

Suffolk County begins to restore title searches after ransomware attack



Suffolk County said it was able to resume title searches Monday morning after a ransomware attack on the county's computer systems last month disrupted a critical process for the local real estate industry.

Title companies ensure that no one besides the seller has a claim to the property and that there are no liens or financial judgments that would call ownership into question. For sales in Suffolk County, these companies seek records from the county clerk's office, which along with other county departments was compromised in the cyberattack. A title company's inability to vouch that there are no claims against the property can prevent sales from closing.

With title companies unable to access records since the Sept. 8 cyberattack, real estate agent Jeffrey Jimenez said he has been unable to move forward toward closing on 30 sales that recently went into contract.

"Everything's at a screeching halt," said Jimenez, a team leader at eXp Realty, who primarily markets homes in the Tri-Hamlet area of Shirley, Mastic and Mastic Beach.

What to know

- **The Sept. 8 ransomware attack** on Suffolk County's computer systems has delayed real estate closings while title companies were unable to access records to verify there were no claims against the property.
- **On Monday, the county clerk's office restored** access to title searches, giving companies the ability to search records through computer terminals at its office.
- **The backlog of records requests** won't be resolved overnight, local real estate experts said, and homebuyers may have to spend hundreds or thousands of dollars to extend their mortgage rate lock agreements if their closings are delayed.

Delayed closings can have cascading consequences for buyers and sellers, particularly now, as mortgage rates have been jumping up in recent weeks.

Get the Biz Briefing newsletter!

The latest LI business news in your inbox Monday through Friday.

Sign up

By clicking Sign up, you agree to our [privacy policy](#).

Homebuyers agree to lock in a mortgage rate with their lender for a set period of time, say 60 days. If they cannot close before the rate lock expires, they may need to pay hundreds or thousands of dollars to extend it. Otherwise, they would need to accept a new, probably higher, mortgage rate — but that would boost their monthly payments and they might no longer qualify to receive their home loan.

The average U.S. 30-year fixed loan [rose to 6.7%](#) for the week ending Sept. 29, which is about a full point higher than it was a month earlier, according to mortgage giant Freddie Mac.

Sellers risk losing a deal with a buyer and having to put their homes back on the market, at a time when buying power has been diminished by higher interest rates that increase buyers' monthly payments.

The county's real estate industry also faces a cash crunch, with agents, title companies and attorneys waiting on commissions and fees due after closing.

Christopher Como, deputy county clerk for Suffolk County, told Newsday on Monday afternoon that the clerk's office had sufficient computer terminals on its first full day open for access to title examiners, after opening for limited access on Saturday. The clerk's office had enabled remote access to its records during the pandemic for title companies but has had to return to an in-office system after the ransomware attack, he said.

"We're working around the clock to make sure that we have everything necessary to allow real estate transactions to go along smoothly," Como said. No glitches occurred Monday, he said, and "work is getting done like it was prior to this incident."

Asked whether borrowers who have a defined rate-lock period will be able to close on time, Como said "Absolutely." But he conceded there could be delays.

"Is it going to be a little bit delayed? Probably," he said. "Some companies ... usually get a [title] report in within two to three weeks. There's going to be some catching up to do, but I don't see that much of a hurdle to overcome."

"We're going to provide extra access — we're opening up an hour early every day — just to play some of that catch-up," Como said.

But Frederick Giachetti, a real estate attorney in Huntington, said it will take time to clear the backlog of requests that have piled up in the weeks since the cyberattack.

"This is not going to go away overnight," Giachetti said. "Just because the county says, 'We're open,' doesn't mean it's all going to take place immediately."

Major headaches

The ransomware attack threw a wrench into real estate deals, particularly those that went into contract after the Sept. 8 attack.

Jimenez said his business will survive the delay but his clients are left in limbo.

"I feel terrible for my clients. I've got first-time homebuyers that are so excited to move into their first house before the holidays that don't know if that's going to happen," Jimenez said. "I've got so many sellers that are trying to move on to the next chapter of their life ... that don't have a clue when that's going to happen and risk not getting the same amount of money they once were going to get."

Bryan Karp, a real estate agent at Coach Realtors in Smithtown, said his team of agents was able to close 24 transactions last month. To close those deals, sellers have signed letters saying they have not had any new liens or judgments against the property since

the preliminary title report was issued earlier in the sale process. In at least one case, a seller was required to hold some money from the deal in an escrow account.

"We are working around it right now," Karp said.

Suffolk County Executive Steve Bellone said in a statement he has been working with County Clerk Judith Pascale over the past several weeks on contingency plans "to ensure services that our residents rely on are restored in a safe and secure way."

Zahra Jafri, owner of Lynx Mortgage Bank in Westbury and a past president of the Empire State Mortgage Bankers Association, said she has been communicating with borrowers with expiring rate lock agreements and advising them to work with their attorneys to determine whether they are able to close.

She said she was grateful Suffolk County was bringing its system back online Monday, noting the severity of a 2019 [ransomware attack](#) that briefly halted real estate sales in Baltimore.

"Most attorneys are preparing borrowers because we don't have an exact timeline," she said. "We're at the mercy of the county."

<https://www.newsday.com/business/suffolk-county-ransomware-real-estate-cnapizgu>