



FOR IMMEDIATE RELEASE

First Canadian Title Identifies Profile of Real Estate Transactions Where Fraud Is More Likely To Take Place

Fraud Claims Made To Leading Title Insurer On The Rise

Oakville, Ontario, February 2, 2004 – With housing starts at their highest levels in 15 years and a real estate market that continues to thrive, perhaps it is inevitable that title fraud [fraud relating to real estate ownership] also is on the rise. Last month alone, the value of fraud claims made to First Canadian Title, Canada's title insurance pioneer, was 28 per cent of the value of all fraud claims made since the Company's inception in 1991. In an effort to combat this fraud, First Canadian Title has identified a profile of real estate transactions where fraud is more likely to take place.

"As Canada's leading provider of title insurance, First Canadian Title is in a unique position to monitor the incidence of fraud in the marketplace through the claims for fraud coverage that we receive," said Patrick Chetcuti, Chief Operating Officer, First Canadian Title. "Our recent trends analysis identified an alarming increase in real estate fraud, as well as a certain type of real estate transaction where fraud more commonly occurs. The identification of this profile will provide additional protection for consumers who purchase a title insurance policy from First Canadian Title."

Title insurance from First Canadian Title provides coverage for loss or damage resulting from fraud and forgery pertaining to the insured's right of ownership in real estate. The company has changed its application process to identify transactions where fraud is more likely to take place. These transactions have the following characteristics:

- § a new mortgage that is being used neither to purchase a property nor to replace or pay out an existing first mortgage
- § a transaction where the client is not known to the lender or the lawyer
- § a transaction where the proceeds are being paid out to a third party — not the owner of the property

The analysis identified that fraud artists commonly use one of two approaches: either they fraudulently discharge the existing mortgage some time prior to obtaining a new mortgage, so title is clear when they apply for financing; or they search for properties with no mortgage and then "borrow" the identity of the owner for the purpose of placing new financing on the property. The end result is the same – with both types of fraud, a fraudulent first mortgage is placed on the title to a property and the proceeds are directed to third parties and not used to pay out existing financing.

"The real estate business has changed rapidly over the past few years, moving from a process commonly carried out at the local community level, where lawyers and lenders have face-to-face meetings with regular clients, to one with electronic application and registration, where consumers are often unknown to the real estate professionals," said Mr. Chetcuti. "And fraud is on the rise. Last month alone, the dollar value of fraud claims made to First Canadian Title was 28 per cent of all fraud claims made since we began operation in 1991. As we prepare to issue our 2 millionth title

insurance policy, we believe it is our responsibility to watch for trends and respond with services and processes that better protect Canadians.”

Since 1991, when it pioneered the concept of title insurance in Canada, First Canadian Title has been working with lawyers and lenders to protect residential and commercial property owners from loss or damage due to title and survey defects, by issuing title insurance policies and resolving related claims. The company also offers residential refinancing and purchase programs for lenders. Based in Oakville, Ontario, First Canadian Title employs more than 450 people from coast to coast. Its customers include more than 11,000 lawyers and notaries nationwide, every major Canadian chartered bank, other lending institutions, real estate agents, mortgage brokers and builders. First Canadian Title is the registered business name of First American Title Insurance Company's Canadian operations. All title insurance policies are underwritten and issued by First American Title Insurance Company. For more information about First Canadian Title, please visit www.firstcanadiantitle.com.

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