



Ethics: Cornerstone of our Profession

By Frank Pellegrini - Prairie Title CEO

Recently, I led a CLE course on a topic I consider to be of vital concern: Legal Ethics. The American Bar Association states in its mission statement that the organization was founded nearly 150 years ago, "...on a commitment to set the legal and ethical foundation for the American nation."

I find it striking and assuring that the ABA gives such prominence to the concept that ethics are a foundation stone for our nation. Unfortunately, in my view there are far too many attorneys whose commitment to ethical standards in the practice of law is dubious at best.

Two of the most prominent attorneys in Illinois, former alderman Ed Burke and former Illinois House Speaker Michael Madigan were found guilty of breaking the law for personal gain while paying lip service to the legal ethical codes of conduct we swear to live by.

Nationally, we witnessed legal efforts that stretched the bounds of ethical if not legal conduct in the litigation that unfolded around the 2020 Presidential election. Several lawyers were disbarred for their activities. The most famous of those attorneys, Rudy Giuliani, was disbarred in both New York State and Washington, D.C.

How is this connected to local real estate attorneys? Whether we are famous, infamous or little-known outside of our communities, we have an obligation to live by the ethical

and legal standards promulgated by federal, state and local authorities.

For this column I've included text from several of the most pertinent Illinois Supreme Courts rules of professional conduct that govern client relations, together with my comments about the rules.

RULE 1.8: CONFLICT OF INTEREST: CURRENT CLIENTS: SPECIFIC RULES

(a) A lawyer shall not enter into a business transaction with a client...unless...

- Fair and reasonable to client
- Client is informed in writing and may seek "independent legal counsel"
- Client gives informed consent in writing signed by client of essential terms

MY COMMENT

The Rule applies to lawyers engaged in the sale of goods or services related to the practice of law, for example, the sale of title insurance or investment services to existing clients of the lawyer's legal practice.

RULE 5.4: PROFESSIONAL INDEPENDENCE OF A LAWYER

(c) A lawyer shall not permit a person who recommends, employs, or pays the lawyer to render legal services for another to direct or regulate the lawyer's professional judgment in rendering such legal services.

MY COMMENT

See also Rule 1.8(f) (lawyer may accept compensation from a third party as long as there is no interference with the lawyer's independent professional judgment and the client gives informed consent).



Mary Pellegrini introduces the "Ethical Considerations" program at Prairie Title.

RULE 7.3: SOLICITATION OF CLIENTS

(a) A lawyer shall not by in-person, live telephone or real-time electronic contact solicit professional employment when a significant motive for the lawyer's doing so is the lawyer's pecuniary gain

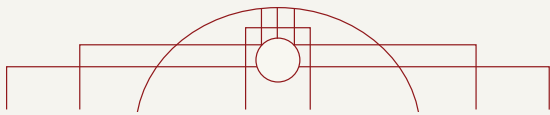
(b) A lawyer shall not solicit professional employment by written, recorded or electronic communication or by in-person, telephone or real-time electronic contact

see MY PERSPECTIVE page 2

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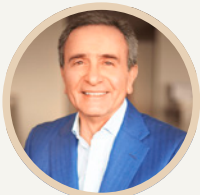
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Meet the Prairie Team

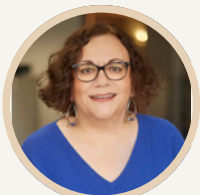
Prairie Title's excellence is directly attributable to the quality of our people. Our professional staff members have decades of experience in the industry, and they are dedicated to the notion that great customer service begins with them. As a result, our clients have easy access to dedicated real estate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



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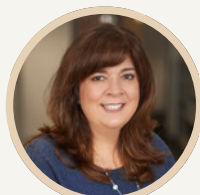
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MY PERSPECTIVE from page 1



Program attendees

MY COMMENT

[1] A solicitation is a targeted communication initiated by the lawyer that is directed to a specific person and that offers to provide, or can reasonably be understood as offering to provide, legal services.

[2] There is a potential for abuse when a solicitation involves direct in-person, live telephone or real-time electronic contact by a lawyer with someone known to need legal services.

As an attorney, realtor, lender, or any other real estate professional, each of us faces choices every day that test our commitment to the ethical standards that are the backbone of our industry. I always will believe that a widespread lack of ethical business practices would make our industry crumble.

To make certain you are on our mailing list for future CLE programs at Prairie Title, please contact Mary at mpellegrini@prairietitle.com.

Rocket Acquires Redfin, Title Forward

Rocket Companies has agreed to purchase Redfin for \$1.75 billion. The acquisition includes Redfin's title company, Title Forward.

"Rocket and Redfin have a unified vision of a better way to buy and sell homes," said Varun Krishna, CEO of Rocket Companies. "Together, we will improve the experience by connecting traditionally disparate steps of the search and financing process with leading technology that removes friction, reduces costs and increases value to American homebuyers."

Title Forward, which was founded in 2012, provides title and settlement services for residential purchases and refinance transactions in Arizona, California, Colorado, District of Columbia, Florida, Illinois, Maryland, Nevada, New Jersey, Pennsylvania, Texas, Virginia and Washington.

In January, Rocket rebranded key businesses. Amrock, Rocket's national title producer, settlement provider and appraisal management company, was changed to Rocket Close. Additionally, Amrock Title Insurance Co. was re-launched as Rocket Title Insurance Co.

ALTA Renews 2025 Elite Provider Status for Four

The American Land Title Association has renewed CertifID, ePN, SoftPro and HDEP International as ALTA Elite Providers.

ALTA's Elite Provider Program features distinguished service providers committed to furnishing extensive benefits to the title insurance and settlement services industry. Elite Providers promote the highest industry standards and provide effective solutions for ALTA members' critical needs.

"ALTA is proud to partner with service providers that deliver exceptional value to our members and the title insurance industry at large," said Diane Tomb, ALTA's chief executive officer. "In a rapidly evolving environment, Elite Providers like CertifID, ePN, SoftPro and HDEP International deliver reliable and innovative solutions that help ALTA members succeed while protecting consumers. Elite Providers help title professionals address complex challenges with cutting-edge tools and services."

Prairie Title CEO Featured as a “Trailblazer” in Industry Magazine

Our CEO, Frank Pellegrini, was featured in the Growth & Scale Report in Title & Escrow, published by CloseSimple, along with 13 other title professionals. Introducing the article, the editors wrote:

“In this issue, we are proud to feature 14 trailblazers who embody the spirit of growth and scale. From innovative sales strategies to efficient systems and processes, these leaders are shaping the future of our industry. We are also honored to celebrate the current, future, and past ALTA Presidents who have led our industry through times of uncertainty, demonstrating the power of resilience and adaptability.”

The title and escrow industry has undergone significant changes over the past few decades. From the dawn of the digital age to the rise of regulatory oversight, the industry has had to adapt to a rapidly shifting landscape. But amidst all the change, one thing has remained constant: the importance of protecting consumers and ensuring the integrity of the homebuying process.

For Frank Pellegrini, a veteran title industry executive and former president of the American Land Title Association (2012 - 2013), this commitment to consumer protection has been a guiding principle throughout his career. With over 40 years of experience in the industry, Frank has seen it all – from the highs of a booming housing market to the lows of a global financial crisis. And through it all, he has remained steadfast in his dedication to the industry and its customers.

Frank's love for the title industry began in the 1970s, when he joined Chicago Title as a young attorney. It was then that he and his wife Mary decided to start their own title company, Prairie Title, in 1983. Frank's enthusiasm for the intricacies of title work was evident from the start. He was fascinated by the complexity of it all, and he loved learning about the different aspects of title insurance and how to make it work for the customer.

As Frank's company grew, so did his involvement in the industry on a national level with ALTA. He became a respected voice in the industry, known for his expertise and his commitment to consumer protection. But little did he know, a storm was brewing on the horizon. The 2008 financial crisis had left the housing market reeling, and the federal government was looking for ways to regulate the industry.

That's when the Consumer Financial Protection Bureau (CFPB) entered the scene. Created as part of the Dodd-Frank Act, the CFPB was tasked with overseeing the financial services industry, including title and escrow companies, in an effort to thwart another instance of what had just happened. The CFPB's presence sent shockwaves through the industry, as title and escrow agents struggled to understand the new regulatory landscape.

For Frank, the CFPB's arrival marked a turning point. And as president of ALTA in 2012, he knew that the industry had to respond quickly to the CFPB's regulatory efforts. The stakes were high: if the industry failed to adapt, it risked being burdened with regulations that could stall growth and innovation. But Frank was undaunted. He saw the CFPB's arrival as an opportunity to demonstrate the industry's commitment to consumer protection.

“We knew that we had to take a proactive approach,” Frank recalls. “We couldn't just sit back and wait for the CFPB to tell us what to do. We had to show them that we were serious about protecting consumers and that we had the processes in place to ensure it.”

Frank worked tirelessly to establish a framework for best practices, collaborating with Michelle Korsmo, then-CEO of ALTA, and Richard Cordray, director of the CFPB. It wasn't easy: the CFPB was still finding its footing, and the industry was struggling to understand the new regulatory requirements. But Frank's leadership helped to steady the relationship, and the industry began to coalesce around a set of best practices that would guide its growth and development; today known as the ALTA Best Practices.

Now, more than 10 years later, the title and escrow industry faces new challenges. Technology is disrupting traditional business models, and outside pressures are forcing the industry to validate its necessity. Some critics argue that title insurance is unnecessary, that it's a relic of a bygone era. But Frank knows better. He knows that title insurance is a critical component of the homebuying process, protecting consumers from costly



Frank Pellegrini with Chicago Mayor Brandon Johnson at a recent event.

errors and ensuring that transactions are completed smoothly.

As the industry looks to the future, Frank's legacy serves as a reminder of the importance of groundwork and collaboration. His commitment to perfecting the craft and his dedication to consumer protection have left an indelible mark on the industry. But the work is far from over. The industry must continue to adapt to changing regulatory requirements, to innovate in the face of technological disruption, and to demonstrate its value to consumers.

Frank's time as President of ALTA and his legacy instituting the ALTA Best Practices is a testament to the power of leadership and collaboration. It's a reminder that even in the darkest of times, there is always opportunity for growth and innovation. And it's a call to action for the industry to continue to evolve, to continue to improve, and to continue to demonstrate its commitment to consumer protection.

About CloseSimple, in their own words:

With a name like CloseSimple, it better be simple.

So since our first customer (a large title company in Minneapolis), needed help automating communication during the closing process, we have helped title companies, escrow companies & real estate attorneys communicate with Buyers, Sellers, Realtors and Lenders during the closing process.

CloseSimple enhances the closing process with automated email & text messages, guiding all parties to one secure portal for safe transactions.

Title Companies Help Mitigate Risk of Wire Fraud, ALTA Cybercrime Study Shows

Title professionals continue to be targeted by attempts to steal funds from real estate transactions, but consumer education and staff training are helping mitigate losses, according to ALTA's latest cybercrime study.

More than 40% of title companies reported receiving at least one email per month in 2023 attempting to change wiring/payoff instructions. Despite the monthly attempts, only 7% of companies sent wire funds to a fraudulent account, the CertifID-sponsored study of 360 participants showed. Meanwhile, 13% of respondents reported their customers wired funds to a fraudulent account.

"Title and settlement companies take protecting their clients' funds extremely seriously," said Diane Tomb, ALTA's chief executive officer. "That's why title professionals make it a priority to educate consumers about wire transfer fraud. By raising awareness about red flags, secure communication practices and verification steps, homebuyers are better equipped to protect their hard-earned money from cy-

bercriminals. Knowledge is the first line of defense in ensuring a safe and secure homebuying experience."

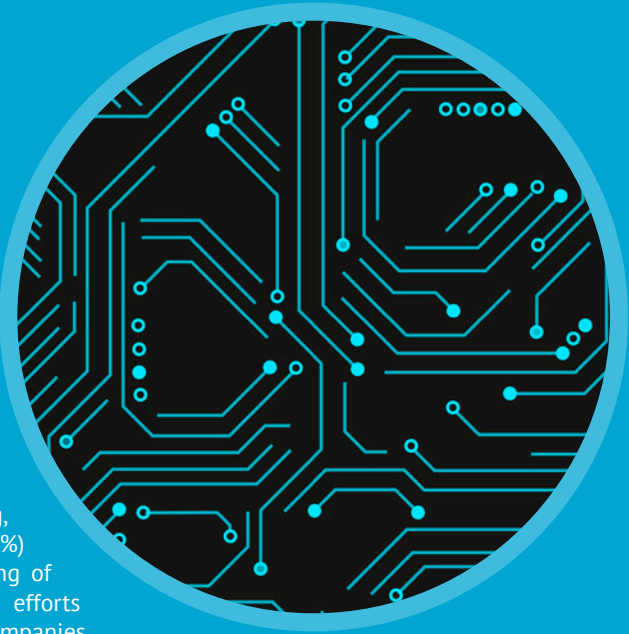
Title companies utilize an array of tools to mitigate the risk of wire fraud, including consumer (51%) and real estate agent (37%) training, wire/payee verification software (48%) and simulated phishing email testing of employees (26%). These mitigation efforts require investments by title companies ranging anywhere from \$1,000 to \$25,000 annually, the survey showed.

An overwhelming majority of title companies inform and warn consumers about cybercrime risks through email (84%) or by telephone/in person (72%). In addition, title companies also mail information to consumers about cyber risks and provide warnings on their websites.

Internally, 78% of companies that took the survey train employees at a minimum on a yearly basis on identifying and preventing


wire fraud attempts, with 62% educating staff weekly, monthly or quarterly.

"It's clear the title industry has taken many proactive steps to protect and educate their customers about the threat of wire fraud but cyberattacks continue to evolve and are becoming more difficult to recognize," Tomb said. "Protecting against criminal actors takes a collaborative approach from everyone involved in real estate and mortgage transactions."




Prairie Title Spoofs Cook County Treasurer's 2025 Calendar


When we saw Cook County Treasurer Maria Pappas's bold 2025 calendar we just knew we had to join in the fun. The Treasurer's calendar was so striking and in-demand that her office printed an additional 8,000 copies. Pappas and her calendar even were featured in a segment by NPR's Scott Simon. Prairie Title's calendar features 12 staff members some of whom you may know by name but perhaps have never met. See the index on the right for their names (except for two shy ones).




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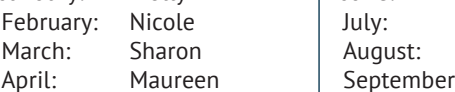
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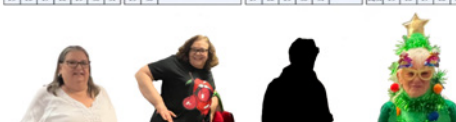
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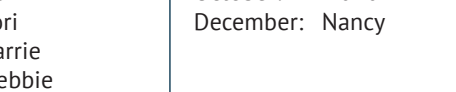
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MARIA PAPPAS

January: Molly

February: Nicole

March: Sharon

April: Maureen

2025

June: Roz

July: Tori

August: Carrie

September: Debbie

PRAIRIE TITLE

October: Maria

December: Nancy

2025