

## Tech and Title: Where are we?

MY PERSPECTIVE - By Frank Pellegrini, Prairie Title CEO



In an article recently published in Title News, Jeremy Yohe, vice president of Communications for the American Land Title Association, provided a lengthy status update regarding the methods the title insurance industry is employing with technology to bring down closing costs and shorten the time to closing on real estate transactions.

I wanted to call out two highlights from the article and add a third note about the progress of technology in our industry.

- According to the latest data from ClosingCorp, closing costs as a percentage of purchase prices declined to 1.03% last year, down from 1.06% in 2020.
- A report from ICE Mortgage Technology notes that it took an average of 46 days to close a transaction in August. This is three days faster than the same time a year ago.
- Use of Remote Online Notarization (RON) and AI (Artificial Intelligence)-driven software continues to grow.

That last bullet point is perhaps the most interesting. While RON is not accepted nationally yet, it won't be long before use of RON in one form or another is allowed virtually everywhere across the country. Illinois Governor J.B. Pritzker signed a RON bill last year. The effective date was January 1 of this year pending regulations to be issued by the Illinois Secretary of State. We are estimating these could be forthcoming as soon as May.

Meanwhile, expansion of AI platforms for use in real estate transactions is really surging. Two examples cited by ALTA are:

- In August, First American Title Insurance Co. announced that its Clear2Go automated title decision engine is now available to title agents that underwrite with the company. For eligible residential refinance or home equity transactions, Clear2Go can be used to automate the title search, document collection and title examination to create same-day title commitments. First American reported it has used the automated title production process on more than one million residential refinance and home equity transactions.
- In April, Spruce launched an underwriting model aimed at providing a fully underwritten title commitment in minutes. According to a press release, Spruce said the automated search pulls from a combination of proprietary data science, machine learning, and private and public data sources. Complementing existing underwriting standards, Spruce said its approach can reduce multiple-day searches to a few minutes resulting in lower operational costs.

ALTA also notes added incentive for title companies to adopt tech tools that provide enhancements for their customers:

"AM Best reported that tech advances that reduce the time and money spent on underwriting, title searching, and related examinations will continue to be priorities for title companies. Lower expense ratios can augment profitability and potentially lower the cost of title insurance. AM Best believes that the entrance of smaller regional under-

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## New! For our Attorney Alliance Network

### Attorney Exam Portal Unveiled

Members of Prairie Title's Attorney Alliance network can now take advantage of our new Attorney Exam Portal. Using the portal, you can perform the following tasks online, on your schedule:

- Receive a draft commitment together with a search package
- Perform an exam
- Amend or approve a draft commitment
- Order a final commitment

Using the new portal does not change your role, it simply makes these tasks available to you online so they can be performed at your convenience. You will still receive a search package which you will use to review the draft rather than needing to create it, and you will continue to clear title and underwrite risk, all at a time and from a place of your choosing.

If you are already an Attorney Alliance member, and you are interested in "test driving" this new initiative please contact your account executive Van Hante (708-692-2824), Michael Guerin (847-651-5635) or Mary Pellegrini (7808-434-1306) so they can help you get set up on the new system.

To learn more or to join the Attorney Alliance, call Van, Michael or Mary at the numbers shown above or via email at the addresses shown on page 3.

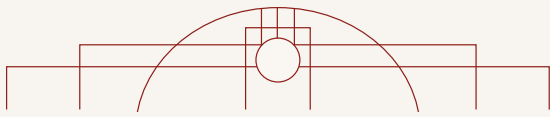


### A Note about Our Rates

We have recently implemented a rate increase for the first time in five years, due primarily to inflationary pressures. While we have taken this action hesitatingly, we feel it is the best way to continue to ensure that we continue to bring to you and your clients the highest level of service on a daily basis. Thank you for continuing your relationship with Prairie Title. We place great value in serving our customers in a highly professional manner.

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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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writers or even insurtechs still need some time to be seen in terms of their acceptability and their effectiveness.”

2022 will no doubt bring acceleration in the trend toward automating the real estate transaction process. Some elements of that trend may seem intimidating and can be costly and time-consuming to incorporate into everyday business practice, but change is usually unavoidable.

All this presents a number of questions for me. Will the move toward underwriting through algorithms morph title insurance into a property/casualty line? What will happen to the human element to evaluate and judge risk? What will

happen to legal protections for title insurers under monoline laws?

I cannot help but ponder some of the potential outcomes.

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On a related note, according to a report by CoreLogic, mortgage fraud risk soared upward in the fourth quarter due to the shift to a purchase market. I include that update as a reminder that as the use of technology expands in our industry, so too will the risks posed by bad actors determined to defraud our clients. We must be ever vigilant regarding those risks.



## Commercial Corner

### GlobeSt.com Sees Foreign Investors Focusing on U.S. Apartments, Industrial Asset Classes

Cross border investment in U.S. properties has skyrocketed against the backdrop of record-high sales of commercial real estate globally, GlobeSt.com reported in February.

Overseas investors focused primarily on the apartment and industrial sectors in 2021 and total cross-border deal volume hit almost \$71 billion, nearly double 2020 levels, according to Real Capital Analytics (RCA). Cross-border deals accounted for 8.5% of total U.S. property acquisitions and are officially back to pre-pandemic levels.

Globally, sales of commercial real estate hit \$1.3 trillion last year, with the US, Asia Pacific and Europe all posting record trading volume.

“While the cross-border share of total investment has stayed about constant, the placement of the capital has changed,” RCA notes in the latest US Cross-Border Investment Compendium. The chief targets? Industrial, which accounted for 34% of cross-border capital, and apartments, which totaled 30.

In fact, according to NAR, “The U.S. industrial sector is continuing its record-setting ways as it went on a tear in Q4 and in 2021 in general. It is difficult to find weakness in this sector currently, where industrial properties across the U.S. landscape are experiencing such positive momentum and with a lot of investor optimism for these concrete walls.”

Meanwhile, NAR reported that the recov-

ery in the commercial real estate market that started in the second half of 2021 is continuing into 2022. All core commercial sectors—multifamily, office, industrial, and retail—experienced net positive absorption during last quarter of 2021 through January. As such, rents continue to rise, and vacancy rates continue to trend downwards except in the office market. Developers continue to bet their dollars on the primary markets of New York, Washington DC, Boston, Chicago, Los Angeles and San Francisco, given the construction activity in these markets, NAR said.

Total commercial and multifamily mortgage borrowing and lending is expected to break \$1 trillion for the first time in 2022, a 13 percent increase from 2021’s estimated volume of \$900 billion, according to a new forecast released by the Mortgage Bankers Association.

“2021 was a remarkable year for commercial real estate markets and we expect 2022 to continue that momentum,” said Jamie Woodwell, MBA’s Vice President for Commercial Real Estate Research. “Commercial real estate lending volumes are closely tied to the values of the underlying properties. In 2021 those values rose by more than 20 percent, and those increases will fuel further demand for mortgage debt in the coming years. Continued increases in property incomes, and stability in the ways investors value those incomes, should also support solid demand for mortgage capital, even in the face of modest increases in interest rates.”

# ATTORNEY EXAM PORTAL

## Meet Valerie Vana



Valerie Vana has joined Prairie Title in the Scheduling/Closing department. Valerie is a graduate of the University of South Florida with a degree in Mass Communications and a focus on media.

Valerie has several years' experience as a personal loan officer/closer. Overall, Valerie enjoys helping others, brightening the day of others around her, and sending daily Jeopardy questions to coworkers.

"I am beyond excited and grateful to be a part of the Prairie Title family, the warm and welcoming energy here is unlike any place I have worked before, and I look forward to many fruitful years," Valerie said.

Oh, and Valerie has experience as a barista. So, when we can all meet up again in person, she is happy to make you a latte and discuss pets. She has two cats.

## STREAMLINED EXAM PROCESS

All Online and Ready for You - On Your Schedule

- Receive draft commitment with search package
- Perform exam
- Amend or approve draft commitment
- Final commitment issued

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## Oak Park Native Named CEO of Fidelity National Financial

Mike Nolan has been named Chief Executive Officer of Fidelity National Financial Inc, corporate parent of three of Prairie Title's underwriters: Chicago Title Insurance Co., Fidelity National Title Insurance Co. and Commonwealth Land Title. Nolan, who was previously president of FNF, grew up in Oak Park and graduated from

Oak Park-River Forest High School in 1977. He began his career in the title insurance business at Chicago Title and Trust Co. in 1983.

In making the announcement, Randy Quirk, Executive Vice-Chairman of FNF, said: "Mike knows FNF and the title insurance industry inside and out and is a passionate leader who is focused equally on the development of people and the disciplined execution and performance of the business."



## Try our Rate Estimator

Have you checked out Prairie Title's rate estimator, and recommended it to your clients as they look to purchase or sell real estate? Just go to [Prairietitle.com/rate-estimator](http://Prairietitle.com/rate-estimator) and get instant estimates of Prairie Title's charges for buyer or seller in any residential transaction.



## 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.



### Diane Wilson, Closing Department

#### Where were you born?

Chicago.

#### What do you love most about the real estate business?

All of the transactions are different. I love seeing the smiles when a file closes with no problems. Sometimes when there is a problem the customers are so grateful

that all parties persevered to get the deal closed.

#### What's your favorite vacation spot?

I have not found it yet. There are places I have visited but I can live without going back. I want to visit Bali, Indonesia. I am sure that would be my favorite.

#### Why do you like working at Prairie Title?

My fellow Prairie dogs are kind, caring and

just great people.

#### What historical figure is most important to you?

Mamie Till. She was a mother, American educator and activist. She was a very strong woman who wanted equality for all people.



### Maricela Velazquez, Closing Department

#### Where were you born?

I was born in Mexico, came to the U.S. at the age of 5 and became a U.S. Citizen by the age of 18.

#### What do you love most about the real estate business?

In this business you are always learning something new.

#### What's your favorite vacation spot?

Cancun, Mexico.

#### Why do you like working at Prairie Title?

At Prairie Title each of us is not just a number, we are family.

#### What historical figure is most important to you?

Alexandria Ocasio-Cortez. She is one of the major leading voices for Hispanic Americans in politics.

# Regulatory Update

## Illinois Disclosure of Financial Interest Form (DS-1) Updated

Please note: A Temporary Restraining Order was granted on February 28 regarding the new DS-1 Form. Effective as of that date return to using the old form until a final determination is made.

This Illinois Department of Financial and Professional Regulation has announced that the DS-1 form, required under the Title Insurance Act (Act), was updated to inform the parties purchasing title insurance products and services, i.e. sellers and buyers, that:

- The parties paying for any title insurance policy have the right to choose their title insurance agent, company, and escrow (closing) service provider [215 ILCS 155/18.1 and 12 USC §2608(a)];
- Other consumer protection information is provided to consumers;
- The producers of title business or associates of producers of title business (collectively, "Producer/Associate") have disclosed the title insurers, title agents or independent escrowee to whom they have referred the seller(s) and buyer(s) [215 ILCS 155/18(b)]; and
- The estimated costs of the title and escrow products and services are disclosed [215 ILCS 155/1].

The Act requires that the Disclosure be provided to the parties paying for title insurance prior to the issuance of

the title commitment and that it be maintained by the title insurer, agent or independent escrowee for three years. [215 ILCS 155/18(b)].

The Department recommends that ALL title entities involved in the transaction, i.e. the Producer/Associate, insurer, agent/agency, independent escrowee, and settlement service provider maintain access to the signed DS-1 form for their records. This ensures that the entities are properly authorized to complete the transaction.

Questions may be submitted to [FPR.TitleInsurance@illinois.gov](mailto:FPR.TitleInsurance@illinois.gov)

## CFPB Launches Fees Initiative

On Feb. 2, the Consumer Financial Protection Bureau (CFPB) published a request for information (RFI) on fees that are "not subject to competitive processes that ensure fair pricing." The CFPB describes junk fees as "the norm" among financial services that people rely on every day. The agency also noted that a substantial amount of revenue earned by financial services companies comes from these fees.

This RFI published by the CFPB is part of a larger regulatory push from the Biden administration, noted the American Land Title Association. There already has been backlash to the CFPB's RFI, and many in the industry are unsure what problem the inquiry is designed to solve – existing consumer laws already regulate fees. However, some businesses reportedly are trying to get ahead by reducing

finance charges and dropping other fees.

The complete section on mortgages included in the CFPB's notice is printed below in italics. Please read it carefully and then make your concerns known to your industry association.

*"Mortgages facilitate homeownership for millions of people, and, through homeownership, allow millions of families to build and maintain intergenerational wealth. But priced into most mortgages are thousands of dollars in application fees and closing costs, which few people are well-positioned to shop on. These fees can act as a barrier to homeownership, strip wealth from homeowners accessing their equity through refinancing or home sales and deter some homeowners from refinancing when doing so would lower total housing costs and be financially advantageous.*

*"Advocates and reporters have noted that many closing costs, like title insurance, may not always be subject to standard or appropriate competitive forces. Even aside from inflated and padded fees rolled into the mortgage at closing, homeowners can find themselves forced to pay fees for making payments over the phone or online or even for the servicer's bill pay service. Borrowers who face financial hardship and struggle to make mortgage payments can find themselves unable to catch up due to the snowballing of a plethora of fees related to the mortgage delinquency. Monthly property inspection fees, new title fees, legal fees, appraisals and valuations, broker price opinions, force-placed insurance, foreclosure fees, and miscellaneous, unspecified 'corporate advances' can all price a homeowner out of a home."*

# Beware These Common Phishing Techniques

Phishing is one of the most common methods hackers use to attack businesses, governments and consumers.

Phishing attempts to trick unsuspecting users into divulging sensitive/personal data for the purpose of perpetrator financial gain. Attackers target login credentials, financial information, company data and any other digital assets that could be of monetary value.

Phishing attacks typically engage victims with a message intended to solicit a specific response to an email, an instant message or text message. The recipients, unknowingly tricked into clicking a malicious link, end up installing malware on their devices, freezing their systems as part of a larger-scale ransomware attack or unwillingly revealing private/sensitive information.

More sophisticated phishing campaigns create nearly identical corporate digital assets—fake web domains, spoofed emails, social media accounts, etc.—to dupe consumers and employees into providing sensitive networks. Depending on attack scope and persistency, large-scale phishing campaigns can escalate into large-scale security incidents, from which an organization may not be able to fully recover.

Regardless of the delivery mechanism, cyber-threat detection company INTSIGHTS ([intsights.com](https://www.intsights.com)) outlines typical phishing attack techniques:

## Link Spoofing

Hackers execute link spoofing by making malicious URLs appear to be legitimate, increasing the likelihood of users not noticing the slight difference(s) as they inadvertently click the malicious link. Some of these manipulated links can be easily identified by trained or savvy users who are accustomed to perform a check-before-click procedure. But many users still fall victim to homograph attacks, which take advantage of similar-looking characters, and reduce the efficacy of human-initiated visual inspection and detection.

## Website Spoofing

Links are not the only items attackers can spoof. Website spoofing is the creation of a replica of a trusted site with the intention of misleading targeted users to a phishing website. Typically, such websites contain legitimate logos, fonts, colors and similar functionality—making the replicas appear as realistic as possible. Using readily available tools, such as Flash or JavaScript, attackers can control how the URL is displayed to the targeted user. This means that the site may show the legitimate URL even though the user is actually visiting a malicious clone. Cross-Site Scripting (AKA XSS) takes this methodology one step further; XSS attacks exploit vulnerabilities in the



legitimate website, allowing attackers to present a real (legitimate) website to unsuspecting users while, behind the scenes, quietly harvesting credentials and other personally identifiable information (PII).

## Malicious Website Redirects

A malicious redirect is a piece of code that is inserted into a website with the intent of redirecting users to another website and, consequently, harvesting additional personal information in the process. Malicious redirects typically involve a website that is willfully visited by a targeted user, who is then forcibly redirected to an undesired, attacker-controlled website. Attackers accomplish this by compromising a website and inserting their own redirection code, or by discovering an existing bug on the target website that allows a forced redirect through specially crafted URLs, for example.

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