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housing finance system's most effective lines of defense against these threats.

"Without these protections, fraud costs would not disappear; they would be passed on to consumers," Morton wrote. "Lenders would price increased risk into higher interest rates or tighter underwriting standards. Buyers would face higher legal costs, larger down-payment requirements or reduced access to credit. Investors would demand higher returns to compensate for the uncertainty, which would increase borrowing costs throughout the market. From a policy perspective, protecting housing affordability means protecting consumers from hidden and destabilizing costs."

The letter highlights the growing threat posed by real estate-related fraud, including title theft, seller impersonation, deed fraud, appraisal manipulation and deceptive investment schemes. Citing FBI data, Morton noted U.S. consumers lost more than \$13 billion to fraud in 2024, with nearly \$175 million tied specifically to real estate related schemes.

Seller impersonation and deed-related fraud have become especially prevalent, according to ALTA, with a nationwide survey of title professionals indicating a significant number of companies encountered attempted seller impersonation fraud in 2023 and saw repeated attempts in 2024. These schemes frequently target vacant properties, second homes and rental properties, though primary residences are also at risk.

Morton underscored the role of title professionals as one of the housing finance

system's most effective defenses against fraud. Through title insurance and robust fraud-prevention protocols, the industry invests heavily in employee training, identity verification, transaction monitoring, secure processes and consumer education. "By reducing losses and containing risk, fraud-prevention infrastructure helps keep transaction costs lower," the letter stated. "Without these protections, lenders would price increased risk into higher interest rates or tighter underwriting standards, and consumers would face higher legal costs and reduced access to credit."



As lawmakers look for ways to expand access to homeownership, they should recognize the role of behind-the-scenes

safeguards that keep transactions functioning smoothly. Title insurance is not just a transactional product—it is part of the financial plumbing that allows the housing market to operate at scale without flooding families with excessive risk.

Housing affordability is about more than prices and rates. It's about trust, stability and protection. In that equation, fraud prevention and the professionals who help combat criminal activity and protect the integrity of every real estate transaction in America matter more than most people realize. The letter also points to title insurance claims data as evidence of the financial risk fraud poses to consumers and lenders. According to ALTA, fraud and forgery account for about 21% of total dollars paid in title insurance claims and losses, with an average claim exceeding \$143,000.

On refinance transactions, the impact is even greater. The average fraud-related refinance claim exceeds \$207,000, nearly seven times higher than other refinance related claim types.

The letter concluded by urging policymakers to take a more comprehensive view of housing affordability – one that includes the behind-the-scenes safeguards that allow the real estate market to function at scale.

"As lawmakers and regulators consider policies to expand access to homeownership, it is important to recognize the safeguards that protect consumers and prevent excessive risk from being shifted onto American families," he wrote.

**The Role of Title Insurance in Protecting Affordability**

Title professionals and title insurance play a critical behind-the-scenes role in keeping housing affordable.

The title insurance industry invests heavily in:

- Secure transaction processes
- Employee training and verification protocols
- Consumer education
- Rapid response and recovery efforts when fraud is detected

Fraud and forgery claims account for a significant share of title insurance losses, with average claims exceeding \$143,000. This risk is even higher on refinances, as the average cost for fraud and forgery claims is \$207,000. By preventing and absorbing these losses, title insurance helps stop fraud-related costs from being shifted onto homebuyers and lenders.



**A New Challenge Delayed, for Now**

*By Frank Pellegrini - Prairie Title CEO*



As we finalize this issue of ASSURANCE, the new FinCEN AML rule, which came into effect on March 1, has been put on hold by a federal judge in Texas who vacated the rule in its entirety. In the ruling, the court found that FinCEN exceeded its statutory authority under the Bank Secrecy Act and ordered the rule be set aside.

U.S. District Judge Jeremy Kernodle noted: "Neither provision of the [Bank Secrecy] Act cited by FinCEN authorizes the final rule. The first provision, 31 U.S.C. § 5319(g) (1), permits FinCEN to require reports of 'any suspicious transaction.' But the agency fails to explain or show how non-financed residential real estate transactions are categorically 'suspicious.'"

The second provision, 31 U.S.C. § 5318(a) (2), gives FinCEN the authority to require financial institutions to maintain 'procedures' to comply with the act, not the authority to require the reports covered by the final rule."

To recap, the new FinCEN rule requires title/escrow companies to report detailed beneficial ownership for non-financed residential real estate purchases (all-cash to entities/trusts). This will create challenges for Prairie Title and other settlement businesses including higher compliance costs, data privacy risks, longer timelines, and significant operational burdens for verifying identities.

Successful compliance, assuming the rule is eventually reinstated, will hinge not just on knowing the rule, but on thoughtful implementation, secure data handling, and proactive communication with customers.

Following the court's decision, FinCEN posted an alert on its website that said, "reporting persons are not currently required to file real estate reports with FinCEN and

are not subject to liability if they fail to do so while the order remains in force." The statement indicates the current regulatory posture may change depending on future legal or administrative developments.

While we wait for the court process to play out, we will continue to collect the information required by the Rule in the event that the courts eventually find that the FinCEN AML rule is valid and we are asked to retroactively provide the requested data back to the March 1, 2026 implementation date.

In the meantime, it's business as usual for the majority of the purchase and refinance transactions we close at Prairie Title. (See the accompanying article on page 2 for more detail on the work we put in to bring your transactions to a close.)

On a separate note, we join many in the industry in applauding the United States Senate for passing bipartisan legislation sponsored by Senators Elizabeth Warren and Tim Scott to boost housing supply and prevent Wall Street from purchasing single family homes. It's encouraging to see our representatives in Washington listening to the American people.

"ALTA commends the Senate and congressional leaders for advancing bipartisan solutions that help expand housing opportunities for American families," said ALTA CEO Chris Morton. "The 21st Century ROAD to Housing Act represents an important step in the effort to strengthen housing supply and modernize federal housing policy while ensuring the real estate system remains reliable and secure for homebuyers and lenders."

I agree wholeheartedly.

**Recognizing Fraud Prevention as a Key Housing Affordability Tool**

When policymakers talk about housing affordability, the focus is usually on interest rates, inventory shortages, zoning reform or construction costs. All are important. But one factor rarely making the conversation is fraud prevention and the quiet role the title insurance industry plays in keeping housing attainable.

In a letter submitted for the record to the House Committee on Financial Services, ALTA urged lawmakers to recognize fraud prevention as a critical—but often overlooked—component of housing affordability. The letter was submitted in connection with the committee's hearing titled "Oversight of the Department of Housing and Urban Development and the Federal Housing Administration."

ALTA CEO Morton emphasized that while much of the public debate around affordability focuses on interest rates, housing supply, zoning reform and construction costs, fraud prevention plays a measurable role in protecting consumers and containing costs across the housing finance system. Fraud is among the most damaging of the hidden costs in housing, Morton wrote, adding that title professionals serve as one of the

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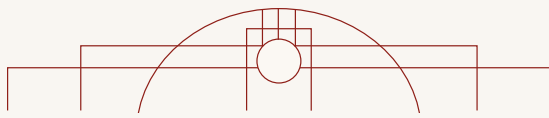
1. **A New Challenge Delayed, for Now**  
New FinCEN AML rule is paused.
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Presentation focused on new FinCEN rule.



**Westcor Execs Provide Insights for CLE at Prairie Title**

Amy Greenstein and Mike Montalvo of Westcor Land Title presented a CLE Program for local attorneys on the new FinCEN Rule at Prairie Title's Oak Park office. Shown in the photos are Amy Greenstein and Kevin Alexander with Frank Pellegrini.





## 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 Guerini**  
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



# Behind Every Closing: The Complex Work of Clearing Title

Title professionals across the country help prevent hundreds of billions of dollars in potential financial risk from entering the housing market each year.

ALTA's 2024 research, *More than Pushing a Button: Estimating the Time and Complexity of Clearing Title*, reinforces the key theme that producing a clean and insurable title requires extensive research, judgment and coordination long before a real estate transaction reaches the closing table.

"This report showcases why the expertise of title industry professionals is essential to a safe and efficient real estate market," said ALTA CEO Chris Morton. "Successfully clearing a title requires a comprehensive process carried out by experienced professionals to ensure homebuyers and lenders are fully protected. This survey highlights several of the important measures these professionals routinely undertake. Such processes depend on expert judgment and accountability—qualities that go beyond the important use of technology and automation and demonstrate a strong commitment to safeguarding consumers."

### A Small-business Industry Protecting the Housing Market

The survey also highlights the structure of the title industry itself. Most respondents operate small businesses serving local markets. Nearly three-quarters of respondents conduct business in a single state, while about 26% operate in multiple states. The industry's small-business structure is also reflected in revenue levels: 68% of respondents reported annual revenue under \$1 million, while 20% reported between \$1 million and \$5 million.

Staffing patterns mirror those figures. Seventy-three percent of companies employ 10 or fewer people, while fewer than one in 10 employ more than 50 workers. Despite their relatively small size, these companies collectively perform the complex work required to support millions of real estate transactions each year.

### Fraud Prevention Increasingly Central

### to the Job

The report highlights the growing role title professionals play in preventing fraud. Real estate transactions have increasingly become targets for sophisticated schemes involving wire fraud, seller impersonation, identity theft and forged deeds.

More than 52% of survey respondents reported spending at least 11 hours each month on fraud prevention. Among them, 37% spend between 11 and 50 hours on anti-fraud efforts, while nearly 15% spend more than 50 hours per month addressing fraud risks.

These efforts are critical because many fraud schemes cannot be detected through traditional public-record searches alone. Identity verification, transaction monitoring and communication safeguards have become essential parts of the title production process.

Fraud and forgery risks also represent the largest segment of title insurance claims, highlighting the financial stakes involved.

"Behind every real estate closing is critical work that consumers rarely see," Morton said. "Title professionals invest their efforts in resolving defects and preventing fraud to make sure buyers receive clear ownership of what is often their largest investment."

### Title Searches Require Extensive Research

Before a buyer or lender can rely on a property's title, professionals must conduct a comprehensive search and examination of the property's ownership history—often spanning decades. This work involves gathering records from multiple public and private sources, including deeds, mortgages, liens, probate filings, HOA assessments and easements. Nearly all respondents rely on records from both local recorders' offices and taxing authorities, while also conducting court record searches and other investigations to uncover potential risks.

Although many records are available

digitally, the system remains far from fully modernized. Twenty-seven percent of respondents reported they must still retrieve certain records in person, adding time and cost to the title production process.

The number of documents reviewed per transaction highlights the depth of analysis required.

For purchase transactions:

- 61% review 11–50 documents
- 21% review more than 50 documents
- 18% review 10 or fewer documents

For refinance transactions:

- 48% review 11–50 documents
- 11% review more than 50 documents
- 41% review 10 or fewer documents

Ownership and mortgage records were identified as the most challenging documents to review, followed closely by easements—reflecting the complex legal rights and priorities embedded in those records.

### Curative Work Resolves Problems Before Closing

Once potential issues are identified, title professionals perform "curative" work to resolve them before a transaction can proceed. This may involve securing releases for prior mortgages, clearing liens, correcting recording errors, updating legal descriptions or resolving probate issues tied to previous property owners.

Nearly 60% of survey respondents reported removing three to five requirements or exceptions from the title commitment before closing, while more than 20% cleared six or more requirements.

Mortgage payoffs are the most common obligation resolved during curative work, appearing in more than 90% of transactions, followed by HOA dues and transfer fees in roughly 57% of transactions. More than two-thirds of respondents reported obtaining two or fewer payoffs, while about 30% secured three to five payoffs.

The curative process presents significant logistical challenges as well. Nearly 59% of respondents identified obtaining releases for prior mortgages as their most significant pain point, while 44% reported difficulties with issues requiring action beyond standard underwriting, such as probate matters or gaps in the chain of title.

"Clearing title is rarely a simple process," Morton said. "Our members routinely resolve complex legal and financial issues—often involving decades of property history—to ensure buyers and lenders can move forward with confidence."

### Closing and Issuing the Policy

Once the title search, examination and curative work are complete, the final step is issuing the title insurance policy. Even with extensive research, some risks remain hidden. Previous research cited in the report shows nearly 30% of losses in purchase transactions arise from issues not discoverable in public records, while the figure rises to about 40% for refinance transactions.

Title insurance provides financial protection against these unknown risks while the pre-closing work performed by title professionals removes many others before they can affect the transaction.

### Reducing Risk

Beyond the protection provided by the insurance policy itself, the title industry also plays a significant risk-mitigation role before a transaction closes. Research cited by ALTA estimates that the work performed by title professionals—searching property records, identifying defects and resolving issues prior to closing—helps mitigate between \$600 billion and \$900 billion in potential risk exposure annually for homebuyers, lenders and other participants in real estate transactions.

The estimate comes from analysis by Mark Fleming, chief economist at First American Financial Corp., who examined the potential risks embedded in the nation's property records system. The research found that the title industry's work aggregating and organizing property data, identifying defects and correcting errors in public records plays a critical role in maintaining reliable ownership records that allow property rights to be transferred with confidence.

During the surge in home sales and mortgage refinancing during the pandemic, total estimated industry risk exposure exceeded \$1 trillion annually, highlighting the scale of potential financial exposure that must be evaluated and addressed in the title production process. Fleming warned that if public records are not properly maintained over time, the marketability of title will become less clear causing the burden of

defending property rights in court to increase.

Separate research cited in the study also illustrates the operational effort behind that risk reduction. Title professionals spend an estimated 22 hours to close a standard real estate transaction and roughly 45 hours on more complex files, while about 36% of transactions require extensive nonroutine title clearance efforts.

While the industry has increasingly adopted tools such as automation and artificial intelligence to streamline certain tasks, the survey findings emphasize that human expertise remains critical.

"Successfully clearing title requires a meticulous process carried out by experienced professionals," Morton said. "These processes depend on human judgment, diligence and accountability."

### Technology Improving Efficiency

Despite increasing operational demands, the industry continues to invest heavily in technology. Automation, digital tools and artificial intelligence help streamline parts of the title production process while improving efficiency and accuracy.

According to the report, those modernization efforts have contributed to a roughly 5% nominal decline in the cost of title insurance coverage in recent years, even as the complexity of real estate transactions has increased.

"The findings highlight the extensive work required to deliver a clean and insurable title," Morton said. "From researching decades-old records and analyzing complex legal documents to preventing fraud and resolving ownership defects, title production involves multiple steps requiring specialized expertise from professionals. Without those efforts, homebuyers and lenders would face significantly greater financial risk and higher costs when transferring property rights."



*Prairie Title was well represented at the Oak Park Area Association of Realtors Spring Fling in March. At the event, Laura Maychruk was recognized for top sales transactions and volume. In the photos, Prairie Title's Michael Guerini is shown with Jane McClelland, while Laura is with Mary and Frank Pellegrini.*