

Conestoga Title Insurance Co.

WAGONLODE

A Land Title Update

2020 Second Quarter

© 2020 Conestoga Title Insurance Co.

Normally, this Greeting on the front page of the WagonLode is reserved for a seasonally appropriate message introducing the reader what's inside this issue. However, these are not normal times. As I write this, I am finishing my 8th week of working remotely from my home. In some ways, the COVID-19 pandemic has affected us all in ways we could never have imagined in February of this year. But in other ways, life, and business has carried on in one form or another, attesting to the resilience, ingenuity and ambition of people in the real estate services industry, including you, our agents and approved attorneys. We at Conestoga Title Insurance Co. are proud of our industry during these unusual times, and we look forward to serving you now, and in the bright future ahead.

Articles Inside this Issue

A Message from the President	Page 2
Best of Times Worst of Times	Page 3
The Underwriting Service Team is Here for You	Page 4
RIN, RON, AVON?	Page 5
Scammers and Fraudsters Look to Exploit COVID-19 Crisis	Page 6-7
Mortgage Payoff Scams and Tips to Avoid Them	Page 7
Quick Tips for Communicating with Clients	Page 8

A MESSAGE FROM THE PRESIDENT

Conestoga Title's management established a Business Continuity Plan (BCP) years ago. The Plan allowed for essential operations to be completed remotely. The Plan was tested routinely to ensure that it would be functional if an unforeseen event caused an interruption in daily operations. Frankly, I thought the likelihood that we would ever activate the BCP was remote. Then came March 2020, COVID-19 news and the orders issued by all of the governors in the states in which we do business. Without hesitation, Conestoga's management team activated our BCP and all essential employees of the company were enabled to work remotely within a short period of time.

Management's priorities were to provide quality service to our network of agents and approved attorneys and to respond to the needs of our policyholders. At the state level, governors were restricting person-to-person contact. At the county level, courthouses were limiting operations. The restrictions on closing activities and inability to record documents at various recorder's offices created a frenzy of inquiries. Our underwriting staff published a variety of Memos and Bulletins to help our network of agents and approved attorneys navigate a challenging market place.

Surprisingly, business activity has been steady due to a surge in refinance activity. While conveyances continue at both the residential and commercial level, sale activity has not been as projected earlier in the year. The hope is that there will be a resurgence of activity as the real estate business returns to normal. I believe that buyers and sellers alike look forward to the return of normalcy. With historically low interest rates in place, an ideal environment exists for an active market once all of the restrictions are lifted.

As a reminder, and as announced in the last issue of the WagonLode, Conestoga successfully launched the integration with Qualia's settlement software platform in February of this year. Simultaneously, we rolled out our title search product for Qualia users. Both of these initiatives were well received by the agents who have decided to take advantage of the new offerings. On May 1, 2020, rate increases went into effect in Pennsylvania and Maryland. A rate increase will be published for our Virginia agents with a June 1, 2020 effective date. The rate increases provide our network of agents with an increase in revenue as a reward for their hard work and liability assumed during daily operations.

I would like to acknowledge all title agents and approved attorneys who have worked so diligently to help the consumer during this challenging time. Issuing title insurance in relation to real estate transfers and refinance transactions is considered an essential business practice. Agents and approved attorneys have bravely found ways to safely and legally conduct closings in order to help the consumer. I applaud them for their dedication to assisting their clients.

Like you, I look forward to brighter days ahead. While I can only speculate how long we will face challenges related to the pandemic, I can state one thing for sure, Conestoga's dedicated staff will be there to assist you. Feel free to reach out to me or any of our team members. We look forward to the opportunity to assist you.

John M. Nikolaus, CLTP
President, Conestoga Title Insurance Co.

BEST OF TIMES WORST OF TIMES

Joseph John Kambic, Esq. VP of Claims and Recovery

“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of light, it was the season of darkness, it was the spring of hope, it was the winter of despair.”

– Charles Dickens, from A Tale of Two Cities

Charles Dickens could just as well be writing that today as he did around 1859 describing the late 18th century cities of London and Paris.

Do you see the glass today as half full or half empty? Some of you might see it as both half full and half empty. Some of you are working from home at substantially fewer hours and seeing a pay check that is much less than your budget can endure. At the same time, you are spending substantially more time with your offspring or you have finally started learning to play the guitar.

If you are managing the claims and recovery department of a title insurance underwriter, you are receiving substantially fewer new claims; i.e., in single digits for April, and not one new claim in the month of May.

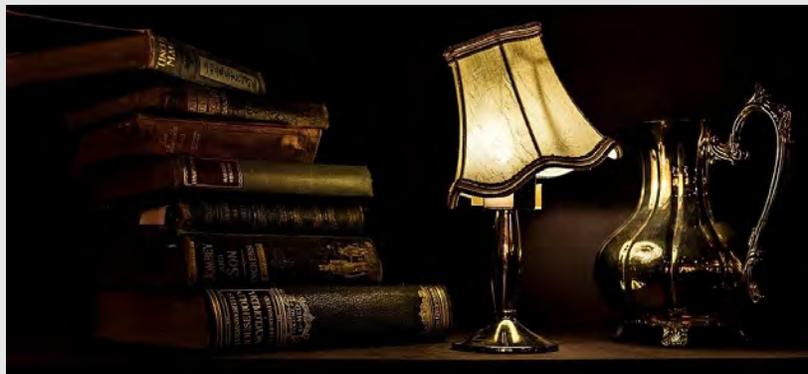
An ex-marine once told me that his service in the military taught him to “adapt to survive.” I believe that can apply to our emotions, our finances, our physical health, etc.

Bankers are expecting a spike in foreclosures in the months, perhaps even the years, to come. Title underwriters are anticipating a spike in title claims, resulting from the increase in foreclosures, just as we saw during our Great Recession.

Are you prepared for what is expected in the area of title claims? Have you begun your preparation to mitigate possible negligence and exposure as you did when emerging from the Great Recession?

If you are one of our existing agents or approved attorneys, then it is likely that you have. That’s because of a combination of factors working together; such as embracing conservative risk mitigating underwriting practices, getting through your day with an exemplary work ethic, and being committed to your continued improvement and education in the industry.

And remember, Conestoga Title Insurance Co. is here for you, to answer your questions and to do what it takes to get ALL of us to the other side of this historical event.



The Underwriting Service Team is Here for You!

Eric M. Borgia, Esq. Underwriting Counsel

The first confirmed cases of COVID-19 reached the United States in early March, 2020. As the virus spread rapidly, state governors issued stay-at-home orders in the weeks to follow. New York Governor Andrew Cuomo ordered the closure of all non-essential businesses on March 18, 2020. Pennsylvania Governor Tom Wolf followed suit the next day. Maryland Governor Larry Hogan ordered the closure of all non-essential businesses on March 23rd.

On March 16th (prior to issuance of the orders), Conestoga implemented its Business Continuity Plan. By March 23rd, all of our employees were enabled to work remotely. Harnessing technology, we have continued operations without interruption during this crisis. However, it would be inaccurate to say it has been “business as usual.” In addition to normal underwriting duties, the Underwriting Service Team closely monitored COVID-19 developments and the impact upon the title insurance industry. We worked overtime to absorb as much information as possible about the crisis and its affect upon the businesses of our agents and approved attorneys. We conducted our own independent research, as well as relying upon valuable resources such as the American Land Title Association and the various state land title associations. We disseminated guidance to our agents and approved attorneys through the issuance of timely Memoranda and Notices.

The main impacts on our industry included: (i) the inability to conduct thorough title searches; (ii) the inability to record documents due to governmental office closures; and (iii) the inability to conduct face-to-face real estate closing services due to the governors’ orders.

Surprisingly, business activity has remained steady since the beginning of March, in spite of the impact of COVID-19. Understandably, our agents and approved attorneys have consulted and continue to consult with the Underwriting Service Team to assist them in navigating a path toward the continuation of business while maintaining compliance with governmental restrictions enacted due to the rapid spread of the virus. We stand (or more accurately, we sit at our kitchen tables), ever-ready to assist you in these trying times.

The Underwriting Service Team is fully capable of remotely handling over limit requests, foreclosure and tax sale reviews, and any other title insurance-related questions you may have. You should continue to contact us via email at: uwrequests@conestogatitle.com. Until further notice, in the event you wish to contact us by phone, please call us on the following cell phone numbers in lieu of calling the office:

Rick J. Hecker, Esq. (717) 690-9378

Eric M. Borgia, Esq. (717) 663-9357

As of this writing, the process of re-opening the country is underway. Needless to say, the situation is fluid, and Conestoga continues to monitor the latest developments. The Underwriting Service Team will continue to keep you posted of the latest information as it becomes available.



RIN, RON, AVON?

By: Rick J. Hecker, Esq. Underwriting Counsel

The Covid-19 crisis has brought a whole new crew of acronyms into the title industry. Prior to Covid-19, you likely only heard the term RON (Remote Online Notary) being used in some forward thinking discussions about the future of the title industry.

Now, it is not unusual to hear someone throw in the terms RIN (Remote Ink Notarization) and AVON (Audio, Visual, Online Notarization) when discussing RON and remote notarization capabilities. While sometimes used as synonyms, RIN and AVON describe different ways of remotely notarizing documents. Following is a broad overview of the components that make up these styles of remote notarization along with some of the hurdles facing the title industry in fully adopting each of these measures.

RON – *Yesterday's Hot Topic*

RON is a familiar term to the title industry. The RON process contemplates a fully electronic signature and an electronic notary stamp being applied to documents. RON is instantaneous and does not involve the circulation of signed originals after the signature is applied. This is a process that the title insurance industry has tended to prefer because the process has been thoroughly discussed, there are software solutions in place to facilitate it, and the standards are clear and discernable with a low risk for fraudulent tampering.

The major limitation is the lack of a single, original document. Because of the manner in which RON works, the original is actually an electronic document without 'wet' signatures. For this reason, several lenders have refused to accept RON as a remote notary solution. RON also requires teaming-up with a software provider that can accommodate all of the technical intricacies of executing a document electronically, which translates into an increased cost for the notary, that may be difficult to recuperate unless a sufficient volume of work is maintained.



RIN – *The New Kid on the Block*

RIN contemplates use by the notary of a two-way recorded video conferencing service to observe the affiant place a signature on a document. Once signed, the affiant sends the original document to the notary, who places his ink notary stamp on the document and then returns the document to the affiant.

Prior to Covid-19, RIN did not appear to have serious backing, nor were there serious discussions about adopting such a process. Since the rise of Covid-19, however, lenders have been looking for alternatives to RON because they want an easily discernable original document. The difficulty with RIN is that there is not a well-vetted standard practice that mitigates the risks with this type of process, including the risk of swapped or altered documents after the signature is applied or in transit. At the moment, even software providers seem to be scrambling to provide a suitable solution for this type of notarization. You do not need to look much further than the various orders put in place for New York, Maryland, and New Jersey to realize that the standards for this type of procedure are a moving target.

AVON – *A Rose by Any Other Name*

AVON is identical to RIN in its substance and is simply an acronym for Audio-Visual Online Notarization, a phrase found in certain governors' orders on the topic. It has the same advantages and drawbacks as outlined in the discussion of RIN.



Scammers and Fraudsters Look to Exploit COVID-19 Crisis

Don Delgado, VP Agency Administration

There are many unfortunate side effects of the COVID-19 crisis. One of them is the rise in scammers and fraudsters trying to take advantage of people as minds are distracted by the pandemic. The increase in the use of personal computers and virtual networks for teleworking, education and communication has provided greater opportunities for cybercriminals.

The FBI issued a PSA¹ on April 1 to alert everyone about the surge in cybercrime activity due to COVID-19. The announcement states “cyber actors have engaged in phishing campaigns against first responders, launched DDoS attacks against government agencies, deployed ransomware at medical facilities, and created fake COVID-19 websites that quietly download malware to victim devices. Based on recent trends, the FBI assesses these same groups will target businesses and individuals working from home via telework software vulnerabilities, education technology platforms, and new Business Email Compromise (BEC) schemes.” The FBI advises the public to be on the lookout for the following:

- The use of urgency and last-minute changes in wire instructions or recipient account information;
- Last-minute changes in established communication platforms or email account addresses;
- Communications only in email and refusal to communicate via telephone;
- Requests for advanced payment of services when not previously required; and
- Requests from employees to change direct deposit information.

Following are additional tips provided by the FBI to protect you, your family and your company from cyber criminals:

Teleworking Tips:

- Select trusted and reputable telework software vendors; conduct additional due diligence when selecting foreign-sourced vendors.
- Restrict access to remote meetings, conference calls, or virtual classrooms, including the use of passwords if possible.
- Beware of social engineering tactics aimed at revealing sensitive information. Make use of tools that block suspected phishing emails or allow users to report and quarantine them.
- Beware of advertisements or emails purporting to be from telework software vendors.
- Always verify the web address of legitimate websites or manually type it into the browser.
- DO NOT share links to remote meetings, conference calls, or virtual classrooms on open websites or open social media profiles.
- DO NOT open attachments or click links within emails from senders you do not recognize.
- DO NOT enable remote desktop access functions like Remote Desktop Protocol (RDP) or Virtual Network Computing (VNC) unless absolutely needed.

Education Technology Tips:

- Closely monitor children's use of edtech and online services.
- Research edtech service user agreements about data breach notifications, marketing, and/or selling of user data, data retention practices, and whether users and/or parents can elect to have student data deleted by request.
- Conduct regular internet searches of children's information to monitor the exposure and spread of their information on the internet.
- Consider credit or identity theft monitoring to check for any fraudulent use of children's identity.
- Research parent coalition and information-sharing organizations available online for those looking for support and additional resources.
- Research school-related, edtech, and other related vendor cyber breaches, which can further inform families of student data and security vulnerabilities. DO NOT Provide exact information on children when creating user profiles (e.g., use initials instead of full names, avoid using exact dates of birth, avoid including photos, etc.)

¹ <https://www.ic3.gov/media/2020/200401.aspx>.

Scammers and Fraudsters Look to Exploit COVID-19 Crisis - continued

BEC Tips:

- Check for last-minute changes in wiring instructions or recipient account information.
- Verify vendor information via the recipient's contact information on file—do not contact the vendor through the number provided in the email.
- Verify the email address used to send emails, especially when using a mobile or handheld device, by ensuring the sender's email address appears to match who it is coming from.
- If you discover you are the victim of a fraudulent incident, immediately contact your financial institution to request a recall of funds, and contact your employer to report irregularities with payroll deposits. As soon as possible, file a complaint with the FBI's Internet Crime Complaint Center at www.ic3.gov or, for BEC and/or email account compromise (EAC) victims, BEC.IC3.gov.

Cyber Crime Vulnerability Tips:

- Verify the web address of legitimate websites and manually type them into your browser.
- Change passwords for routers and smart devices from default setting to unique passwords.
- Check for misspelled domain names within a link (for example, confirm that addresses for government websites end in .gov).
- Report suspicious activity on work computers to your employer.
- Use multi-factor authentication (MFA) when accessing organizational sites, resources, and files.
- Practice good cyber security when accessing Wi-Fi networks, including use of strong passwords and Wi-Fi Protected Access (WPA) or WPA2 protocols.
- Ensure desktops, laptops, and mobile devices have anti-virus software installed and routine security updates are applied; this includes regularly updating web browsers, browser plugins, and document readers.
- DO NOT open attachments or click links within emails received from senders you do not recognize.
- DO NOT provide usernames, passwords, birth dates, social security numbers, financial data, or other personal information in response to an email or phone call.
- DO NOT use public or non-secure Wi-Fi access points to access sensitive information.
- DO NOT use the same password for multiple accounts.



Mortgage Payoff Scams and Tips to Avoid Them

Mortgage payoff scams are on the rise. Fraudsters have become very good at timing real estate closings and finding ways to provide counterfeit mortgage payoff statements to parties involved in closings. You can no longer just assume a payoff statement is legitimate without examining it and taking additional steps to validate it. Following are some tips to help you avoid falling victim to this scam:

- 1) Provide the customer with a paid stamped envelope and ask them to mail you an original monthly statement (not a copy) that you can use to verify payoff information.
- 2) Confirm that the names and secured property address on the monthly statement align with the open mortgage information on the title commitment.
- 3) Always obtain mortgage payoff statements yourself directly from the lien holder/loan servicer. Never rely on any payoff statement provided to you secondhand.
- 4) Scrutinize every payoff statement no matter how it was received.
 - If the payoff statement is received via facsimile – verify that the number it came from is associated with the lien holder/loan servicer and make sure the time zone is in the U.S.
 - If the payoff statement is received via email – verify the email address that it was sent from.
 - Compare all information on the payoff statement against the open mortgage information on the title commitment. In addition to names and property address matching, the payoff amount should not be higher than the original principal amount.
- 5) Maintain a master file of previously used payoff statements that you know with 100% certainty are accurate so you can compare future payoff instructions to your master file.
- 6) Make sure the payoff statement provides an option for remitting payment by check. If it only provides wiring instructions, be very suspicious.
- 7) Verify the routing transit number provided in the payoff statement matches the institution you intend to wire the funds to using this website: <https://www.ffiec.gov/nicpubweb/nicweb/SearchForm.aspx>

