
## Mortgage Policy (MP) vs. Owner Policy (OP) - Amount of Insurance

Though there could be certain exceptions, as a general rule, the amount of any OP issued should equal or exceed the amount of the MP issued. While we understand that there may be exceptions to this rule, if there is ever a question on a specific transaction, please contact our office to discuss

Example: Purchase price is $225,250.00; Loan Amount is $229,500.00. Please increase the amount of the insurance on the OP to equal $229,500.00.

## SBA loans - Typically Funded by Granite State Economic Development Corporation

Are you working on a 2nd or 3rd mortgage to the SBA? Well, these are very tricky transactions. Offices most often find that problems arise AFTER they have issued the final policy and think the file is closed - then, surprise!

So, BEFORE you get started on a transaction involving SBA financing (via GSEDC and the law firm of Schwartz and Roman) and especially BEFORE you send out final policies to Schwartz and Roman, please find helpful transaction hints in the Policy Training Center/Policy Preparation (scroll down for SBA Loans guidance) section of our website.

As always, you can also call the VATC office for further help with SBA transactions.

## ALTA Phishing Scam

Be on Alert! As is being currently discussed in many forums, including the VBA listserve, and as discussed in detail in VATC's current county seminar series, there are a multitude of phishing scams coming into attorney's offices on a daily basis. A new one to look out for: American Land Title Association ("ALTA") Mailing Database

scam. ALTA has recently informed that that there is an ALTA Mailing Database scam infiltrating attorney's office as a marketing ploy. The scam asks the recipient if they would like to acquire an ALTA mailing list and email contacts, which offers potential new clients. Do not click on any attachments or reply to this email. VATC is committed to keeping up to date on how its agents can best protect themselves against phishing scams and other forms of cyber-attack and fraudulent activity.

As always, please feel free to contact VATC for more information on these issues.

---

## Cyberattacks: Which of Your Insurance Policies will Respond?


Connecticut Attorneys Title Insurance Company ("CATIC®") has warned of the rise in real estate wire fraud claims, involving what has been referred to as social engineering schemes, which induce real estate professionals or consumers to wire money directly into a criminal's account. They generally happen via email which appears to be legitimate, but it is not. It is a fraudster looking to get you or a party to the transaction to send money without realizing you are sending it to an imposter.

Particularly troubling is how the human desire to "trust" is being used by fraudsters to trick parties into voluntarily transferring funds into the fraudster's account. Fraudsters are exploiting the easiest point of entry into your systems and transactions - individuals (you and your employees). CATIC recommends that you focus not only on defending against technical computer virus attacks, but also on the weaknesses posed by the human element.

Suggestions include:

1. Be suspicious of emails. Confirm any wire instructions received by calling your "known" contact (confirm and verify). (Note: It is not enough to "receive" a confirming phone call. You should call your "known" contact to confirm and verify the wiring instructions and do not use the phone number provided in the email, as it likely is faked. Use a telephone number provided in a reputable phone book.);

2. If possible, enter into a "no payment change" rule with counsel on the other side of the real estate transaction prior to closing; once the method and amounts of payments are set and agreed upon, no changes are tolerated without a substantial delay to reset and confirm, and without a hold harmless agreement already in place;

3. Create protocols and procedures for your firm that all staff needs to follow, which include but are not limited to guidance on handling funds, when it is appropriate to rely on an email, open any attachment, click on a link, etc.

And if a wire is fraudulently transferred:

1. Immediately contact the banks (both sending and destination banks) and attempt to reverse or stop the wire;
2. Contact the FBI, and file a complaint - call your local division as well as file a complaint on www.ic3.gov;
3. Contact all parties to the real estate transaction and advise them that the wire

was taken;
4. Advise CATIC of the situation, if CATIC was the underwriter of any title insurance issued or to be issued;
5. Contact a computer specialist to have any computers and/or computer networks reviewed for viruses. (Until a computer specialist has completed any review and/or repair, assume that the fraudsters are still monitoring all email communications.);
6. Contact your insurance carriers. (Make sure your law firm is properly covered by insurance in the event someone in your firm falls victim to a social engineering scam. Generally, you find that professional liability insurance does not cover for these losses. It generally takes special social engineering coverage for the law firm to have protection.)

For more information, please contact CentricPro.