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NOVEMBER-DECEMBER 1995

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Volume 74, Number 6

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FEATURES

On the cover: Herb Wender, right, Commonwealth Land Title, is congratulated by Dan Wentzel, North American Title, following his installation as the eighty-ninth president of ALTA during the Association's 1995 Annual Convention. Wentzel was elected to the office of ALTA president-elect at the Convention. Presenting the two top-ranking ALTA officers on a cover suggesting the automation surge is more than a designer fantasy. President Wender has indicated that title automation and federal issues will be two of the front line priority areas for ALTA during his administration.

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In an interview shortly after his installation, the new ALTA president looks to 1996 and beyond for the Association and the title industry.

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A MESSAGE FROM THE UNDERWRITER CHAIRMAN



After The Vote!

The title insurance industry is a very strong lobby with grassroots support in literally every county in America. Most title people personally know their representatives in Congress, and often help in their campaigns. Last year, we elected many new representatives to the House and Senate. You sent these folks to Washington to vote in your stead.

Well, after the vote, are you closely monitoring how well your elected representative is voting on issues very vital to you? There are two very vital issues which you face in your business, which were of concern in legislation pending at this writing. They are tort reform and the issue of banking control of title business.

Earlier this year, the House passed a **sensible** civil justice reform bill. It extends key protections—such as limitations on punitive damages and elimination of joint liability for subjective, non-economic damages—to **all** civil actions affecting commerce. This legislation, H. R. 956, would help protect **you** and the **business community** from lawsuit abuse.

By contrast, the civil justice reform bill passed by the Senate (S. 565) affords these needed reforms **only in product liability cases**.

In 1995, it was estimated that Americans paid **\$132 billion** in litigation and higher insurance premiums because of lawsuit abuse. The \$132 billion "tort tax" adds \$500 to new car prices, \$100 to the price of a \$200 football helmet, \$3,000 to the cost of a heart pacemaker, and tens of thousands of dollars to the cost of conducting your title insurance business.

Only a fraction of all civil cases involve products. The rest involve service providers, most small businesses, school districts, churches, municipalities, non-profit and volunteer organizations. **All** Americans suffer from lawsuit abuse. **All** Americans deserve reform. Congress must pass the broadest possible civil justice reform bill.

If, as you read this, a conference committee report has not yet been voted on, would you please send a fax—today—to Senate Majority Leader Bob Dole and to the two senators from your state, and ask that Senator Dole appoint a conference committee on tort reform that will be favorable to the House version of the Common Sense Legal Reform Act of 1995 (H. R. 956) and to pass the committee bill and send it to the President for his signature. Ask your co-workers and friends to send faxes as well.

As you may know, the banking bill in the House came out of committee with what is called the Baker/Lazio amendment made a part of this measure. This provision will allow banks to affiliate with title insurers unless prohibited by the states within two years. Some legislatures meet only once every two years and, in the past, states have relied on federal legislation restricting banks to banking and prohibiting banks in commerce. This would mean that, in only a two-year time span, legislation prohibiting such affiliations would have to be enacted into law in all 50 states. Not a chance.

The title insurance industry previously was separated from banking. Banks did sell title insurance in the past, but most of the insurance became valueless. The consumers of this country were left holding a worthless piece of paper. Title companies do not have the capital to buy large banks, so the result of the Baker/Lazio amendment would be to put the banks back in charge of title insurance.

House Speaker Newt Gingrich is an avid student and professor of history. We study history for one main reason, and that is not to repeat the mistakes made in the past.

We all need to remind Speaker Gingrich and the persons we voted for to represent us in the House of our views on dropping the Baker/Lazio amendment from the House banking bill.

Our future as an industry is in the balance. You have an opportunity to change the future—**yours!**

Sincerely,

Malcolm S. Morris

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Diversity Prevails in Demographics

Over the next 15 years, an average of 1.25 million new households will be formed annually across the nation—a slowing of the previous rate that casts profound implications for both rentals and the starter home market. Diversity in housing will prevail during this period, with each generation of Americans having its own perspectives, tastes and attitudes that will create discreet market niches.

Also through the year 2010, education is affecting real estate values for the first time, there is suburban and sun belt dominance, and a burgeoning underground economy indicates more significance than may be attributed by some.

These and other demographic patterns were outlined for 1995 ALTA Annual Convention attendees by Leanne Lachman, managing director of Schroeder Real Estate Associates, New York City, an organization which manages some \$1 billion invested in shopping centers and office buildings across the nation. Citing information developed for the recent autumn edition of the company's publication, "Real Estate's Demographic Puzzle," Lachman said newcomers to the United States and their families will account for a major share of future population and labor force growth. Lachman, who is a member of the Chicago Title and Trust Company board of directors, added that immigrants have prevented population decreases in some central cities—notably New York City and Los Angeles.

In 1970, over half of all Americans lived in the midwest and northeast. By 1994, this so-called frost belt share dropped to around 43 percent—and is expected to be under 40 percent by 2010. Lachman projected that, over the next 15 years, the fastest growing states all will be in the west. In absolute numbers, the highest population growth will continue to be in California, Texas and Florida, partly because of immigration.

America's greatest development opportunities during the 15 years will be in growing western and southern communities, the investment executive added. Changes

within regions and within metropolitan areas also will spur new demand.

Although 20 percent of the population formerly changed residence year in and year out, the percentage now is below 17

Diversity in housing will prevail...with each generation of Americans having its own perspectives, tastes and attitudes that will create distinct market niches.

percent annually, Lachman said, and is headed toward an annual rate of 15 percent.

In early 1994, the nationwide suburban office vacancy rate for the first time fell below the downtown rate. In one report of office vacancy data for 45 metropolitan areas and suburbs, Lachman said 34 of these lo-

cales had higher downtown vacancy readings for second quarter, 1995. With only a handful of exceptions—notably global central cities—Lachman said it is difficult to visualize a healthy short-term future for downtowns; this has sobering value implications for a lot of high quality real property.

Before the turn of the century, labor force issues are expected to exert a greater influence on site location decisions and therefore on real estate investment. Changing business practices and worker life style preferences are altering population and job locations. Each of the four major locations of the United States are projected to experience population growth, according to Lachman, but not at the same rate.

The labor force will expand because population growth will more than offset declining participation rates for men. Barring a serious latter nineties recession, Lachman expects labor shortages to begin emerging, especially in rapidly growing metropolitan areas which do not attract immigrants. Competition for skilled workers will increase, and employers will be more attuned to labor issues when selecting business locations. Suburbs will be favored



Leanne Lachman talks with ALTA President-Elect Dan Wentzel.

over downtowns- with hispanics and African Americans prominent in following the jobs as they move from central city to suburban locations.

Between 1992 and 2005, Lachman projects more than one of three new workers will be a member of a minority group.

Middle class Americans of all ethnicities, she added, prefer suburban living. They also prefer to be near available jobs, which is in the suburbs.

Illustrative of the city-to-suburban move, 212 of the 435 seats in the United States House of Representatives are held by those from districts with suburban majorities. This compares with only 170 suburban districts as recently as 1985. The serious loss in central city political strength has substantial implications for real estate, Lachman pointed out.

Over the next 15 years, each fairly large generation will be about equal in size. The investment executive added that none of these will dominate consumer preferences, life style trends or political influence.

Although the number of children is rising steadily, households are smaller- with some 80 percent of them having no children under 18 years of age. Some 35 percent of men and 24 percent of women in their twenties are living at home with their parents. Young people have less money to spend and their potential market is smaller. With more younger people staying home longer, there is a damper on formation of starter households, according to Lachman.

Between 1990 and 2010, the number of people age 50 and over is projected to increase by 52 percent as "baby boomers" enter this group. At the same time, the under 50 population is expected to grow by 10 percent. Until reaching the vicinity of age 80, the over 50 group is a very active, relatively comfortable and sizeable segment of the population with great potential for many land uses, she added.

Lachman said demand will become strong for senior housing as the current extremely value conscious older generation is replaced by people who grew up after the depths of the depression. Developers of retirement housing will have an easier time as this occurs and products become marketable in all price ranges.

Between 1989 and 1993, reported median household income declined 7 percent after inflation- -dropping to around the same level as 10 years earlier. Yet, real consumer income rose each year except 1991, which was the depth of the depression.

continued on page 34

National Home Ownership Rate Hits 65 Percent for First Time since 1981

The national home ownership rate continued to increase in the third quarter of 1995, reaching 65 percent for the first time since 1981, according to a Census Bureau report passed along to the National Partners in Homeownership, a voluntary group of 56 private and public sector real estate organizations including ALTA. The Partners are supporting President Clinton's strategy to increase the national home ownership rate to an all-time high of 67.5 percent by the year 2000.

The 1995 ownership rate moved to 65 percent from a reading of 64.7 percent for this year's second quarter. At the end of 1994, the rate was 64.2 percent. Nearly a million home owners had been added at the time of the third quarter reading.

As designed, the White House initiative is concentrated on three main strategies:

- Reducing the costs of home ownership including financing, production costs and transaction costs and fees to make home ownership more affordable, make financing more available, and simplify the home buying process
- Opening markets for home ownership to increase choice and remove discriminatory and regulatory barriers, making homes, financing and insurance available and affordable for more households
- Expanding opportunities for home ownership to make ownership a reality for millions of additional families through education and counseling, information technology, communications media and community involvement

ALTA's Board of Governors has ap-

proved specific participation by the Association in four areas of this activity, which are designated by the Administration as Alternative Approaches, Technological Improvements, Standardization of Settlement Instructions, and Bulk Purchase of Settlement Services.

Currently, ALTA is at work through its Closing Committee, collecting various examples from around the country before drafting begins on a proposed uniform closing instruction letter. At the same time, the Association is studying regulatory barriers to implementation of a uniform letter of this type. Plans call for keeping government and mortgage market organizations informed on developments and seeking their input as appropriate.

A uniform closing instruction letter as envisioned will be designed for electronic data interchange (EDI), recognizing the emphasis of government and mortgage market organizations on the electronic technology. ALTA has developed the first ever EDI standard for the title industry, Transaction Set 265 for title services ordering. More recently, two additional EDI standards have been developed by ALTA- Transaction Sets 197 (title evidence) and 199 (settlement information).

Besides ALTA, other real estate organizations in the Partnership include the American Bankers Association, America's Community Bankers, Appraisal Institute, Fannie Mae, Freddie Mac, Mortgage Bankers Association of America, Mortgage Insurance Companies of America, National Association of Home Builders, National Association of Real Estate Brokers, National Association of Realtors and National Bankers Association.

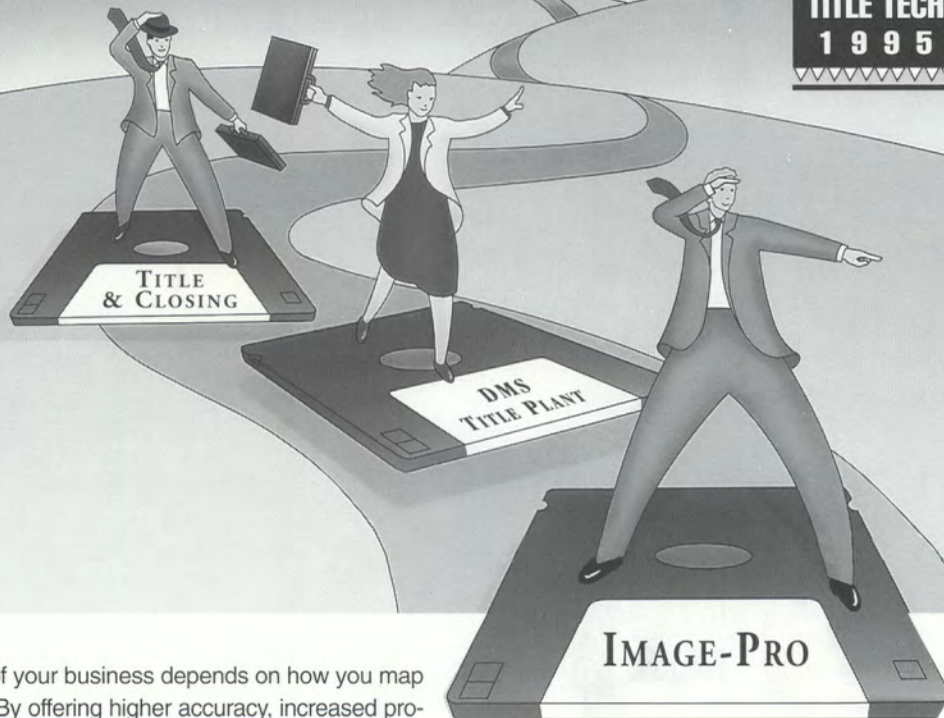
Progress Toward National Home Ownership Goal of 67.5 percent by the year 2000

	Current Rate (3rd qtr. 1995)	Previous Rate (2nd qtr. 1995)	Rate at the end of 1994
Nation Overall	65.0%	64.7%	64.2%
Minorities	44.0%	43.5%	43.7%
Households with Less Than Median Income	49.0%	48.6%	48.6%
Households Under Age 35	57.9%	56.9%	57.1%

**Increase in Number of Home Owners Since End 1994
938,000**

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ALTA Concludes A Successful 1995, Gears Up Financially for 1996

By David R. McLaughlin
ALTA Vice President-Administration

There is a more balanced dues position between the underwriters and the abstractor/agent members.

ALTA is concluding another successful year and moves into 1996 after the recent approval by its Board of Governors of the operating budget for the coming year (please see Exhibit 1). The Association anticipates revenue receipts of \$2,874,650 against expenditures totalling \$2,874,650 for a balanced budget. This is in line with current board objectives.

The pie charts in Exhibit 2 indicate the sources of annual income as well as where these funds are expended. Revenue from your membership dues is 67 percent of our total; this is down 12 percent from last year, mainly as a result of the transfer of a portion of our reserve asset fund's interest income to the operational fund. There is a more balanced dues position between the underwriters and the abstractor/agent members. Membership dues for 1996 will remain the same as for the past several years. Membership renewal dues invoices are being prepared for sending as this is written.

Looking back at 1995, ALTA should also conclude the current year with a balanced budget. Among all the activities of the Association, the renewal of our Washington office lease at a lower renegotiated rate assures that we will be able to remain strategically based in the heart of the nation's capital-which will allow continuing operation at peak efficiency. As part of our agreement to remain at 1828 L Street, N.W., we now have a substantially improved and more attractive conference room, refurbished reception area and more efficient mail/storage room. These new features were all obtained from the landlord's leasehold improvement fund with no out-of-pocket cost to ALTA. The landlord also is

renovating the downstairs front entrance to the building and the lobby area. We encourage members attending the 1996 Mid-Year Convention in Washington next March to stop by and visit their headquarters office.

Also this year, we introduced another service program through Cable & Wireless, to help members reduce their business telecommunications cost. This, along with our express delivery service through Airborne Express, has allowed those members who have opted to take advantage of one or both services to realize significant savings on their overnight mail and telecommunications costs. Both programs have been well received.

The ALTA membership rolls witnessed a 132-member increase during 1995, bringing our total member count up to 2,180. Your Association's membership objective is to not only bring in new members, but retain existing members as well. Our retention during 1994 dropped slightly to a level of 95 percent, but this was anticipated due to adverse economic conditions.

Looking ahead to 1996, more ALTA technological changes are in prospect- at the membership and the staff levels. Our newly improved, computerized member database will give the Association a means for providing better communication services to members, while raising the overall quality of ALTA services.

As usual, an audit of ALTA's 1995 financial activity will be performed by an outside audit firm early next year to affirm that member interests are being represented in a cost efficient manner that is aligned with the policies developed by your ALTA board. ✎

Exhibit 1

1996 Approved ALTA Income And Expense Budget

General Fund Income

Dues	\$1,940,000
Investment Income --	
Operating	24,000
Investment Income --	
Reserve	250,000
Membership Processing Fees	3,750
Conventions	500,000
Title News	75,000
Directory	50,000
Product Services	20,000
Other Income	11,900
Total Income	\$2,874,650

General Fund Expense

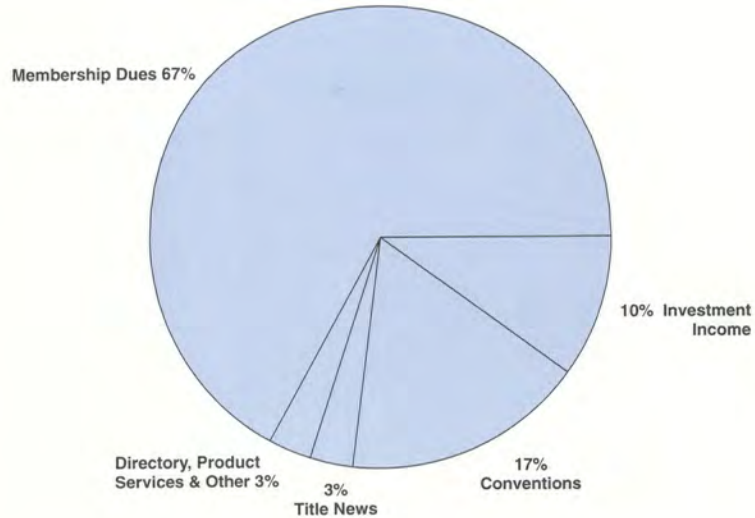
Legal & Professional	
Services	\$375,000
Conventions	394,020
Committees	161,830
Public Relations	53,000
Rent-Occupancy	194,400
Personnel-Salaries	854,000
Personnel-Benefits	137,200
Personnel-Pension	104,400
Travel	130,000
Telephone	27,600
Postage	64,000
Supplies	10,000
Computer/Word Processor	25,000
Duplicating	7,200
Title News	61,000
Directory/Manual	31,000
Bulletins	52,000
Dues & Subscriptions	6,400
Insurance	27,000
Audit	16,600
Product Services	25,000
Miscellaneous	10,000
State Legislative &	
Regulatory Fund	10,000
Depreciation	63,000
Lobbying Tax	35,000
Contribution to Reserve	0
Total Expense	\$2,874,650

General Fund Income

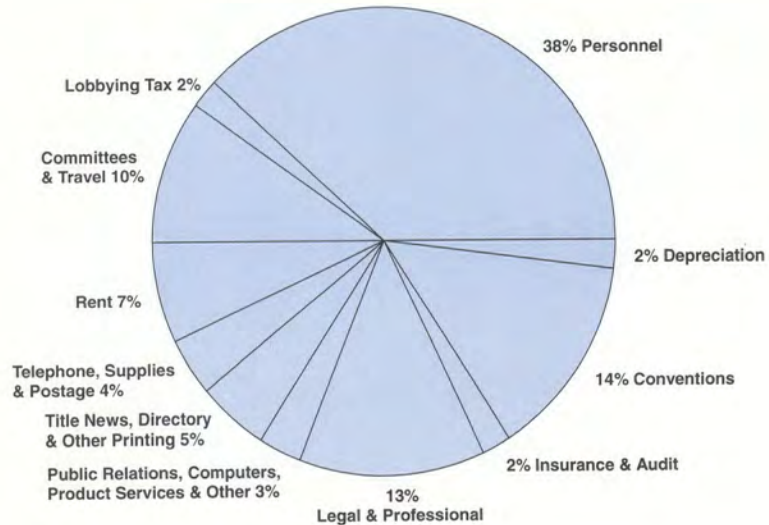
Over Expense	0
Tipac Admin. Fund Income	\$32,000
Tipac Admin. Fund Expense	\$32,000

Exhibit 2

ALTA \$\$\$ Sources



ALTA \$\$\$ Expenditures





Under sunny skies and starlit evenings, it was a diverse and fascinating event that only Dallas could deliver. Out on that cosmopolitan southwest prairie, ALTA members and others attending the 1995 Annual Convention of the Association soon discovered their experience would be limited only by personal interest and energy.

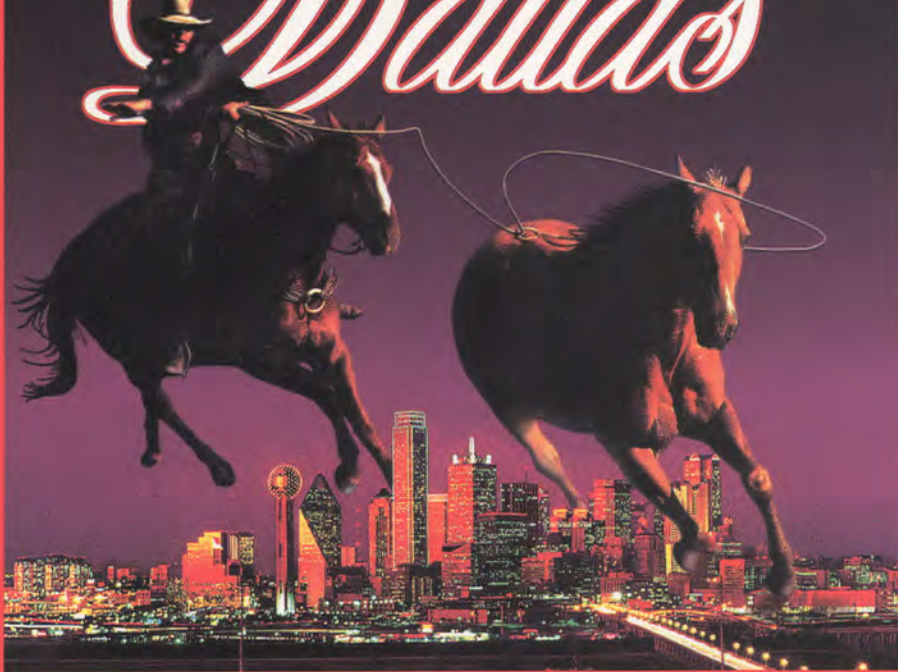
As usual, the big issues were probed and title owner/manager skills were polished in educational sessions. But all this and much more came wrapped in a blanket of Texas culture and hospitality that made it unique — and a lot of fun!

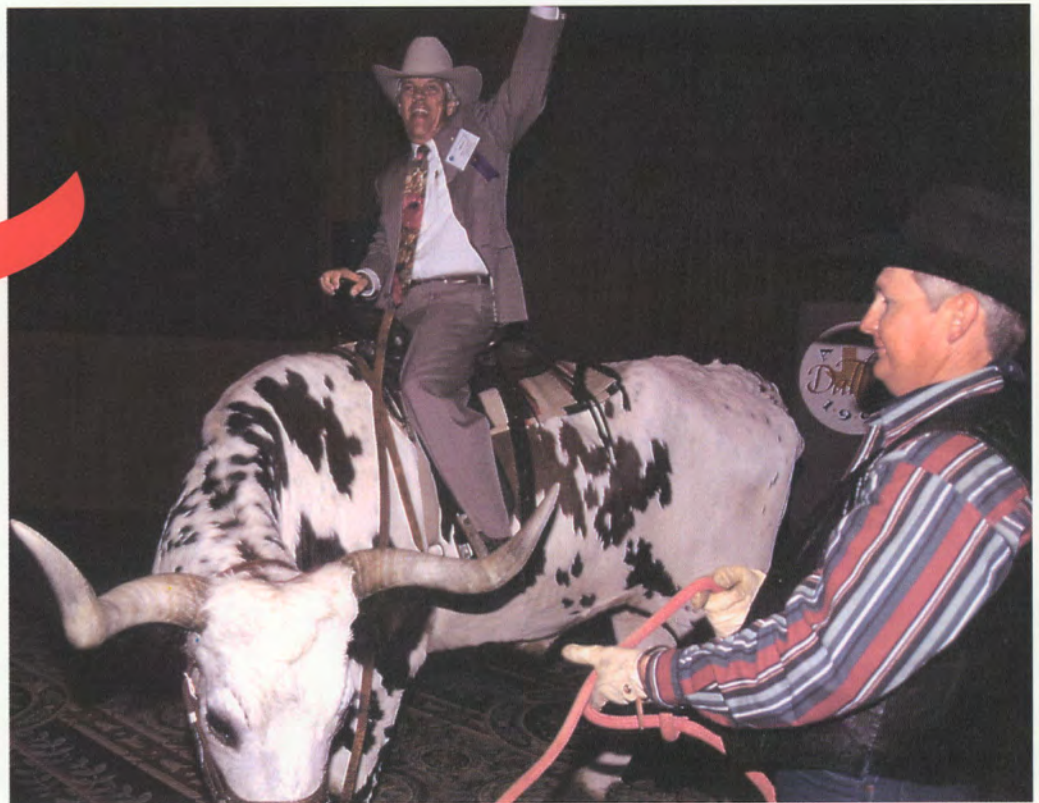
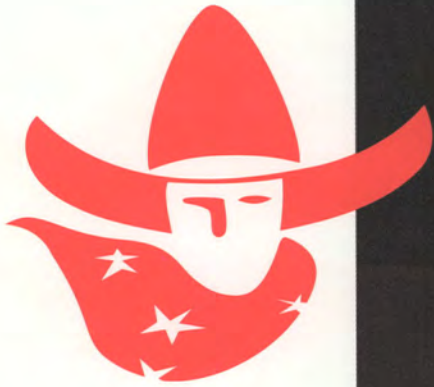
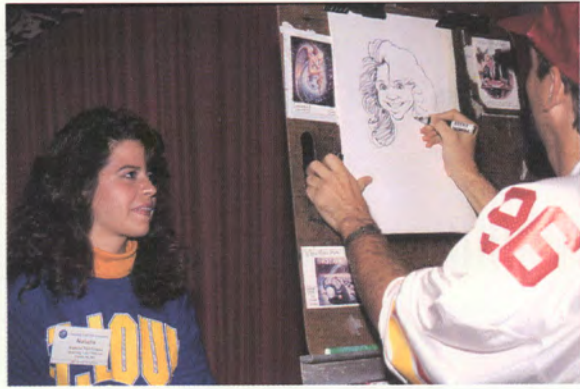
The national focus was clear all right. American Bankers Association Immediate Past President Howard McMillan talked about concerns of his industry. Gloria Berger of U.S. News & World Report blended wit with wisdom in her overview of politics. Leanne Lachman brought a farsighted view into the future of housing demographics (see separate article, this edition of Title News.) And there were in-depth presentations on such major topics as title automation, errors and omissions insurance, multi-state transactions, and others too numerous to mention here.

Limiting a narrative on Convention Dallas to the informative and educational would be like building a kettle of award-winning Texas chili without the secret spices — very nourishing, but without most of the kick. For the complete picture, stir in Texas two-stepping, the armadillo races, horses, visits to locations of artistic and historic note, gourmet chefs, barbecue, and so on. Only then does it begin to take shape.

The camera of Ken Abbinante recorded the accompanying scenes that provide a cross-section of this industry happening. But it would be impossible to convey the total experience on these pages. It just was important to be in Dallas on those select days. There was no other way to take in the full sweep of Dazzling Dallas.

Dazzling Dallas





Diversity? You bet! Where else but Texas could ALTA President Mike Currier be found entering the opening General Session aboard a longhorn steer? Herb Wender accepts congratulations upon his installation as 1995-96 President of the Association (top, right). And there was time for portrait sketching and some fancy stepping at the Annual Banquet.



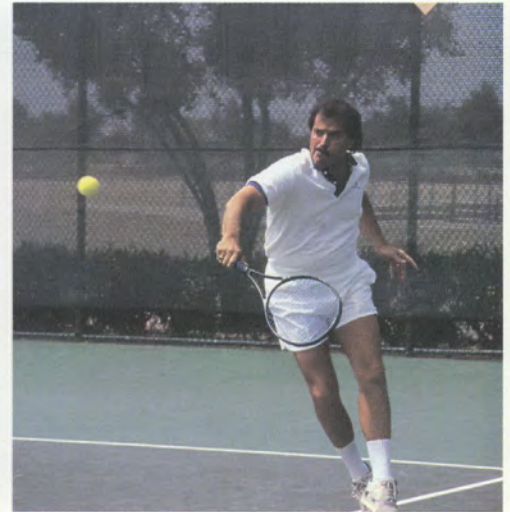


Mike, Linnie and Missi Currier visit with a football friend – Dallas Cowboys great Roger Staubach (at left); Mike and Linnie acknowledge applause for a great year at the ALTA helm. The mechanical calf proves an elusive target during the roping event at the Ice-Breaker. No other way to put it: So many desserts, so little room.



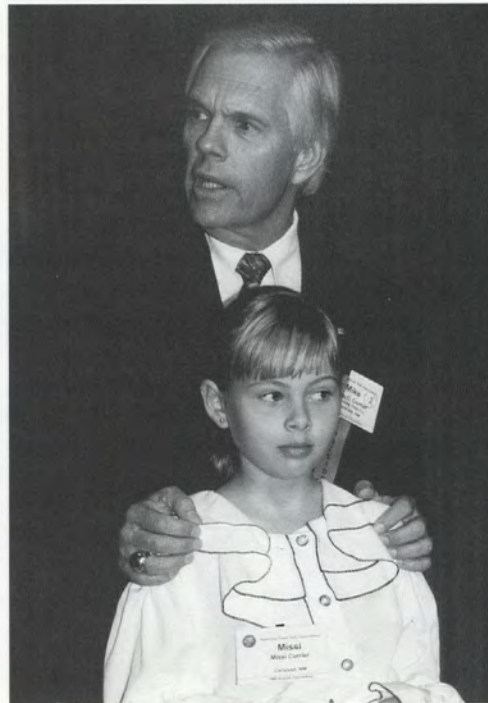


ALTA Governor Cara Detring (seated nearest camera) and friends pick up the latest on a gourmet preparation during the restaurant tour. New ALTA President-Elect Dan Wentzel, left, congratulates newly-elected Abstracter-Agent Section Chairman Joe Parker at top, right. Joe Jenkins shows championship tennis form and the lighter side prevails elsewhere – including a skit featuring Kevan Schlamowitz as a worst nightmare boss.

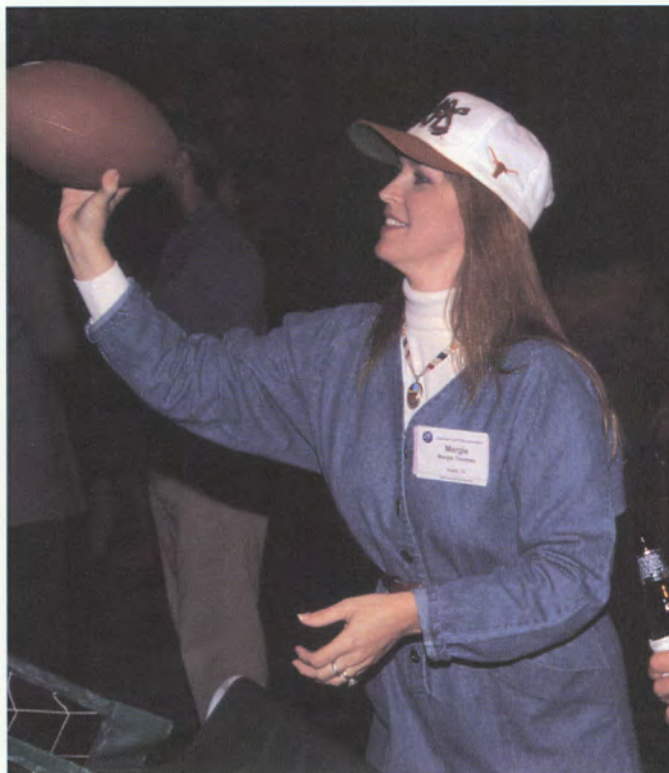




Herb Wender, left, talks with American Bankers Association Immediate Past President Howard McMillan at top, left. A foursome suggests a lack of confidence in the hitting of golfers during the Convention tournament. Humor breaks out once again during the Dallas event, including an encounter by Carrie Hoyer-Abbinante (below left) with an elongated stranger during the Ice-Breaker.



Linnie Currier at left, and Suzy Humphreys, Dallas radio personality, relax during the Convention brunch; Mike and Missi greet a General Session audience in the other photograph at top. What could be more fitting for the Dallas scene than roping skills demonstrated on horseback, and some first rate football tossing in a skill test at the Ice-Breaker?



Presidential Profile: Herb Wender

Herb Wender, chairman of the board and chief executive officer, Commonwealth Land Title Insurance Company and Transamerica Title Insurance Company, was installed as the eighty-ninth president of ALTA during the Association's Annual Convention in October.

Before being named to the helm of Commonwealth in 1983 by its parent, Reliance Group Holdings, Inc., Wender was senior vice president and group controller for Reliance and was active in its 1975 acquisition of the title insurer. In 1990, he also became head of Transamerica Title when Reliance acquired that company.

The new ALTA president brings an extensive background in accounting and finance to his leadership of the Association.

I don't believe you will recognize our industry 20 years from now--perhaps even five years from now.

After earning his degree in accounting at New York University and becoming a certified public accountant, he worked for a Big 6 public accounting firm and then held controller positions in diverse industries before joining Reliance in 1973. As senior vice president and group controller, he participated in numerous Reliance acquisitions and investments.

Wender and his wife, Penny, are the parents of three children. David is a commodities trader in New York; Tod is a national sales manager for a major consumer products importer in Uzbekistan; and Stacy is an early childhood specialist in Maryland.

The Wenders enjoy travel and the eighty-ninth president welcomes an opportunity to test the challenge presented by a golf course.

Shortly after his installation, the new ALTA president responded to these questions from *Title News* in a profile interview.



Herb Wender, 1995-96 ALTA president, and wife Penny

Before your installation as president of ALTA, you expressed the view that the title insurance industry deserves more respect than it receives from financial and insurance analysts, who apparently view title insurers as relatively high risk investment prospects. You have pointed out that this attitude is not well justified because title insurers document their financial stability and more-than-adequate loss

reserves through the periodic release of supportive information. Have you noticed any recent change in this negative perception?

Since 1994, Standard and Poor's (S&P) has rated three national title insurers and placed them in the "A" category for claims-paying ability. S&P defines its "A" category as "insurers with good financial security as it relates to their capacity to meet policy-

holders' obligations." Although several other well respected rating agencies also have been rating individual insurers in our industry, S&P is the first to widely publish fairly detailed reports on the companies it rates. This has served as an excellent start toward providing meaningful information to the financial and insurance analysts who follow our industry. As more and more information is made available, I believe the perception of our industry can only improve.

What about the view expressed by some that title insurance customers in certain instances lack adequate appreciation of the value of the industry product? What factors are present here? What needs to be done?

I'm sure that our product is appreciated. Certainly, lenders, other investors and the rest of our sophisticated customers recognize that our ability to handle a large volume of real estate transactions and move mortgage loans in the secondary mortgage market is a function of readily available and acceptable title insurance. Without it, there might be endless delays and the system could break down. I also believe we have to continue our efforts to educate those who do not have the background and experience so they fully understand title insurance and realize the benefits that it provides.

Since becoming the chief executive officer of your company, you have introduced what might be described as greater diversity in related services and in delivery of title services. Some of your competitors have done this as well. Given sufficient time, can an industry move in this direction help improve the perceived lack of customer appreciation just mentioned- as well as lead to healthier individual balance sheets?

Any business organization worthy of its name tends to take advantage of opportunities to move toward related services if the synergy and expertise are there. We did just that and other companies did as well. The increased profitability benefits our policyholders as well as our owners.

Your previous experience includes management responsibility outside the title industry. Based on that background, are there particular structural or operational changes that you feel would strengthen the title business if they could be implemented?

A title insurance company is not so unique that it cannot benefit from lessons learned in other businesses. I realized that almost as soon as I became CEO of Commonwealth in 1983. Many of the things I learned from my earlier management experience proved to be very helpful. Over the last several years, many of the major companies in our industry have felt the influence of business experience from outside the industry, resulting, I believe, in an overall increase in capabilities.

The increased title underwriter emphasis on loss prevention/control has been in place for some time. Allowing the traditional lengthy title insurance loss "tail" that might impede a comprehensive evaluation at this time, are there preliminary indications the increased effort is effective?

Several years ago, we studied our loss experience and concluded that some

...nothing has more impact on a member of Congress than his or her constituent.

losses were more easily prevented than others. We initiated programs to increase employee awareness and emphasize special care and attention to high risk scenarios. This is an ongoing process and all indications are that these programs are working. From what I have been able to learn from my peers, other title insurers have had similar experiences.

What is the impact of the financial rating requirements for title insurers introduced by secondary mortgage market organizations?

As I have already indicated, one result of the rating of title insurers is to improve our credibility within the financial community. Another, and a very important one, is to allay unfounded fears about our financial stability. Overall, I believe the results have been very positive for our industry.

Lending organizations, notably those in the secondary mortgage market, continue their strong advocacy for converting the mortgage process to electronic communication. ALTA has been sensi-

tive to this development, designing electronic data interchange standards for title services ordering, title evidence and settlement information. Do you visualize electronic technology as an ongoing priority for ALTA? How can title agents best adapt to the onrush of EDI, optical imaging and the like?

Unquestionably, the future of our industry and its relationships with mortgage lenders and other sophisticated customers will be directly affected by EDI, optical imaging and similar technologies. These efforts by ALTA must be ongoing. My company and, I am sure, others are actively pursuing and implementing solutions to the problems raised by the demand to do business electronically. We have not overlooked our agents in this activity and expect them to become participants with us as the programs are implemented. My advice is for agents to talk to their underwriters.

Also on the customer front, banks, as you know, are continuing to press Congress for enactment of authority to enter the title insurance business. Leading Realtors have begun to talk increasingly of brokers as a single source for settlement-related services, including title insurance. What are the possibilities that pressures of this kind will bring changes in the way title services are marketed and delivered?

Of course there will be changes. Anyone who expects things to remain the same is making a serious mistake. Market practices will evolve differently in different regions, but, in some areas, we expect brokers will operate one-source shops effectively. Title insurers must be prepared to accommodate changes in market practices however they may occur.

As a follow-up question, ALTA again this year has made a dedicated effort on Capitol Hill in Washington, opposing legislation that would permit banks to enter the title insurance business. The Association also has pressed for keeping RESPA Section 8 enforcement jurisdiction at HUD, and has opposed a financial cap on delivery charges that could be imposed by third parties at settlement. Grassroots lobbying by ALTA member constituents always has been important, but seems to be taking on an even more critical nature as issues like these emerge and resurface. What is your assessment of ALTA member political involvement and lobbying participation?

Many individuals in our industry have recognized the vital importance of issues such as these, and have contributed their influence and their personal presence to the task of bringing our position to the attention of appropriate members of Congress. It is a continuing job and the full-time, Washington-based ALTA staff stands ready to assist anyone in our industry who wishes to participate. ALTA staff can set up the appointments, provide position papers and even join in lobbying visits. But nothing has more impact on a member of Congress than his or her constituent. I intend to continue to emphasize the importance of this program.

At the moment, it appears the National Association of Insurance Commissioners Title Insurer Model Act soon will join the NAIC Title Agent Model Act in receiving final approval from the state regulator organization. Under this scenario, both model acts would be available to individual state legislatures in 1996. As you know, ALTA and others from the title industry worked closely with the NAIC Title Insurance Working Group during the development of the model acts. As the model acts go before state legislatures, do you see a continuing need for ALTA assistance as title industry leaders in the several states deal with related issues in their state capitals?

ALTA has helped the NAIC Title Insurance Working Group in an advisory role. Other members of the title industry also have acted as advisors to the Working Group, contributing their individual thinking to the effort. Historically, model acts do not always fare well given the variations throughout the country—which are reflected in the way real estate transactions are handled and the resulting impact on our own industry market practices. Consequently, it will be up to the regional and state title associations to assess the two model acts and provide assistance to the respective legislatures in the states they serve.

Do you feel that enactment of the NAIC model acts can strengthen state regulation significantly? What provisions of the models are especially important?

To the extent that the model acts bring uniformity to state regulation, they can be very beneficial in helping us eliminate the need to change our practices in some states to accommodate concerns which

the laws do not address. In this regard, I view those provisions that deal with the financial responsibility and scrutiny of both underwriters and agents as especially important because of our need to maintain credibility with the public, particularly in states having limited regulatory oversight in these areas.

ALTA is the only national trade organization in the insurance world where underwriters and agents both hold membership and share the leadership. Do you feel this relationship needs to be strengthened? What areas of concern are most in need of attention?

In my experience as an ALTA member and officer, I have found the relationship between agents and underwriters to be ex-

Unquestionably, the future of our industry and its relationship with mortgage lenders and other sophisticated customers will be directly affected by EDI, optical imaging and similar technologies.

cellent overall. If I were to single out any one area where I believe that attention should be placed, it would be on the need for continuing open and frank dialogue between underwriters and agents.

Some at the ALTA level have expressed the opinion that more title agents should better recognize that active participation in industry affairs requires involvement in ALTA as well as their individual regional or state title association. Do you agree? If so, what should be done to bring these agents closer to ALTA?

I think many agents could benefit from a greater involvement in ALTA, which would give them a better look at the "big picture" type of issue with which we frequently become involved. I am sure ALTA could benefit from having more grassroots-level information about local issues and matters of special concern to an agent op-

erating in a single state or area. Therefore, I would urge any agent to join ALTA, even though that agent may operate only in a relatively small geographic area. ALTA can be used by any of its members as a form of "hot line" to receive requests, questions or comments and respond appropriately. It would be great if the regional and state title associations helped us better spread this message.

How would you assess the current relationship between ALTA and its affiliated regional/state title associations? Any particular areas of concern that you feel should receive priority attention?

Based on my observations, ALTA and its affiliated regional/state title associations enjoy an excellent relationship. If there is an area of concern, it is that available time can restrict the ALTA representative's presentation of an adequate report on important national issues during an affiliated association convention. ALTA should work on continuing communication with regional/state association representatives, teaming with them on a regular basis throughout the year.

Where and what should ALTA be at the turn of the century?

Let's take a look at the things we want ALTA to do. First, in order of importance, ALTA must be in a position to represent, adequately and diligently, the views and concerns of the industry in the halls of Congress and in other national forums. That means there must be staff to stay in touch with those views and concerns and develop response and reaction from the membership. I think the last point is very important because it is not helpful, for example, to have the staff prepare position papers based primarily on the viewpoint of the largest or most vocal of our group and later discover that a significant number of members oppose our position. This goal also assumes a vigorous educational program directed to our regulators and legislators and, as part of that effort, a program to maintain our public credibility and eliminate negative images.

Another valuable asset of ALTA is its research and data gathering capabilities. Expanding these disciplines will remove a considerable burden from the shoulders of the individual companies who must constantly reinvent the wheel in order to produce statistics and information for a variety of needs.

As the new century begins, I would ex-

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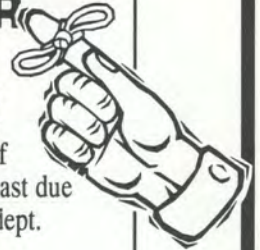
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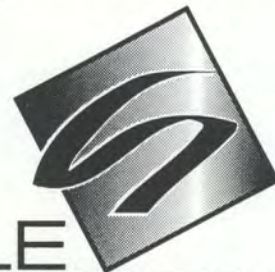
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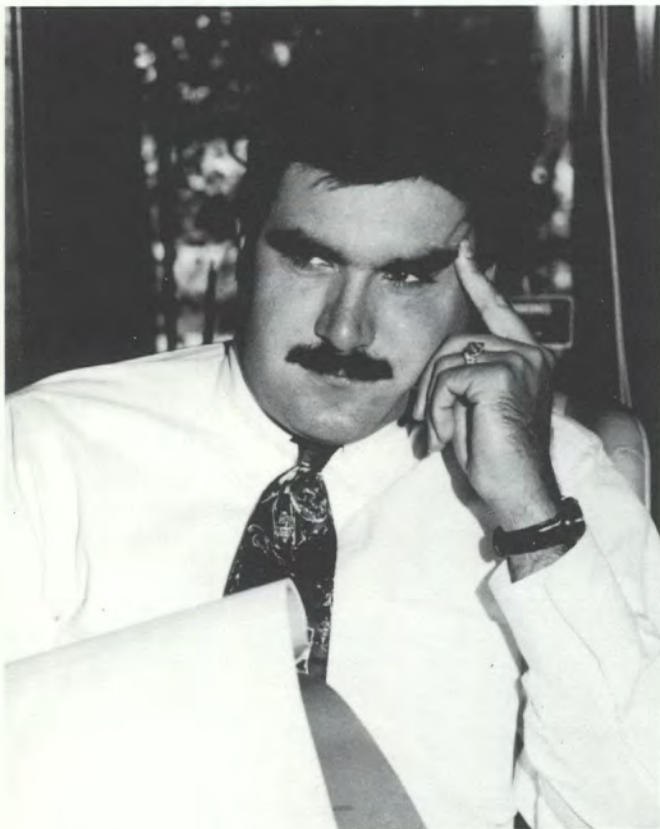


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pect ALTA to be able to continue to offer conventions, technical education and other services, but with increased emphasis on the more important programs and utilizing the efficiencies of modern technology.

How do you envision the title industry 20 years from now? Do you foresee significant consolidation in the title business?

I don't believe you will recognize our industry 20 years from now- -perhaps even five years from now. Nothing short of revolutionary advances in technology, as a means of providing faster and more efficient service, is certain to occur, in my judgment. Commonwealth/Transamerica Title has made a significant commitment to technological innovation, including the advent of electronic commerce. I suspect that most, if not all, of the other underwriters in our business either have already made similar commitments or will be doing so in the near future.

Although there already has been a significant reduction in the number of major underwriters as a result of acquisition and consolidations, I would not be surprised to see additional consolidation.

The high cost of meeting the industry's need for technology-based changes almost dictates that ways be found to spread those costs over a larger base. 🐾

Agent Purchased By First American

First American Title Insurance Company has purchased the operating assets of Pacific Title, Inc., Douglas County, which now is a branch as part of the parent's wholly owned subsidiary, First American Title Company of Nevada. Terms were not disclosed.

Pacific Title entered business in 1989 and has been a First American agent since 1993. The organization has two offices, one in Zephyr Cove, where a title plant is maintained, and one in Genoa. Plans call for relocation of the Genoa office to the Minden-Gardnerville area.

The agency was purchased from C. J. Neff, Robert N. Chester and Joseph Allovio. Edward (Ed) Hubbs, assistant vice president and county manager for First American Title Company of Nevada, is in charge of the new branch.

According to the announcement from First American, the population of Douglas County increased nearly 14 percent from 1993 to 1994.



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Commonwealth Land Title Insurance Company/Transamerica Title Insurance Company has announced the appointment of six senior vice president-regional managers.

They are **Donald C. Weigel, Jr.** (New York City-northeast region), **William P. Foley** (St. Louis-central states region), **Richard A. Yeager** (south central region), **Harley D. Brown** (Denver-southwest region), **Thomas L. Ditter** (Boise-mountain states region), and **David W. Koshork** (Seattle-northwest region).

Randy Howard has been promoted to vice president and southern Virginia area manager for Commonwealth, with offices in Richmond, VA, while **Joel L. Klipp** has been promoted to vice president and branch manager, Bakersfield,



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CA. **Paul J. Muley** has joined the company as assistant vice president and county manager, Tampa, FL.

Thomas J. Haynes has been named assistant vice president and county manager for the newly-acquired Commonwealth branch in Citrus County, FL. The operation formerly was Citrus Title Company.

Also at Commonwealth, **Donald M. Russell**, Lees Summit, MO, has been promoted to assistant vice president and Kansas City, Mo, branch manager, while **Judy A. Richmond**, Colorado Springs, has been named assistant vice president and county manager.

Ellen Pokrass McCarty has been promoted to vice president and Wisconsin state agency manager for Old Republic National Title Insurance Company, with offices in Milwaukee. **Penny E.**

Gabrielsen-Cullen has been named vice president and Milwaukee metro manager.

Steven L. Bennett has been appointed vice president for First American Title Insurance Company and has been



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Richmond



Bennett



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- ___ 2 "HOT OFF THE PRESSES -- THE LATEST IN TITLE TOPICS" • *Edmond Browne, Jr*
Sheldon Hochberg; Richard McCarthy; Ann vom Eigen
- ___ 3 "GENDER JIVE: FUNNY THINGS HAPPEN WHEN MEN AND WOMEN TALK" • *Kevan Schlamowitz, Ph.D.; Nancy Stern*
- ___ 4 "TEAM BUILDING: BUSINESS IN THE NINETIES" • *Roger Staubach*
- ___ 5 "STRAIGHT T.A.L.K. FOR SUCCESS" • *Kevan Schlamowitz, Ph.D.*
- ___ 7 "DEMOGRAPHIC TRENDS IN REAL ESTATE" • *Leanne Lachman*
- ___ 8 "FUTUREVIEW®: SHAPING THE INFORMATION HIGHWAY" • *Daniel Burrus*
- ___ 00 "POWER NEGOTIATING" • *Roger Dawson*

ALTA EDUCATIONAL SESSIONS

- ___ 9a,b "CROSSING STATE LINES-CONDUCTING MULTI-STATE TRANSACTIONS" • *Earl (Bud) A. Berry, Jr., Moderator*
Robert S. Bozarth; Paul E. McElwee; David C. Auten
- ___ 10 "STOP SWIMMING UP STREAM: RE-ENGINEERING YOUR WORK FLOW" • *Stephen M. Evans, Moderator*
Frederick H. Hemphill, Jr.; Randall Paul Hood
- ___ 11 "FROM THE INTERVIEW TO THE FAREWELL PARTY -- TAKING CARE OF YOUR PEOPLE" • *Jack Rattikin, III, Moderator*
Catherine Calhoun; Gary S. Marx
- ___ 12 "TO INC. OR NOT TO INC. -- THE ADVANTAGES OF DIFFERENT BUSINESS STRUCTURES FOR OWNERSHIP & SUCCESSION" • *Stanley Friedlander, Moderator; Douglas C. Moat; J. William Cotter, Jr.; Donna J. DeVine*
- ___ 13 "THE INS AND OUTS OF E AND O" • *Richard McCarthy, Moderator; Richard Curd; Sean M. Hanifin; R. Michael Hick*

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named chief information officer for its parent, The First American Financial Corporation.

Kenneth C. Cohen, executive vice president, Ticor Title Guarantee Company; **J. Donald Bergeron**, manager of Canadian operations, and **Ben F. DuBois**

III, associate regional counsel, all have been named vice presidents, Chicago Title Insurance Company.

Also, in Chicago, **Michael Bauschelt** and **Michael O'Neil** have been appointed assistant vice president, **Jeffrey Rezwin** has been named title underwriter

Pollay Realtor Hall of Fame Honoree



ALTA Governor Richard L. Pollay, third from right, president and chief executive officer, Chicago Title Insurance Company, was inducted into the Realtor Hall of Fame during the Chicago Association of Realtors 112th Annual Inaugural Banquet. At his right is Donald Trump, who was keynote speaker for the event. Others shown are, from right, Sheldon Good, chairman, Sheldon Good & Co.; Susan Good; Marla Trump; Linda Pollay and Steven Good.

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and **Robin Jurczak** southwest area sales manager, and **Vincent Riley** and **Kevin Roesler** have been appointed systems officer for the company. **Richard Bales** and **Carolyn Menlo** have been appointed office counsel, Chicago metro region, Wheaton, IL, and Joliet, IL, respectively. **David Walker**, Lake County manager, has been named assistant vice president, Vernon Hills, IL.

John Wunderlich has been ap-

pointed vice president and Illinois state manager for Chicago Title's subsidiary, Security Union Title Insurance Company, with offices in Chicago. **John Noblitt** has been named assistant vice president, Tigor Title Insurance Company subsidiary, and remains branch manager, Charlotte, NC. Elsewhere at Chicago Title, **John Monacelli** has been named residential sales and marketing manager, **Pamela Sayre** residential sales and marketing manager-



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resale, **Mary Moran** commercial unit manager, **Kevin Heraghty** real estate information business manager and **James Brockman** production manager, all Cleveland. **Malka Karr** and **Deborah Marl** have been appointed assistant vice president and **Douglas Mathis** resident vice president, Washington, DC. **Karen Stefancin** now is customer service center manager and **Becky Shimko** production manager, Painesville, OH, and **Walter Charter** and **Howard Ogasawara** have been named systems officers, Chatsworth, CA.

Gary Urquhart has been appointed regional claims counsel, New York, and **Adrienne Verdone** is now Philadelphia branch manager. In Florida, **Joe Reinhardt** has been appointed southeast region claims manager, Winter Park, and **Lisa McFadden** assistant title officer, Miami. In North Carolina, **T. Alfred Gardner** and **W. Tom Harris** have been named assistant vice president and remain branch manager, Greensboro and

Manager Finishes 48 Years Service



Pauline Kanode has received well deserved accolades upon her retirement as manager of First American Title Guaranty Agency, Sundance, WY, after 48 years in the title industry.

She began her career as an abstractor for Security Trust and Title Company in 1947, and was appointed manager shortly after First American purchased a majority interest in the agency some 32 years later. She acquired her title insurance agent license in 1983.



Tully



Woodward



Powers



Neubauer



Alexander



Roser

Raleigh, respectively. **Linda Naylor** has been appointed assistant vice president, National Mortgage Services unit, Conshohocken, PA.

Also in California, **Steven Jones** has been appointed assistant vice president, Red Bluff, **Carolyn Yelick** has been named systems officer, Fresno, and **Jim Steller, Patricia Sullivan** and **Eric Swenson** have been appointed to the respective positions of vice president and Bay Area business center manager, Southern California commercial/industrial sales manager and manager, Southern California commercial/industrial and subdivision operations.

Lawyers Title Insurance Corporation

has named **Alan D. Keiser** vice president, Philadelphia. **Esther Grady** has been appointed assistant vice president-sales manager, Boston, and **Zolorest P. Brennan** is now state sales manager for the company subsidiary, Lawyers Title of North Carolina, Inc., with offices in Charlotte. **Patricia Gayle Wilde Cothran** has been named branch manager of the subsidiary's Asheville office.

Lisa K. Tully has been named Lawyers Title area sales manager in the Baltimore branch, and branch and office manager, Timonium, MD. Other newly-appointed branch managers in Michigan are **Sabrina A. Woodward**, Lansing, and **Susan Powers**, Jackson. **Lynn N. Neubauer** is new manager of the Kent Island, MD, branch.

Glennis Alexander and **Holly Roser** have been named district sales manager and marketing representative, respectively, for the Lawyers Title GulfAtlanticTitle Division.

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Lessons from Losses

By Sean Hanifin, Esquire

Most of us know a "mistake" when we see one. In such situations, human nature typically compels us to treat the mistake as a mistake and act in accordance with the way things should be. While a commendable approach in day-to-day affairs, in business this can lead to claims. Here is an example.

In connection with a sale to Jones, an abstractor was retained to search title to Smith's 100 acres of undeveloped land. Smith's now deceased father had acquired the land in three transactions: two with private parties and one with the state. All three transactions had taken place more than 40 years ago.

Property tax records reflected that Smith had been billed annually and had paid real property taxes on all three parcels for a period in excess of 40 years. The difficulty was that, while title records reflected conveyance by the private parties to Smith of two of the three parcels, there was no record of any conveyance of the third parcel by Smith to the state.

It seemed obvious that Smith owned the third parcel. After all, he had paid the taxes on it for more than 40 years. Moreover, the annual forwarding to Smith of tax bills for property seemed to confirm the belief of the local government that Smith owned the property. The abstractor accordingly prepared a report reflecting that Smith held title to all three parcels. The absence of a recorded conveyance from the state was chalked up to bureaucratic error.

The trouble arose a few years later when the state decided to make use of the property—and found Jones happily building houses on it. Litigation ensued.

In court, Smith and Jones asserted that Smith must have had title to the property, as he had paid the taxes on it for years. The state contended that the tax payments were erroneous, and relied upon the absence of any record of conveyance to Smith. Smith's remedy, if any, said the state, was a refund of the erroneously paid taxes.

The court found for the state, holding that Smith was entitled to a refund of the tax

payments but that title to the land was in the state. Along the way, the court rejected arguments of estoppel and adverse possession by holding that neither doctrine could be asserted against the state in these circumstances.

Smith received a refund of the tax payments—and also was on the receiving end of a lawsuit from Jones. The abstractor was added as a defendant in the suit and had claims asserted against him by both Smith and Jones. The abstractor ended up trying to explain why he had found title in Smith—relying solely on the tax records.

It might be said that the court made the "wrong" decision. Clearly, something had happened years ago to start the process of Smith paying the property taxes. This matter does, however, indicate the perils of assuming that the facts will be found as they "should be" rather than as reflected in the title records.

The author is claims counsel to the Title Industry Assurance Company, the ALTA-endorsed errors and omissions insurer. He is a partner in the Washington, D.C., law firm of Ross, Dixon & Masback, L. L. P., where he specializes in professional liability and errors and omissions insurance matters. He received his law degree from the University of Chicago Law School.

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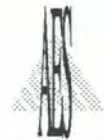
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15-16 Alaska, Regal Alaska, Anchorage, AK

April

14-17 Tennessee, Grovepark Inn, Asheville, NC

25-27 Oklahoma, Marriott, Oklahoma City, OK

May

5-7 Iowa, Collins Plaza Hotel & Convention Center, Cedar Rapids, IA

9-11 New Mexico, Best Western Inn & Suites, Farmington, NM

14-17 California, Monterey Plaza, Monterey, CA

16-18 Palmetto, Hilton Resort, Hilton Head Island, SC

June

6-8 Texas, Hyatt Hill Country Resort, San Antonio, TX

6-9 New Jersey, Newport Doubletree Islander, Newport, RI

7-8 Arkansas, Ramada Inn, West Memphis, AR

9-11 Pennsylvania, ANA Hotel, Washington, DC

12-14 South Dakota, Kings Inn, Pierre, SD

13-16 Colorado, Steamboat Resort, Steamboat Springs, CO

23-25 Oregon, Sunriver Lodge, Bend, OR

27-30 New England, The Black Point Inn, Prouts Neck, ME

July

11-13 Illinois, Oakbrook Hills Resort & Spa, Oakbrook, IL

11-13 Michigan, Grand Hotel, Mackinac Island, MI

18-20 Utah, Stein Eriksen Lodge, Deer Valley/Park City, UT

August

1-4 Idaho, The Coeur d'Alene, Coeur d'Alene, ID

8-10 Kansas, Holiday Inn, Manhattan, KS

8-10 Montana, Fairmont Hot Springs Resort, Anaconda, MT

15-17 Minnesota, Riverport Inn & Suites, Winona, MN

15-17 North Carolina, Wintergreen Resort, Wintergreen, VA

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'Fly-In' Focuses on Bank Powers



Representatives from the title industry and others from the insurance world found members of Congress interested in their position despite the heated budget debate between Republicans and the White House taking place at the time, as they teamed for a "fly-in" designed to seek legislative support for a five-year moratorium on regulatory decisions expanding insurance powers for banks.

Mindful of the United States Supreme Court hearing scheduled for January in the Barnett Bank case centering on whether Comptroller of the Currency regulations can pre-empt state anti-affiliation laws, members of the insurance delegation were especially appreciative of the attention given their views on Capitol Hill, given the climate of urgency surrounding the moratorium issue.

According to those participating, a major theme during conversations with Congressional members was the potential hazard in concentration of economic power.

Besides ALTA and the Texas Land Title Association, organizations represented in the "fly-in" include the Independent Insurance Agents of America, the National Association of Life Underwriters, and the Council of Insurance Agents and Brokers. Those coordinating the activity said that

some 50 insurance representatives visited with more than 70 members of Congress, and held follow-up visits with the legislators in their home states during the Thanksgiving recess.

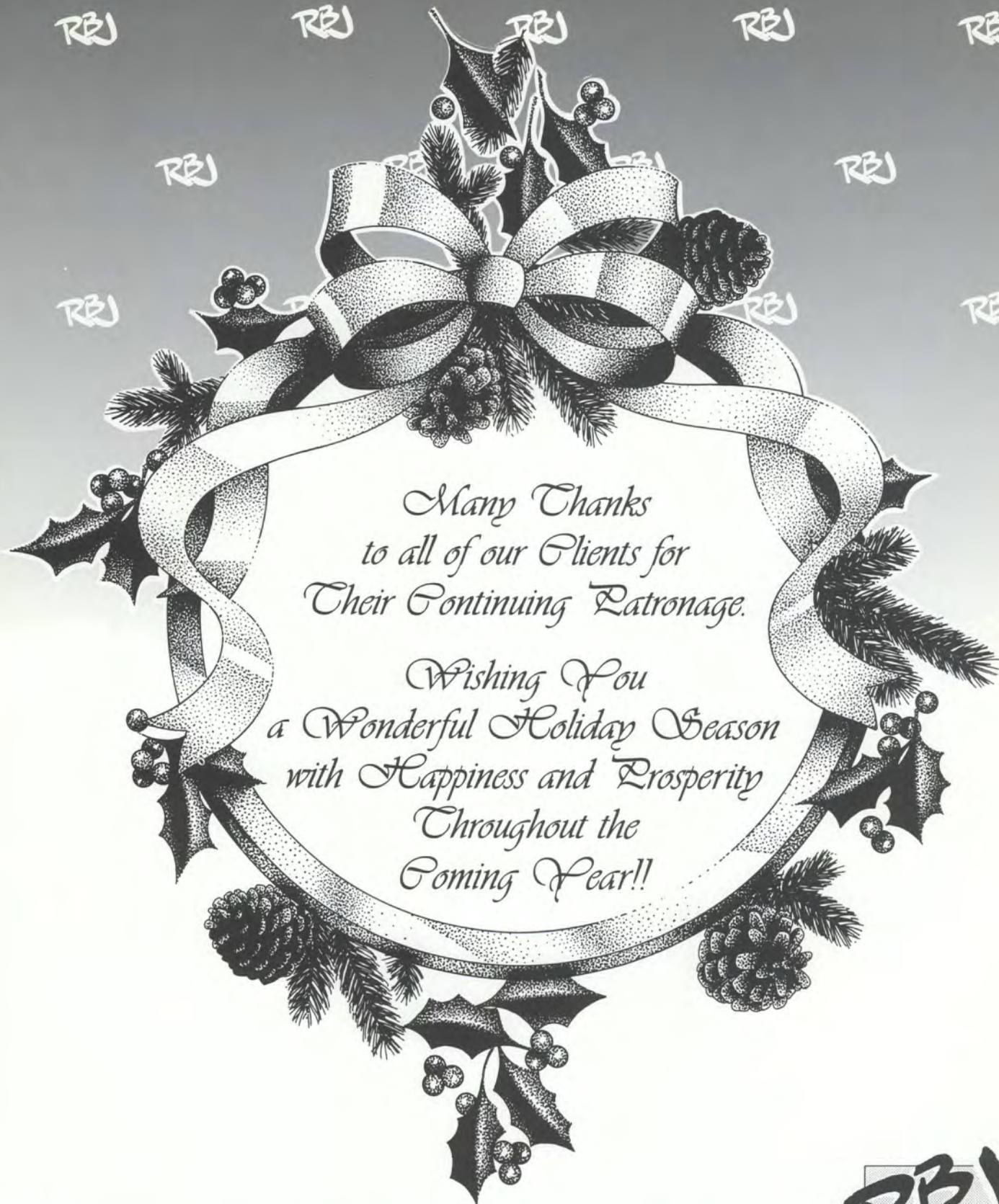
Shown in the top photograph, during a "fly-in" meeting with House Freshman Class President Roger Wicker (R-MS) (back to camera) are, from left, ALTA Legislative Counsel Ann vom Eigen; CIAB's Joel Wood; David Winston, Jack Curtis and Debbie Strawn, all NALU; Mississippi ALTA Member agent Ron Taylor and NALU's George Pickett.

In the other photograph, from left, are Gerald Andrews, Texas IIAA; House Majority Whip Tom DeLay (R-TX); TLTA President Bob Philo and vom Eigen.

Housing Starts Increase Seen

Housing starts should total 1.435 million in 1996, an increase of 6.3 percent from 1995, according to the forecast of John Pfister, Chicago Title and Trust Company vice president and marketing research manager.

With 1995 drawing to a close, Pfister said housing starts should total 1.350 million for the year, a 7.9 percent decrease from 1994.



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Title News Offering Classified Ads

Title News now offers "Marketplace," a classified advertising section for reaching the nationwide land title industry audience. The department features placements on situations wanted, help wanted, for sale and wanted to buy.

Basic format for the section is single column, text advertising placements. A box may be placed around an ad for an extra charge, and there is a discounted rate for three or more consecutive placements in the magazine. **Made-up** examples are shown below to provide an idea of style.

Rates for situations wanted or help wanted ads are \$80 for first 50 words, \$1 for each additional word, 130 words maximum (per insertion rate drops to \$70 for first 50 words plus \$1 for each additional word, for 3 or more consecutive placements). For sale or wanted to buy ads have a rate of \$250 for 50 words, 130 words maximum (per insertion rate drops to \$225 for 50 words, \$1 for each additional word for 3 or more consecutive placements).

Placing a box around an ad costs an extra \$20 per insertion for help wanted or situations wanted, \$50 per insertion

for sale or wanted to buy.

Those desiring to place classified advertising in the "Marketplace" department should send ad copy and check made payable to American Land Title Association to "Marketplace--Title News" care of the Association at Suite 705, 1828 L Street, N. W., Washington, DC 20036.

Sample: Help Wanted

LEAD ABTRACTER wanted for three-county Kansas operation. Must be certified or comparably qualified. Send resume to *Title News* Box H-326.

Sample: Situations Wanted

COUNTY MANAGER for northwestern title underwriter branch seeks competitive opportunity with improved growth potential. Excellent fast track record, references. Write *Title News* Box E-418.

Sample: Sale

TITLE PLANT for sale, Florida location. Microfilm, documents and tract books cover county for over 50 years. Computerized posting. *Title News* Box S-135.

Sample: Wanted to Buy

WANTED TO BUY: Used SOUNDEX system, needed by Indiana title agency. Particulars in first letter. *Title News* Box B-247.

1996 CALENDAR OF MEETINGS

January

(All meetings at Hyatt Regency Cerromar Beach, Dorado, PR)

11 **Abstracter-Agent Research Subcommittee**

12 **Membership and Organization Committee**

12-13 **Public Relations Committee**

13-14 **Education Committee**

13 **Government Affairs Committee**

14-15 **ALTA Board of Governors**

15-16 **Land Title Systems Committee**

15-16 **Title Insurance Forms Committee**

March

18-20 **ALTA Mid-Year Convention/Federal Conference**, Stouffer Mayflower Hotel, Washington, DC

October

16-19 **ALTA Annual Convention**, Westin Century Plaza Hotel, Los Angeles, CA

DIVERSITY PREVAILS

continued from page 8

Lachman said the probable explanation for rising consumer expenditures in this period of flat income is the underground or cash economy. Contributing to the trend, she said, is widespread disaffection with government and a corresponding growth in under-reporting to the Internal Revenue Service.

Those who do not report accurately to the IRS also do not correctly inform the census bureau, she added. Therefore, census data used for all real estate market studies does not represent the full picture.

Lachman said a trillion dollars—or 17 percent of the annual gross domestic product—comes from the underground economy. She estimated that some 80 percent of these "off the books" earnings are from legal activity and not from drugs.

Locales with high immigration and a large concentration of start-up business have higher than average underground economies, according to Lachman. This is also true for agricultural communities and middle class suburbs, especially those with a concentration of blue collar workers.

Home improvements are the single largest component of the underground economy.

Lachman added that retailers, service providers, residential developers and others should pay greater marketing attention to locales with underground economies and more income than meets the census eye. ➤

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