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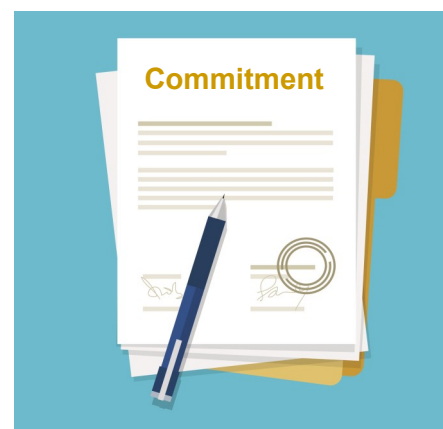


New ALTA Commitment and ALTA Closing Protection Letter

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Effective April 3, 2017, Investors Title will begin using the ALTA Commitment for Title Insurance (08-01-2016) and the ALTA Closing Protection Letter – Single Transaction (12-01-2015) in North Carolina.

The new form of Commitment will now include Transaction Identification Data at the top of Schedule A. This information will enable a lender to more easily identify the issuing office and tie the commitment to the specific transaction to be insured. In addition, the language of the Commitment jacket has been rewritten in an effort to clarify existing provisions and to add a few new provisions. One important change is the inclusion of a provision to clarify that if the coverage amount or proposed insured is shown as “to be determined” the commitment does not become effective until the specific insured and/or coverage amount are input.



The ALTA Closing Protection Letter-Single Transaction (12-01-2015) was created and released by ALTA as a result of the implementation of the TILA-RESPA Integrated Disclosure Rule. ALTA noted at the time, “With the implementation of the new Closing Disclosure under the TILA-RESPA Integrated Disclosure Rule, it is necessary to revise [that letter] to conform to changes in the law and to modify existing language in the closing protection letters for consistency and clarity.”

(Continued on page 2)

New ALTA Commitment... cont. from page 1



In North Carolina, the major change implemented by the new ALTA Closing Protection Letter is the shortening of the time period in which a claim can be

made under the letter from three years from the date of closing to one year from the transmittal of the funds.

~

Ryan Wainio is a title attorney for Investors Title providing underwriting support to North Carolina approved attorneys. Prior to joining Investors Title in 2003, he was a transactional attorney with a focus on real estate, business and health care law for Adams, Porter & Radigan, Ltd., in McLean, Virginia.

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Cyber Fraud Prevention —Wiring Tips

Jon Biggs, Esq.—VP, Director of Risk Management & Education
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Sending a Wire

In the age of technology, everyone wants instant gratification. Receipt of proceeds isn't any different – "Send it to me now!" Did you know, once a wire is sent, it can easily be withdrawn from the recipient bank account and sent out of the country? Once it is out of the Federal Reserve System, there is no way to recall or retrieve the wire. Are you sure the client does not want a check? If a wire is required, below is a list of steps one should take to prevent wire fraud.

Proper Identification: Before receiving wiring instructions, contact the sender through an independently verified phone number to identify the recipient and the recipient's contact information. Record the following:

1. Name of person you talked to
2. Time of call or inquiry
3. Recipient's information they provided

If the sender calls you first, you should still call the sender at the previously identified number to confirm that the person who called you was the person he or she claimed to be and that wire instructions received are correct.

Verbal Confirmation: Upon the receipt of wiring instructions, before wiring funds, call the recipient to verify wiring instructions. Keep a record of the:

1. Person you called
2. Number called
3. Time called



Delivery Verification: After wiring the funds, call the recipient to confirm receipt of the wire in their account. Keep a record of the:

1. Person called
2. Number called
3. Time called

Receiving a Wire

You should never send wiring instructions by unencrypted email. Use encrypted email (entire email encrypted, not just attachments), landline fax machine, postal service (USPS), overnight delivery service, or hand delivery.

Proper Identification: Before sending wire instructions, confirm with the person who will be sending funds the identity of the person or institution which will actually be wiring the funds. Get a contact number for the person or institution that will be wiring funds upon receipt of instructions.

1. Only forward wire instructions to your client or person designated by your client that will actually be wiring the funds to your account.
2. DO NOT relay wire instructions through third parties (e.g., real estate agent) that may forward unencrypted instructions.

Verbal Confirmation: Instruct the verified sender to call your office and confirm receipt of the wire. This way you will know when the wire was sent, and they will know it was received. If there is a problem, you will find out sooner rather than later.

Delivery Verification: Once wire instructions are sent, call the recipient and verify intact receipt of instructions sent. Keep a record of:

1. Person called
2. Number called
3. Time called

(Continued on page 4)

Cyber Fraud Prevention... cont. from page 3

Wire Instructions Myths:

“I received wiring instructions through an encrypted email from a name I recognize so I am good to go.” MYTH! Wiring instructions sent through encrypted emails does not mean they are legitimate. Cyber criminals can send them through encrypted email using a similar domain or spoofed address. Always verify the contact and source, paying attention to the domain name after the ‘@’ symbol – gmail.com instead of gmail.com makes all the difference.

“These wiring instructions were sent by fax from a number I recognize... these are ok to use.” MYTH! Wiring instructions sent through a facsimile communication can be an attempt at fraud. Cyber criminals have the ability to alter the sender line in a fax, making it appear as if it came from your client. Always verify the contact and source.

“I only confirm wiring instructions when changes are submitted.” MYTH! You need to confirm wiring instructions every time, not just when they are changed.

“Red Flags”

“Red Flags” are not absolute rules but rather an indication that there may be something out of order with the wiring instructions. There may be reasons for the “Red Flag” that, upon proper investigation, are legitimate; however, you should look out for the following and investigate each instance of a “Red Flag,” when it is discovered. The list below is not comprehensive, but it does include some of the more prevalent “Red Flags.”



1. Wires to be sent outside of the United States. language (not an absolute, but worth checking out).
2. Changes in wiring instructions: Very few individuals or corporations change their bank accounts in the middle of a transaction. Be very suspicious of changes in wiring instructions.
3. Similar but slightly different email addresses: Many cyber criminals will attempt to defraud you by communicating with a very similar but slightly different email address.
4. Wire to a different geographic location than recipient's.
5. Wire to account which is not in the name of the recipient.
6. Individual wire sent to corporate account or vice versa.
7. Broken English: Many cyber criminals are outside of the United States, and English may not be their first
8. Unnecessary speed requirements or demands: Everyone understands the desire to receive their money from a third party, but extraordinary pressure for the speed of the wire is generally a sign that they do not want you to investigate this “Red Flag.”

In the age of technology, it is critical to have a cyber and wire fraud prevention plan. Also, and equally important, ensure everyone is trained and follows the plan so your clients, your employees, and your company or firm are not compromised.

Visit <https://www.invtitle.com/wire> to view or download Investors Title's W.I.R.E Brochure and W.I.R.E. Checklist.

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The *iTracs*[®] Advantage

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CLAIMS CORNER

Neighbor Disputes

Kellie Army, Esq.—Claims Counsel

I grew up in a great neighborhood. The adults were all roughly the same age and had children that were about the same age. We ran around in packs and played kickball in the street until it was time for dinner. Our neighbors barely noticed when we raced through their houses, even if their own children were not with us at the time. Sometimes, they even gave us cookies.

Unfortunately, not everyone has the positive experience with neighbors that I had. I bring you bad neighbors (as always, actual claims with actual people, but all names have been changed):

A young woman, Carrie, buys her first house. The houses in the neighborhood are close together and her driveway is right next to her neighbor's house. When she parks in her driveway, her neighbor yells at her from his front porch to get off his property. After Carrie gets a survey which shows that the driveway is in fact on her property, her neighbor puts a stake in the middle of the driveway and tells her he would rather leave the driveway empty than allow her to park there. Carrie files a claim because she would like to use her driveway. Unfortunately, her claim is not covered because she did not get a survey and the policy contains a survey exception.

Another woman, Rebecca, buys a small house close to the shore. She loves the smell of the ocean and wants a quiet place to relax and get away from

the hectic pace of everyday life. She has access to her property via an easement over a private road. The owner of the burdened property hates seeing her drive by, so he parks his truck across the private road and makes her get out of her car and ask him to move the truck every time she needs to go by. And every time she asks her neighbor to move the truck, his wife screams obscenities at Rebecca from inside the house. Rebecca, of course, still has legal access to her property, despite her neighbor's trespass. There are no remedies through title insurance for this type of scenario.

Alice and Isabelle have lived side by side for years. One day, completely by accident, Alice rear ends Isabelle. Nobody is injured, but Isabelle is infuriated and vows to get even with Alice. Isabelle does some digging (among documents, not actual dirt) and finds that there is a deed overlap. Isabelle makes a claim to ownership of a part of Alice's property. Alice did not get a survey, so she does not have coverage for the deed overlap issue.

Greg buys a piece of property. When he moves in, he becomes convinced that his neighbor's shed is on his property. Instead of talking to his neighbor, Greg complains to the town that his neighbor is violating various town ordinances. Greg's neighbor hears of this, of course, and brings over a survey that shows that not only is the shed properly on the



neighbor's property, but Greg's neighbor owns some of the land that Greg thought was his. Greg had dreamed of putting a koi pond on that part of the property, but his dream is over and the neighbor is building a fence. Unfortunately, Greg has a survey exception and no coverage for boundary line disputes.

As you may have noticed, the moral of the story is that, when dealing with neighbor disputes and potential survey issues, there is no substitute for having obtained a current survey and survey coverage for the owner of the insured property. Even with a current survey, the commitment and policy jackets must be carefully reviewed to gain complete understanding of what may or may not be covered by the title insurance policy. Not all of the above scenarios may have been covered, but, with the existence of a survey, the owners may have gained understanding of and had the opportunity to resolve potential issues before they escalated into disputes.

Lastly, I was reminded of a fundamental notion while watching a movie recently with my two-year-old: "be kind and have courage." A little cheesy? Maybe. But I also think is pretty good advice – if neighbors tried to be a little kinder to one another, they may get more cookies than property disputes.

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With over 90 years of commercial real estate and underwriting experience, Investors Title's Commercial Services team is dedicated to being accessible and committed to delivering personalized and accurate service.

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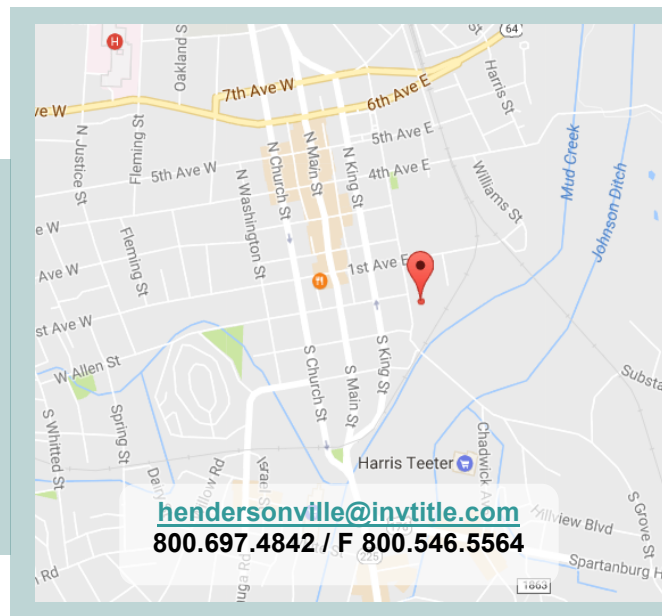


Investors Title Branch Profile

Get to Know Your Local Office



Janine Splawn and Pamela Cagle



The Hendersonville Branch opened in July, 1989, and its current team members are Janine Splawn, office manager, and Pamela Cagle, underwriter. Judy Medford is the marketing manager.

Brown v. Brown

The North Carolina Supreme Court has “long held that a party cannot swap horses to get a better mount on appeal.” The North Carolina Court of Appeals made that observation in a case that developed after Ronald Brown died in April 2012. Nearly 16 years before his death, Brown transferred \$25,000 from a certificate of deposit to an account at BB&T bank, where his stepdaughter Cheryl worked. The transfer was made, according to the Court, “to earn more interest and help improve [Cheryl’s] job status.” Even though Brown apparently believed the new account would be opened in his name alone, the \$25,000 check was payable to Cheryl, and she deposited the proceeds into her own account. Four years later—in 2000—Cheryl changed the individual account to a joint account with rights of survivorship, allegedly by forging Brown’s name. Brown eventually discovered that his initial investment had declined in value, and he contacted the bank to close the account, but the bank refused, primarily because Cheryl would need to agree to the closure, an action she refused to approve. Four months after Brown’s death—in August 2012—his ex-wife Violet filed suit

against BB&T and Cheryl, her daughter. The complaint asserted various claims. The action was voluntarily dismissed in February 2013, but she filed another action in February 2014, which the defendants moved to dismiss for lack of subject matter jurisdiction—Violet was not appointed as an ancillary administrator until August 2014. In December 2014, the trial court dismissed the action. The Court of Appeals affirmed on several grounds: Violet’s lack of standing, Brown’s discovery of the misappropriation well before his death, and the failure to argue that the wrongdoing was a “continuing wrong” when the case was before the trial court. In fact, because Violet had not argued at trial that Cheryl’s conduct was a “continuing wrong,” that argument was “not properly before this Court...[because we] have long held a party cannot swap horses to get a better mount on appeal.”--***Brown v. Brown, No. COA15-726 N.C. Ct. App. 8/2/16***

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