



Title Insurance National Information Exchange, LLC

1724 SHERMAN AVENUE
EVANSTON, ILLINOIS 60201
TELEPHONE 847-492-9800
FAX 847-492-9801
WWW.TINIX.ORG
MAIL@TINIX.ORG

**AN END TO MORTGAGE
FRAUD LOSSES IS AS CLOSE
AS YOUR OWN FILES**



An end to mortgage fraud losses is as close as your own files. Mortgage fraud is growing exponentially. In 2001, 2002, and 2003 suspicious activity reports to the FBI showed losses in the 200 million dollar range. But in 2004 losses more than doubled, to 429 million. **In 2005 that figure topped one billion dollars.**

And reported losses might be only one-third the actual losses. While the term mortgage fraud suggests it is the lending industry that suffers the losses, in reality much of this fraud is committed by exploiting defects in land titles. Indeed a more accurate term would be **title fraud**, not mortgage fraud.

Title fraud, like any fraud, is dependent on the perpetrator exploiting a gap in the victim's knowledge. This is nothing new. The "gap" has been an established and accepted risk in title insurance for decades.

But lately the gap has been growing. Unscrupulous individuals are able to steal money, tens of thousands, and even hundreds of thousands of dollars at a time, by exploiting the title industry's Achilles' heel. Real estate deals are closed based on information that is weeks and sometimes months old. A county in Virginia recently reported a six-week lag in indexing documents, and their report was confirmed by an overflowing wire basket nearby. That is six weeks during which a dishonest property owner can take out a home equity line that the title company will not know to pay off, six weeks during which the house can be sold to two different buyers, six weeks to organize a fraudulent flip.

There is one easy way to stop title fraud: close every deal in a deed and money escrow. Six weeks after the closing the seller can get his money, and close on his purchase, and he can take possession six weeks after that. But such an approach will not work in today's fast paced society where moving trucks are underway while people attend their closings.

Fortunately, there is an alternative. Title fraud, like any fraud, is dependent on the perpetrator exploiting a gap in the victim's knowledge. Bring the pertinent information to the victim's knowledge, and the fraud is foiled.

The information to do this has been in the title industry's possession all along. The trick is to turn that information into knowledge. That is the job of the Title Insurance National Information Exchange: **TINIX.org**.

There are many mortgage fraud prevention programs out there, all targeting the lending industry. Yet many of these losses fall on the title insurance industry. Fortunately, it is on the title insurance level where many of these losses can be stopped.

What do many of these schemes rely upon? Pursuing multiple transactions simultaneously. Getting a new mortgage while a sale is pending. Selling to two different people. Buying the property at one price while simultaneously selling it at an inflated price to a co-conspirator with a mortgage based on an inflated appraisal.

What do multiple transactions have in common? Multiple title orders. Identify multiple title orders on the same property, and these frauds can be stopped.

How many times has your title company paid out a claim where a mortgage was placed on a property soon before a sale, but it did not show up in the title report? If only the title agent had known the competing agent down the street had closed a mortgage just the week before, your loss could have been prevented.

That is what TINIX does. It tracks pending title orders, identifies multiple orders on a single property, and it notifies the affected settlement agents and underwriters.

TINIX takes the information sitting in title agent files, and uses it to identify fraudulent transactions before they close, before the loss occurs. TINIX turns information into knowledge.

When a settlement agent receives a title order, the agent registers that order on the TINIX.org website, providing information such as address, legal description, and tax number.

Each time a title order is entered, the TINIX computers search the database to see if there is another title order pending or recently closed on the same property. If so, TINIX sends an email to the settlement agents involved in the transactions as well as the title underwriter. The email includes contact information. It is then up to the settlement agents to check with each other and determine if a fraud is afoot.

To help prevent insider frauds, each settlement agent has a secondary fraud contact who will also be notified, as will the underwriter. TINIX sends reminder emails until the settlement agent advises TINIX as to their findings.

Imagine trying to pull off a mortgage fraud involving multiple transactions where the settlement agents are warned in advance. TINIX turns the transactional framework for these frauds against the perpetrators. The title industry, rather than being an unwitting facilitator, becomes a bulwark against fraud.

The TINIX program was conceived by experts in title insurance who have been on the front lines of title insurance fraud. It has been implemented by the same database engineers who created the web sites for the **National Association of Realtors®**, the **Cook County Assessor**, and the **Chicago Association of Realtors®** including the **Datalynx** program.

TINIX charges a \$30 fee for each registration, less than the cost to record a deed in some places. This fee can be passed through to the borrower, so TINIX is not a financial burden on the title industry. By contrast, the title industry recently sought (unsuccessfully) a \$150 increase in title insurance premiums in Michigan to offset fraud losses. \$30 of prevention is much better than \$150 of cure.

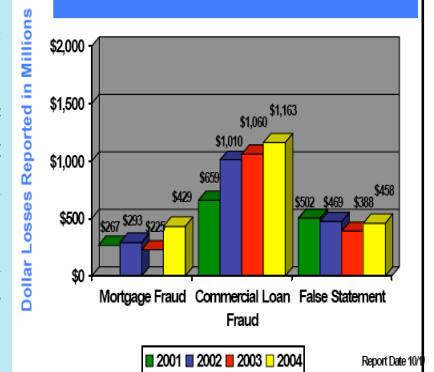
TINIX saves the title industry from millions of dollars in losses. And TINIX saves innocent purchasers from the expense and stress of buying a home and finding themselves in foreclosure a few weeks later because an undisclosed lender was not paid at closing. TINIX takes the information in the title industry's files, and turns it into the knowledge needed to combat fraud.

One billion dollars in losses. That is almost **four million dollars every business day**. With every passing day, those losses mount. At TINIX, we are on a mission to stop mortgage fraud. So contact TINIX today and join in the fight. At \$4 million a day in losses, every day is costing your company real money.

Visit www.TINIX.org or call Michael Poulos or Julie Campbell, 847-492-9800.

MORTGAGE FRAUD LOSSES ARE ALMOST \$4 MILLION EVERY BUSINESS DAY

DOLLAR LOSSES REPORTED OF MORTGAGE RELATED FRAUD SANS



Source: FBI Financial Crimes Report to the Public, May 2005

TINIX IS READY TO END THE TITLE INDUSTRY'S SHARE OF THOSE LOSSES... STARTING TODAY

**KNOWLEDGE IS POWER,
TINIX IS KNOWLEDGE.**

**LET TINIX SHARE THE
KNOWLEDGE AND GIVE
YOU POWER OVER
MORTGAGE FRAUD.**

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Patent Pending