

# Conestoga Quarterly



## 2022 First Quarter

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# A Message from the President

“Buy Dirt” is a song by American country singers Jordan Davis and Luke Bryan that rose to number 1 on the country charts in 2021 and is still popular today. “‘Buy Dirt’ is about faith, family and friends and really finding your happiness.” Davis explained during an appearance on Today’s Country Radio.

The acoustic melody is a duet which alludes to the concept of how property ownership will result in happiness and a piece of the American Dream. The lyrics begin with a young man talking with a gentleman about to turn 80 concerning what it means to lead a fulfilling life. “Buying Dirt” gently suggests that home ownership and a “white picket fence” can lead to happiness. The song is a reminder of how life goes by quickly and that we should not lose sight of the importance of faith, family, friends and some dirt. The message that the older man is conveying is that we need to be sure to spend time on what really matters in life.

The release of the song was timely as it came out in the midst of a time when Americans were reevaluating their housing needs. Impacting the desires of many was the pandemic. Long periods of isolation and the ability to work remotely has had a profound effect on the home buying priorities. For many, it is no longer necessary to live in close proximity to their employer.

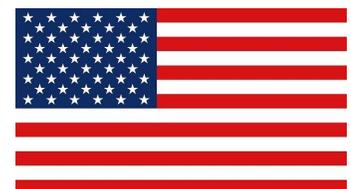
Home ownership has been repositioned as a greater priority in today’s society. Increased demand for housing and historically low interest rates have driven prices upward and has made it more difficult to buy residential property. However, our citizens are driven more than ever to own a piece of the American Dream.

When Americans find the home of their dreams, title insurance plays an important role in protecting property rights. As a source of title insurance, title insurers provide peace of mind that the biggest investment of the property owner’s life is secure. Title insurance protects buyers from loss due to defects in the title to their real property and covers unknown issues that can affect or eliminate property ownership. Title insurance covers not only fixing the problem but includes lawyer fees and other litigation expenses that can be costly. In exchange for a one-time fee, an Owner’s title insurance policy remains in effect as long as the property buyer or the heirs own the property – a wise investment when Americans “Buy Dirt”!

At Conestoga Title Insurance Co., together with our agents and approved attorneys, we are proud to assist homebuyers to reach their goals and attain the American Dream. Often, the most memorable and important times in one’s life stem from what happens in the home. We are delighted to serve our policyholders and help Americans “Buy Dirt” and achieve their dreams.

*John M. Nikolaus, CLTP*

President, Conestoga Title Insurance Co.



# Mortgage Fraud Is On the Rise

Don Delgado, VP Agency Administration

According to CoreLogic's 2021 Fourth Quarter Mortgage Fraud Brief, the National Mortgage Application Fraud Risk Index increased by 10.4% from the Third Quarter and by 26.7% from the Fourth Quarter of 2020. The report cites interest rates, seasonal changes and a slowing refinance pipeline as the main causes. GSE financing policy changes for investment properties is also mentioned as a contributing factor as reverse occupancy misrepresentation increased. Reverse occupancy misrepresentation is when an applicant falsifies their intent to rent the property and uses the rental income to qualify, but then they actually use the property as their residence.

Bridget Berg, principal, Mortgage Fraud Solutions at CoreLogic, said in an interview with National Mortgage News that she expects mortgage fraud risk to continue to rise due to the current rate environment. Title agents are often viewed as the last line of defense to catching fraud before closing a transaction. Conestoga encourages all agents to pause before closing any transaction when fraud is suspected. Following are some "red flags" title agents should always keep in mind – not just for mortgage fraud, but for real estate fraud, in general:

- The transaction is not an "Arm's Length" transaction;
- The Seller in the Contract of Sale is not the record owner;
- A Power of Attorney is being utilized and the attorney in fact will benefit financially from the transaction;
- The Seller is an entity and you have difficulty obtaining the proper authoritative documents;
- The Seller has owned the property for a short time and is selling for significantly more consideration than what they paid without having made significant improvements;
- The Buyer has a pre-existing financial interest in the property;
- The chain of title includes an interested party (i.e. – Realtor, mortgage broker, appraiser);
- Multiple changes or last minute changes are made to the sales price and/or loan amount;
- Payouts to unknown parties - especially a party who does not have an interest in the Public Records;
- Double escrow/concurrent/back-to-back transactions with deed transfers to intermediate straw buyers needed to facilitate the transactions;
- The Buyer is an investor and the Seller is controlling all aspects of the transaction. (Does the buyer understand the transaction? Are they being used as a straw buyer without knowing it?)
- Recently recorded Deeds with no title insurance or title search;
- Amount Due From Buyer/Borrower coming from some other party involved in the Transaction;
- Payouts to contractors and repair companies;
- Unusual sales contract addendums with terms/conditions and or payouts that are not normal for the local market;
- Mortgage Releases or Satisfactions recorded without a related sale/refinance;
- New customers or new business sources with no reasonable explanation as to why the customer came to you;
- A false sense of urgency created by the parties pressuring you to close before you are ready

These red flags in and of themselves do not mean fraud is occurring, but title agents need to be mindful of them and agents should try to avoid closing transactions that have serious signs of fraud. If something "doesn't smell right" you are better off hitting the pause button to try to make sure the transaction is on the up and up. Every fraudulent transaction that is prevented is a win for the industry.

# Three Sales Strategies

Justin Gooderham, President, Dalton Digital

For any business owner, selling is probably the single most important skill to possess. You must learn how to sell effectively, it's that important. Let me say it another way...if you can sell, the business world is your oyster.

Sales is important for many reasons. It's the lifeblood of business: if you don't have sales, you don't have revenue and your company will fail.

Sales isn't manipulating or pressuring people to do something that they don't want to do. It's actually a one-to-one transfer of knowledge and trust – in other words, building a relationship with someone, understanding their needs, goals and pain points, and offering a solution that addresses those needs.

Sales isn't easy. You won't win every contract or get every meeting. Maybe you've heard that sales is a numbers game? That's true, but it doesn't mean you should repeat the exact same pitch every single time and hope that the law of averages will come into play. Once you're comfortable with the techniques below, the job isn't done. You'll want to evolve your approach, add a new spin, and adapt to what customers are asking and looking for.



## 1. Identify The Right Prospects

I know it's tempting to go after any and all customers, especially when you're starting out...you don't want to say no to anyone. However, one thing I've learned the hard way is that it's more productive to spend more time with better prospects. To put it differently, it's important to identify the types of businesses that are best for your business.

Once you've identified your prospects, do thorough research prior to your meeting or call. Researching prospects can give you insight into the industry, competitive landscape, what types of advertising and technology they are using and more. A simple way to do this is to Google a prospect's industry in your local area.

## 2. Be Confident and Build Rapport.

Most people, regardless of profession, have a natural resistance to sales. This default position may come from a lifetime of experiences, some positive but most negative. They assume that since you don't know each other, the only reason that you are reaching out is because you want to make money. While this is partially true, you are not only selling them something, but providing a solution to a business problem that they have. Your goal during the first few minutes of your meeting is to help

When you do meet your prospect, smile, give a firm handshake—you should radiate confidence. Chances are your prospect is another business owner or manager who gets called on daily by companies or is generally very busy. When you are friendly, prompt, brief and professional, you just might stand out against all the others.

### 3. Ask For The Sale. Close The Deal.

I can't overstate the importance of asking for the sale and closing the deal. You've put in all that hard work, research, and nailed the presentation. Now what? You should be trying to close the deal. The worst possible thing you can do at the end of a sales presentation is to look at the prospect and say: "Well, what do you think?" It's a natural thing for many without sales training to say. We, as humans, are always looking for feedback and validation. This is not the time for that. You need to assume the sale is made, not ask her what she thought of the presentation—she is not your professor.

These closing techniques will improve your chances of closing the sale. At the end of your presentation, try saying one of the following:

- Makes sense to me, shall we give it a try?
- It looks like I've addressed all of the concerns that you outlined earlier, would you agree?
- Assume the sale has been made and say: "Here's what happens next..."
- Ask them how they'd like to make the payment.
- The cost is \$X and I can get started Thursday. Here's the contract, if you would please sign here I'll get you on the schedule...

Depending on what type of business you are in, your sales cycle will vary. I have personally seen the most success when I get a client to sign off during the first meeting. Sometimes there will be a brief phone call or e-mail exchange, but the first real substantive meeting is where I try to close the deal. What I have found in having done over 150 pitches in my first year is that if I don't close them during that initial meeting, my chances of ever closing them go down substantially.

**The Takeaway:** Sales is the lifeblood of any business. Your digital and overall marketing strategy are critical for driving leads and building your brand, but it's your ability to connect with people, position yourself or your company as a solution, and ultimately close the deal that will set you apart and skyrocket your business. Practice your sales pitch and refine it based on what works and what doesn't. You'll hear objections from your prospects but those are simply learning opportunities that you can overcome and use to your advantage in your next sales meeting.

**Remember: People want to buy, they just don't want to be sold.**

*Dalton Digital is an Arlington-based [digital marketing agency](#) that helps Title Companies grow by designing stunning, mobile-friendly websites and driving growth through search engine and social media marketing.*

# Foreclosure Follies

Rick Hecker, Esq. VP General Counsel

Before joining Conestoga's Underwriting team, in my private practice, I had reviewed many foreclosures and rarely, if ever, found any significant issues. Perhaps this had to do with the county I was practicing in or perhaps there were other ways in which real estate files with foreclosures were screened before making it to my office.

When I joined Conestoga's Underwriting team, I was a little surprised by the frequency with which I encountered significant deficiencies in foreclosure proceedings. In these foreclosure follies, I have seen failures of service, failures to obtain appropriate orders, failure to identify the correct property, and in one peculiar case the failure to even obtain a judgment against the defendant. Honestly, how the foreclosing lender was permitted to hold the sale without a judgment against the defendant had me greatly perplexed.

As you well know, due to these kinds of errors, Conestoga's underwriting procedures require agents to submit their files for underwriting review, if there was a foreclosure proceeding within the last five years. Outside of that timeframe, however, you as the agent are reviewing these foreclosures and to that end, here are some foreclosure follies which Conestoga has encountered and which you should be aware of in your examinations:

In Pennsylvania look out for:

- Lender's failure to provide Act 91 and/or Act 6 Notices of Intent to foreclose.
- Lender's failure to obtain service of the foreclosure complaint on all of the defendants.
- Lender's failure to notify every interested party in the 3129 Affidavit.
- Failure of the legal description in the foreclosure complaint to match the Sheriff's Deed.

In Maryland look out for:

- Lender's failure to obtain personal service of the Order to Docket/Complaint to Foreclose.
- Missing proof that the Notice of Sale was given to all junior or subordinate lien holders or judgment creditors.
- Missing order of ratification.

In Ohio look out for:

- Lender's failure to include a necessary party (i.e. property owner(s), their heirs, mortgagor (s), junior (or senior) lien holders, the County Treasurer, and any other stake holder with a interest other than that which specifically runs with the land and pre-dates the interest of the plaintiff.)
- Lender's failure to obtain service of the foreclosure complaint on all of the defendants.
- Lender's failure to obtain the Confirmation of Sale pursuant to O.R.C. 2329.31

Many of the foregoing items are things that we naturally presume occur in a foreclosure proceeding, but I have been surprised with the frequency with which some of these basic items have been missed or omitted from the foreclosure proceedings. I trust it goes without saying that the foregoing list of foreclosure follies is not intended to be comprehensive, but merely to illustrate those areas which can be taken for granted when reviewing a foreclosure.

If any of these items arise in your review or if any other area of concern arises, please contact our underwriting team and we will be glad to provide direction and assistance in your review of the foreclosure proceedings.

**CONESTOGA'S UNDERWRITING  
SERVICE AND SUPPORT CENTRAL  
EMAIL IS HERE TO HELP**



[UWRequests@conestogatile.com](mailto:UWRequests@conestogatile.com)

In order to better serve our agents, Conestoga Underwriting has a central email address for the submission of any underwriting questions or reviews of any kind. **We ask that you do not email our underwriting attorneys directly regarding underwriting matters, including general questions as the Administrator monitors work flow to insure timely responses and this also ensures that a response is received if an attorney is out of the office.**

You may use this email for any questions even if you are not sure who to reach out to at Conestoga as the **email is monitored at all times** during business hours by the Administrator who will obtain answers to your questions or put you in contact with the right party. The central email ensures our agents receive quality customer service from our experienced team members in a timely manner. We look forward to continuing to work with you.

**Rescheduled: Conestoga College Now in May 2022**

At the request of agents, we are pleased to offer with limited seating:

**Conestoga College Classroom**—an in person one day seminar for a 6.0 credits in PA and MD.

Offered with PLTA, [click here](#) to view the agenda, and register now for this event. Breakfast and Lunch will be provided.



**May 16, 2022 8:30am –5:00pm Lancaster, PA**

**Additional details will be emailed in April. Email any questions to [csheerin@conestogatile.com](mailto:csheerin@conestogatile.com)**

# Identity Fraud Avoidance at the Settlement Table

Joe Kambic, Esq., VP Claims & Recovery

Parties to a Real Estate transfer or refinance are required to provide you with picture identification, most usually seen in the form of a driver license or a Government issued Identification card. Any one of them might be a REAL ID. Any one of them might have been issued by a State other than that in which your office is located.

As soon as you receive any form of identification, it's important to immediately make a clear and legible copy of the ID. If you have a color copier, use it. Place the copy in the file and return to the Settlement Table.

You look at the picture on the ID and then at the person who handed it to you. Sometimes you repeat this process. You decide that the picture on the ID looks like the person at the Settlement Table. But, do you know that inserting photos into IDs is not that difficult to do. And if I recall correctly, it was used by some underage college students of my generation.



You ask the party to the Settlement for Personal Identification Information (PII) that's located on the provided form of Identification; e.g., date of birth, home address, full name, etc. The holder of fake ID can memorize the PII on the identification card. Does the PII on the ID match any PII in your file? How does the PII on the card; e.g. height, weight, eye color, hair color, compare to the person at the Settlement Table?

You ask for a signature to compare to the ID. If it's a fake ID, the fraudster could have practiced the handwriting before coming to the Settlement Table. Or the fraudster could have inserted her or his signature into the ID, just like a picture is inserted.

You've seen so many ID's issued by your state that you think that you can spot a fake. I suggest that you can't unless you are aware of the security features that have been placed in and on government issued forms of ID; e.g., embedded holograms, laser perforation, micro-printing and "ghost photos. But, how about an ID from a neighboring state, from Puerto Rico or even Canada? What do you do?

What I suggest is that you obtain a guidebook or the technology/equipment/service that can aid in ID authentication. In my initial research, I readily came across two ID authentication companies. If you are a notary public, you may well be able to obtain a copy of the I.D. Checking Guide, U.S. & Canada Edition 2022 by going to <https://www.nationalnotary.org/2022-id-checking-guide>.

Whether or not you are a notary, consider obtaining a copy of the KEESING Technologies Documentchecker Guide, 2022. You can find it online at <https://www.keesingtechnologies.com/order-guide/>. I believe that this guidebook is a must have weapon in the fight against identity fraud. For all fifty states and the District of Columbia you can read and see the security features in driver licenses and IDs, except for Pennsylvania. “The Pennsylvania Department of Transportation has not given (Keesing Technologies) permission to show images of their documents issued after 2007.” Regardless, the security features for the Pennsylvania ID and driver license are in the Guide for you to read. The Documentchecker Guide includes other documents from Canada, US/Canadian Territories, and Mexico.

The security features added to government issued driver licenses and identification cards are mind boggling. My favorite is the laser generated holes that are so small that I didn't know that they are there in my Pennsylvania issued Driver's license. If you have a Pennsylvania driver's license hold it up to a light and look to the bottom right corner. Surprised? I was the first time someone pointed that out to me.

The backs of almost all government issued driver licenses and IDs have readable PDF417 barcodes on them. When scanned, that barcode likely reveals all or some of the information contained on the front of the driver license and ID. If you want to purchase a 2D imager barcode scanner, carefully do your research. I found them to be expensive. And they might not decode the information on some states' IDs, because each state jumbles the information differently in the barcodes. The 2D imager barcode scanner is used by bars, for example, to quickly verify the real ID age.

*The February/March 2022 issue of the AARP Magazine had a very short article on Driver Licenses going digital. The article indicated that Alabama, Arizona, Colorado, Delaware, Louisiana and Oklahoma already have their own digital ID apps. I have no idea what, if any, security features are included with digital IDs and digital driver licenses. If you do, please let me know.*

# Ten Tips to Speed Your Title Commitment

Ethan Trowbridge, Title Dept. Officer



The closing process is a lot of work and can be quite stressful. There are lots of things to balance at once. For those individuals operating under the *Approved Attorney system\*\**, here is a list that is sure to help with at least one aspect of the closing, **obtaining your title commitment package.**

- 1) Make sure your Approved Attorney's Preliminary Report on Title is fully completed, signed, and dated. All information should be properly filled in and completed. If there are no applicable items for any field, please write "NONE".
- 2) Include a full 60 year title search (40 years in OH) with your application. The full search should have a good though date no older than 60 days and include a search summary/ searcher's notes and copies of all relevant documents.

Note: Conestoga does allow short searches for residential refinance transactions with a loan policy only that is less than \$1,000,000.00. For such transactions, the search must go back two owners or 20 years, whichever is longer.

- 3) Make sure that your office's errors and omission insurance is up to date and that the most recent policy declaration page has been provided to Conestoga. A title commitment cannot be issued if the policy is expired.
- 4) Is the buyer or seller a business entity (LLC, corporation, trust, etc.)? If so, additional documentation should be included with your application. Here is what you may need:

- ◆ LLC: certificate of organization & operating agreement with all amendments;
- ◆ LP: partnership agreement with all amendments;
- ◆ Note: If the general partner is another business entity, appropriate documentation should be provided for it as well.
- ◆ General Partnership: partnership agreement with all amendments;
- ◆ Corporation/Nonprofit: proof of incorporation;
- ◆ Trust; trust agreement with all amendments;
- ◆ Note: Additional items may be requested.

5. Is a POA being used for the buyer or seller? Please provide a copy of the proposed POA to the Underwriter or Title Agent for review prior to it being used. This is required whenever someone is signing on behalf of the intended party on the deed, mortgage, or any Conestoga documents.



6. Is there is a pre-deceased title holder? If so, please provide the date of death or a copy of the death certificate. Please note that if the deceased was not married to the surviving title holder proof of payment of inheritance taxes should be provided.

7. Is the seller a decedent's estate? If so, please include copies of the estate docket, grant of letters of administration/testamentary, and any last will and testament with your application. If they are available, proof of payment of inheritance taxes and proof that nothing is owed to the Department of Human Services should also be provided. Additional items may be requested upon review.

8. Is there an unsatisfied prior owner mortgage or judgment lien? If so, ask the owner if they have an owner's title insurance policy and provide the Underwriter or Title Agent with a copy. This is a great first step because we may be able to request a letter of indemnity from the previous insurer.

9. Include a copy of the proposed property legal description in word format. This is not required but it will significantly increase turnaround times for title commitments.

10. Include any other information that may be relevant to the transaction or is out of the ordinary. In this industry, we are bound to come across some oddities. This will help the Underwriter or Title Agent better understand what is going on and move forward.

*\*\*For those readers unfamiliar with the Approved Attorney system, it is a system available in **Pennsylvania and Ohio**, whereby an attorney can hold a real estate closing, handle the escrow funds, and provide title insurance by working either directly with an Underwriter or Title Agent to obtain a commitment and policy.*



In 2022 Conestoga Title continues the **Conestoga College** lunch hour webinar series. February featured Steve Eisenberg, Esq. of Stern & Eisenberg presenting his course “Title Issues During the Foreclosure Process.” The March 15th webinar with Conestoga’s Bill Parker will be the course “Liens: What They Are & How to Clear Them.” Registration is available on the calendar on the Continuing Education page at [plta.org](http://plta.org)

**April 12, 2022**

**Distressed Properties: Liens, Liens & More Liens**

Live one time webinar courses are usually available for credit in PA, MD, VA, OH and NY.

Email [csheerin@conestogatitle.com](mailto:csheerin@conestogatitle.com) for information

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