

Dear Stewart Partners,

It was wonderful to see many of you at the REBA conference this past Monday. It's always nice to connect in person. We hope you enjoyed the sessions.

This Mid-Week Update will be the last Mid-Week Update before the long Thanksgiving Weekend as we won't be sending one out on the Wednesday before Thanksgiving, but rest assured, the Mid-Week will be back on November 30.

In this week's update we are including information about Freddie Mac's requirements for the usage of the 2021 title insurance policy forms, as there has been a change which now aligns the mandated usage date with Fannie Mae.

In addition, we are including an article highlighting why first-time homebuyers are more susceptible to wire fraud. Unfortunately, wire fraud remains one of the largest risks for real estate attorneys. If you believe that it is possible to successfully insulate yourself from an attack, that belief is simply wrong. There is no protective barrier that can be implemented to stop a fraudster from trying to divert funds and the safest practice is to assume every transaction in your office is being actively targeted. As we are heading into Thanksgiving weekend, transactions closing next week are prime targets for wire diversion fraud as the four-day weekend can delay the discovery of the fraud and limit the opportunities to successfully have funds returned. The only way to avoid a wire fraud incident is **to identify the fraudulent request to wire funds**. We are including tips to avoid becoming a victim of wire fraud below.

Stewart also has several marketing pieces available to our agents that can be shared with real estate agents and your buyer and seller clients. Please reach out to your account service representative for these free materials that can all be branded with your office information. Awareness among all the parties in your transaction about the risk of wire fraud is one of the key ways you can prevent your clients from becoming victims



### **Federal Home Loan Mortgage Corporation (Freddie Mac) Extends Deadline for Use of New Title Insurance Policy Forms**

As all of you know, new title insurance policy forms are available for issuance to both buyers and lenders. These forms are commonly referred to as the "2021 Forms." Previously, we alerted you that Freddie Mac would require the new 2021 Forms to be used beginning January 1, 2023. This requirement was different from the Federal National Mortgage Association's (Fannie Mae) requirement which mandated that 2021 forms be used beginning January 1, 2024. Freddie Mac recently announced it has extended the mandated usage date to **January 1, 2024**. This change will align Fannie Mae and Freddie Mac, and now both entities will require the new loan policy forms be used for loans closing on or after January 1, 2024.

Please note, however, both Fannie Mae and Freddie Mac allow the use of the 2021 new forms prior to this date and both Fannie Mae and Freddie Mac have stated that loans insured with either the 2006 or the 2021 policy forms until January 1, 2024 will be in compliance with their Selling Guides.



## **First Time Homebuyers May be at an Increased Risk for Wire Fraud**

A recent article published by the National Association of Realtors in the online Realtor Magazine highlights the risks of wire fraud for first-time homebuyers. This article caught our eye, as we've been reading news articles citing that first-time homebuyers are back to pre-pandemic levels. To read the article, follow this link: <https://www.nar.realtor/magazine/real-estate-news/technology/first-time-homebuyers-wire-fraud>

If you are looking for informative pieces about wire fraud that you can share with your buyers, sellers and real estate agents with whom you work, contact your Stewart account representative. Stewart has designed informative pieces which can be personalized with your firm's logo and contact information. These pieces are available at no charge to you and are a great way to reinforce the conversations you already have warning about the risk of wire fraud.



## **Wire Fraud Awareness and Prevention Tips**

1. **Be Vigilant!** Communicate with all the parties in your transaction that wire fraud is a real risk and anyone who is wiring money should verify instructions to wire funds. Buyers and sellers in a transaction may not know that the simple fact of being a party to a real estate transaction makes them a target. Wiring any money without confirming via a phone call at a known number is dangerous. As a reminder, a "known number" is NOT the number received via text or email with the wiring instructions.
2. **A Change in Wire Instructions is a Red Flag.** Any change that you or your clients receive to change the original wiring instructions is a significant red flag and is likely fraudulent.
3. **Make sure you or your office are reachable by phone.** It is important that you and your office can be reached during business hours to confirm instructions and to be alerted if there is a potential wire fraud. Given the prevalence of remote-working, many calls to the front desk or main office line end up in voicemail, with messages to be retrieved at a later date. Consider forwarding the main number to a staff member so that wires can be quickly confirmed, receipt of funds can be verified, and in the unfortunate event of an attempted wire misdirection that you can be reached and have the ability to respond quickly.
4. **Slow down and make sure that protocols are followed.** Cutting corners and skipping a verification process is what the fraudster is counting on. Make sure that everyone in your office knows your process and procedures for sending and receiving wires and what to do in the event a wire fraud. This knowledge will minimize your risk.
5. **Ask for Disbursement Confirmation.** When representing sellers who are expecting proceeds, arrange with the closing counsel that you are immediately notified when the wire is sent and request the wire confirmation. Communicate these instructions by phone or in writing when you deliver the closing documents.
6. **Examine Email Addresses.** Look closely at email addresses, particularly messages that deal with money and funds. Don't assume the message is being sent by the sender, it could be a fraudster posing as the sender. Do assume that the bad guys are looking at your emails.



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