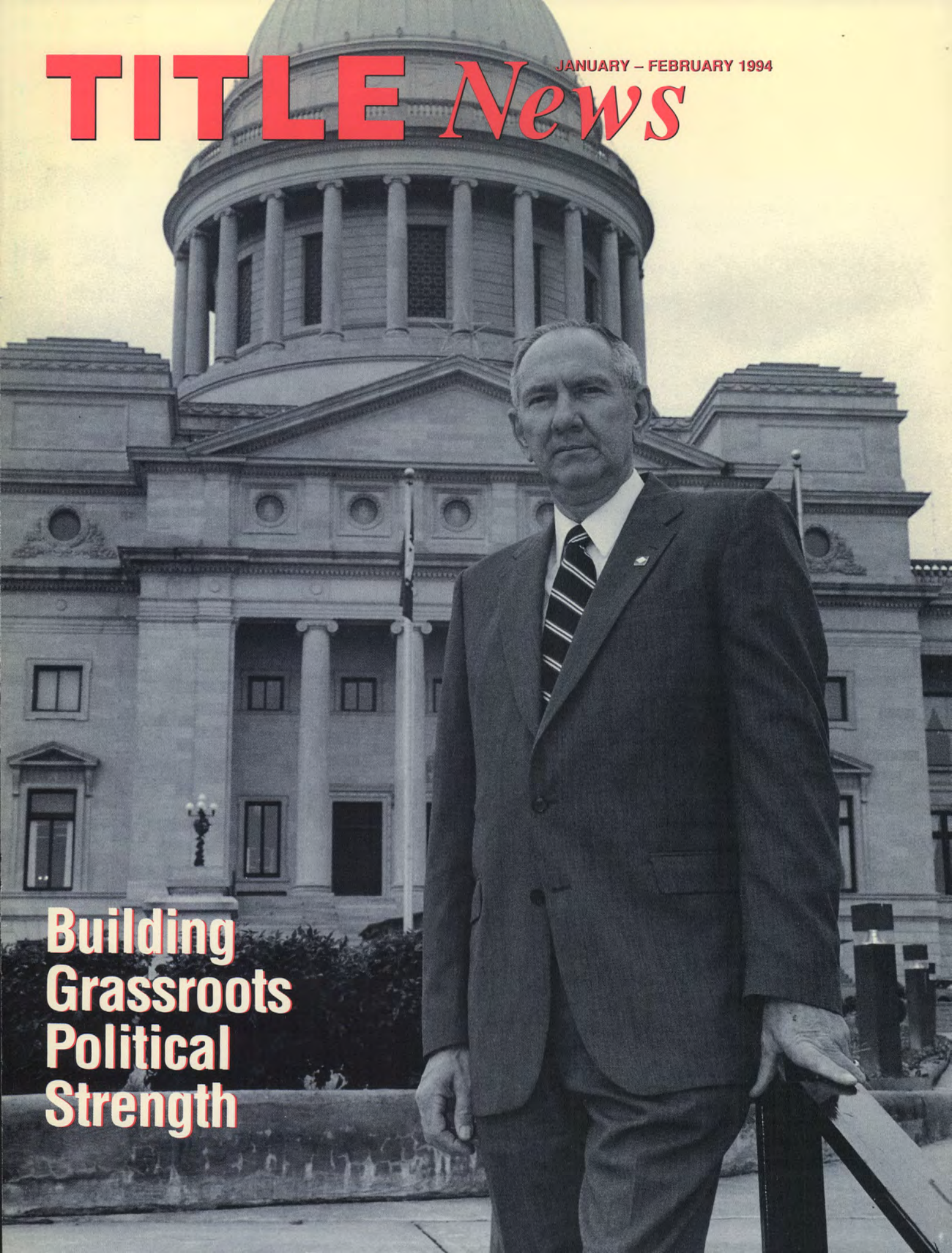


# TITLE *News*

JANUARY - FEBRUARY 1994

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# TITLE *News*

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Volume 73, Number 1

\$5 per issue (member rate) \$8 per issue (non-member rate)

**On the Cover:** Working as a member of the state legislature, leading his state title association as president and operating a title company at the same time add up to a tall order but Armil Curran of Clarksville, AR, finds the challenge exhilarating. Primary reasons: a strong desire to serve his constituents, and admirable support from his wife, Lura, and the others at his title company. For the story on how this title professional helps make a difference in the political arena, please turn to page 16. (Photograph by Lori McElroy)

## FEATURES

### 7 Convention A Winner in Valley of the Sun

By Leigh A. Vogelsong

The Scottsdale Princess, a Five Diamond resort located in sunny Scottsdale, AZ, offers a most appealing location for updates on title industry issues during the ALTA Mid-Year Convention April 11-13.

### 12 The Federal Outlook-1994

By Ann vom Eigen

As the 103rd Congress moves into its second session, federal action on a wide range of issues can be expected to impact the title business.

### 16 Political Leadership Begins at Home

Arkansas State Representative Armil Curran is no newcomer to politics—entering the local electoral arena to successfully wage his first campaign for public office in 1970. During his first legislative session at the state level, nearly 2,000 bills were introduced—emphasizing the importance of constituent contact on important issues.

### 19 Whole Loan Book Entry: Blueprint for the Future

By Phyllis K. Slesinger

After input from professionals including ALTA representatives and county clerks, the Mortgage Bankers Association of America continues work on its Whole Loan Book Entry system designed to register interests in mortgages through electronic data interchange (EDI) communication.

### 23 LTI Introduces Advanced Course 2

By Patricia L. Berman

Literally hundreds of hours of work are represented in preparation of the new Land Title Institute Course 2, which is now available for advanced correspondence study on a wide range of topics.

## DEPARTMENTS

5 A Message from the Underwriter Chairman

27 Names in the News

33 Affiliated Association Conventions

34 Calendar of Meetings

34 Marketplace

34 Index to Advertisers

---

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## A Message from the Underwriter Chairman



In a recent report on the rating criteria to be applied to title insurance companies, one of the nation's pre-eminent financial rating services revealed that it viewed our business as "risky" because of the industry's lower and more erratic returns compared to other insurance lines and financial services. As one who, from time to time, becomes heavily involved in reviewing financial information and analyzing investments, I can understand the justification for this unflattering comment on industry numbers.

Compared to the giants of the insurance world, even the largest companies in our industry cannot present an imposing balance sheet. Our revenue cycles, premium structure and loss ratios are not easily comparable to other lines of insurance and some analysts believe that we should not be considered a part of the insurance business at all.

Nevertheless, we are not insuring against losses resulting from hurricanes in areas in which it is likely, sooner or later, that hurricanes will occur. Title insurers assume real risks, but in a political and legal environment philosophically committed to the preservation of traditional real estate interests. For our industry, a disaster need not occur and the relevant question is whether or not we can maintain the level of policyholders' protection which our historical loss data indicate is necessary.

I have been told that only two title insurers have become insolvent since World War II. I can only think of one insolvency of any significance. If title insurers have disappeared during the 117 years of our history, it has generally resulted from acquisition and amalgamation rather than insolvency. According to an article which appeared last year in an insurance industry trade publication, the property and casualty sector suffered 241 insolvencies between 1981 and 1990, while life and health insurers lost 98 companies during the same period due to financial distress.

While other lines of insurance tend to base risk management efforts on the likelihood that contingencies insured against will occur, title insurers are able to utilize title examinations and other controls to minimize risk. In this regard, we are in the business of risk avoidance as much as risk spreading. As a result, we have influenced the establishment of title standards for nearly all real estate transactions, not just those we have insured. Without title insurance, the American real estate market could not operate at its present and anticipated velocity.

It is understandable that policyholders, particularly institutional lenders and secondary market investors, should be concerned about the financial condition of title insurers and their ability to pay losses. In recent years, the major underwriters have responded to these concerns with the release of substantial information relating to financial stability. Individually, and certainly as an industry, we have demonstrated that assets and reserves available to pay losses are much more than adequate.

Isn't it time we received some respect?

Herbert Wender



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# Convention A Winner in Valley of the Sun

*By Leigh A. Vogel song  
ALTA Director of Meetings and Conferences*

**T**ake a break from winter's chill and receive an update on leading title industry issues at the same time. This appealing opportunity will unfold April 11-13, when the 1994 ALTA Mid-Year Convention is held at the Scottsdale Princess Resort in the celebrated Phoenix Valley of the Sun.

Located in the Sonoran Desert, the meeting site is especially attractive in an area where there are 306 sunny days in a typical year and April temperatures can reach the 70 degree mark. Many of the cacti are in bloom at this time of year, accenting the desert's natural beauty.

Traditional Convention events scheduled early in the calendar include the association programming/management seminar for officers and executives of ALTA-affiliated title associations on Sunday afternoon, April 10. The opening Ice-Breaker reception is slated for Monday evening.

After meetings of the ALTA Board of Governors and various committees of the Association earlier in the agenda, the proceedings conclude with a full program of Educational Sessions on Tuesday, and a General Session the following day. Guest speaker headliners include two national luminaries who will deliver commentaries based on a wealth of political experience—Former Vice President Dan Quayle and Former U. S. Senator Barry Goldwater. Please see their profiles and the Convention Calendar overview elsewhere in this edition.

Another major General Session highlight will be a discussion bringing together experts from the investment community for their candid views on how the title insurance industry is seen by Wall Street—including the outlook for the future.

*continued*



# Mid-Year Convention Calendar

## Saturday, April 9

12:00 noon-5:00 p.m. Education Committee Meeting

## Sunday, April 10

8:00 a.m.-5:00 p.m. Various Tours (Optional)  
 9:00 a.m.-5:00 p.m. Title Insurance Forms Committee Meeting  
 8:30 a.m.-3:00 p.m. Education Committee Meeting  
 12:00 noon-5:00 p.m. Affiliated Association Officer-Executive Luncheon and Seminar  
 10:00 a.m.-4:00 p.m. Convention Registration  
 2:30 p.m.-4:00 p.m. Government Affairs Committee Meeting

## Monday, April 11

8:00 a.m.-5:00 p.m. Various Tours (Optional)  
 8:00 a.m.-9:00 a.m. Legislative Update Breakfast  
 8:00 a.m.-7:00 p.m. Convention Registration  
 9:00 a.m.-11:00 a.m. Abstracter/Agent Section Executive Committee Meeting  
 9:00 a.m.-11:00 a.m. Underwriter Section Executive Committee Meeting  
 9:00 a.m.-12:00 noon Title Insurance Forms Committee Meeting  
 9:00 a.m.-12:00 noon Directory Rules Committee Meeting  
 9:00 a.m.-5:00 p.m. Lender and Life Counsel Meeting  
 9:00 a.m.-5:00 p.m. Legal Division Meeting and Luncheon  
 11:30 a.m.-1:30 p.m. Past Presidents Luncheon  
 12:00 noon-2:00 p.m. Indian Land Claims Committee Meeting and Luncheon  
 12:00 noon-2:00 p.m. SLRAC Luncheon  
 1:30 p.m.-5:00 p.m. Land Title Systems Committee Meeting  
 1:30 p.m.-5:00 p.m. Board of Governors Meeting  
 6:30 p.m.-8:00 p.m. Automation Exhibits Open  
 6:30 p.m.-8:00 p.m. Ice Breaker Reception

## Tuesday, April 12

7:00 a.m.-8:00 a.m. ALTA/ACSM Liaison Committee Meeting  
 7:00 a.m.-8:30 a.m. Research Subcommittee Meeting (Abstracter/Agent)  
 7:00 a.m.-8:30 a.m. TIPAC Board of Trustees Meeting  
 8:00 a.m.-1:00 p.m. Automation Exhibits Open  
 8:00 a.m.-2:00 p.m. Convention Registration  
 8:30 a.m.-11:45 p.m. Educational Sessions  
 9:30 a.m.-12:00 noon Spouse/Guest Brunch  
 1:00 p.m.-5:00 p.m. Various Tours (optional)  
 1:00 p.m.-6:00 p.m. ALTA Golf and Tennis Tournaments

## Wednesday, April 13

7:00 a.m.-8:30 a.m. Public Relations Committee Breakfast and Meeting  
 7:00 a.m.-8:30 a.m. Membership & Organization/Recruitment & Retention Committee Meeting  
 7:00 a.m.-8:30 a.m. TIAC Board of Directors Meeting & Breakfast  
 7:30 a.m.-8:30 a.m. Tournament Awards Breakfast  
 8:00 a.m.-10:00 a.m. Convention Registration  
 8:00 a.m.-12:00 noon Automation Exhibits Open  
 8:30 a.m.-12:00 noon General Session

## CONVENTION

*continued*

### Educational Topics Cover Wide Range

Coverage will be given to a wide range of topics during the concurrent Educational Sessions. They include:

- **NAIC Model Title Insurance Agent Act.** A panel of state regulators will discuss the proposed model act drafted by the National Association of Insurance Commissioners Title Insurance Working Group, which would provide individual states with a basis for increased regulation of title agents.
- **Make Yours A Drug-Free Workplace.** Consultant Peter Bensinger will lead a session focusing on drug and alcohol abuse that covers company policy, proactive programs, employee assistance, and education for employees including supervisors. In addition, he will address the growing nationwide concern over violence in the workplace.
- **Closings from Hell.** Members of the ALTA Education Committee with a flair for the dramatic will act out two nightmare closing scenarios—one residential and one commercial. Participants in the session will identify a number of closing problems from what is presented, discuss solutions and report back to the general audience.
- **Rate Regulation Alternatives.** A panel of experts will discuss the pros and cons of various title insurance rate regulation schemes, including anti-trust aspects.
- **Planning for Disaster.** A title operation can survive that physical disaster everyone hopes will never happen—and the odds will be improved by a viable plan covering what to do in the event of fire, flood, hurricane, and the like. Discussion will include the experience of businesses that have managed to continue effectively despite such catastrophic events.

### Tours Emphasize Scenic Beauty

Because of space limitations, pre-registration is advised for the Convention-related tours, which will feature the natural beauty of the area.

Offered on Saturday, April 9, will be the Rock of Ages—The Mighty Grand Canyon, a sightseeing flight over that scenic wonder.



There also will be time for a guided bus tour of the South Rim, with photo stops along the way. Additional inclusions are admission to the IMAX theater at the Grand Canyon and a buffet lunch.

On Sunday, the Red Rock Fantasy Tour to Sedona and Oak Creek Canyon will provide a close look at two other major scenic attractions. After a stop at the preserved cliff dwellings of Montezuma Castle and then lunch at a relaxed, country French inn, participants will be treated to a drive through majestic Oak Creek Canyon. This tour and lunch event will be repeated on Monday.

Another Sunday event, the Rio Verde Trailride, offers an opportunity for even the novice rider to enjoy the Arizona countryside on horseback. The tour through Tonto National Forest begins at the Verde River and moves to a 1,100-foot overlook where there are memorable views of Cave Creek, Pinnacle Peak, Reata Pass and Fountain Hills—world's tallest natural fountain.

Free Wheelin' Fun will be offered on Monday, and includes a ride—this time in wheeled vehicle—through some of the most rugged and beautiful scenery in Arizona. This journey through the McDowell Mountains and the Ft. McDowell Indian Reservation comes with an interesting commentary on the history of the area, cactii, desert survival and Indian lore. There will be an opportunity to pan for gold during a stop at the Lost Jupiter and Panamint Claims.

And, on Tuesday, the Indian Heritage Tour will be highlighted by a visit to the Heard Museum, highly respected repository of Arizona artifacts and historical art tracing Native American heritage for more than 1,500 years. Among museum exhibits: an impressive collection of Kachina dolls owned by former Senator Barry Goldwater. There will be a visit to a private home during this tour.

### **Hotel A Five Diamond Facility; Golf/Tennis Scheduled**

The Scottsdale Princess Resort is one of only four hotel facilities in the nation that have earned the AAA Five Diamond rating. Its Tournament Players Club course—site of the Convention golf tournament on Tuesday—is home of the Phoenix Open on the PGA Tour. Mail hotel reservation forms are in the Convention registration package recently sent to all ALTA members; individual sleeping rooms rates are \$200, single/double.

In addition, the Convention tennis tournament is on the Tuesday afternoon



Top, left, the Saguaro cactus, familiar sentinel in the Arizona desert. Golf is a favorite pastime in the Valley of the Sun (top, right). In the center photograph, a group enjoys the natural beauty from a close-up perspective. Below, the Scottsdale Princess, a Five Diamond facility and site of the 1994 ALTA Mid-Year Convention.



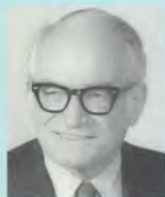
## Mid-Year Convention Guest Speaker Lineup



### Dan Quayle

#### *Former Vice President of the United States*

After 16 years in Washington as a Senator and then Vice President, Dan Quayle has moved home to Indiana, where he is writing a book and is starting a financial services company. His experience on the nation's political battlefield will provide the basis for an insider's commentary that includes a retrospective on the 1992 Presidential campaign. After his initial election to the House in 1976 and re-election two years later, he was elected to the Senate in 1980 before being re-elected by the largest margin to date for a candidate in a statewide Indiana race. Before becoming Vice President, he won respect on both sides of the aisle for his work on the Senate Armed Services, Budget, and Labor/ Human Resources committees.




### Barry Goldwater

#### *Former United States Senator*

Another colorful political veteran, Barry Goldwater served Arizona continuously in the United States Senate from 1952 to 1965, when he opted not to run again because of his campaign as Republican Party nominee for the Presidency of the United States. After being defeated in that Presidential election, he again was elected to the Senate from his state in 1968, 1974 and 1980 before retiring in 1987. Among his Senate assignments, he served as chairman of the Armed Services Committee and Select Committee on Intelligence, as chairman of the Commerce Committee's Communications Subcommittee, and as a member of the Small Business Committee. A longtime leader in the Air Force, he was a pilot during World War II and later organized the Arizona Air National Guard and served as its chief of staff. He retired as a major general in the Air Force Reserve after 37 years service.

agenda as well; play will be divided into two skill levels.

Also, the Marquessa Restaurant at the hotel has been honored as one of only 19 Five Star restaurants in the country.

Those who may not have received a Convention registration packet and who wish to do so can call the Association's member toll free number-1-800-787-ALTA-and ask for Extension 231. Specific questions about the Convention can be directed to the meetings department in the ALTA Washington office at the same telephone number. 

## Wider Nomination Participation Sought

Following up on a directive from members of the ALTA Board of Governors at their meeting in January, members of the

Association Bylaws Committee have drafted a proposed amendment to the organization's Bylaws designed to bring wider participation and greater diversity in selecting candidates for ALTA office.

At this writing, copies of the proposed amendments are being mailed to the ALTA Active membership in accordance with amendatory procedures as specified in the Bylaws. Members of the Board will consider the proposal at their meeting on April 11 during the time of the ALTA Mid-Year Convention. If the proposal is found acceptable, the amendment can then be approved by the Board at that time.

ALTA members who may wish to appear before the Board with statements in favor or in opposition to the proposed amendment are required to advise Association Executive Vice President Jim Maher accordingly at least 30 days prior to the April 11 Board meeting, and provide him

with a brief position statement (as stipulated by Article XII, Sec. 1 (b) of the current Bylaws). Such notice may be sent to the ALTA Office, Suite 705, 1828 L Street, N. W., Washington, DC 20036.

The proposed amendment would affect Article VII, Sec. 3 (g) (1) of the Association Bylaws. If approved as drafted, it would:

Add the current ALTA President and President-Elect to their respective nominating committees from the Abstracter-Agent and Underwriter Sections, also reducing by one the number of ALTA Past Presidents on each nominating committee

As previously specified in the Bylaws, the Past President with the longest tenure on the four-member nominating committee would serve as its chair (all members must be active in the business of land title evidencing or insuring).

If the requisite number of Past Presidents are not available from a Section, the Section chair is empowered under the Bylaws to fill any vacancy or vacancies from the Section membership. If no Past President is available, the Section chair is directed to appoint a chair from the Section membership.

Additional questions regarding the proposed amendments may be directed to General Counsel Ed Browne at the Association member toll free number-(800) 787-ALTA.

## Monroe Dividend Up by 12 Percent

Monroe Title Insurance Corporation has announced a 1993 year end dividend of \$4.00 per share--largest in the organization's history and an increase of 12 percent over the dividend for the same period in 1992.

For all of 1993, the total dividend payment for the Rochester, NY, based company was \$4.375, 43 cents more than the previous annual record posted the previous year.

## Fidelity Acquires Foreclosure Units

Fidelity National Financial, Inc., has acquired Agency Sales and Posting, Sacramento, and Arizona Sales and Posting, Inc., Phoenix, organizations serving the real estate foreclosure industry, through issuance of Fidelity common stock.

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# The Federal Outlook-1994

By Ann vom Eigen  
ALTA Legislative Counsel

Last year at this time, title professionals were sadly (or optimistically, depending on your political persuasion) anticipating the swearing in of a new President representing a different political party, and the convening of a new Congressional session where roughly one quarter of those in the House of Representatives were newly elected.

Some experts were predicting dramatic changes in the face of government. Many analysts anticipated that Clinton would take advantage of a Democratic mandate and a Democratic Congress to reinvigorate federal agencies, and shift the focus of government to traditional Democratic priorities—liberalizing social policies, increased spending on social programs, and higher taxes. As the 103rd Congress moves into its second session in January, dramatic actions have been taken—there are new policies on abortion, gays in the military, and a new tax framework with progressive but higher rates.

In addition, the Clinton Administration in its first year has been favored with a healthy economy and historically low interest rates, which have helped create record profits for the title insurance industry.

From the title industry viewpoint, the way to look at the first year of the Clinton Administration is from a "Republican" perspective—in terms of government's interaction with industry, no news is usually good news. As described below, the changes that have been made in Washington that affect the title business actually have been positive.

In addition, the pace is expected to pick up in coming months as most of the committees in Congress are preoccupied with health care, which is likely to affect a small business. Other actions of Congress are likely to affect ALTA members as well.

## Clinton's Agenda

While changes are under way in Washington as the Clinton Administration continues to pursue an ambitious agenda, there has been comparatively little focus on the insurance industry—including title insurance. We expect this trend will continue in the rest of this session. Further, the consumer protection theme, which is central to the health care proposal, is mirrored in other Congressional priorities, such as insurance industry redlining, and McCarran-Ferguson reform.

As the Administration continues to tar-

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*...the changes that have been made in Washington that affect the title business actually have been positive.*

---

get major policy areas such as health care reform and comprehensive crime control, there are elements of each proposal which will affect the title insurance industry. Congress and federal agencies therefore can be expected to make decisions affecting the title business.

As suggested by Congressman Tom Bliley (R-VA), tinkering with President Clinton's health care reform package will occupy most of the committees of Congress for 1994. As previously reported by the media, the Administration has proposed a comprehensive health benefit package, which would be subject to various cost-sharing arrangements. The program generally would be provided through regional health alliances established by large em-

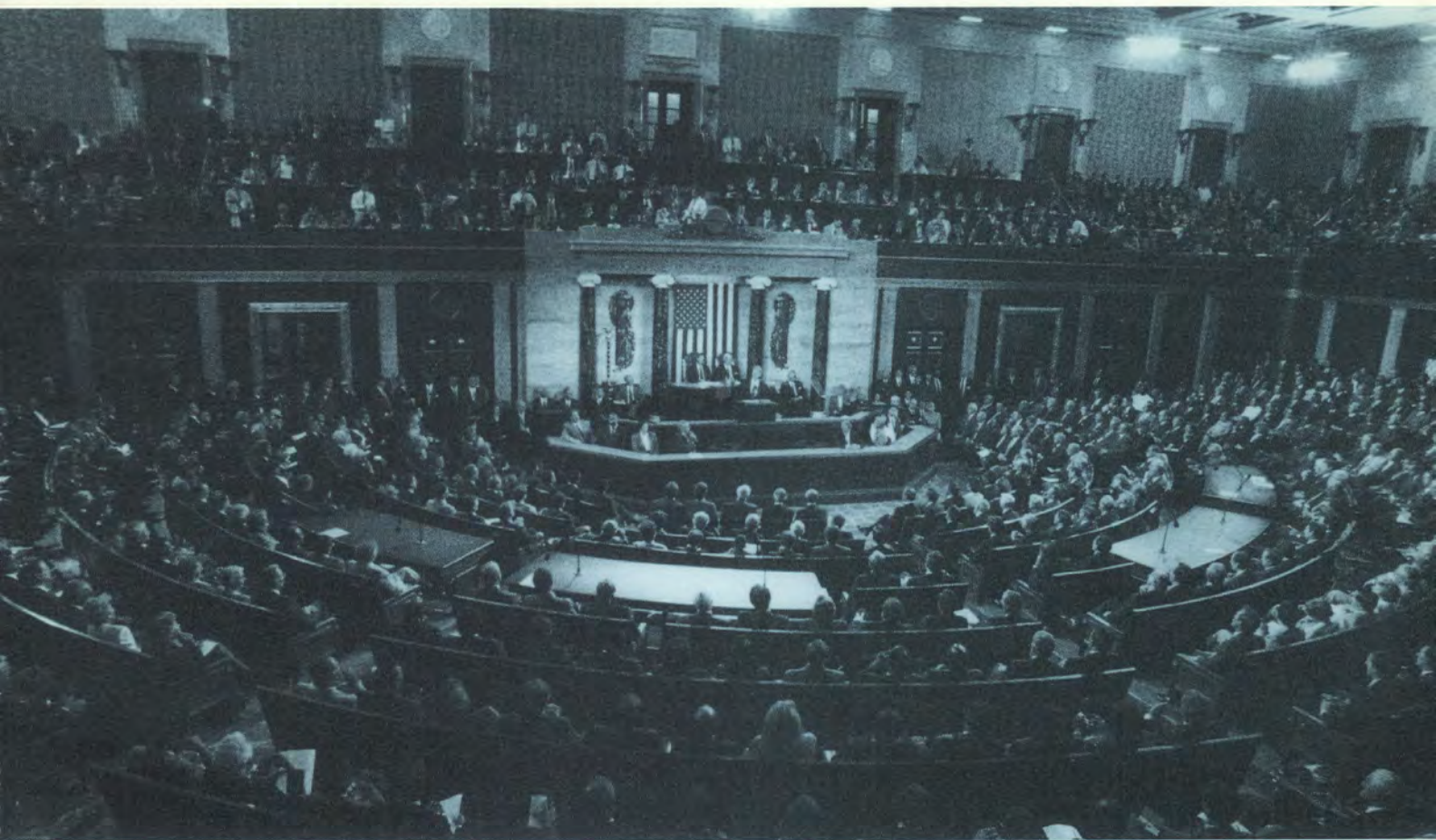
ployers or certain other entities. Employer mandated premium payments, and caps on medical payments and budget limitations, are major controversial elements of the plan which are expected to preoccupy Congress for a substantial period of time this year.

These mandates are likely to affect title insurers and agents as employers. From a tax perspective, redefinition of independent contractors, (such as in the multiline insurance industry to ensure coverage of insurance agents under these health plans) is a controversial issue which also has spillover to title companies. Also on the tax side, Commissioner of the Internal Revenue Service Margaret Richardson has stated that the IRS is committed to increasing the taxpayer compliance rate, an issue which hopefully will not expand title industry responsibility.

Congress is likely to spend substantial time in taking up the Administration's challenge to enact a comprehensive crime bill—including elements to deter violent crime. This bill may well contain modifications to asset forfeiture law, (the Administration is presently preparing a report to Congress on that issue) and a title dealing with insurance fraud, which has previously passed both the Senate and the House.

## Title Industry Watch List

Given the preceding developments, can Congress and the Administration be expected to spend time on any more directly applicable title insurance industry issues? Including such traditional ALTA "watch list" items as expansion of banks into the title insurance industry, and modifications to the RESPA rule or law? In the last Congress, ALTA also monitored efforts to change the regulatory structure of the title insurance industry, such as modifications



Actions by the 103rd Congress on a wide range of issues can be expected to impact the title business.

to McCarran-Ferguson antitrust regulation, and potential requirements to impose federal solvency standards on insurance companies, as well as licensing of agents.

Following is a perspective on these issues as the Clinton Administration builds momentum.

### RESPA

HUD action on RESPA regulations is now projected for 1994. ALTA submitted comments on the final RESPA Title X regulations in April, 1993.

In late June, 1993, ALTA testified on RESPA issues before Rep. John LaFalce (D-NY), chairman of the House Committee on Small Business and a key member of the House Banking Committee. In that testimony, ALTA focused on the problems for the title insurance industry associated with the final November, 1992, RESPA regulations released by the last Administration.

Concurrent with the Small Business Committee hearing, HUD announced that it too would hold hearings on the RESPA regulations. Representatives of ALTA testi-

fied at these hearings of the agency in early August. Bombarded with over 4,000 comments suggesting changes in the RESPA regulations, HUD was forced to hire an outside consultant to plow through the volume of material, and develop position summaries on the comments.

Based on recent ALTA meetings with HUD staff, it now appears that revised RESPA regulations may be released as early as April, 1994. Although it is likely that the regulations will address such issues as payments in employer/employee rela-

tionships, and computerized loan originations, whether there will be clarification on such issues as core title services is uncertain. On the other hand, in certain areas of the country, HUD already seems to be implementing revisions to the RESPA regulations its enforcement policy.

Congress is expected to consider a housing bill this year, and limited Congressional action on RESPA appears likely. Since members of Congress are reluctant to consider legislative modifications while an agency has revisions to regulations under review, there are unlikely to be changes to the Section 8 anti-kickback aspects of the RESPA statute.

There are, however, minor modifications to RESPA, namely provisions to delete applicability of the statute to business loans. In addition, regulatory relief legislation includes a provision to allow Regulation Z (Truth in Lending) disclosures to substitute for RESPA disclosure requirements for home equity loans. This could result in elimination of the need for a "HUD 2" disclosure for home equity lines. Revisions

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*...tinkering with President Clinton's health care reform package will occupy most of the committees of Congress for 1994.*

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to controlled business provisions of the statute do not seem to be on the table at HUD or in the Congress.

### Bank Powers

Prohibited from entering other activity lines as a result of legislation enacted during the Great Depression, banking institutions in the United States historically have sought expansion into areas such as sale of securities, mutual funds, and insurance. In addition, in the interests of protecting state sovereignty and the dual banking system, there are prohibitions against national banks branching into states beyond those in which they are chartered. Consequently, regional banks, such as NationsBank, have had to acquire banks in states in which they would like to expand, and set up a new state-chartered bank. Since this incurs transaction costs for banks seeking to expand into different states, many national and regional banks have sought loosening of the restrictions on interstate banking.

In the waning days of the Bush Administration, Congress spent a considerable amount of time considering Administration legislative proposals which would have allowed banks authority to branch interstate, and expand into such diverse areas as securities, mutual funds, and insurance. This legislation—which in part limited bank sale of insurance including title insurance—passed the House three times, and the Senate once. However, in the final outcome, the 102nd Congress failed to enact legislation limiting bank sale of any form of insurance.

While there has been no clearly articulated position on the part of the Clinton Administration regarding bank sale of insurance, expansion of banking institutions into other lines of business is already under way. These expansions have occurred in part because regulators have not reversed expansionist legal opinions issued in the last Administration. In addition, new approvals of expanded powers have been granted by the various banking regulators, again on the pro-consumer theme, in the area of consumer savings.

For instance, while banks long have been allowed to offer securities services through separate subsidiaries, they have found it difficult to market these services. Late in December, the Federal Reserve Board, using authority under the Bank Holding Company Act to grant exemptions if they serve the public interest, changed anti-tying rules to allow First Union Corp. to offer discounts on a package of retail products. First Union's discount brokerage was allowed to give price breaks on stock and

bond commissions to retail customers who maintain required minimum balances in deposit accounts.

Further, the Comptroller of the Currency, the regulator of national banks, has responded to requests from banks for legal opinions with a number of separate decisions which have resulted in expanded business authority. Early in January of this year, the Comptroller allowed First Fidelity Bancorp to combine New Jersey and Pennsylvania operations under a "loophole" which allows a national bank to move its headquarters to another location within 30 miles. NationsBank is also combining its Maryland and DC operations under this "loophole," again on the grounds that cost savings will benefit the consumer. Consequently, the expansionist philosophy of the previous Republican Administration has continued.

In the current second session of the 103rd Congress, legislation is beginning to move that would allow banks to branch in

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## **R**visions to controlled business provisions of the (RESPA) statute do not seem to be on the table at HUD or in the Congress.

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terstate by acquiring state-chartered institutions rather than by setting up their own entities within a state. While legislation which would have allowed banks to branch interstate de novo was, in the past, opposed by the small community banks, that opposition has now been eliminated by the policy of fostering acquisition.

In late November, 1993, Senator Chris Dodd (D-CT) filed an amendment with the Senate Banking Committee as one of its members, which would have limited bank sale of insurance. He planned to offer this amendment to the bill allowing interstate banking. Unfortunately, the Republicans boycotted the markup, and action was delayed until the second Congressional session. Senator Dodd now has decided not to offer any limitations on insurance sales in the interstate banking bill. It also appears unlikely that any insurance limitation legislation will move in this session.

Between regulatory expansion and the grant of interstate powers, it is expected that there will be substantial consolidation in the banking industry in the next few

years as regional banks expand by acquiring state-chartered institutions. For the insurance industry, this means that the debate about expanded powers will move to the state level, and any action against bank sale of insurance that occurs will be focused there. The ALTA victory in obtaining a positive decision in the federal second circuit (*ALTA v Ludwig*) continues to limit national bank involvement in title insurance, indicating federal legislation is not essential.

A major question is whether the rest of the insurance industry will continue to feel as strongly as those in the title business about bank sale of insurance. The Comptroller of the Currency is considering the issuance of guidelines on bank sale of insurance products, and (in self-defense) a number of different industry guidelines on national bank sale of insurance. For the rest of the industry, the floodgates have perhaps opened.

### Federal Regulation of Insurance

*Redlining.* Again in the consumer protection vein, Congress began the second session by considering legislation to require insurance companies to report information to the federal government on the amount, type, and location of insurance written, with the intent of determining whether there is discrimination against certain individuals or neighborhoods. As introduced, this legislation could have had a substantial effect on the insurance industry, since mandatory reporting of policy and agent information would have required substantial data collection and reporting.

Although the title industry presently is excluded from the reporting requirements, the bill is likely to be considered by several more committees of Congress, some of which may strengthen the bill. But, for the present, title companies are excluded in both the House Energy and Commerce Committee version and the definitional section of the House Banking Committee alternative.

*McCarran-Ferguson.* Despite ongoing litigation on rate-making activity, the title insurance industry has enjoyed the limited protection from antitrust actions and priority of state regulation of insurance that the McCarran Act currently provides. However, two separate federal efforts targeting the insurance industry in the 103rd Congress may affect that protection. Both legislative proposals are couched as consumer protection measures.

Of most immediate concern, because it is most likely to move in this session, is the perennial proposal by Rep. Jack Brooks (D-

TX) to modify the McCarran Act. Rep. Brooks chairs the House Judiciary Committee, and has introduced in several Congresses his HR 9, "The Insurance Competitive Pricing Act of 1992." This bill is aimed at permitting insurers to jointly use certain historical statistics and loss development data, while prohibiting them "in the absence of effective state regulation" from sharing other, more market sensitive information to fix prices and from engaging in certain other practices deemed anti-competitive.

While the focus of Chairman Brooks is primarily on the price of insurance to consumers, the bill could have an effect on title company ability to work in concert on standardized forms, joint underwriting and pooling and share historical data. Chairman Brooks has more immediate priorities this year, namely the meshing of the anti-trust laws with industry developments in the telecommunications industry, and Congressional and Administration proposals on health care reform which have anti-trust implications because of the need to share information on costs. However, if he does turn his attention to major changes in McCarran this year, defending the title insurance interests will have priority status.

*Oversight.* Representative John Dingell (D-MI), chair of the House Energy and Commerce Committee, which has jurisdiction over the insurance industry, has held oversight hearings on the industry for several years, and has introduced legislation to federally regulate insurance and license agents. This also has been championed as a consumer protection measure, based on the problems consumers faced when Executive Life failed. As members of the House Energy and Commerce Committee will have major responsibility for health care reform this year, they are unlikely to act on the insurance regulatory bill unless a political impetus is provided, for example, by the failure of a major company.

*Environmental Cleanup Superfund/State Voluntary Cleanup Fund.* The Administration has released its proposal to reauthorize the federal Superfund statute; from a title insurance industry perspective, it contains many positive features. The House Energy and Commerce Committee also will spend time on this issue in 1994. Because the new Administration bill presents a dramatic departure from the past liability scheme, and there are only a few months left in this Congress, the measure may not be enacted this year. Nevertheless, there are many provisions promoting real estate transactions in the new bill which benefit the title industry.

The title business luckily has, to date, escaped the enormous potential liability for abandoned hazardous waste site cleanup. Under the federal Superfund law and many state Superfund statutes, the standard for liability has been strict, joint, and several. Thus, parties who have not been responsible for the creation of the hazardous waste site, but who have some legal ownership interest in the property, can be required to contribute to the cost of cleanup. Property and casualty insurers have been sued on their basic commercial policies, and have faced substantial litigation and sometimes cleanup costs. In addition, lenders, despite an exception from liability for secured creditors, have been held liable for millions of dollars in cleanup costs.

Although ALTA member title insurers currently offer a very limited environmental protection endorsement for residential policies, title companies have not been held liable under the basic policy.

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***The ALTA victory in obtaining a positive decision in the federal second circuit...continues to limit national bank involvement in title insurance.***

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However, the proposed new liability system provides that, where EPA takes remedial action, an allocation process will be conducted by a neutral professional, to recommend shared responsibility. A new environmental trust fund will be established to promote the settlement of insurance claims related to Superfund liability for pre-1986 waste disposal, and new "fees" will be imposed on commercial multi-line insurers for the pre-1986 disposal and prospective cleanup.

Having escaped the fee structure, title companies also will benefit, from a transactional perspective, from several other provisions. As an economic redevelopment proposal, the bill includes an exemption from liability for innocent prospective purchasers of contaminated property, so long as they did not worsen the contamination and have either agreed to clean it up or allow government access to do so.

Further, the bill contains new procedures for transfer of federal property. In ad-

dition, the proposal includes an amendment to explicitly state that the term does not include persons who hold title to a site solely as a trustee, custodian, or fiduciary, as required by law, as long as they comply with EPA requirements.

*Sisk Act.* One piece of title insurance legislation which Congress worked on this year actually became a public law. Legislation requiring the federal government to identify and quitclaim parcels of land which were conditionally transferred to the United States under an 1897 act in anticipation of receipt of other lands, but for which it appears that no lands or compensation had been provided by the federal government, had been under consideration in the previous Congress but had failed to pass.

This year, both the House Interior, and Senate Energy, Committees made modifications to the act as suggested by ALTA that take into account state recording requirements. In July, the President signed this legislation to quiet title to lands in many of the western states. Commonly known as "the Sisk Act Amendments," they are being implemented by the Bureau of Land Management and the Forest Service, which published a list of the lands in question in the Federal Register in late December. So this quiet title process is actually under way.

### **Educating Federal Officials**

Despite the fact that states are the primary regulators of insurance, including title insurance, the federal government continues to enact legislation targeted to "solve" business and insurance problems, which will affect the title industry in unintended ways.

In Washington, ALTA faces the sometimes daunting task of attempting to educate members of Congress and their staff, and Administration officials, about the intricacies of title insurance—which to them can be an unknown. ALTA members who answer the call and come to the nation's capital in order to assist in this educational effort are performing an important service for everyone in their industry. 🦋

## **Central Purchased By Evans Title**

Evans Title Companies, Inc., has announced the purchase of the title plant and all other assets of Central Wisconsin Title in Waupaca, WI. The Waupaca office now operates as a full service title and closing branch of Evans Title, and is relocating to larger quarters across the street from its previous site.

# Political Leadership Begins at Home

**A**LTA leaders are well known for their continued exhortations calling for title men and women to be an active part of the political process across the nation. With title firms located in most counties, there is a basis for an effective grassroots political force that can be called upon as critical issues emerge—if enough industry members are part of it.

As envisioned, there are three basic areas for individual political involvement:

- Actively supporting candidates for Congress and for state legislative seats, through working in their campaigns
  - Supporting the campaigns of these legislative candidates financially—including contributions to the Title Industry Political Action Committee
  - Standing for election as a candidate for public office
- Better understanding of the title indus-

try in the legislative halls and more effective communication with lawmakers are potential benefits that make greater political involvement a high priority objective for every ALTA member. Most title men and women have little disagreement with this need.

And there is progress. Industry support is growing for legislative candidates with political views compatible with private enterprise. Financial campaign backing is on the upswing, especially through contributions to TIPAC.

But, what about title professionals running for public office? What about the action here?

Again, there is progress—in specific locales. An excellent illustration can be found in a visit to Clarksville, AR, location of Curran's Abstract & Title, Inc. Here, Armil and Lura Curran have operated a bustling title business since 1979. Since starting, they have seen title insurance or-

ders replace nearly all of the company's abstract volume.

But that is only part of the story. Armil is a first rate example of dedication in all three critical areas just mentioned. Besides title operations, he has been active in putting the best candidates forward through leadership of the Democratic committee in his county. He contributes to TIPAC. And, he currently manages to serve as:

- Representative for District 25 in the Arkansas State Legislature, a post to which he was elected for the first time in November, 1992

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**A**s a title professional, he has taken pride this past session in contributing to the defeat of three bills considered adverse to his industry.

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- President of the Arkansas Land Title Association, an office to which he was elected in May, 1993

Armil's interest in politics is not a recent development. Signs definitely were present in 1970, when he ran successfully for the office of circuit clerk and ex-officio recorder in Johnson County, a jurisdiction comprising part of his legislative district. As the public official responsible for all land records in the county, he became well acquainted with boundary disputes, possession, division and partition, access, quiet title, foreclosure and other causes of action that came before the court. This knowledge



State Representative Armil Curran, right, visits with Arkansas Governor Jim Guy Tucker. (Photograph courtesy of the Governor's Office)





Representative Curran at his desk in the Arkansas House, where he is serving his first term.

was to later influence his decision to enter the title business.

While serving in the court house, Armil also developed a good working relationship with members of the bar—a valuable asset in his political career that was to follow.

Armil left county office to open Curran's Abstract and Title with Lura in 1979. Contributing to this decision, he recalls, was the availability of a large building across the street from the court house—which he surmised would be an excellent location for a title plant. After successful negotiations with the family owning the building, as well as a partnership agreement by the Currans with a local attorney and optometrist con-

cerning purchase and renovation of the property, the new title company was on its way.

### County Democratic Post Next

Some two years after entering the title business, Armil was asked to serve as Johnson County Democratic Committee chairman, as well as chairman of the county election commission. He served four years in those positions, during a period in which he also was chairman of the Johnson County Chamber of Commerce. He readily admits the years in county office, followed by the period in party leadership and chamber of commerce activity, contributed substantially to building an

identity that was equally helpful in establishing Curran's Abstract & Title, and in laying the groundwork for his state legislative bid. But Armil re-emphasizes that it could not have happened without ongoing support from Lura and the others at their title company.

Ask Armil if his career in Democratic politics afforded an opportunity to become acquainted with a famous Arkansan now residing at 1600 Pennsylvania Avenue in Washington, and the answer is yes. He recalls President Bill Clinton at the time of his first try for public office as a candidate for Arkansas Congressman, which was unsuccessful, and his subsequent election as attorney general of the state.

Armil's opportunity to become a candidate for the state legislature came when the representative for District 25 announced he would not seek re-election. After what he

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***A**n absolutely critical element in legislative activity...is close contact between the elected member and the constituent.*

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describes as much prayerful consideration with Lura and the other employees of the title company, he announced his candidacy and was buoyed by the number of persons who responded by offering their encouragement and assistance.

As he puts it, "A kind word from a friend to someone not having personal knowledge of you is worth its weight in gold."

Armil lists three essential ingredients in his legislative run, and would not advise others to take a similar step without them. They are:

- Desire to serve
- Committed wife
- Committed title company staff

### Candidates Remain Friends

He recalls there were three candidates running against him—two Democrats in the party primary and one Republican in the general election. Armil proudly observes that all three were personal friends of his at the beginning of the campaign—and still are. He strongly recommends a healthy infusion of similar positive behavior among



State Senator Jon Fitch confers with Representative Curran on the State Capitol grounds.

members of both parties as members of Congress address issues and engage in election campaigns.

"It seems that, in Congress, one party too often is against what the other party favors—regardless of who is in power," he says. "Party lines don't present that kind of problem here in Arkansas."

As he sought state legislative office, Armil campaigned full time every day—six days per week. He spent the nine weeks before the primary on the road, knocking on doors, in keeping with his conviction that personal contact with voters is essential.

Although he carried the Democratic pri

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*"To be successful in politics, you must emphasize your desire to serve."*

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mary, Armil did not amass more than 50 percent of the vote in a three-way race, which was necessary to win. There was a runoff, which he won after spending two more weeks on the road. Then it was back to the title company office for two months before going on the road again to knock on doors for the eight weeks prior to the general election. Lura and others also pitched in on the personal contact work.

Although he made no formal effort to raise campaign funds, Armil did receive several voluntary contributions—which were welcome in view of the significant expenses encountered. Those contributing

included the Arkansas Land Title Association and individuals in the title business.

"To be successful in politics, you must emphasize your desire to serve," he recalls from his campaign victory. "You must keep in mind that you represent your people, your county, state and nation in the day-to-day problems confronting them. I always encourage my constituents to call me day or night, at work or at home."

### First Legislative Session Extended

During his first legislative session in Little Rock, Armil served on the following committees: Cities and Counties, Transportation, and Joint Legislative Audit.

The Arkansas Legislature normally



Representative Curran is shown with wife Lura, whose commitment he considers essential to his success in politics, along with the support of employees at Curran's Abstract & Title, a Clarksville, AR, operation.

meets for 60 days every two years. However, Armil's first session lasted 90 days and he spent at least two days per month in the state capital on committee work.

In his first session, Armil has noticed there is more to being an effective legislator than sponsoring new bills.

"I am impressed by the need for quality, not quantity, in legislation," he says. "Sometimes, it is just as important to be there to vote against something."

As a title professional, he has taken pride this past session in contributing to the defeat of three bills considered adverse to his industry.

An absolutely critical element in legislative activity, he adds, is close contact between the elected member and the constituent. A memorable illustration of the importance came last session when Joy Drummond, now vice president of the Arkansas Title Association, heard reports that a repealer bill was being drafted for the state Good Funds Act considered to be an important law for the title industry. She mentioned the report to her state representative, and suggested that he discuss it with Armil.

"The repealer bill never made it out of committee," Armil says with a smile. "And the best thing about all this is that we were alerted by a call from Joy Drummond. It usually is far better to deal with a bill in committee than after it reaches the floor."

The number of bills introduced during the recent session was near 2,000, Armil points out, noting that it is virtually impossible for an individual legislator to be informed on each one. This underscores the importance of constituent contact on important legislative issues.

"There's nothing I appreciate more than a visit or a call from someone back home in the district," Armil says. "It is really important for people to remain in contact with their legislators."

One of Armil's priorities for the state title association that he heads is restoring a monitoring service for bills introduced in the legislature, something used on occasion in the past.

### TIPAC Filling A Great Need

Now that he is completing his first state legislative term, Armil has an even greater appreciation for what is being politically accomplished through TIPAC at the national level. He offers these major reasons for continuing support of the PAC by title people:

- The need is great

*continued on page 34*

# Whole Loan Book Entry: Blueprint for the Future

By Phyllis K. Slesinger

A few months ago, the title industry was introduced to the concept of a whole loan book entry (WLBE) system for the registration of interests in mortgages. The Mortgage Bankers Association of America (MBA) asked the American Land Title Association to suggest participants for a focus group. In response to MBA's invitation, approximately one dozen title agents and underwriter representatives met at the MBA offices in June, 1993 for a presentation by MBA's Inter-Agency Technology Task Force (IAT).

The IAT consists of Fannie Mae, Freddie Mac and Ginnie Mae. The agencies have joined together under the auspices of MBA to explore certain technology issues, including whether paper mortgage assignments can be virtually eliminated for new loans. The premise is to replace the transfer of paper with "book entry" registration—an electronic exchange of information using a standardized electronic format (electronic data interchange, or EDI).

Since the June focus group, which was one of several conducted by the IAT, news of the concept, referred to as the WLBE concept, has spread within the title industry and among county recorders. Although we have heard many words of support from the title industry, many questions have been raised. The purpose of this article is to provide the most current version of the WLBE concept, which has been revised in light of the feedback from the ALTA and various other focus groups. Following the general discussion of the concept, which is described in more detail in a White Paper released in October, there is an accompanying series of Qs and As directed to title industry concerns as we understand them (Information on how to obtain a copy of

the White Paper may be found following the Q and A section at the end of this article).

## Mechanics

How would the new system work? Following current practice, closing agents will return executed mortgage notes to the loan originator or loan purchaser, which would perform post-closing reviews. A note would be endorsed in blank and placed with a

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**T**he premise is to replace the transfer of paper with "book entry" registration—an electronic exchange of information using...  
*electronic data interchange....*

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document custodian, generally for the life of the loan. The closing agent would record in the public land records i) the mortgage and ii) a traditional assignment to the WLBE Clearinghouse (the Clearinghouse). Lenders also would electronically register the mortgage assignment with the Clearinghouse. All subsequent transfers of interest in the mortgage (not the underlying property) would be registered only with the Clearinghouse. The original mortgage servicer also would be identified as would any subsequent servicers. Data will be protected and will be made available to those parties with a particular interest in a loan.

The WLBE system is intended to operate within the existing framework of law governing the establishment of rights in mortgages. First, under the Uniform Commercial Code, an ownership or security interest in a mortgage loan is generally determined by possession of the note by the real party in interest or its agent; i.e., an authorized document custodian. The WLBE system would retain the document custodian concept.

Second, implementation of the WLBE concept would not eliminate the need for the public land records. Mortgage lien priority will continue to be determined through the public land records as will constructive notice of other matters affecting real property. However, participants in the Clearinghouse will agree by contracts with their various trading partners to be bound by information in the Clearinghouse as to matters—ownership and security interests in mortgages and security interests in servicing rights—that the recording acts did not contemplate when they were enacted. Efforts to treat these interests under the re-



*The author is senior director for secondary market and financial institution regulation, Mortgage Bankers Association of America, Washington, DC, and previously served as general counsel on the ALTA staff. Earlier, she was an attorney for both Government National Mortgage Association and Federal Home Loan Mortgage Corporation, and was in the private practice of law where she specialized in real estate finance and the secondary market. She presently manages MBA's secondary market activities that include liaison with the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, the Public Securities Association and the Chicago Board of Trade.*

ording laws have resulted in great inefficiencies and inconsistencies.

### Primary Benefits

Based on the responses of focus group participants, the WLBE concept appears to make sense. The chief benefits appear to be cost reduction, greater efficiency, and fraud prevention. However, any industry-wide change in doing business, and particularly technological change, requires a thorough understanding of what will be changed, how the change will be implemented, and what benefits will be derived so that a meaningful consensus can form. Toward this end, the IAT welcomes further comment on the Clearinghouse concept and the White Paper. Comments may be sent to ALTA or directly to MBA.

### Cost Savings

Preliminary data was obtained from the IAT's survey of industry focus group participants and economic forecasts. The WLBE system could eliminate most assignment processing, induce investors to immobilize loan documents, and reduce mailing and notification costs during lien release processing. It is estimated that the WLBE system could reduce current costs for these operations by over 60 percent.

### Organization, Participation

Although the concept is still in its formative stages, preliminary plans call for the Clearinghouse to have a structure similar to that of the Depository Trust Corporation (DTC) and the Participants Trust Corporation (PTC). The services provided by these entities include maintenance of accurate and secure electronic records of participants' security holdings (stock and mortgage-backed securities). They also provide a centralized and standardized communications network for participants. Under the DTC/PTC approach, the Clearinghouse would be operated by an independent corporate entity owned by its users.

There could be several classes of participants based upon their roles in transactions involving the Clearinghouse and the benefits that the various participants would want to derive from participation. Mere suppliers of information, for example, may not want to be members at all, whereas mortgage investors probably would want full voting membership—which would be premised on stock ownership.

It is intended that the Clearinghouse would be open to all investors in mortgages, not just to the members of the IAT—Fannie Mae, Freddie Mac, and Ginnie Mae. Private conduits and other investors in

mortgages would be welcome to participate as would title companies. Lenders who normally hold loans in portfolio may choose to register their loans in anticipation of future, sales or not.

### Information in the Clearinghouse

Although the details have not been worked out yet, the IAT envisions that the Clearinghouse initially will receive loan information that would facilitate the identification of mortgage rights and fraud detection. The initial data would likely include the borrower's name, the property address, the original mortgage amount, the warehouse lender (if any), and the originator's name. Upon registration, the loan will be given a permanent and unique identification number. Information about the status of the loan as current, delinquent and in foreclosure will be updated as the information is received. When the loan is liquidated, a release procedure will assure

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**T**he WLBE system is intended to operate within the existing framework of law governing the establishment of rights in mortgages.

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that the satisfaction of the loan is handled properly under state law.

Plans for the Clearinghouse will have to resolve many structural issues. For example, if the Clearinghouse would be the mortgagee of record, mechanisms for the receipt and forwarding to servicers of legal notices sent to the Clearinghouse will have to be addressed.

### Future Applications

The long term potential of a book entry system for the mortgage finance industry is enormous. It is reasonable to assume that, once the system has been established, the services provided to participants could be expanded to include other services, such as settlement and funding functions between participants (secondary market sales of whole loans and loan servicing) and improved industry reporting capability, and the extension of the system to commercial and multifamily mortgages. It may be possible to add existing mortgages to the system.

### Timetable

The development of the WLBE Clearinghouse will be a long-term project. One of the milestones for 1994 will be a fully developed business plan for implementing the concept. The IAT will be working with an industry steering group to write the plan. The IAT would like the support of the title industry in its effort to establish the WLBE Clearinghouse. Your comments and suggestions would be most welcome.

### Q & A—Title Industry Concerns

- Q: What will be the primary benefits of the WLBE system to the title industry?
- A: Participation in the WLBE system, which would not be mandatory, will give the title industry easy, electronic access to current mortgage servicer information and faster lien releases. At a minimum, electronic communications involving the closing agent, lender, and custodian would reduce the time involved to process a release. Establishment of the Clearinghouse also would help the real estate finance industry re-engineer the release process. One possibility, which is currently used in some areas, is giving the document custodian a power of attorney to release mortgages, subject to appropriate safeguards.
- Q: For claims purposes, will a title insurer need to pay claims to the Clearinghouse, which will be the mortgagee of record, or to the loan servicer or the owner of the loan (investor)?
- A: A claims payment procedure will have to be developed for title insurance, private and governmental mortgage insurance and hazard insurance.
- Q: Will a mechanic's and other subsequent liens be recorded in the public land records or with the Clearinghouse?
- A: In keeping with the current legal framework, the liens would have to be recorded in the public land records to assure their proper perfection. Preliminary thinking would not require concurrent registration of the liens with the Clearinghouse. Under current thinking, if the Clearinghouse is mortgagee of record, it would receive notice of the initiation of foreclosure proceedings and could electronically transmit that information to the servicer. Similarly, as the mortgagee of record, the Clearinghouse would receive and transmit notice of bank-

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ruptcy filings and other legal proceedings involving the property.

Q: How will taxing authorities know to whom to send tax notices if the current mortgage servicer is not identified in the public land records?

A: It is currently envisioned that the local taxing authorities would forward tax bills to the Clearinghouse, which would then transmit the information to the applicable servicer.

Q: What will participation in the Clearinghouse cost the title agent?

A: It will be necessary to develop a system that is reliable and a system architecture that is open to all interested industry participants. The IAT recognizes that the technology to implement a WLBE system and its related costs cannot be a barrier to entry.

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**T**he chief benefits appear to be cost reduction, greater efficiency, and fraud prevention.


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In practice, costs will depend in part upon how a participant would want to use the Clearinghouse. The on-line costs for a lender which would need to enter data would be different from those of a title agent who may just need to view data. Costs also will depend on how a title agent is linked to the Clearinghouse. Title agents will likely be able to communicate with the Clearinghouse through various electronic communications networks. Options also will exist within the title industry for the development of network links with the Clearinghouse. Direct links to the Clearinghouse also could be established with only a personal computer and modem in conjunction with EDI translation software.

You can direct your requests for a copy of the aforementioned White Paper and your comments on the WLBE concept to:

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# LTI Introduces Advanced Course 2

By Patricia L. Berman  
LTI Director of Education

**W**ith the new year comes the introduction of the long-awaited Land Title Institute Course 2 Correspondence Course, which was commissioned and supervised by members of the ALTA Education Committees. This advanced study course is a culmination of hundreds of hours of writing, reviewing, and editing by numerous title industry professionals.

Course 2 is suitable for persons who: (1) have completed the Institute's introductory Course 1; (2) have recently graduated from law school; or (3) have a number of years' experience in the title industry and desire a "refresher course" or study beyond entry level.

Similar to Course 1, the new correspondence course consists of a textbook in a three-ring binder, test questions, and machine-graded answer sheets. This format enables students to progress at their own pace. The student's recognition "at the end of the tunnel" is a suitable-for-framing Certificate of Achievement; the employer's reward is a better educated employee, who, with this increased knowledge, is better equipped to avoid costly errors.

The new correspondence course is affordably priced under LTI's two enrollment options, either the Individual Plan or the Subscriber Plan. For price details, please see the accompanying article explaining the differences between the plans.

The Course 2 chapter topics include:

- Glossary
- Chapter 1 Overview
- Chapter 2 Working with Public Records
- Chapter 3 The Process of Abstract and Title Examination
- Chapter 4 Land Descriptions
- Chapter 5 Subdivision

- Chapter 6 Encumbrances
- Chapter 7 Security Interests in Fixtures and Other Personal Property Under Uniform Commercial Code
- Chapter 8 Basic Principles of Title Insurance Underwriting
- Chapter 9 Water Rights and Related Issues
- Chapter 10 Forms of Title Commitments and Policies
- Chapter 11 Endorsements
- Chapter 12 Escrow and Closing Services
- Chapter 13 Bankruptcy
- Chapter 14 Claims
- Chapter 15 Reinsurance

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*... the employer's reward  
is a better - educated  
employee, who  
... is better equipped to  
avoid costly errors.*

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In producing a more advanced correspondence course, there were five distinct phases.

## Phase 1 - Writing

In 1988, Oscar H. Beasley, senior vice president and senior title counsel, First American Title, graciously volunteered to write the initial outline and subsequent individual chapters. After the first draft, he revised many of the chapters and, in fact, throughout the project, he continued to "fine tune and polish" the text material. All of this was done on his own time. Thank you, Oscar.

## Phase 2 - Reviewing

The next phase was chapter review by members of the ALTA Education Committee and numerous other title industry specialists. This process required some two years.

Education Committee members who participated in the review stage were: J. Herschel Beard, (Marshall County, OK, Abstract), Jeffrey D. Bell, (Bell Abstract, Plattsmouth, NE), Donald J. Davids, (Elkhart County, IN, Abstract), Cara L. Detring, (St. Francois County, MO, Abstract), Myron C. Ely, (East Tennessee Title), Stanley B. Friedlander, (Continental Title, Cleveland), Barbara Gould, (Ford County, KS Title), Richard A. Maliszewski, (Ekum Abstract, Monroe, WI), Peter C. Norden, (First American), Jack Rattikin, III, (Rattikin Title, Fort Worth), Betty Sagatelian, (Realty Title, White Plains, NY), Jay D. Stewart, (American Abstract, Des Moines), Randy S. Underwood, (Fidelity National Title, and LaNette Zimmerman, (Chicago Title).

Along the way, other title insurance company specialists were contacted for their input. For instance, Ginny Abiassi (Stewart Title) and Paul Neustadt (Lawyers Title) both contributed their expertise on the Glossary. John T. Coghlan, a Kansas City, MO, attorney (Morrison Hecker law firm), a noted bankruptcy expert, authored the "Bankruptcy" chapter.

Other verifiers and contributors to chapters were: Mary Feindt (Charlevoix, MI, Abstract); John Goode (Lawyers Title); Jim Gosdin (Stewart Title); John Hollenbeck (First American); Russ Jordan (Lawyers Title); Gerard Knorr (First American); Dean Lemley (Continental Title); Bruce Pitts (Smith-Roberts National, Oklahoma City); Mary Powell (First American); Dick Pozdol (Chicago Title); Bert Rush (First American); David Smith (Pierson Semmes and

# LTI Offers Two Enrollment Plans For Correspondence Course Study

The Land Title Institute has offered correspondence study since 1970. The former "Basic" and "Advanced" courses (in the small green books familiar to some) were combined into a new and improved Course 1, which was released in March, 1991. Course 1 was designed for base level employees and others seeking a rudimentary knowledge of the title business and its unique terminology. Now, with the LTI release of its newest textbook - Course 2 - here is a profile of currently available correspondence study.

An LTI correspondence course is title-industry specific, enabling students to study on their own time and at their own pace. Upon enrollment, the student is given a unique identification number and sent a three-ring binder, 15-18 chapters of text (depending upon whether it is Course 1 or 2), a glossary, index tabs, a set of true/false and multiple choice "open book" test questions, machine-graded answer sheets with student name and ID number pre-printed on the front, and LTI return-address mailing labels.

The student assembles the book, reads a chapter, takes a test, and mails the completed answer sheet to the LTI office in Washington, DC. Normally within a week or so, the student receives a letter stating the test score, which test questions were missed, and where in the text the correct answer can be found. A score of 70 percent or above is passing. When the student has successfully completed all tests, a suitable-for-framing Certificate of Achievement is awarded by LTI.

An explanation of the fees charged for the correspondence course can be equated to computer hardware and software. The hardware, of course, is the textbook; the software is the administrative service provided by LTI staff. These services include enrollment, grading answer sheets, responding to letters and telephone calls, providing progress reports and monthly invoices for subscriber companies, and, finally, issuing Certificates of Achievement.

LTI offers two enrollment plans for its correspondence courses. The Individual Plan is recommended for either one person or companies with six or less employees. The Subscriber Plan is more cost effective for companies with seven or more employees.

## Individual Plan

Under the Individual Plan, the student or company pays up front the all-inclusive tuition and textbook fees. This gives the student up to 12 months to complete the course. If the student does not finish all chapter tests within the allotted time but wishes to continue with the course, an additional monthly tuition fee is incurred. ALTA members benefit from a discounted textbook fee. The all-inclusive tuition and textbook fees are:

### Combined Tuition and Textbook Fees

	Course 1	Course 2
<i>ALTA member employees</i>	\$135	\$160
<i>Non-ALTA member employees</i>	\$150	\$175

## Subscriber Plan

The Subscriber Plan is for companies with seven or more employees. The Subscriber signs an enrollment agreement pledging to remit tuition for a minimum of 12 months. This tuition fee is determined by the total number of employees in the company or branch office, not necessarily the number of employees planning to take the courses. The textbook fees are separate and are incurred as books are shipped to students.

Effective January 1, 1994, the monthly tuition charges are:

*continued on page 26*

Bemis, Washington, D.C.); the late P. C. Templeton (First American Title of New Mexico); and John Thornton (Ticor Title).

After the Education Committee was satisfied with each chapter, someone was assigned the task of writing test questions.

## Phase 3 - Editing

Last summer, Mickey Sweeney, National Geographic Society, Washington, DC, was engaged as a free-lancer to "broad brush" edit the textbook to ensure that the content was editorially consistent.

## Phase 4 - Field Testing

Phase 4 was critical. Before the final printing, we needed to "test" the questions - to determine if they were fair, or confusing, or too easy. Certain LTI subscriber companies were contacted to each nominate a "field test" student. We made it clear that the person they selected had to be highly motivated because of time constraints. The seven persons listed below were the "field test volunteers."

Jerry Booth, Lawyers Title  
 Steve Darden, American Pioneer Title  
 Donna Meek, First American  
 Melanie Murphy, Commonwealth Land Title  
 Bette Schmitt, Lawyers Title  
 Jennifer Weast, Security Abstract, Wichita  
 Judy Zaun, Bay County, FL, Land & Abstract

The feedback provided by these "field test" students was invaluable, providing a basis for verifying the Course 2 questions so they better challenge the correspondence students.

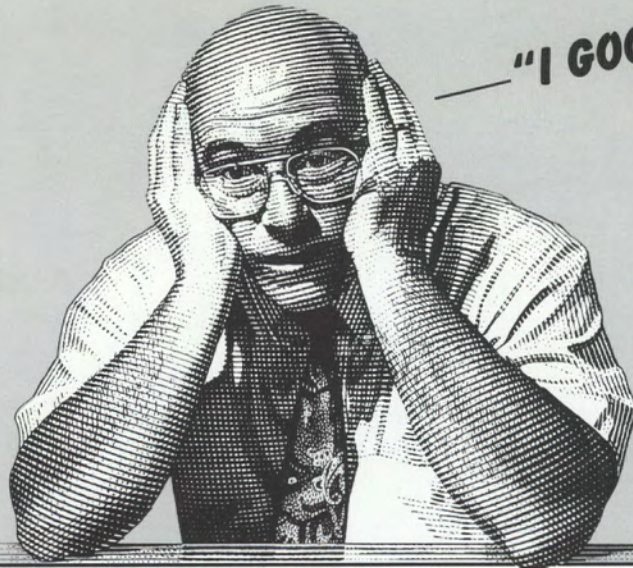
## Phase 5 - Finalizing and Production

The last phase, finalization and production, is the icing on the cake. Because the textbook is 450-plus pages, a 3-ring binder was necessary that was larger than the one containing Course 1. We selected a D-ring binder, which is easier for the student to use.

Recently, new computer programs were written which enable the LTI computer to handle two correspondence courses instead of one, and process a growing volume of answer sheets generated by the expected increase of students. The computer also will create monthly invoices and progress reports for subscriber companies. Previously, they have been manually

*continued on page 26*





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## LTI ENROLLMENT PLANS

continued from page 24

Number of employees	monthly tuition fee
Less than 10	\$40
10-49	60
50-99	100
100-199	150
200-299	200
300-399	250
400-499	300
500-599	350
600-699	400
700-799	450
800 or more	500

ALTA-member Subscriber companies benefit from a discounted textbook fee.

### Textbook Only – One Time Fee

	Course 1	Course 2
ALTA-member employees	\$60	\$80
Non-ALTA member employees	\$75	\$95

LTI invoices are mailed to Subscriber companies on the first of each month and include one month's tuition (in advance), plus the textbook charges for all books mailed the previous month.

Occasionally, companies ask to purchase *just* the textbook (usually for reference only) without grading services provided by LTI. In those cases, the above-listed "textbook only" fees prevail.

To obtain an enrollment agreement for the correspondence courses or for more information, please call the LTI office in Washington, D.C., telephone number 202-331-7431.

## COURSE 2

continued from page 24

prepared by Teresa Gant, the LTI administrator.

Congratulations are in order for all those persons who labored long and hard on developing Course 2. It was worth the effort! 🦋

## Closing Scenario Package Available

Along with performing their "Closings from Hell" production as a 1994 ALTA Mid-Year Convention workshop presentation, members of the Association Education Committee are offering for sale a "how to" kit designed for developing a state-specific version to be presented at a state title association meeting.

For a payment of \$20, an affiliated state title association will receive the 1 3/4-hour videotape of the "Closings from Hell" presentation by the committee at the joint ALTA-Wisconsin Land Title Association Regional Seminar last fall in Milwaukee, along with suggestions on how to plan a similar program for a state title event, sample scripts, and actual handout materials used during the Wisconsin event.

Orders should be accompanied by the sender's business card or letter on state association letterhead, along with check made payable to The Land Title Institute, all addressed to LTI at 1828 L Street, N. W., Washington, DC 20036.

Plans for the 1994 Mid-Year Convention presentation include two closing scenarios—one residential and one commercial. The audience will be asked to identify problems and help resolve case history situations.

## First American Unit Changes Name

The First American Financial Corporation has announced that its subsidiary, First American Real Estate Tax Service, Inc., has adopted the new name of First American Real Estate Information Services, Inc.

According to the announcement, the name change was made to better reflect the range of services now provided by the organization, which include real estate tax reporting, credit reporting and others.

First American Financial also is the parent of First American Title Insurance Company.

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## NAMES IN THE NEWS



**Toft**



**Pollay**



**Halvorsen**



**Gerber**



**Hemphill**



**Woodruff**



**Lomaka**



**Merrihew**

Alleghany Corporation, parent of the Chicago Title and Trust family of title insurers, has announced the assignment of wider responsibilities to two senior executives of its title insurance organization.

**Richard P. Toft**, Alleghany senior vice president and president/chief executive officer of both Chicago Title and Trust and Chicago Title Insurance Company, assumes responsibility for the parent's managerial liaison with its consumer banking subsidiary, Sacramento Savings Bank. In doing so, he relinquishes the position of Chicago Title Insurance chief executive officer while remaining Alleghany senior vice president, president/chief executive officer of Chicago Title and Trust, and

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Henn



Snyder



Klein



Moore



Persaud

chairman of Chicago Title Insurance. In addition, he assumes the previously vacant office of Chicago Title and Trust chairman.

**Toft** is a past president of ALTA and currently is serving as chairman of the Association Government Affairs Committee.

**Richard L. Pollay**, president and chief operating officer of Chicago Title Insurance, becomes chief executive officer of that company and vice chairman of Chicago Title and Trust. He presently holds the office of ALTA treasurer and is a member of the Association Board of Governors.

In other changes at Chicago Title Insurance, **William T. Halvorsen, Jr.**, has been named manager, Los Angeles Area Western Division; **David J. Gerber** has been appointed St. Clair County manager and remains Madison County manager, with offices in Edwardsville, IL, while **Walter Adams** has been named downstate Illinois associate regional counsel and remains assistant vice president, Collinsville, IL.

**Jonathan Yeomans** has been appointed branch manager, Hartford, CT; **Elizabeth Garcia** has been named escrow officer, Miami, FL; and **Steven Elder** has been appointed Great Lakes regional recoupment coordinator while remaining area claims and litigation counsel for Ohio and Western Pennsylvania.

**Frederick H. Hemphill, Jr.**, has joined Commonwealth Land Title Insurance Company and Transamerica Title Insurance Company as senior vice president and chief information officer with offices in Philadelphia. He is a member of the ALTA Land Title Systems Committee and serves as chairman of its Electronic Data Interchange (EDI) Subcommittee.

**Charles M. Woodruff** has been appointed agency manager for the companies Florida and Caribbean operations, with offices in Orlando. **Stephen J. Lomaka**, general accounting manager for the companies, Philadelphia, has been promoted to assistant vice president.

In other changes at Commonwealth, **James K. Merrihew, Jr.**, has been promoted to vice president and remains agency manager, Mobile, AL; **Jeffrey A. Lange** has been named assistant vice president and branch manager, Orlando; and **Adonna K. Knutson** is the new Kane County branch manager, St. Charles, IL. **Eugenia P. Leskie** has been promoted to office manager and remains closing officer, Drexel Hill, PA.

In changes at the company's subsidiary, Commonwealth Land Title Company of Fort Worth, **Frances Anderson** and **Cindy Young** have been named branch managers. **Nikki Jackson** has been appointed escrow officer and remains vice

president. Also named escrow officers are **Gay Dove**, **Marquitta Ellis**, **Missy Hickox** and **Sharon Mullin**. **Pat Laneri** has been appointed escrow assistant and **Kimberly See** escrow technician.

**Richard P. Pauletich** has been named regional vice president, First American Title Insurance Company, Oakland, CA, and chairman of the organization's subsidiary there, First American Title Guaranty Company. He replaces **William B. Morrish**, who had served in the position since 1970.

**Ralph DiDomenico** and **Robert L. Henn** have joined First American's new Philadelphia office as vice president-regional marketing director and vice president-associate regional counsel, respectively. **Kathy Munson Snyder** has been promoted to assistant vice president-director of communications and investor relations at the company's national headquarters, Santa Ana, CA.

Lawyers Title Insurance Corporation announces the election of **Thomas R. Klein** as vice president-area manager and president of its subsidiary, Real Title Company, Inc., Fairfax, VA. **Steven R. Moore** and **Frederick R. Persaud** have been elected vice president-area manager, Orlando and Miami, FL, respectively, and **Robert G. Soule** has been elected vicepresident and National Division office

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manager, Boston.

**Scott Holland** has been named area manager and **Deborah Gabry** area sales manager in the Lawyers Title area office, Parsippany, NJ. **Andrew R. Drake** has been named senior title attorney in the company's Midwestern and Rocky Moun-

tain states regional office, Chicago, and **Kenneth H. Edwards** has been appointed senior title attorney-settlement services, Central Virginia branch, Richmond. **Kenneth G. Massey** has been appointed assistant claims counsel, Atlanta area office, and **Pauline**

**W. Jones** and **Kay Hardy Windsor** are new branch managers, Greenville, SC, and Norfolk, VA, respectively.

In the Lawyers Title Central Virginia branch, Richmond, **Debra J. VanBuskirk** has been appointed operations manager and **Stephen W. Francis** supervisor of marketing and business development. **Penny Goldberg** has been named systems manager at Richmond corporate headquarters.

**Daniel X. Brennan** has been named assistant vice president, National Title Insurance Company, Miami, where he is in charge of the mortgage banking division.

## Colorado Expansion By North American

North American Title Company of Colorado has announced the acquisition of two companies in that state—Western Title Corporation of Castle Rock and Fort Collins, and Associated Title Corporation of Colorado, Colorado Springs.

North American Title of Colorado opened its flagship office in Cherry Creek, Denver, last November 18, and since then also has launched two branch offices, in Englewood and Lakewood, and is in the construction stage in three other metropolitan locations, according to the announcement.

Since moving into the Colorado market last fall, North American has expanded its staff to a total employment of 125, it was reported by Dan R. Wentzel, chairman of North American's parent, North American Asset Development Corporation, Walnut Creek, CA, and Ronald G. Childs, executive vice president of the Colorado subsidiary.

Associated and Western will retain their current staff, including Gary Ross, Greg Erpelding and Bruce Rosell, managers, respectively, in Fort Collins, Castle Rock and Colorado Springs.

Assisting North American in the negotiations and transaction structuring was Lawrence E. Kirwin, president, Corporate Development Services, Wayne, PA.



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## NEW MEMBERS

### WELCOME!

*1994 promises to be a great year now that we've added these new members! The recruiters responsible for their joining (noted in parentheses) have now qualified for membership in the ALTA Eagle's Club and are eligible for the "Recruiter of the Year" prize.*

#### ACTIVE

##### Arizona

Fiesta Title & Escrow Agency, Phoenix, AZ.

##### Florida

Metro Title Services, Inc., Winter Park, FL.  
(Recruited by Stewart Title Guaranty Co., Tampa, FL.)

##### Georgia

Albany Title Co., Albany, GA. (Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

##### Illinois

Lake County Abstract, Inc., Ingleside, IL.  
Midwest Title & Surety Agency, Inc., Rockford, IL.

##### Kansas

Kaw Valley Land Title Co., L.C., Topeka, KS.

##### Louisiana

Crown Title Ltd., Metairie, LA. (Recruited by Earle A. Thompson, United General Title Ins., New Orleans, LA.)

##### Massachusetts

Connolly Title Services, Weymouth, MA.  
(Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

##### New Jersey

Union Abstract Co., Union, NJ. (Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

##### New York

Pacific Abstract Corp., New York, NY. (Recruited by Richard A. Cecchettini, Old Republic Title Insurance Co., Minneapolis, MN.)

Prestige Title Agency, Brooklyn, NY. (Recruited by Brian Reardon, General Abstract Corp., Staten Island, NY.)

Southern Tier Abstract Corp., Monticello, NY. (James Renaldi, Hardenburgh Abstract, Goshen, NY.)

##### North Carolina

Atlantic Assurance Co., Charlotte, NC.

##### Ohio

Crawford Title Agency, Inc., Bucyrus, OH. (Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

Hottenroth & Pry Title Agency, Mansfield, OH. (Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

##### South Dakota

Dakota Homestead Title Insurance Co., Sioux Falls, SD.

Jackson County Title Co., Inc., Chamberlain, SD.

##### Wisconsin

County Land & Title, Inc., Schofield, WI.

#### ASSOCIATE

##### California

Christopher Gust, Wells Fargo Bank, San Francisco, CA. (Recruited by David Stewart-Jones, Wells Fargo Bank, San Francisco, CA.)

Title Recon Tracking, Burbank, CA. (Recruited by Gary Beeny, North American Title Co., Glendale, CA.)

##### Florida

Thomas R. Tatum, Tatum & Tatum, P.A., Fort Lauderdale, FL. (Recruited by Kenneth R. Jannen, First American Title Insurance Co., Plantation, FL.)

##### Illinois

Daniel M. McCarthy, Esq., Chicago, IL., Recruited by Kristine A. Chrey, Schwabe, Williamson Ferguson & Burdell, Seattle, WA.)

##### Louisiana

Helen Onebane Mendell, Title Insurance Agency, Lafayette, LA.

##### Maryland

Morton P. Fisher, Jr., Ballard, Spahr, Andrews & Ingersoll, Baltimore, MD. (Recruited by Steven R. Romine, Hunton & Williams, Norfolk, VA.)

##### Vermont

Hanna Insurance, Burlington, VT. (Recruited by Rich Curd and Doug Dolan, Capital Professional Insurance Managers, Chevy Chase, MD.)

#### ASSOCIATE, Legal Division

##### Illinois

Raymond S. Stillwell, Community Title & Escrow, Inc., Alton, IL.

##### Louisiana

Helen Onebane Mendell, Title Insurance Agency, Lafayette, LA.



## 1994 AFFILIATED ASSOCIATION CONVENTIONS

### February

17-18 **Alaska**, Regal Alaskan Hotel, Anchorage, AK

### April

21-23 **Oklahoma**, Marriott, Oklahoma City, OK

### May

5-7 **Tennessee**, The Peabody Hotel, Memphis, TN

5-7 **Texas**, Hyatt River Center, San Antonio, TX

8-10 **Iowa**, Marriott, Des Moines, IA

12-14 **New Mexico**, Las Cruces Hilton, Las Cruces, NM

14-15 **Palmetto**, Omni, Charleston, SC

28-31 **New Jersey**, The Southampton Princess, Bermuda

31-June 3 **California**, Squaw Creek, Lake Tahoe, CA

### June

2-4 **Colorado**, Hyatt Regency Beaver Creek, Avon, CO

9-10 **South Dakota**, Community Center, Sturgis, SD

10-12 **Virginia**, Boar's Head Inn, Charlottesville, VA

12-14 **Pennsylvania**, The Omni Sagamore Resort, Bolton Landing, NY

23-25 **Illinois**, Marriott City, St. Louis, MO

23-26 **New England**, Stowflake Resort, Stowe, VT

24-25 **Arkansas**, Holiday Inn West, Little Rock, AR

26-28 **Oregon**, Skamania Lodge, Stevenson, WA

### July

7-9 **Utah**, Deer Valley Resort, Park City, UT

24-26 **Michigan**, Shanty Creek, Bellaire, MI

### August

4-6 **Idaho**, The Coeur d'Alene Resort, Coeur d'Alene, ID

10-13 **North Carolina**, Grove Park Inn, Asheville, NC

11-13 **Minnesota**, Izatys Golf & Yacht Club, Lake Mille Lacs; Onamia, MN

12-14 **Indiana**, Westin Hotel, Indianapolis, IN

*continued on page 34*



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## CALENDAR OF MEETINGS

### 1994

March 7-9 **ALTA Federal Conference**, Willard Inter-Continental Hotel, Washington, DC

April 11-13 **ALTA Mid-Year Convention**, Scottsdale Princess, Scottsdale, AZ

September 21-24 **ALTA Annual Convention**, Walt Disney World Dolphin, Orlando, FL

### 1995

April 5 - 7 **ALTA Mid-Year Convention**, The Westin Resort, Hilton Head, SC

October 18-21 **ALTA Annual Convention**, Loews Anatole Hotel, Dallas, TX

### 1996

October 16-19 **ALTA Annual Convention**, Westin Century Plaza Hotel, Century City, CA

## AFFILIATE CONVENTIONS

*continued from page 33*

### August

18-20 **Montana**, Kwa Tag Nuk Resort, Polson, MT

19-20 **Kansas**, Marriott, Wichita, KS

21-24 **New York**, Site unannounced, Newport, RI

### September

8-10 **North Dakota**, Site unannounced, Devil's Lake, ND

9-10 **Missouri**, Adams Mark Hotel, St. Louis, MO

15-17 **Dixie**, The Sandestin Beach Hilton, Destin, FL

18-20 **Ohio**, Dayton Marriott, Dayton, OH

### October

12-14 **Nebraska**, Midtown Holiday Inn, Grand Island, NE

13-14 **Wisconsin**, Holiday Inn East Towne, Madison, WI

23-26 **Florida**, Lake Buena Vista Hilton, Orlando, FL

### November

2-4 **Arizona**, Site unannounced, Lawson, NE


### December

1-2 **Louisiana**, Omni Royal Orleans, New Orleans, LA

## CURRAN

*continued from page 18*

- Groups with opposing interests to those of the title industry are attempting to take over the business through controlled business activity—which would adversely affect the public interest
- Much can be accomplished politically if those in the title industry work together, pooling their resources

Has his first term as a state legislator been worthwhile? The best answer lies in a glance at Armil's calendar—which has been cleared next summer so planning can begin for his re-election campaign in the fall. And, he is working on ideas for at least three pieces of legislation which may well land in the hopper when the next session convenes in Little Rock. 

## Texas Acquisitions By First American

First American Title Insurance Company has announced the purchase of its agent, Corpus Christi Title Company, Nueces County, TX, through an exchange of all outstanding shares of the agency stock for stock shares of First American Financial Corporation, parent of the title underwriter.

In addition, the company has announced the purchase of Fort Bend Title Company, which has three offices in Fort Bend County, TX, and three more of its Houston subsidiary, Citizens Title, in Harris County, for cash and notes.

According to the announcement, the purchase is consistent with First American's strategy calling for a strong direct operational presence in Texas. Recently, First American also purchased an agent in San Antonio.

Texas law requires that a title company must have a title plant before it can be issued an operating license there.

## INDEX TO TITLE NEWS ADVERTISERS

Corporate Development Services	Page 26, 31
Genesis	cover 2
Landata, Inc.	page 22
North American Title Organization	page 27
RBJ Computer Systems	page 29
SoftPro Corporation	page 33
SMS Real Estate Information Services	page 4
Title Agents of America	page 25
Title Data, Inc.	cover 3
Title Industry Assurance Company	page 30
Title Pac, Inc.	page 6
Title Pro	page 11
TitleSCAN Systems	page 21

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