



Equity Financial Services Existing Homeowner Title Insurance Policy with Identity Theft Coverage Frequently Asked Questions (FAQs)

A. About Title Insurance and Real Estate Fraud

1. What does title mean?

When a consumer purchases a home, they are not just buying the structure; they are obtaining the title or ownership rights to the property. When completing the purchase transaction, the purchaser's lawyer registers documents with the appropriate land titles/registry office identifying the purchaser as the owner.

2. What is title insurance?

Title insurance is unlike any other kind of insurance. It is not home insurance, which protects the contents of the house or the structure, it is an insured statement of the condition to the title of the property at the time the policy is issued. Title insurance protects new and existing homeowners, commercial property owners and lenders against losses as a result of title defects and claims against a property not uncovered in a title search. Title insurance provides protection against issues like survey defects, unpaid liens, encroachment issues, construction liens, defects in title, costs arising from building code violations, as well as real estate title fraud. It protects the insured from problems that could affect the future ownership and covers the legal costs incurred in defending the title.

3. What is real estate title fraud?

Real estate title fraud, a problem that is widespread across Canada, has recently gained increased public and media attention. Some of the most common cases of title fraud include instances where:

- Someone refinances the property by forging the homeowner's signature and using fake identification, running away with the funds and leaving the homeowner to pay the costs of defending their title; or
- Someone transfers title out of the homeowner's name and then mortgages the property without the homeowner's knowledge, leaving the homeowner with the responsibility of having to repay the mortgage and reclaim their ownership.

Homeowners are increasingly aware of the dangers associated with credit card fraud. In fact, the RCMP estimates the average credit card fraud case in Canada at around \$1,200. Yet, many people remain unaware of the possibility of being the target of real estate title fraud against the single largest investment they'll ever make – their home. First Canadian Title estimates the average case of real estate title fraud to be about \$300,000. Homeowners without title protection must navigate the system unaided at a time when they are most vulnerable. Title insurance can help alleviate the stress and financial burden.



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4. How can it happen?

Impersonation

This type of fraud often occurs when an individual applies directly to a lender, or through a mortgage broker, for a loan secured by real property. For example, an individual's spouse is unaware that they have applied for a mortgage, as the spouse has another person impersonate the unsuspecting spouse to sign the documentation. The innocent spouse is unaware there is a mortgage on the property until the property is either sold or it goes into default.

Identity Theft

Although much more sophisticated, this type of fraud is on the rise. In the cases of identity theft, the fraudster targets an individual - usually of high net worth - who owns real property of significant value, either free and clear of mortgages or with minimal secured debt. Once the fraudster determines the individual whose identity he or she will assume, the fraudster uses that identity (which purposefully matches that of a lender's ideal client) to apply for a mortgage. Using the victim's credit worthiness and land security to make the transaction enticing to the lender or broker, the fraudster receives the loan approval easily.

5. What can a homeowner do to protect themselves against real estate title fraud?

If real estate title fraud occurs, the onus is on the homeowner to prove the crime and it can be very costly - financially and emotionally - to restore title. Despite a booming real estate market that is pushing housing prices to all-time highs in many communities across the country, a survey commissioned by First Canadian Title in 2005 suggests that one in three Canadian homeowners has no knowledge of one of the most important ways to protect their biggest investment - title insurance.

6. What is a title insurance policy for existing homeowners?

For a one-time premium a title insurance policy for existing homeowners provides a title insurance policy for the registered owner who did not buy title insurance at the time the property was purchased. A title insurance policy for existing homeowners typically provides protection for fraud and other title and survey related issues.

B. About Identity Theft

7. What is identity theft?

Identity theft refers to the unauthorized collection and use of an individual's personal identification such as a credit card, driver's license, social insurance number or other personal identification numbers to commit fraud or other criminal activity.

8. What can fraudsters do with the stolen personal information?

Fraudsters can use the personal information to:

- Make purchases or steal money
- Open credit card and bank accounts
- Take out loans
- Redirect mail
- Secure employment
- Ruin an individual's credit history.

9. What can happen to victims of identity theft?

A victim can incur considerable expenses and spend significant time and effort to prove their good name and to rectify their damaged credit rating. A victim may also be harassed by creditors or may even be arrested for crimes committed by others.

10. Do credit card companies offer any coverage?

A credit card company typically offers some protection against identity theft but it is usually only for fraudulent charges made against the credit card. However, not all identity theft involves credit cards. Fraudsters can use any personal identification to pose as the individual – including an ATM card, SIN card or driver's license. Any expenses incurred to resolve identity theft issues are not reimbursed by the credit card company.

11. What types of expenses are covered by Identity Theft Policies?

Typically, coverage is available for the following expenses:

- Defense for lawsuits brought against the victim by collection agencies
- Removal of criminal or civil judgments wrongly entered against the victim
- Challenging information in a credit report
- Reapplying for loans denied because the victim's credit has been damaged by an identity theft
- Long distance telephone charges to rectify the identity theft
- Costs to notarize or certify documents to rectify the identity theft
- Lost wages for time taken off work to deal with recovering the victim's stolen identity

C. Ordering an Existing Homeowner Title Insurance Policy with Identity Theft Coverage

12. How does a Member obtain an Existing Homeowner Title Insurance Policy (EHOP) with Identity Theft coverage?

Online

1. The Member can log into www.equityfs.ca and navigate to the section on title insurance where the EHOP order form has been posted.
2. The Member completes the form online and can email it directly to First Canadian Title or they can print the form and fax it to First Canadian Title. To assist the Member with completing their form, they can use the sample EHOP form posted online as a guide.

From the Branch

1. Upon request from the Member, the Member is provided with the EHOP order form and completes it. To assist the Member with completing their form, please use the sample EHOP form as a guide.
2. Members can fax in the form or they can mail it to First Canadian Title using the pre-addressed envelopes.

13. What information is required to place an order?

The following information is required to place an order:

1. Estimated purchase price or assessed value of the property. The Member can use:
 - a current market value;
 - a recent MPAC assessment;
 - a value noted on their tax bill; or
 - a recent real estate appraisal or an estimate by the homeowner.
2. The estimated date the Member purchased the property. An exact date can be located on the Deed/Transfer of Land, however, an exact date is not necessary.
3. Municipal address with a postal code.
4. Registered owner's names and their contact phone number(s).
5. Property type (residential single family, condo, multi-unit).
6. Is the property on municipal water and sewer or private septic system and well?
7. Is the property on a waterfront?



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For specific information on First Canadian Title's Existing Homeowners Title Insurance Policy with Identity Theft Coverage, please contact First Canadian Title directly.

First Canadian Title's Contact Information	
Phone Number	1.877.888.1153
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