

TITLE FRAUD MAY DAMPEN RETIREMENT PLANS

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With RRSP season well underway, many of us turn our thoughts to our retirement plans.

A national poll released in early January found that for the first time since 1999, most Canadians point to retirement savings as their biggest financial priority. In fact, well over six million Canadians contribute to an RRSP and/or RPP every year - contributions that in total amount to nearly \$29 billion a year.

In addition, millions of us count our home as a core asset in our retirement portfolios. This has become even more prevalent as local real estate markets continue to push housing prices to unprecedented levels. Protecting this investment has never been more important for those of us who fit into this category. And while it's a no-brainer that insurance plays a crucial part in protecting homeowners against fire, extreme weather and theft, the Consumers Council of Canada says few Canadians are aware of other issues that can affect "good title" to their property, such as unpaid liens, past renovations completed without a permit that lead to code violations, and the fastest growing threat of all, **real estate title fraud**.

An example of a basic **real estate title fraud** scam is: a fraudster targets a house, forges a transfer deed, registers in his own name, forges a discharge of the existing mortgage and borrows against the clear title. And unlike credit card fraud, where banks allow victims to suspend payment until an investigation takes place, unless you have **title insurance**, there is no protection when a mortgage is fraudulently charged against a property.

"Canadians simply don't know that **real estate title fraud** is an issue, and that there is protection available," said Joan Huzar, President Consumers Council of Canada. "Purchasing a home is the largest investment many of us will ever make. Knowing whether you have title protection or not is an important piece of information everyone should have."

Title insurance is a simple, cost-effective way for homeowners to protect themselves against **real estate title fraud**, as well as unpaid liens, past renovations completed without a permit that lead to code violations and other issues. **Title insurance** protects consumers from the potential fallout if they fall victim to **real estate title fraud**, including the cost to defend their rights of ownership, the stress and uncertainty surrounding title-related fraud, and the possibility of losing their home altogether.

The largest title insurer in Canada, First Canadian Title, has seen fraud jump from six per cent of total dollars paid in fraud claims in 2000 to 33 per cent in 2005. It is an issue that law enforcement, legal, lender and insurance communities are working hard to address.

"Owning a home provides much needed financial security for many Canadians. Unfortunately, criminals have found a way to capitalize on the financial security of others through **real estate title fraud**," said Susan Leslie, vice-president Claims and Underwriting, First Canadian Title. "Falling prey to title fraudsters can be devastating to your finances and family."

According to the Quebec Association of Real Estate Agents and Brokers, **real estate title fraud** amounts to an estimated \$1.5 billion a year, and even though cities like Toronto, Edmonton and Vancouver are hotbeds for this criminal activity, all Canadian homeowners are at risk.

The Consumers Council of Canada strongly recommends Canadians educate themselves about the risks associated with many of these dangers and the important role **title insurance** can play as protection. An Environics survey conducted in 2005 showed 78 per cent of homeowners over the age of 60 who did not have **title insurance** on their homes had no understanding of what it is. Also, 42 per cent stated they either had no coverage or did not know if they were covered by **title insurance**.

Policyholders falling victim to title fraud can rely on their title insurer to defend their title, saving them substantial legal costs, time and the frustration involved in resolving the situation. An established no-fault claims process also exists to provide homeowners with peace of mind.

Title insurance is relatively new in Canada (First Canadian Title pioneered the concept in 1991), which may explain some of the lack of awareness among homeowners. To find out if you're covered, a good place to start is by reviewing your real estate closing documents or you can contact the lawyer who acted on your closing. If you are not covered, it's not too late. First Canadian Title introduced **title insurance** coverage for people who currently own their home but do not have **title insurance**. Premiums are one-time and affordably priced.

As many of us plan carefully for our retirement, protecting the biggest investment most of us will ever make is an important part of that plan.

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