



# ASSURANCE

www.prairietitle.com

News from Prairie Title



## A Brief Column

By Frank Pellegrini - Prairie Title CEO

Maria Cristiano, my law partner and general counsel for Prairie Title, has authored a column about the state of our industry which is featured on page 3 of this issue. I urge you to read Maria's perspective and I have decided to keep my column brief for this issue so you can quickly move on to read Maria's piece.

Our industry is struggling, and catastrophe nearly struck at the beginning of June when the U.S. Debt Limit ceiling was within days of being breached. I'll leave it to others to debate the merits of the bill's particulars, but I am relieved that wisdom prevailed, and we can all forget about the Debt Limit for the next two years.

While there may yet be a budget fight in Congress this Fall, in the meantime our economy should continue to grow. That leaves one dragon to slay: inflation and the Fed's dedication to bat-

tlung it with a long series of interest rate hikes.

The Fed has a tough job, and I'm not here to throw stones, but the real estate market needs a break. We just can't go on indefinitely with interest rates and high prices keeping so many potential buyers out of the market. My hope is that over the summer the Fed will carefully begin to take its foot off the interest rate gas pedal.

"The Federal Reserve is likely to hold off on raising short-term rates at its June 14 policy meeting," wrote David Payne accurately in Kiplingers. "Tighter bank lending conditions have created their own rate-hike effect, which Chair Powell acknowledged in a speech this month (June). Powell added that the risks of doing too much to fight inflation are becoming more balanced with the risks of not doing enough. This is a shift in tone



## Prairie Title Honored as Leading Title Agency

Prairie Title was named a Leading Title Agency by Fidelity National Financial for 2022. FNF's Walt Adams, Mitch Peterson and Ryan Ritter visited Prairie Title's Oak Park headquarters to present the award. Shown above: Prairie Title staff pose with Mitch Peterson (center), from left: Maria Cristiano, Carrie Douma, Gary Snyder and Nicole Caputo.

from previous statements that focused only on the Fed's commitment to bringing down inflation."

The inflationary period we've just been through has been challenging for all Americans, but now that inflation has begun to ease as of our publishing date. I believe it's time for the Fed to start backing down.

## Tips to Help Prevent Seller Impersonation in Real Estate



Real estate transactions have been a prime target of cybercrime over the past decade. There is little sign of this slowing even as the housing market continues to slow. Instead, fraudsters continue to evolve their scam and money laundering tactics to avoid detection.

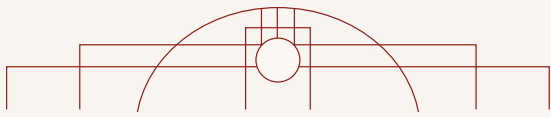
This latest trend involves vacant lots or unencumbered properties. Fraudsters impersonate property owners to illegally sell commercial or

residential property. Sophisticated fraudsters use the real property owner's Social Security and driver's license numbers in the transaction, as well as legitimate notary credentials, which may be applied without the notary's knowledge. Please see the ALTA-created

chart on the back page of this issue that highlights red flags and provides precautions to take to help prevent these scams.

### IN THIS ISSUE

1. **Prairie Title Honored**  
Named a leading agency by Fidelity National Financial
2. **BEC Scams Examined**  
Individuals and entities involved in the closing process targeted.
3. **We Need to Take Care of our Own**  
A view of today's industry by Maria Cristiano, Prairie Title General Counsel.
4. **Seller Impersonation Fraud**  
ALTA graphic notes the Red Flags we all need to watch for.



## 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.



**Frank Pellegrini**  
Founder and CEO  
708-386-7900 x 1301



**Mary Pellegrini**  
Executive Vice President  
708-386-7900 x 1306



**Maria Cristiano**  
General Counsel  
708-386-7900 x 1316



**Michael Guerin**  
Account Executive  
847-651-5635



**Maureen O'Donnell, ITP**  
Title Team Leader  
708-386-7900 x 1334



**Nicole Caputo**  
Closing Team Leader  
708-386-7900 x 1341



**Gary Snyder**  
Underwriting Counsel  
708-386-7900 x 1323



## FinCEN: Most Victims Targeted in Real Estate BEC Scams Involved in Closing Process

The Financial Crimes Enforcement Network (FinCEN) recently issued a Financial Trend Analysis on patterns and trends identified in Bank Secrecy Act (BSA) data relating to business email compromise (BEC) in the real estate sector in 2020 and 2021.

"FinCEN's analysis indicates that individual homebuyers suffer disproportionately from incidents of business email compromise in the real estate sector," said FinCEN Acting Director Himamauli Das.

According to the report, the most common victims of impersonation were individuals and entities involved in the title and closing processes within a real estate transaction.

Through BEC, scammers target businesses and financial institutions that routinely conduct large wire transfers and rely on email for communication regarding the wires. Perpetrators of BEC in the real estate sector may obtain unauthorized access to networks and systems to misappropriate confidential and proprietary information.

Keep in mind that:

- Attackers remain in a network for an average of 212 days before being detected

- Over 90% of targeted cyber-attacks start with a phishing email
- Over 3.4 billion phishing emails are sent out each day
- The email of a party to the transaction is hacked by scammers phishing for financial information. Remember that public email accounts (Gmail, Yahoo, etc.) are more easily hacked than business email accounts.
- Once in the email account, the scammers can read emails, learning about the transaction, the closing date, the dollar amounts needed to bring to closing, successfully payoff a mortgage, due to seller, or for construction draw amounts.
- Scammers then send an email to said buyer, posing as the real estate agent, the attorney, or the title company involved in the transaction.
- Communicating with your staff is one of the best preventative measures you can take. At Prairie Title we recently had an all company meeting to learn more about BEC and wire diversions.

## Prairie Title Hosts Training Seminar

Prairie Title hosted a CLE event in May that featured Fidelity National Financial Illinois State Agency Counsel Scott Lascari, and Erik Anderson, Illinois Underwriting Counsel for FNF. Scott's presentation covered Forbearances and Foreclosures, while Erik reviewed Tax Sale Proceedings.

derson, Illinois Underwriting Counsel for FNF. Scott's presentation covered Forbearances and Foreclosures, while Erik reviewed Tax Sale Proceedings.



Above left: Mary Pellegrini with FNF's Scott Lascari (left) and Erik Anderson. Right: Prairie Title Staff members who took part in the training seminar. From left: Mary Pellegrini, Carrie Douma, Tori Kosacz, Val Vana, Gary Snyder, Maria Cristiano, Maureen O'Donnell, and Frank Pellegrini. At left, seminar attendees.





# We Need to Take Care of Our Own

By Maria Cristiano - General Counsel, Prairie Title

“We Take Care of Our Own,” is a Bruce Springsteen song from his Wrecking Ball album, and it’s also one of the most important mottos by which Prairie Title runs its business. For many years, our fearless leader, Frank Pellegrini, has been fighting for his customers, always striving to take care of his own, especially when attorneys’ livelihoods are threatened. Unfortunately, over the past several years, the attorney’s place in a real estate transaction has been eroded and jeopardized. We are allowing others to dictate our roles and choices. The majority of states in this country do NOT have attorneys at the closing table and I am concerned that we are heading the same way.

As some of you may know, not only am I General Counsel for Prairie Title, but I am also a practicing real estate attorney. Recently, one particular real estate transaction I was involved in really disturbed me.

Prior clients of mine contacted me to represent them in the purchase of a condominium in Oak Park. I was informed at the outset by the sellers’ real estate agent, an agent from the Evanston area, that the sellers were going to represent themselves. After expressing my concern over who was going to order title, prepare documents, clear the title, etc., I was assured that the sellers were seasoned real estate people who have represented themselves many times before. “They know what they are doing.”

As the inspection and attorney’s approval negotiations began, I requested the sellers’ contact information from the agent. She denied the request and stated that everything would have to go through her. I obviously objected since the contract required that any notice go to the sellers or their attorney with no mention of the agent. She finally relented and gave me an email address. After all modification and repair issues were resolved, the real estate agent then sent me the title commitment and subsequently, the traditional seller documents.

The title was ordered from a title company in Naperville. I looked up the title agent noted on the commitment, an LLC, and went to the Secretary of State’s website. The LLC was owned/managed by the principal(s) of the real estate agent’s real estate company. (By the way, the LLC had been involuntarily dissolved). The deed, affidavit of title and bill of sale were prepared by an attorney

who happens to be the Vice President of Operations of the title company that issued the commitment. The real estate agent also scheduled the closing and sent out the confirmations. The sellers did nothing.

I am sure, however, that they were told they did not need to spend the money to hire an attorney to represent them when the real estate agent would take care of everything. In actuality, no money was saved, since the sellers paid \$150.00 more than Prairie’s card rate for the owner’s policy, \$100.00 to the individual who prepared the basic seller documents, plus a \$295.00 “search package fee.” Search package fee, really?

Unfortunately, at closing, there was a walk-through issue because the sellers did not remove all of their belongings. Conveniently, their real estate agent was out of the country at closing so my only option was to email the seller as I was not allowed to have his phone number. Consequently, it took three hours to close a simple condominium purchase.

The piece de resistance, however, occurred when I was handed the title disclosure document at closing for my clients to sign. There was no title agent name or signature on the form. When I pointed that out to the closer, she told me no one wanted to sign it. I asked her who the title agent was and she informed me that she did not know.

As you can glean from all of the above, the sellers were not in any way involved in performing the traditional attorney’s tasks for the transaction. This was a situation in which getting paid the customary broker’s commission on a transaction was insufficient for the agent and her company. They wanted the title fees normally earned by the seller’s attorney. The only way to realize that was to cut the seller’s attorney out of the transaction. The title company was also complicit in this by agreeing to have one of their attorneys prepare the documents and, presumably, clear title and calculate prorations.

This can be the beginning of the end of our real estate livelihood as attorneys if we do not fight for it. We provide an extremely important legal service to our clients in a real estate transaction. We must join forces to fight against making the service we provide redundant.

We must take care of our own.

## ALTA, More Than 100 Groups Send Letter of Support for SECURE to Senators

ALTA and a coalition of more than 100 other businesses and trade associations sent a letter to Sens. Cramer (R-N.D.) and Warner (D-Va.) expressing support for the bipartisan Securing and Enabling Commerce Using Remote and Electronic Notarization Act (SECURE).



Sens. Cramer and Warner introduced S. 1212 in April. The bill has been referred to the Senate Judiciary Committee. The house passed its version of the ALTA-supported SECURE Act by a voice vote in February.

SECURE would enable use of remote online notarization (RON) technology by notaries public in interstate commerce and allow signers located outside of the U.S. — such as active-duty military personnel — as well as the elderly and homebuyers with disabilities to securely notarize documents.

The SECURE Notarization Act would:

- Permit immediate nationwide use of remote online notarization (RON)
- Create national minimum standards for its use
- Provide certainty for the interstate recognition of RON

“The past few years have shown technological solutions can increase accessibility and reduce burdens for people across the United States,” the letter stated. “The federal government should provide the critical pathway to continue to leverage technology to carry out daily activities, including business transactions like notarizations, into the future while maintaining a standard of safety and security for consumers and service providers.”

# SELLER IMPERSONATION FRAUD IN REAL ESTATE



**FRAUDSTERS** are impersonating property owners to illegally sell commercial or residential property. Sophisticated fraudsters are using the real property owner's Social Security and driver's license numbers in the transaction, as well as legitimate notary credentials, which may be applied without the notary's knowledge.



Fraudsters prefer to use email and text messages to communicate, allowing them to mask themselves and commit crime from anywhere.

Due to the types of property being targeted, it can take months or years for the actual property owner to discover the fraud. Property monitoring services offered by county recorder's offices are helpful, especially if the fraud is discovered prior to the transfer of money.

Where approved by state regulators, consumers can purchase the American Land Title Association (ALTA) Homeowner's Policy of Title Insurance for additional fraud protection.

## WATCH FOR RED FLAGS

### CONSIDER HEIGHTENED SCRUTINY OR HALT A TRANSACTION WHEN A PROPERTY

- Is vacant or non-owner occupied, such as investment property, vacation property, or rental property
- Has no outstanding mortgage or liens
- Has a different address than the owner's address or tax mailing address
- Is for sale or sold below market value

### CONSIDER HEIGHTENED SCRUTINY OR HALT A TRANSACTION WHEN A SELLER

- Wants a quick sale, generally in less than three weeks, and may not negotiate fees
- Demands proceeds be wired
- Wants a cash buyer
- Refuses or is unable to complete multifactor authentication or identity verification
- Is refusing to attend the signing and claims to be out of state or country
- Wants to use their own notary
- Is difficult to reach via phone and only wants to communicate by text or email, or refuses to meet via video call

