 per square foot in April 2021. Just five years ago, this figure hovered just under \$60 per square foot, indicating that overall values are in lock-step with high demand and low vacancies. Investment in industrial has far outpaced other asset classes, particularly office buildings, the report illustrates. For example, there was \$4.4 billion in industrial investment from the beginning of 2020 through the end of Q2 2021 in the Chicago area whereas downtown office saw just \$2 billion of investment in the same period.

Multifamily Construction Sentiment Declines in Second Quarter

Confidence in the market for new multifamily housing decreased in the second quarter, according to results from the Multifamily Market Survey (MMS) released in September by the National Association of Home Builders (NAHB). The Multifamily Production Index (MPI) dropped three points to 48 compared to the previous quarter.

The MPI measures builder and developer sentiment about current conditions in the apartment and condo market on a scale of 0 to 100. The index and all of its components are scaled so that a number below 50 indicates that more respondents report conditions are getting worse than report

conditions are improving.

The MPI is a weighted average of three key elements of the multifamily housing market: construction of low-rent units-apartments that are supported by low-income tax credits or other government subsidy programs; market-rate rental units-apartments that are built to be rented at the price the market will hold; and for-sale units—condominiums. The component measuring low-rent units rose three points to 49, the component measuring market rate rental units fell three points to 51 and the component measuring for-sale units dropped seven points to 45.



Five Fast Questions

Five Fast Questions is a feature which aims to help you get to know the Prairie Title team members you work with on a more personal level.



Diana Ferraro, Closing Officer

Where were you born?

Born and raised in Chicago.

What do you love most about the real estate business?

The real estate industry is constantly changing due to market trends, technology, and the things that just pop up in every deal. There's always something new to learn.

Cathy Palmer, Closing Officer

Where were you born?

I was born in Syracuse, New York, but I was raised in Chicago.

What do you love most about the real estate business?

I love having the opportunity to interact with different people from all walks of life. Each person has a different story. To learn of one's life story, their progression during each phase and being able to cater specifically to the needs of each person is very fulfilling

What's your favorite vacation spot?

If I'm looking to relax and unwind, Marco Island or Puerto Vallarta

Why do you like working at Prairie Title?

The work environment is friendly and upbeat. All of my coworkers are approachable and always willing to help no matter how busy they are, and management is very supportive to both employees and customers.

What's your favorite vacation spot?

I would have to say Aruba. It is a very beautiful place. It's a place of peace, full of tranquility, beauty and solitude

Why do you like working at Prairie Title?

I enjoy working for Prairie Title because of its family-oriented environment. They make you feel like you are truly a part of a family. I have known Frank Pellegrini over 40 + years and I've worked for Prairie Title 30 of those years. Several of my children and even one of my sisters have also worked for Prairie Title.

What historical figure is most important to you?

It's hard to pick just one. I admire anyone who truly fights for human rights and makes a difference. Some examples would be Eleanor Roosevelt, Rosa Parks, Mother Teresa and Ruth Bader Ginsburg.

What historical figure is most important to you?

I would say that the historical figure that is most important to me would be Jesus Christ, The Unrivaled One. His life and death were given so that the whole world could be saved and experience His redemption power. My senior leader, Pastor Stephen A. Garner would also be an important historical figure. I believe he teaches the messages of Christ in a way that is both practical and applicable for everyday living.