

THE ALTA REGISTRY: HELPING LENDERS REDUCE RISK, PROTECT AGAINST WIRE FRAUD AND OTHER SCAMS



Online database eliminates the 'human-error' headache and alleviates compliance burdens



American Land
Title Association
Protect your property rights

Some mysteries need to be solved immediately. Valuable time and resources are lost as multiple calls are made and emails are sent to identify and confirm that title and settlement agents and/or real estate attorneys are who they say they are. And what if the so-called “title agent” is actually a scammer? Contacting the wrong person can lose you tens or hundreds of thousands of dollars! However, *a single source of truth* about key participants in mortgage transactions is available to the lending community.

A first of its kind for the industry, the national ALTA Registry is a searchable, online database containing title insurance underwriter-confirmed information about title agents, underwriter direct offices and real estate attorneys. It assigns a unique identification number—the ALTA ID—to each one for precise credentials.

Everybody Benefits

By using the ALTA Registry, lenders know they are working with the correct company. Agents supply their names and contact information, then underwriters confirm the agent documentation before it's published in the ALTA Registry. Underwriters provide their own contact details, which also are housed in the Registry. If the agents' or underwriters' details provided cannot be confirmed, the company does not get listed in the Registry. Additionally, underwriters promptly update the Registry when a business relationship ends with an agent or attorney. This process provides lenders with a trusted utility to identify transaction partners.

No Underwriter Confirmation = No ALTA Registry Listing

A unique seven-digit ALTA ID number is automatically assigned to each new Registry record. The number is permanent and never changed, reassigned or reused. ALTA IDs are available for free to title agents and real estate attorneys. Even branch offices can have their own ALTA ID numbers.

The national ALTA Registry is a searchable, online database containing title insurance underwriter-confirmed information about title agents, underwriter direct offices and real estate attorneys. Lenders benefit from the timeliness and accuracy the ALTA Registry provides.

Individual ALTA Registry records can be searched online at www.altaidregistry.org. Alternatively, lenders can download the entire Registry in Microsoft Excel or XML format. Downloading the Registry can facilitate reconciliation with a lender's own data. The Registry is updated daily, so lenders

can search for a record as often as needed. The ALTA Registry records reside in a secure data center in northern Virginia.

The ALTA Registry benefits almost everyone concerned with the mortgage process. Lenders benefit from the timeliness and accuracy the ALTA Registry provides. With a single source of confirmed agent data, lenders are now freed from relying upon Google Maps and guess work to locate and confirm that an agent exists.

The ALTA Registry also ends the relationship opaqueness that has always existed between agents and underwriters: Lenders now can see immediately which underwriters and agents are connected and how to contact them. Maintaining contact information in a central location means data is easier to verify. Additionally, lenders can obtain underwriter verifications, updates and letters of good standing much more quickly. It is this centrally managed transparency to the underwriter that also will prove essential when anti-money-laundering red flags are suspected and immediate and confidential verifications are necessary.

Finally, not only is an agent's identity easier to confirm accurately with the ALTA Registry, it's also painless for an agent to prove. Because contact details are controlled centrally, lenders confidently can confirm details when wire fraud, a scam or any other problem is suspected.

“Lenders need confirmation as early as possible in the transaction that they are doing business with the correct title and settlement company and/or real estate attorney. The ALTA Registry helps lenders provide clarification and transparency in the real estate transaction,” said Michelle Korsmo, ALTA's chief executive officer. “Mortgage lenders, title insurance agents, real estate attorneys, title insurance underwriters and other participants in the real estate closing process must be able to identify each other and communicate in a timely and consistent manner throughout the mortgage transaction.”

Speed and Oversight

In fast-moving transactions, new title and settlement agents quickly can become engaged in lenders' business processes. At very short notice, a new vendor can come under a

lender’s “umbrella of responsibility.” This is the dilemma of the borrower-selected supplier. Despite this scenario, lenders are still expected to perform due diligence and satisfactory oversight of any title agent, including those that “just appear” on their radar. As transactions move through production, the identification and agent confirmation process can be lengthy, manual and time consuming. The ALTA Registry enhances this process and consequently speeds up the whole mortgage experience.

By taking advantage of the online ALTA Registry, a lender will spend only seconds checking the validity of an agent’s identity, rather than tying up valuable resources and consuming days trying to contact someone via multiple phone calls or emails, cross-referencing document information for final approvals, the release of funds, and/or consumer NPI. The ALTA Registry offers all the key information lenders need—in one place—to accurately identify agents. The Registry also provides information on who to contact for authorizations and, when necessary, to resolve issues.

The Human-Error Headache

In addition to expediting the mortgage-lending process, utilizing the ALTA Registry helps prevent scams and reduce other risks, such as human error and status changes. Human error can be a rather large obstacle. Typos and misspellings are common, as are short cuts, unofficial abbreviations and slang. Also, title and settlement agents, like many businesses, often have similar names. It is easy to get them confused. But if each agent has a unique ALTA ID number, these dilemmas won’t turn into chaos. For example:

Agent’s Name	ALTA ID
Absolute Title & Escrow, LLC	1021429
Absolute Title of Central Florida	1155387
Abstract Title Services, LLC	1058562

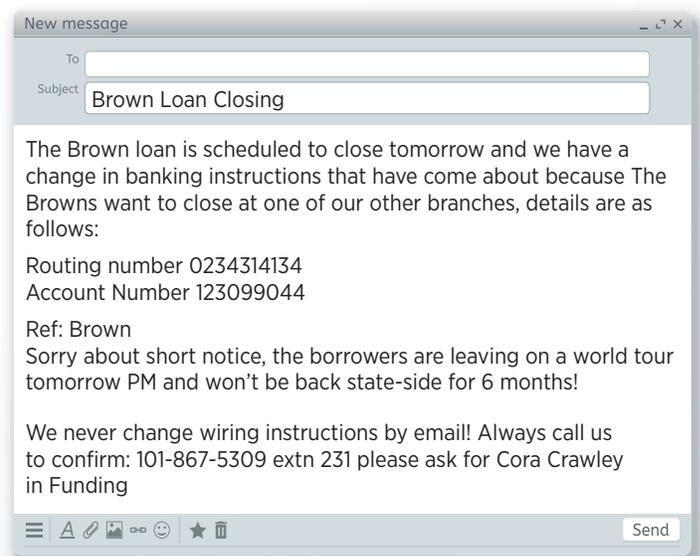
It can take many hours of online searches, phone calls and emails to verify an entity’s identity and role in the transaction. (Did you want Absolute Title? Maybe—but which one? Or Abstract Title? Perhaps—that sounds similar, too!) But with the ALTA Registry and ALTA ID, the human-error headache is a thing of the past!

Sometimes an issue might not even seem like a complication until it’s too late. For example, the ALTA Registry provides lenders the ability to track agent status changes between an origination and closing. If the selected agent has relocated or gone out of business, loan packages may not be mailed to the appropriate address, and any orders in which the agent is involved could be put on hold or cancelled. The ALTA Registry also helps reduce fraud and pinpoints instances

in which an agent continues to issue policies after their relationship with an underwriter has ended.

Wire Fraud Countermeasure

A hot problem seen in the news lately are wire fraud scams. Whether scammers try to hook their prey by phone call or email, they always seem very convincing. For example, what would happen if a loan processor received an urgent email asking to change funding details on the day of closing? The request appears to be from the title or settlement agent closing the loan. The email looks legitimate: The logo, the agent’s name and contact details, the loan number and the borrower name are all correct. Even a phone number is provided to confirm the last-minute change. However, the email is actually a scam! Even though every other detail looks correct, the phone number routes to the scammer.



By using the ALTA Registry—a single source of truth—a lender simply could look up the agent’s actual underwriter-confirmed contact details. Comparing the phone number in the email with the contact details listed in the ALTA Registry immediately would set off a red flag that something was wrong. In this scenario, the scammer could not have broken through the lender’s line of defense.

Cut Downtime and Get Back on Track

The ALTA Registry improves the accuracy and efficiency of the mortgage process. Time is valuable. If a lender wants to verify company information at the last minute before a closing, the process can be stalled for days. However, having an accurate ALTA Registry database right at your fingertips cuts that downtime considerably and keeps the lending process on track. When complications do occur, the ALTA

Registry allows issues to be resolved and agents to be validated earlier in the transaction, while the loan is being processed instead of right before closing.

Additionally, ensuring consistency from one database to another is a huge problem. A title agent may provide one version of its name to an underwriter; however, the same agent may be entered differently with another underwriter. Factor in any information stored by lenders, and one title agent's information may be entered several different ways in various databases. And that doesn't even cover poor data input, which can include typos or unofficial abbreviations. For example:

	Actual company legal entity name	Underwriter's agency agreement	Title agent's nickname	Lender's pipeline	Lender's vendor database
Manual Data Input	Brad Stock's Title Insurance Company Incorporated	Brad Stocks Title Insurance Company Incorporated	Bradstocks Title	Bradstocks' Title Company	Bradstocks Title Co, Inc
ALTA ID	2345698	2345698	2345698	2345698	2345698

The ALTA ID is the one constant among all these types of companies, standards, regulations and processes. It is the “missing link” to accurately identifying title and settlement agents and real estate attorneys. Documenting a company by name only is fraught with risks, as discussed previously. These risks lead to errors and confusion, which, at best, lead to mistakes, and, at worst, fraud. When nothing is straightforward, the ALTA ID and ALTA Registry bring order to the chaos.

Third-party Oversight

The Office of the Comptroller of the Currency (OCC) requires banks to practice effective risk management regardless of whether the bank performs the activity internally or through a third party. According to the OCC (<https://www.occ.gov/news-issuances/bulletins/2013/bulletin-2013-29.html>), banks are expected to practice effective risk management regardless of whether the bank performs the activity internally or through a third party.

The ALTA Registry serves as a critical compliance tool as third-party vendor management has evolved. Having access to a confirmed source of information about your settlement providers makes it easier to conduct your due diligence and ongoing monitoring.

In 2012, the Consumer Financial Protection Bureau issued a bulletin (https://files.consumerfinance.gov/f/201204_cfpb_bulletin_service-providers.pdf) reminding banks about their responsibility to perform regular due diligence of third-party vendors, including the title and settlement agents utilized to close transactions. With increased regulatory oversight, higher costs and increased focus on overall quality—including the quality of vendors' policies and procedures—vendor management has become one of the most critical parts of the compliance enterprise.

The ALTA Registry serves as a critical compliance tool as third-party vendor management responsibilities have evolved. Having access to one source of information about your settlement providers makes it easier to conduct your due diligence and ongoing monitoring.

WHY WAIT? SUBSCRIBE TODAY

The ALTA Registry bolsters lenders' third-party oversight and monitoring processes. It can help create bigger, stronger defenses and support regulatory compliance obligations. Because there has been no unique ID number used across the industry to help match provider records in different databases, communication often has been difficult and costly for the title industry and its customers. This is especially important with new regulations driving vendor oversight requirements and the need for collaboration. Choosing to join the Registry can help lenders speed up the mortgage-lending process, decrease risks and become more efficient. Check out www.alta.org/registry or contact ALTA Registry staff at altaregistry@alta.org or 855-618-2582 to start your subscription today.