

More on the Equifax Data Breach and its Impact on Homeowners - Q and A

October 4, 2017 - This is a follow-up to the article posted last week on how Equifax' data breach impacts property owners. Since then, we've had the opportunity to speak with a number of industry professionals, including title officers. As a result of those conversations, we've put together a Q and A on the breach and how homeowners may be impacted.

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As previously noted, the Equifax data breach announced early last month impacts 143 million people. The data released includes everything needed to commit identity theft. Property owners are especially vulnerable in the wake of this breach. There is even the risk of losing property due to foreclosure or deed fraud.

According to news reports, Equifax knew about the data breach for six weeks prior to making the news public. This means that there has already been ample time for stolen data to start circulating via the dark web. The following Q and A is designed to address these risks and gives specific information on mitigating the threat.

While some of the information here was included in the last article, there have also been a number of updates since then and the Q and A format should allow you to move through the issues quickly.

Q. How does the Equifax breach impact property owners?

A. Property owners who had their information included in the breach are vulnerable in two ways. They can become victims of mortgage identity theft or victims of fraudulent conveyance of their property titles. Because mortgage data was included in the information released, it's a simple matter to identify victims who own properties with a lot of equity in them. Once a property is identified, criminals can then use the other information contained in the data breach to take out additional loans on the victims' property. This would constitute mortgage identity theft.

The data can also be used to identify properties for fraudulent title transfers. This is a relatively simple procedure. Once a property is identified, a notarized deed transferring ownership is delivered to the recorder's office in the county where the property is located. Once recorded, title on the property is transferred to a new owner. The Orange County Register published an informative story on this last month. You'll find a link to the story further down.

Anyone who has already paid off their mortgage is especially vulnerable to either of these scenarios.

If you become a victim of either scenario, correcting title problems they create may be a cumbersome and expensive process and your property could become uninsurable for title purposes prior to correction. This would also mean that you

wouldn't be able to sell your property until the title corrections are complete.

Q. Will I be notified by the county if title to my property is fraudulently transferred?

A. In most of the country the answer to this question is "no." If your property is located in California, the county recorder will mail notification but this has only limited usefulness. Notifications will be mailed to the physical address being transferred. If you don't live at that address, you will probably never receive it. And if the person who is attempting to transfer title has also filed a change of address form with the post office, you won't receive the notification either. LifeLock does have a service that will notify you if anyone attempts to file a change of address with the post office. There may be other companies that offer similar services so you may want to shop around if you decide to purchase this type of monitoring service.

Q. Can title to my property be transferred if I have a mortgage on it?

A. Yes, and to add insult to injury, you will still be responsible for paying off that mortgage. If you fail to make payments your credit will be ruined.

Q. Can I lose my home from either of these types of fraud?

A. Yes. Whether you are a victim of mortgage identity theft or title fraud, you can lose your home. The first notifications victims often receive are past-due notices for mortgages they never applied for or notices of foreclosure auctions on their property. If your deed has been fraudulently transferred and then sold, you may also receive an eviction notice from the new title-holder.

Q. Will freezing my credit file prevent either of these types of fraud?

A. Freezing your credit file may help to prevent mortgage identity theft by making it impossible for lenders to process a loan application in your name but it will not stop deed fraud. NOTE: Since the Equifax breach was announced, the credit reporting agencies appear to have made the links for freezing your credit difficult to find, so I'm providing them here:

Experian - <https://www.experian.com/ncaconline/freeze>

Equifax - <https://www.freeze.equifax.com>

TransUnion - <https://freeze.transunion.com>

If you are a California resident, freezing your credit file will cost you \$10 at each of the credit reporting agencies (it is free through Equifax if you act before November 30th). You will need to freeze your file at each of the agencies. It will also cost you \$10 every time you lift the freeze to apply for new credit. Exceptions apply if you are already an identity theft victim and can provide a copy of a police report.

Q. Can I freeze my title the same way that I can freeze my credit file?

A. No. There is no method currently available to freeze property titles.

Q. Is there a way to easily monitor title changes?

A. Yes. There is at least one company that provides a monthly service to accomplish this. It is called homeTITLELOCK (<http://www.hometitlelock.com>). I've spoken with an executive at the company and he told me that they notify clients within 24 hours of a title change. They will also work with you to notify law enforcement and lenders so that new loans are not issued on your property. They will not however pay to fix any title issues. You will have to hire an attorney to accomplish that.

I've also received information from LifeLock that they may offer a similar service in the near future. If that happens, I'll

post an update.

Q How do you protect yourself?

A. I can only tell you what my wife and I are doing in the wake of this breach.

We've frozen all of our credit files.

We've been members of LifeLock for several years now and plan to continue with that. While a credit freeze will prevent criminals from opening new lines of credit in your name, that only accounts for 4% of all identity theft. The vast majority of ID theft involves criminals using existing lines of credit without authorization.

Finally, we're going to sign up with homeTITLELOCK. NOTE: This is not an endorsement. I have no experience with the company and can't tell you how well their service works. At this point though, they appear to be the only game in town.

Q. Is there more information available on the dangers of title fraud due to the Equifax breach?

A. There has been surprisingly little written about this since the breach was announced. The Orange County Register is the only publication that I know of to print an article on the subject so far. <http://www.ocregister.com/2017/09/21/equifax-hackers-could-steal-your-home/>.

by Jim Malmberg

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