

# TITLE *News*

MAY-JUNE 1997



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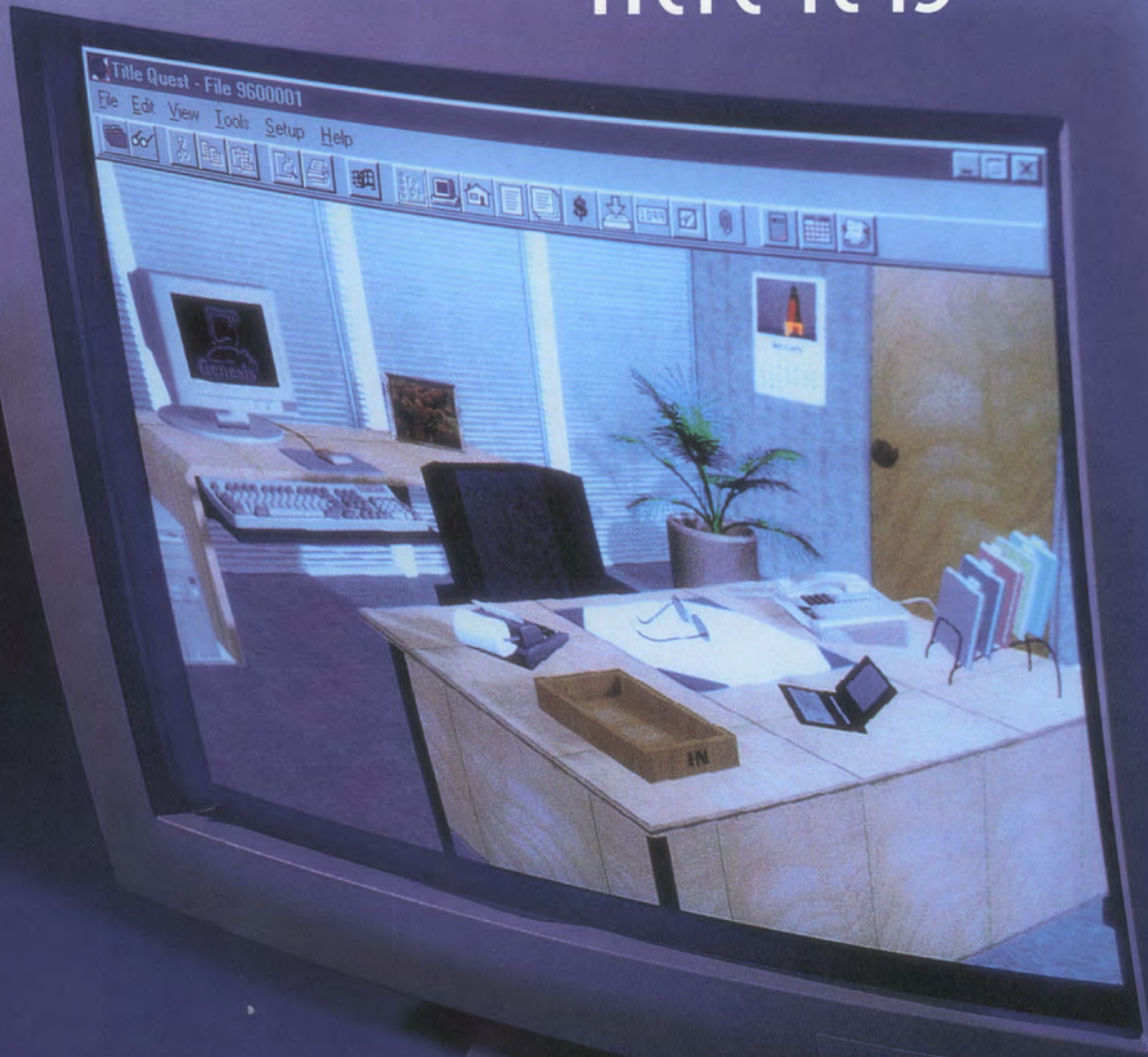
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MAY • JUNE 1997

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**On the cover:** As shrinking profit margins drive more of their customers into the role of competitors, a growing number of title companies are partnering with brokers, lenders, builders, attorneys and others in legally acceptable controlled (affiliated) business joint ventures. When these enterprises follow appropriate procedure and make business sense, they can hold an effective answer for title owners and managers planning survival strategy in an increasingly volatile market. A special report on title industry joint ventures can be found beginning on page 9.

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## A MESSAGE FROM THE ABTRACTER-AGENT CHAIRMAN



This year's ALTA Annual Convention will be held at the Westin Seattle Hotel, Seattle, September 24-27.

There are a variety of reasons why members attend our Annual Convention, such as: The opportunity to receive up-to-date educational information on all aspects of our industry; to serve your Association by working on one or more of its committees; to meet and exchange ideas as well as socialize with other members from all parts of the country, and to enjoy visiting and exploring another area of the nation.

This year, there are two especially important reasons why members should attend the Annual Convention. First, our industry is changing rapidly and we need to hear about it. And, second, Seattle and the Northwest are an interesting, picturesque and absolutely intriguing part of the country.

I have been affiliated with ALTA through committee membership or otherwise for almost 20 years, and I previously have not seen the industry change as rapidly and profoundly as it has in the past three to four years. Consider the effects of modern technology; the consolidation of our underwriter community through mergers and acquisitions; the changed ALTA position on bank powers which now emphasizes federal and state regulation, and consumer protection, rather than the complete prohibition of financial institutions entering our industry; the problems with enforceability and interpretation of RESPA and whether or not ALTA should abandon any effort to support it, or should continue to assist HUD in changing the regulations; the problems with alternative products entering our business and possibly replacing our own product; the resulting concern for the future of the independent agent, and the question of what type of education should be offered to our members on national, regional and state levels.

This is only a partial list of matters facing the industry, but it certainly gives one reasons to be an Active member of ALTA and attend the convention.

It has been 10 years since ALTA has had this meeting in Seattle. I remember the city and the northwest part of the country as being one of the most beautiful and interesting areas I have ever visited. The city is located on Puget Sound, and is almost surrounded by water. For many of its inhabitants, the chief mode of transportation is by boat. There are wonderful views of imposing mountain ranges-the Cascades to the east and the Olympics to the west. There are many interesting places to visit in and around the city, including the huge Boeing aircraft plant.

A special memory Linda and I have is an early morning walk with some friends to have breakfast on the waterfront, at one of the small but atmospheric nooks at the Pike Street Market. At daybreak, we watched fishermen throw large fish over the refrigerated counters to the workers, and yell out a number as they were caught. Amazingly, not one was dropped. During breakfast, we watched the early morning market activities before the ALTA day began.

There will be something for everyone at the Seattle convention, from both a professional and a pleasurable standpoint. I hope all of you will mark your calendar for September 24 and join us.

Kindest regards,

Joseph M. Parker, Jr.



# MERS Becomes A Reality

By R. K. Arnold

**M**ortgage finance has reached the active phase in its quest for a new dimension of efficiency this spring with the operational launch of the MERS (Mortgage Electronic Registration Systems, Inc.) registry.

As MERS goes on line, those of us in the organization wish to extend sincere appreciation to ALTA, a Charter member, for valuable assistance in our development since the beginning. It is expected that ALTA will be nominated for a position on the MERS board, with the election to take

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**N***o changes in federal or state laws are necessary with...MERS, which does not impact title to land.*

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place during our annual meeting in May.

MERS is the mortgage finance industry-owned effort to substantially improve the residential mortgage market by reducing the need for mortgage assignments. The sheer volume of servicing transfers among service companies, and the accompanying need to record every assignment in the public records as loans change hands, has created a major drag on the operation of the secondary mortgage market. Elimination of the need for many of these assignments will greatly improve operation of the market for everyone involved—servicers, title companies, county recorders/clerks and consumers, to name a few.

Any mortgage loan in the registry will have MERS named as its mortgagee of record. MERS will electronically track servicing rights and beneficial ownership interests in its registered mortgage loans,

along with providing a platform for mortgage servicing rights to be traded among its members without an accompanying need to publicly record a mortgage assignment each time.

Besides cost savings through improved speed and accuracy, MERS will improve the lien release process. MERS is a secure system, with member access to information depending on the member's relationship to a particular loan. Settlement professionals will benefit from centralizing loan payoff information in a single electronic source.

Since MERS remains the mortgagee of record, there is no need to assign the mortgage when servicing changes, which eliminates the opportunity for a break in the chain of title. MERS keeps track of the current servicer and—as mortgagee of record or beneficiary of the deed of trust—receives service of all legal process. An important function of MERS is its operation as a state-of-the-art electronic mailroom, where communications are received and immediately forwarded electronically to those shown as having a relationship to a loan.



*The author has been a pioneer in electronic commerce for more than 14 years. He is senior vice president, general counsel and secretary for MERS. As a member of the executive team for MERS, he plays a major role in business planning and decision making. As general counsel, he is responsible for establishing the strategic and operational law plans for implementation of the MERS concept. Before joining MERS, the author was vice president and counsel for AT&T Universal Card Services in Jacksonville, FL. He received his MBA from the University of Dallas, and his law degree from Oklahoma City University.*

MERS is designed to operate within the existing legal framework of all U. S. jurisdictions.

With MERS as the mortgagee of record throughout the life of the loan, title to a property in most cases is not impacted again until the mortgage is released when a loan is paid off.

## How Does MERS Work?

Initially, a mortgage loan is given a mortgage identification number (MIN) and registered on the MERS system. A traditional paper mortgage naming the lender as mortgagee and an assignment of the mortgage from the lender to MERS are executed according to state law and recorded in the public land records. The recorded assignment makes MERS the mortgagee of record.

From that point forward, no subsequent assignments of the mortgage will occur because MERS will remain in the land records as mortgagee throughout the life of the loan. In states where deeds of trust are used instead of mortgages, MERS typically is named as beneficiary of the deed of trust.

The MIN is unique and will not change during the life of the loan. That innovation alone is a tremendous leap forward for the mortgage industry. Each time a loan that is not registered with MERS is sold on the secondary market, it receives a new loan number. As might be imagined, these multiple loan numbers are the source of much confusion and additional record keeping over the life of a 30-year loan.

Loans can be tracked much more easily with the MIN. Many lenders probably will abandon their own proprietary loan numbering systems eventually, in favor of the MIN. The MIN can never be used again for another loan. That reduces the risk of multiple funding of the same loan by different lenders, which is a significant category of



fraud loss for the mortgage industry.

Once a member chooses to register a particular mortgage loan on the MERS system, subsequent transfers of servicing for that loan are executed electronically between members through MERS. Throughout the transaction, MERS remains the mortgagee of record, so there is no need to assign the mortgage when servicing changes, which eliminates the opportunity for a break in the chain of title. The MERS system keeps track of the current servicer.

Not all mortgage servicing portfolios are expected to be registered with MERS. Some authorities see the development of a two-tiered market, one for registered and one for non-registered portfolios. The MERS-registered portfolios are expected to bring a higher price—an estimated \$25 to \$50 per loan in added value.

As mortgagee of record or beneficiary of the deed of trust, MERS of course receives service of all legal process related to the property. One of the most important things MERS does is operate a state of the art electronic mailroom.

When mail is physically received in the MERS mailroom, it is imaged and immediately forwarded—electronically—to the companies shown on the MERS system as having a relationship to the loan. The servicer then responds as required under its servicing contract with the investor.

The servicer is the company hired by the investor to handle things like payment processing, escrow for property taxes and hazard insurance, foreclosure and other matters related to the loan or the property. Often, the servicer is the same lender which originated the loan in the first place—before selling the beneficial ownership into the secondary market and agreeing to continue servicing the loan for the new beneficial owner.

When servicing is traded from one servicer to another, the transfer is initiated through MERS by the old servicer. Once the transfer is confirmed by the new servicer, the MERS system is updated to reflect the new servicer as the proper recipient of future legal process.

The Real Estate Settlement Procedures Act (RESPA) requires that both the old and the new servicer notify the homeowner in writing when loan servicing is traded—the so-called “hello/goodbye” letters. Servicing changes hands often, in some cases several times a year for the same loan, and homeowners have become very familiar with the routine.

In most cases, legal title to the property is not impacted until the mortgage is released when the loan is paid off. MERS acts

## MERS in Profile

Here is a profile of MERS as the electronic mortgage registry begins formal operations.

- MERS is a company created and owned by the mortgage industry, to encourage paperless systems and to produce cost savings and greater efficiencies for the mortgage business.
- MERS was created in response to a major drag on operations of the secondary mortgage market, resulting from the sheer volume of servicing transfers among service companies and the accompanying need to record an assignment of the servicing rights for every loan in the public records as loans change hands.
- MERS will electronically track servicing rights and beneficial ownership interests in its registered mortgages, along with providing a platform for mortgage servicing rights to be traded among its members without recording a mortgage assignment each time.
- As a central electronic mortgage registry, MERS has eliminated the need for many assignments of servicing rights, remaining the mortgagee of record after a loan is entered in the registry to remove the opportunity for a break in the chain of title.
- MERS keeps track of the current servicer and, as mortgagee of record or beneficiary of the deed of trust, receives service of legal process.
- Settlement professionals including those in the title industry will benefit from MERS centralizing loan payoff information in a single electronic source.
- MERS operates as a state-of-the art electronic mailroom, where communications are received and immediately forwarded electronically to those shown as having a relationship to the loan.
- Access levels in the MERS registry depend on a member's relationship to a particular loan; for a title company, the registry will provide servicer name, address, contact telephone, and deactivation date and reason code.
- MERS is Windows-based and designed to run on a 386 computer; online access through a modem is available with MERS proprietary desktop software and a toll free telephone number; later this year, plans call for information to be available through the MERS Web site.
- Not all mortgage servicing portfolios are expected to be registered with MERS; those registered are anticipated to bring a higher price—an estimated \$25 to \$50 per loan in added value.
- MERS has been designed to operate within the existing legal framework of all U. S. jurisdictions; no changes in federal or state law are necessary with implementation of the registry, which does not impact title to land.

as nominee for the servicing companies and investors associated with a particular loan. Without the need to reassign the

mortgage, foreclosures can be done in the name of MERS, just as was done in the name of the servicer before the existence of MERS.

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**A**lthough title search costs initially may increase slightly as a result of MERS, these costs should be more than offset over time by increased accuracy and efficiency...

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### Accessing MERS

Access levels in the MERS electronic registry depend on a member's relationship to a particular mortgage loan. For instance, servicers and investors can update their own loan files. Other members and the general public can see certain information about the servicer—such as name, address and telephone number—but cannot access information about the investor or other proprietary data.

The MERS registry is Windows-based and designed to run on a 386 computer.



On-line access through a modem is available using the MERS proprietary desktop software. Batch transactions can be processed using EDI data format ANSI ASC X12, or a flat file format. Access is also available through a toll free telephone number.

For a title company, the MERS database will provide servicer name, address, contact telephone, and deactivation date and reason code. In the fall, this information also can be acquired through the MERS Web site.

Costs for the title manager to consider include fees (please see the accompanying schedule) and individual system commitment. An important element here is how title underwriters intend to interface with MERS. Although title search costs initially may increase slightly as a result of MERS, these costs should be more than offset over time by increased accuracy and efficiency in processing lien releases and payoffs.

### **MERS Impact—Public Records**

No changes in federal or state laws are necessary with the implementation of MERS, which does not impact title to land. As previously mentioned, there is no creation of electronic assignments by the registry, as some have speculated. MERS eliminates the need for subsequent assignments altogether. After MERS becomes mortgagee, there are no more assignments—except on the rare occasion that a member may request an assignment from the registry. In that case, the assignment from MERS would be entered in the public records and would have the effect of de-registering the loan.

The MERS concept involves three basic legal principles, already in use in millions of transactions nationwide. MERS simply applies them in combination to create an electronic system for tracking mortgage servicing rights. Our research has found the laws of the various states to be far more similar than expected. We also found a lot of folklore out there which proved to be incorrect. For instance, although we heard it might be the case, we found it is not a requirement that the string of endorsements on a promissory note match the chain of assignments of a mortgage. Requiring endorsements to match assignments would conflict with delivery of the promissory note as evidence of ownership under the Uniform Commercial Code.

What are the three guiding legal principles for MERS?

- Every state provides a mechanism for lenders to secure loans by taking an interest in real property granted by the homeowner—commonly mortgages

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*...there is no need to assign the mortgage when servicing changes, which eliminates the opportunity for a break in the chain of title.*

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and deeds of trust.

- In every state, there are certain designated places where mortgages or deeds of trust must be recorded if they are to be valid against a bona fide purchaser—typically, the offices of the county recorder or clerk.
- Every jurisdiction permits persons or corporations to hold title in the public records as nominee for another person or corporation who is the true party in interest. Without this impor-

## **MERS Pricing for Title Companies**

MERS has announced the following as its pricing schedule for title companies.

Access to MERS through its Web site will be at an annual fee based on market share for a family of companies, plus a 50 cents per transaction charge. The annual fee has been set at \$9,000 for firms with more than 10 percent national market share; \$4,000 for those with a market share between 2 and 10 percent; and \$2,000 for those below 2 percent. There are additional charges for passwords beyond the number initially specified, along with a setup fee.

Title plants have an annual membership fee of \$2,000 and title agents \$300 to \$2,000, depending on number of passwords. The 50 cents per transaction charge also applies, along with the charges for additional passwords and setup.

There is no transaction fee unless the mortgage loan being searched is found in the MERS database.

Those not requiring automated access to the registry can dial the MERS toll free number for voice-based information without charge.

tant similarity, the secondary mortgage market might never have reached its present size. Without nominees, investors might have to service loans directly themselves—a complicated and highly specialized function performed by servicing companies—or, at a minimum, investors would have to operate their own mail rooms to forward legal process on to their servicers.

In those instances where laws are not similar, the statutes generally tend to fall into major categories which can be dealt with in more or less the same way. Foreclosure, for example, differs from state to state in some way—judicial vs. non-judicial, statutory vs. strict, etc.—but each state allows for a homeowner's interest in mortgaged property to be foreclosed if the debt is not paid according to its terms. In every state, the foreclosure process works in ways that are considered routine by local practitioners. Members of MERS already comply with the law in states where they do business.

The important point: MERS is bound by the laws of the states where the subject property is located, just as any mortgagee would be, and MERS will comply with those laws through its members.

### **Concerns—County Officials**

In reality, county recorders and clerks have been far more supportive of MERS than some might believe. Most of them run automated offices and many are interested in new technology. The vast majority are comfortable with MERS, with only a few in opposition. Representatives of the two principal county recorder/clerk organizations (the National Association of County Recorders and Clerks, and the International Association of County Recorders, Election Officials and Treasurers) have served on the MERS Advisory Council since its inception.

At first, some recorders and clerks viewed MERS as an attempt to eliminate their offices across the country. Much of that confusion started when they mistakenly tried to analyze MERS in terms of what they do as public officials. MERS in fact does not perform the duties of recorders and clerks. MERS is not a recording system for mortgage assignments—but instead is a registration system to keep track of servicing companies.

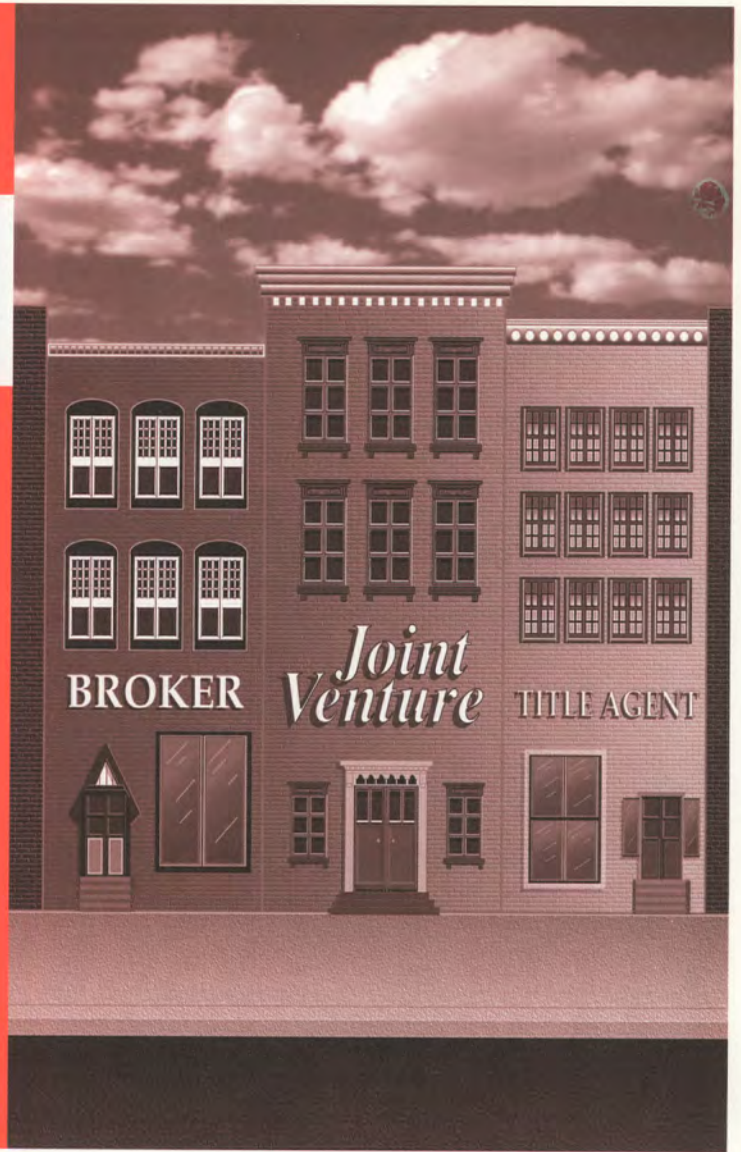
County recorders/clerks maintain land records and MERS is entered as mortgagee

*continued on page 21*





# Joint Ventures: Reshaping the Title Marketplace



**A**s shrinking profit margins drive more of their customers into the role of competitors, a steadily increasing number of title companies are partnering with brokers, lenders, builders, attorneys and others in legally acceptable controlled (affiliated) business joint ventures. Safety from regulator controlled business crackdowns is a powerful secondary motivator as survival-minded title managers explore these relationships.

Those from the title industry who enter into joint ventures often find early educational effort is required to help their customer partners fully appreciate that substantially more is involved than a quick fix for an ailing bottom line. Besides making a significant business investment, a venture partner shares responsibility for seeing that title (and, in some instances, escrow) order volume remains healthy. It is essential to make sure -in advance- that the new arrangement is economically justifiable. Unless sufficient order volume is there and overall potential is solid at the beginning, those already working in joint ventures generally regard chances for a successful enterprise as slim at best.

In the view of legal experts, title/escrow joint ventures are a form of controlled business (affiliated business) arrangements, and can involve title underwriters, title agents and customers who produce ti-

tle/settlement business. In a jointly owned operation, the customers typically refer business to title entities established among the aforementioned. Those who have entered into joint venture relationships emphasize the importance of consulting with legal counsel in advance to affirm what is about to be done is in conformance with federal and state legal/regulatory requirements including those of RESPA. Needless to say, a joint venture operation must perform real work if it is to steer clear of regulatory pitfalls. Please see Jim Kletke's accompanying article on joint venture legal aspects in this issue of *Title News*.

Once up and running, a joint venture normally will display most characteristics of an ordinary title operation -except for possible marketing idiosyncracies. Among the characteristics that must be present at the beginning for optimal chance of success: not being in conflict with federal and state law, making business sense, providing value in customer services and, when title work is being done, maintenance of title underwriting standards.

From present indicators, joint ventures are rapidly becoming a familiar part of the title industry across the country. An informal

*continued on page 21*



# Are You Ready to Provide the Vision?

By James R. Kletke

**A**lthough Congress originally provided for the exemption of controlled business arrangements from the anti-kickback provisions of Section 8 of RESPA by amending Section 8 of the original Act<sup>1</sup>, only a few ABAs<sup>2</sup> (affiliated business arrangements) were created during the next several years. Of course, everyone can think of title agencies in which Realtors, mortgage lenders and builders were involved, but it was no big deal. So, what

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**ABAs are here and they are not going away. If anything, Congress has shown an interest in maintaining the status quo.**

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has happened? There is not a month that goes by that I don't see an article about ABAs in a trade journal, get a flyer on yet another seminar on ABAs or get a call from some business provider asking how to set up an ABA and keep it legal (of course).

What happened was the convergence of several issues which, when combined, has created the explosive interest in the ABA. One is the "point of sale." Lenders have recently become concerned with their main source of business, the Realtor, and how a lender could maintain loyalty and market share in the fickle home sale market. "Point of sale" to a lender is that moment when the decision to purchase a house and arrange financing is finalized. Many lenders feel that bringing a Realtor into a partnership with a joint venture mortgage company would be just the thing to lock in business; the joint venture would be located in the Realtor's office, as close as

anyone could get to the "point of sale," and the broker/partner and/or Realtor/partner would have a share of profit incentive to do business with the joint venture. If the joint venture mortgage company is successful, the Realtor might just want to try a title agency joint venture to create additional income.

Another issue is the search for more profits. Real estate brokers, mortgage lenders and home builders all have seen their profit margins squeezed for several reasons: The real estate broker paying more and more of the commission to the salesperson to keep that individual from moving to other brokers who pay higher commission splits, the lender feeling squeezed as rate competition reduced profit margins, the homebuilder facing rising labor and material costs and competition from national brokers. All are looking for that extra dollar and many are deciding that a mortgage company joint venture or a title agency joint venture would be an easy way to create another income stream out of the business these business providers can refer.

Adding to this heightened interest was the 1992 revision of Regulation X, the im-

plementing regulation of RESPA. This revision reaffirmed the existence of the ABA but, more importantly, decreed that a business provider which also had an interest in an ABA could compensate that business provider's employees for referrals made to the ABA. Thus, a builder which owned a part of a mortgage company could compensate its sales employees for referring home buyers to the mortgage company ABA, a lender which had an interest in a title agency could compensate its loan officers for referring borrowers who need title insurance to the title agency ABA, and a real estate broker could reward its sales manager for referrals by the sales people to its title agency ABA.

But, enough of the history lesson. ABAs are here and they are not going away. If anything, Congress has shown an interest in maintaining the status quo. What are the trends and how will the future of the ABA affect the title insurance industry? For what it's worth, here are some thoughts.

1. The eventual implementation of the June 7, 1996, Regulation X revision relating to compensation of employees for referrals to ABAs will have little impact on the continued growth of ABAs. These proposed revisions, which Congress has legislatively postponed until August 1, 1997 (at least), attempted to restrict bonuses to employees who refer transactions to the ABA. Even if employees who perform settlement services cannot be compensated for referrals, there are others who can be paid and employers have other methods for keeping referral levels high.
2. The HUD Statement of Policy regarding Sham Controlled Business Arrangements provides additional guidance on how HUD analyzes ABA structure and practices to determine if the ABA quali-



*The author is senior vice president and chief underwriting counsel for Stewart Title Guaranty Company, with offices in Houston. He received his law degree from the University of Texas Law*

*School and has been associated with the title industry for over 20 years. A member of the ALTA Title Underwriter Counsel Committee and past chairman of the Claims Administration Committee, he is a past director of the Texas Land Title Association. He is a periodic speaker and lecturer at functions of the title industry and related customer associations.*



fies under RESPA. Although the Statement provides a rather long list of factors that HUD uses for its analysis, you should realize that some of the factors are the product of bureaucrats existing too long in the maze of governmental regulations; the real world it isn't. Nevertheless, this Statement of Policy should be required reading for anyone thinking of putting an ABA together.

3. The entry of national banks into insurance sales because of the *Barnett Bank*<sup>3</sup> case and recent rulings of the Office of the Comptroller of the Currency (OCC) ruling. Last year, the U.S. Supreme Court in a unanimous decision determined that Section 92 of the National Bank Act<sup>4</sup> pre-empted state laws forbidding national banks from selling insurance products. Therefore, any state laws forbidding banks from being title insurance agents (or agents for any other line) or owning a title agency, no longer apply to national banks, so long as the agency office is located in a town under 5,000 population. Wild card statutes, which allow state banks to do what national banks can do, can also serve as an avenue of entry by state banks into insurance sales previously forbidden to all banks. The OCC has opined that a national bank can sell to anybody, anywhere, from the insurance agency location in the town under 5,000.
4. Controlled Business laws in the various states that have them will impede, but ultimately not prevent, the establishment of Affiliated Business Arrangements. Since the *Barnett* case, these controlled business laws may not be enforceable against national banks. Many states are in the process of passing laws granting state banks the same privileges that national banks have under federal law, effectively overriding any controlled business laws. Other business providers will want to compete on a level playing field, and pressure will build for changes in these laws to allow entry into the business.
5. Several states have title plant laws requiring that title agents must own or control a geographically indexed abstract plant. In these jurisdictions, the appeal of an ABA is limited because of high capitalization requirements. Since RESPA and HUD require joint venturers to contribute adequate capitalization for the ABA, a business provider may be reluctant to furnish large amounts of capital. However, many of the plant requirement states have loopholes in the

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**C**ontrolled Business  
laws in the various states  
that have them will impede,  
but ultimately not prevent,  
the establishment of  
Affiliated Business  
Arrangements.

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laws and regulations, and do not absolutely prevent ABAs from being formed. In some plant states, it may be possible to lease a copy of the required plant for less cost than buying one.

6. Smaller markets will not necessarily prevent ABAs. Any ABA has to make economic sense to its investors. In small markets, there may not be a business referrer large enough to make an ABA economically attractive. However, those readers who live in small markets should not be too complacent. Entities that can refer business can create an economy of scale that maximizes profits. An example of this type of ABA is the recent creation of title agencies in Michigan which are owned by groups of smaller banks in defined geographic areas. In some locations, several smaller builders have joined together to create ABAs to maximize efficiencies.

If you have made the decision to participate in or promote an ABA, you should consider the following:

1. **Essential Elements of a Successful Partnership** - - If you are promoting an ABA with you as a venture partner, you must begin on a positive note. You should establish at the beginning that an important goal, if not the primary goal, of the ABA is to provide value in the services you will be providing the customer. Of course, the concept is to make money for the venture, but if your venture partner, who is referring business, views the venture as nothing more than a cash cow, problems with customer satisfaction soon will follow.
2. **Realistic Assessment of Income** - - In order to "sell" the venture, many promoters will inflate the dollar volume of controlled business and minimize costs and expenses, which can create unrealistic expectations by the venture partners.

- a. **Capture Rates.** Your venture partner will most likely be real estate brokers and salespersons, homebuilders and lenders, simply because these entities are best equipped to refer business to the venture. However, in order to realistically assess income, you must analyze how much business each of the potential venture partners can contribute.

1. **Real Estate Brokers.** As I said earlier, brokers are always looking for an additional income stream, since they have given away much of the commission to keep top salespersons. Most brokers will always be interested in the possibilities of a venture. Unfortunately, brokers don't usually control the sale, the sales associates do. The ability of a broker to get sales into an ABA will depend on the broker's relationship with the sales associates. Since the sales associates cannot be paid for referrals to the ABA, because they are independent contractors, not employees, the ability of the broker to influence the referral will be the determining factor. A broker may tell you that the ABA will have a 75 percent capture rate. You should calculate your proformas on 25-30 percent, perhaps a little more if the broker also has a mortgage company ABA.

2. **Real Estate Salespersons.** There are the people who actually have the ability to refer a transaction. I have seen a few ABAs which have salespersons as venture partners. These ABAs have several salespersons as partners, since a single salesperson doesn't generate sufficient volume to justify an ABA with only one salesperson venture partner. An ABA with multiple partners, while having a large potential base of business, usually has its own share of problems, the main problem being that when one partner contributes a greater proportion of the business than the other partners, that partner feels that his/her referrals are providing unearned profits for those partners who are not referring in an amount equal to their ownership interests. As we know from the HUD Statement of Policy and Section 8 of RESPA, ownership in



the ABA cannot be adjusted to reflect the amount of referrals, and dividends and distributions can only be based on ownership interest, not on referral amounts.

3. **Homebuilders.** I consider homebuilders to be the best venture partners because a homebuilder has the ability to control 100 percent of its sales. Most large homebuilders have salespersons who are employees of the business or are able to direct the selling Realtor to a particular title agency. The main problem is to identify those homebuilders who have enough sales volume to generate sufficient revenues to support a venture.

4. **Lenders.** Lenders, depending on the mix of loan types, can be valuable venture partners. The issue is control of the referral of the loan. When the loan is a refinance or equity loan, the lender will control the referral; if the loan is a purchase money mortgage, the Realtor may be the controlling party. A mortgage company specializing in purchase money mortgage may not be able to refer a substantial amount of its loans. A mortgage company specializing in refinances will be able to direct the business it generates, although the refinance market is highly dependent on interest swings. A bank which specializes in equity loans, commercial loans and construction loans would be able to refer a substantial portion of its loans.

b. **Costs.** When presenting a business plan to a potential partner, you will also need to analyze cost factors closely. Some cost factors you will need to consider are:

1. **Capitalization.** RESPA requires that each venture partner contribute capitalization costs in proportion to its ownership interest. This capitalization should be tangible, cash or hard goods; notes payable to the venture will not do. As a rule of thumb, the amount of capitalization should be adequate to fund start-up costs and provide at least two months operating expenses until revenues support the venture. The amount needed will vary with the jurisdic-

tion in which the venture is located. A state which requires an agent to own or control a title plant will require more initial capital than non-plant states in which you can buy a search. If the venture will be doing settlements, personnel costs will be higher than if the venture is performing "core title services"<sup>5</sup> only. The ability of the venture to share equipment and staff will affect start-up costs.

2. **Business Expenses.** You will need to do the same budget preparation you now do when planning your own business's budget. There are efficiencies and savings that can be realized by a sublease of office space,

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*...if your venture partner,  
who is referring business,  
views the venture as  
nothing more than a  
cash cow, problems  
with customer satisfaction  
soon will follow.*

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equipment sharing, and employee sharing. You must keep in mind that all of these activities must be done within the context of RESPA and everything should be in writing - subleases, equipment sharing agreements, and employee contracts, among others. "Fair Market Value" is the key phrase to make any sharing arrangement RESPA proof and protect the venture from Section 8 rebate and kickback provisions.

3. **Premium Split.** Of course, don't forget that the venture's gross revenue will be reduced by the premium remittance to the underwriter.

The most effective presentation to your potential venture partner will be proforma profit and loss statements. I use a spreadsheet program that begins with a synopsis of RESPA requirements, a statement of revenue assumptions made, i.e., number of transactions per year, average premium

per transaction, average sale price or loan amount, type of structure, capitalization, ownership distribution. My spreadsheet includes a monthly income statement and a cumulative income statement. Often included is a projected cash flow statement. Whatever format you use, it should be simple and direct, and easy to understand and explain.

3. **Structure of the Venture Entity.**

You will need to choose a structure for the venture. The most common structures are: "C" corporation, partnership, limited partnership, limited liability company. Each of these has its pluses and minuses, and the choice should depend on the needs of you and your partner.

a. **"C" Corporation.** The plus is that the shareholders are shielded from personal liability; the minus is that profits of the company and dividends to the shareholders are both taxable on the federal level and, unless special classes of stock are created, control of the company will be exercised by a majority of the stock.

b. **Partnership.** The plus is that profits are taxable on the federal level at the partner level. The minuses are that the partners are severally and jointly liable for the acts of the partnership and control is shared by the partners.

c. **Limited Partnership.** The pluses are that you can be the general partner with a minority interest but control and profits are taxed on the federal level at the partner level. The minus is that you, the general partner, will be liable for the acts of the partnership.

d. **Limited Liability Company (LLC).** The pluses are no personal liability, minority owner can control if articles of organization so provide and dividends to members are taxable at the federal level, not the I.I.c. The minuses are that the LLC dissolves upon the death or bankruptcy of a member unless all members agree to continue and the difficulty of adding new members if desired.

The LLC format would seem to be the preferred structure since it provides for control of the venture. Control of operations is important. All of the preferred venture partners, if in control of the venture, would be in a

*continued on page 21*



# Market Shootout in Detroit



**R**emember those fabled locations for gun battles in the Old West? Tombstone, Dodge City and the like?

In much the same spirit, it could be said that metropolitan Detroit is a continuous shootout when it comes to title insurance marketing. According to industry observers, just about every form of ownership can be found among title operations there—including arrangements that are legally questionable at best. Kickbacks are reported to be common—setting the stage for what can quickly turn into a marketplace free-for-all.

If you are an independent title agent whose philosophy runs counter to controlled business, and a Detroit competitor approaches your major customers with an attractive albeit legally questionable affiliation offer, how do you respond?

For Ken Lingenfelter, the solution proved to be adapting—through



partnership with customers in a joint venture.

The Michigan titleman is quick to add that joint ownership is not a preferred alternative among his 50 Metropolitan Title Company offices servicing 32 counties across the state. But the competitive turbulence that has become all too familiar throughout the title business in the nineties has made it unwise to reject any viable approach. As was the case in Detroit, Lingenfelter is ready to again pursue a joint venture elsewhere. If competition dictates. And if it makes business sense. Joint ownership was not a preferred method for Lingenfelter when he founded Metropolitan Title in 1979 and began building the organization. His opposition to controlled business remained steadfast as quality and service were emphasized. When Metropolitan Title lost volume to controlled business and



*Ken Lingenfelter is president of Metropolitan Title Company, an agency he founded in Howell, MI, at the age of 23. The company now has over 500 employees in 50 offices serving 32 Michigan counties—with staff in individual locations ranging from three to 100 persons. There are both full service (examination and escrow/closing) and escrow/closing offices in the company. Last year, Metropolitan Title added 11 offices in 12 months. For the past 10 years, the company has used what Lingenfelter describes as a good, PC-based commitment/policy/escrow package program. Currently, the organization is beta testing a new, PC-based system with wide area network capabilities. Lingenfelter is president of the Michigan Land Title Association, and has been recognized as Michigan's **Entrepreneur of the Year** in Financial Services as part of a state-wide awards program sponsored by media, legal and business organizations. He began his title career as a courier while a teenager in the Detroit area. His background includes positions in searching, examination, escrow, marketing and management.*

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*...the competitive turbulence that has become all too familiar throughout the title business in the nineties has made it unwise to reject any viable approach.*

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kickback arrangements, the company countered by opening offices in new markets and finding new customers.

### **Dramatic Changes**

Then the picture changed dramatically. In Detroit, three of the largest customers served by a Metropolitan Title branch advised that a competitor of the company had offered to set them up in the title business, in an arrangement that looked financially attractive but raised legal concerns. All the customers were real estate brokers and, together, they represented some 50 percent of the volume for the office concerned.

While remaining clear of controlled business, Metropolitan Title had recognized the emerging trend some three years earlier and engaged counsel in Washington, DC, to study the matter. This resulted in finding that a proper joint venture between the title company and its customers would not be in violation of RESPA. After one of the broker customers showed Lingenfelter the business plan accompanying the offer

of the title competitor, the Washington counsel again was consulted—and advised that the business plan did not appear to be in compliance with the federal settlement law.

At that point, Metropolitan Title and the broker customers began to explore a joint venture agreement that would meet legal requirements. In addition, Michigan counsel was retained to make sure that such a move would be in compliance with state law. Following a determination that state requirements would be met, Metropolitan Title and the brokers in 1994 incorporated a company as a joint venture. Organized as Greater Macomb Title Agency, the enterprise is owned by companies belonging to the three broker customers—and by a separate

company owned by Metropolitan Title.

For the most part, the joint venture operates much the same as any other title company found elsewhere. Organization of the operation has been with RESPA core service issues in mind. Greater Macomb Title has its own location, as well as having its own employees.

Marketing and service remain issues in the competitive posture of Macomb Title, according to Lingenfelter.

"The independence of real estate agents requires us to provide them with quick, professional title service," he said. "They don't necessarily use the joint venture just because their broker has an interest in the company. We still have to earn every order."

### **Employee Obligation Seen**

When Macomb Title was in the formative stages, Lingenfelter was sensitive to what he perceived as an obligation to the 500-plus employees throughout the Metropolitan Title organization: Make it clear that the new joint venture is legitimate, and that it helps assure the company remains competitive.

"Our reputation is important to our employees," he said.

As Macomb Title went on line, experienced employees were transferred to the new operation from elsewhere in the Metropolitan Title organization. Wages, benefits and work quality expectations remained the same.

Overall experience with Macomb Title has been satisfactory to date, Lingenfelter added. The broker joint venture partners have marketed other clients to the title concern—attorneys, lenders and builders. But Lingenfelter finds the future of joint ventures in the Detroit market to be an open question.

"We have heard of others being contemplated by competitors, but none of those we have looked at make sense financially," he said. "We believe that certain levels of business are necessary for an arrangement like this to work; otherwise, we really are not interested. Some arrangements that we have heard about cannot possibly be profitable and are doomed from the start. This can't make sense for the title industry."

Lingenfelter has not observed a substantial impact thus far from joint ventures in the Detroit market. Kickbacks and hidden ownership arrangements remain largely intact among title operations there, he said, and concern seems lacking among the competitors over the possibility of a federal

*continued on page 22*



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# LTI's Subscriber Agent Plan Links Underwriters, Agents

By Patricia L. Berman  
ALTA Director of Education

Employee education is a tangible benefit to agents and underwriters, and the Land Title Institute a long-time provider and promoter of title industry educational opportunities. Since starting in the early 1970s with its correspondence courses, LTI has grown and developed new courses and further expanded its offerings through educational videotapes and regional seminars.

The correspondence courses continue to be the LTI mainstay. The Institute has expanded the flexibility of its correspondence course program - through introduction of the Corporate Subscriber Agent Plan.

Under this plan, title underwriters sponsor their agents' employees as students in LTI correspondence study. Underwriters pay a flat monthly tuition fee, which enti-

ties all their agents to participate in the program. The agent does not pay any tuition and only pays the textbook fee for each student enrolled.

Since introduction of the Corporate Subscriber Agent Plan, over 2,300 students have been sponsored by six underwriters - Arkansas Title, United General Title, First American Title, Lawyers Title, Chicago Title, and Stewart Title. Commonwealth Land Title will begin its sponsorship shortly.

Agent participation through an underwriter can be easily arranged. First, agents should contact their local underwriter representative and request copies of the Plan's agent roster form. The top half of the form seeks agent information such as the contact person, mailing address and telephone number; the bottom half is for student information - whether they are requesting

Course 1 or Course 2, the address where the course materials are to be shipped and, finally, some educational information. The agent roster form then is returned to the underwriter, which forwards it to LTI. The reason for this is to keep the underwriter informed as to which agents and how many students are actually participating in the program and thus strengthening the link between the agent and underwriter.

Since the textbook fee is paid by the agent, most underwriters recommend enclosing payment with the agent roster form. Checks are made payable to the Land Title Institute. In some cases, agents are invoiced the textbook fee. For ALTA members, the textbook fee is \$60 for Course 1 and \$80 for Course 2 and, for non-ALTA members, the textbook fee is \$75 and \$95, respectively.

Once LTI receives the agent roster form from an underwriter's office, the student is enrolled, Scantron answer sheets are printed, and the course materials are mailed, usually within 7-10 business days.

As the sponsor under the Corporate Subscriber Agent Plan, the underwriter provides measurable benefits. The tuition saving to smaller agents is \$75 or \$80 per student or, for larger agents, the saving is a minimum of \$480 for the yearly tuition fee. The scale goes up depending upon agency size. Even more importantly, the relationship between underwriter and agent is strengthened. Because, every time an agent enrolls a student in the LTI correspondence study program, the underwriter's specially-designed enrollment form is used and mailed back to the underwriter.

The Corporate Subscriber Agent Plan is a proven success - as a cost savings to agents and as a relationship builder between agents and underwriters. It's time to expand the program to more underwriters.

If your underwriter is United General, First American Title, Lawyers Title, Chicago Title, Stewart Title, or Commonwealth Land Title, contact them for information on this educational benefit and to obtain their agent roster form. If your underwriter is not a sponsor in the Corporate Subscriber Agent Program, ask for it!

LTI will continue to offer its long-standing Subscriber and Individual Plans, particularly for individuals and agents who are unable to benefit from the tuition savings enjoyed by those under the Corporate Subscriber Agent Plan.

LTI staff is ready to help you. For more information on our educational material, call LTI (202-331-7431) or fax your inquiry to LTI (fax 202-223-5843).

## Legal Symposium Scheduled for May 20

Current developments in title insurance law, commercial underwriting and claims are among major areas of program emphasis for the Second Annual Legal Symposium presented by ALTA, which will be held May 20 at the Omni Royal Orleans Hotel, New Orleans.

In addition, a title counsel meeting for ALTA members only will be held at the hotel, beginning at 9:00 a.m. on May 19.

Leading off the Symposium agenda will be a discussion on maximizing the benefits of title insurance, emphasizing the need for real estate practitioners and their title insurers to handle cutting edge transactions as commercial and multi-family transactions become more complex. The focus will be on recent developments affecting title insurance, including significant changes and trends and their impact on real property practice.

Next will be a presentation on how business practices such as joint ventures and employee compensation arrangements fit within the existing regulatory framework of RESPA, with a view of recent HUD actions and policies.

After that, there will be a session on how to access the MERS electronic mortgage registry, including details on information that is available and costs. Also to be covered will be future enhancements to MERS

of value to the title industry.

Then, the program will present an overview of how creditors' rights laws affect title insurance transactions, including an outline of the transaction structures in which creditors' rights problems typically appear. Among the topics: fraudulent transfers and preferences in the context of leveraged buyouts, parent company guarantees and partnership rollups.

Rounding out the agenda will be a discussion of current legal developments in claims-including prosecution, defense and prevention. Also to be reviewed will be preservation of rights, indemnities, and unfair insurance practice laws.

Serving as faculty for the Symposium will be Richard Angelo and John Murray, First American Title; R. K. Arnold, MERS; Joseph Bonita, Chicago Title; Edmond Browne, ALTA staff; Sheldon Hochberg, Steptoe & Johnson; John Hosack, Arter & Hadden; James Kletke, Stewart Title, and Phillip Schulman, Kirkpatrick & Lockhart.

ALTA members may register for the Symposium at \$350, non-members at \$450. Checks made payable to the Association should be sent to ALTA, Suite 705, 1828 L Street, N. W., Washington, DC 20036.

Further information is available from Browne, who may be contacted toll free at 800-787-ALTA.



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# TIAC - - Stronger Than Ever - - Enters Its Tenth Year

By Richard W. McCarthy  
ALTA Director of Research

The Title Industry Assurance Company (TIAC) the only title abstractor and title agent owned errors and omissions insurer began doing business on June 1, 1988 with total capital and surplus of \$750,000. As TIAC enters its tenth year, total capital and surplus, thanks to the help of ALTA, exceeds \$2 million. Additionally, TIAC is the only errors and omissions insurer that is endorsed by ALTA.

TIAC is organized as a Risk Retention Group, a special purpose company *owned solely by its policyholders*, which may only write liability insurance. TIAC exists solely to write title abstractor and agent E&O insurance.

## Leadership of TIAC

Aside from the statutorily required Vermont director who is Roger Teese, a highly regarded insurance professional, all other TIAC directors now are and have always been title professionals. The current directors of TIAC are:

- Ed Schmidt, Greenwood, IN, Chairman
- Bill Rice, Wayne, PA, President
- Cara Detring, Farmington, MO
- Jim Horner, Bismarck, ND
- Mike Reisetter, Brookings, SD
- Mike Wille, LaCrosse, WI

In order to facilitate the day-to-day operations of TIAC Jim Maher, Ed Browne, and Rich McCarthy from the ALTA staff also serve as officers of the company.

## Coverages

Coverage is provided on a "claims made" basis and includes prior acts coverage for eligible insureds. Insureds may select from these TIAC coverages:

- Abstracting
- Title Agent (including limited title opinion coverage)
- Escrow/Closing (when combined with at least one of the above)

Notary Public coverage is provided to all insureds free of charge.

## Policy Limits and Deductibles

The following limits are available:

- \$100,000 per claim/\$200,000 annual aggregate
- \$250,000 per claim/\$500,000 annual aggregate
- \$500,000 per claim/\$1,000,000 annual aggregate
- \$1,000,000 per claim/\$2,000,000 annual aggregate

Under special circumstances, per claim limits in excess of \$1,000,000 with annual aggregates in excess of \$2,000,000 can be arranged.

Deductibles of \$2,500, \$5,000, \$10,000, \$25,000, or \$50,000 can be selected.

All limit and deductible options are, of course, subject to TIAC's underwriting guidelines.

## Reinsurance

As a relatively small, conservatively managed company, TIAC could not bear the risk of a maximum loss of \$1,000,000 on a single claim. Therefore, since its inception, TIAC has purchased reinsurance on a quota-share basis. That is, every dollar of loss is shared between TIAC and its reinsurers. The general rule for property and casualty insurers is that no potential single loss be greater than 10 percent of surplus.

When TIAC was formed it retained 7 percent of the risk, implying a maximum potential single loss of 7 percent of \$1 million or \$70,000, which was less than 10 percent of its surplus of \$750,000, and reinsured 93 percent of each risk.

As TIAC's surplus has grown, it has periodically retained a larger portion of each risk while always staying below the 10 percent rule. As of June 1, 1997, TIAC, with in excess of \$2 million in surplus will increase its liability retention to 15 percent.

TIAC has two reinsurers: TRC and Munich-American Reinsurance; both have been working with TIAC since its inception. TRC formed by ALTA member title insurers was established solely to write reinsurance for TIAC. Munich-American is a subsidiary of Munich Reinsurance - - the largest reinsurer in the world. As of June 1, 1997, TRC and Munich-American will assume 35 percent and 50 percent, respectively, of each risk.

## Claims Handling

TIAC retains as claims counsel one of

the leading professional liability/ errors and omissions insurance defense firms in the country in order to provide prompt, courteous, and professional claims handling to its insureds. Our claims counsel is the law firm of Ross, Dixon & Masback of Washington, DC.

Of the 169 claims that have been closed by TIAC, 118 have been closed with an indemnity payment. Total indemnity payments made on behalf of our insureds, and estimated payments to be made for the 46 open claims, is equal to \$1,997,398. Payments to local counsel to defend our insureds, together with defense reserves for the open claims, is equal to \$834,893.

Despite all these claims and some rather large claims payments, TIAC still has never canceled or refused to renew an insured's policy for claims experience. The organization may increase an insured's premiums for adverse claims experience but holds to the position of not canceling a policy, which would force a person to indicate this on future E&O applications.

## Conclusion

With over \$2 million in surplus, higher retentions, more investments, increased strength of our reinsurers, and a strong and committed Board and management team, TIAC looks forward to its tenth year and the upcoming millennium.

## New Members

### Active Members

- Alliance Title of America, Inc., Tampa, FL
- Title Underwriter's Agency, Rockford, IL
- Maximilian Title Insurance Corp., Gary, IN
- Hebert Abstract Co., Inc., Cameron, LA
- MacInnis Title, Bridgewater, MA
- Androscooggin Title Co., Auburn, ME
- First Nebraska Title & Escrow Co., Omaha, NE
- Patroon Abstract Corp., Schodack Landing, NY
- H.W. Title Insurance Agency, Inc., Annandale, VA

### Associate Members

- Hildegard Krupp Union Bank of California, Oakland, CA
- Quantum Leap/Spatial Data, Carlsbad, CA

### Associate Legal

- Jerald E. Gale, Anderson, Albon, Lewis & Gale, LLP, Los Angeles, CA
- John J. McCormack, Attorney at Law, Ashland, NH
- Dennis Schwartz, Dennis Schwartz & Associates, McKinney, TX



# TECHNOLOGY *bytes*

## **Did You Miss The ALTA Mid-Year Convention in Puerto Rico?**

If you were unable to attend the ALTA Mid-Year Convention in Puerto Rico last month, you missed two great educational sessions: Strategic Technology Planning, presented by Phil Huff of Mygralynx; and Managing Stress in a Technologically-driven Workplace, presented by Tim O'Brien of the Institute for Stress Management. Contact Kelly Throckmorton at ALTA for availability of materials and audio cassettes.

## **Title Automation 2000 Is Coming To the ALTA Annual Convention In September**

Mark your calendar: Title Automation 2000 is scheduled for Wednesday, September 24, 1997, in conjunction with the ALTA Annual Convention at the Westin Seattle Hotel in Seattle, Washington. The ALTA Land Title Systems Committee will be meeting in June to plan educational sessions and draft the exhibitor registration materials. Please contact Kelly Throckmorton at ALTA with your session ideas and suggestions for changes and improvements.

## **EDI Transaction Set for Title Plant Information Delayed Indefinitely**

The ALTA Land Title Systems Committee, after canvassing the title industry for opinions on desirability and usefulness, has decided to delay indefinitely the development of a Title Plant Transaction Set. Meanwhile, the Tax Information Interchange Task Group of X12-G, the Government Subcommittee of X12, is developing a proposal to begin work on a lien release transaction set.

## **MERS Boasts 28 Charter Members and 60 Total Members**

The Mortgage Electronic Registration System ("MERS") now has 28 Charter Members, including ALTA, First American Title Insurance Company, and Stewart Title Guaranty Company. Among the large lenders listed as Charter or General Members of MERS are: Countrywide Home Loans, HomeSide Lending, and Norwest Mortgage. ATI Title Company is a General Member of MERS.

## **Are You Listed In The Gateway To Members on the ALTA Home Page?**

Visit the ALTA Home Page at <http://www.alta.org> and register your company's Home Page in the ALTA Gateway To Members. It's fast and easy and all visitors to the ALTA Home Page will be able to contact you instantly.

## **EDI Data Model Project Under Way: Funded By MBA, Fannie Mae, Freddie Mac**

The Mortgage Bankers Association, Fannie Mae, and Freddie Mac, have each contributed \$50,000 to develop a Mortgage Finance Industry X12 Data Dictionary. TENEX Consulting has been retained for 18 months to produce a dynamic updatable format for the dictionary which can be shared across the industry. The dictionary will include redundant or inconsistently used fields and codes included in EDI Transaction Sets developed for use in the real estate and mortgage finance industries. The term "Borrower," for example, may be referred to as any one of the following: Buyer, Owner, Insured, Mortgagor. TENEX will create a logical view of the various EDI Transactions Sets and identify these common terms and concepts. The Data Interchange Standards Association has agreed to excerpt relevant portions of the complete X12 database which contains transaction set data for all industries using EDI. An update on TENEX work product, and perhaps a prototype of the data model, will be presented during the MBA EDI Work Group Meetings to be held in Dallas, Texas, May 19-23, 1997.

### **Upcoming Industry Technology Meetings:**

**MBA EDI Work Group Meetings**  
May 19-23, Dallas, Texas

**ASC X12 Committee Meeting**  
June 1-6, Chicago, Illinois

**Title Automation 2000**  
September 24, Seattle, Washington

## **QUESTIONS? COMMENTS? SUGGESTIONS?**

Contact: [kelly\\_throckmorton@alta.org](mailto:kelly_throckmorton@alta.org), 800-787-ALTA (phone), 888-FAX-ALTA (fax)



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## MERS

*continued from page 8*

of record in those records. Indeed, the entire MERS concept is premised on recorders and clerks continuing their present statutory function. MERS does not maintain copies—electronically or otherwise—of any documents kept in the public records. If copies are kept outside the courthouse, this work is done by servicers and custodians, not MERS.

Next, there was the contention that MERS would destroy public records by breaking the chain of title. That argument also proved difficult to sustain because the legal principles involved already are widely used in every U. S. jurisdiction—with no break in the title chain. Members of MERS are satisfied that the registry works, and are willing to trust MERS to act as mortgagee on their loan portfolios.

Finally, we discovered the real concern for recorders and clerks: a potential loss of assignment revenue for their respective offices. Whether this will occur remains an open question. Under some scenarios, MERS actually could cause an increase in their assignment revenue. Either way, arguing that unnecessary assignments should be recorded so the recorder or clerk can have the fee revenue is like arguing against change.

## MERS And Foreclosures

Under procedures now being completed, MERS will look to the loan servicer for handling the foreclosure process. MERS will designate a certifying officer at each servicer to handle the foreclosure on its behalf. As previously mentioned, foreclosure can be done in the name of MERS without the need to reassign a mortgage, just as was done in the name of the servicer before MERS existed.

## Title Examining/Underwriting

Initially, we expect to see title companies running parallel mortgage assignment checks against MERS information on loan payoffs as the registry gears up. When a mortgage is registered with MERS, the note holder remains the insured under the loan title policy. If there is a title claim, it is the responsibility of the servicer to notify the insured note holder so the insuring title underwriter can be advised.

MERS is working with ALTA to establish procedures to clarify that registering a loan with MERS will not adversely affect title insurance coverage.

In the near term, a major benefit that MERS will provide the title industry is the capability for finding the correct servicer for a particular loan. This allows settlement agents to obtain accurate loan payoff information more easily, which in turn makes closing

more efficient.

MERS definitely will simplify the chain of title because there will be no subsequent assignments once MERS becomes mortgagee of record.

## MERS - Here to Stay

Additional innovations are continually being explored, currently among them the possibility of an electronic mortgage release process. EDS, our technology provider, is being impressively helpful in our search for new and better methods. As MERS swings into full operation this year, the ongoing search for improvements will be helped by on line experience.

Substantially faster mortgage loan payoff is expected to be a MERS feature that is popular with buyers and sellers of homes. Using the MERS toll free number to quickly verify the current servicer of a loan also should rank high with consumers.

More questions no doubt will emerge as MERS moves into full swing across the mortgage market. With the registry expected to save lenders up to \$200 million annually while dramatically improving speed and accuracy, the new system is here to stay.

Forward-looking title owners and managers can most effectively address the future by planning their individual company's interface with MERS, to best take advantage of this major innovation. 🦋

## JOINT VENTURES

*continued from page 9*

*Title News* survey of ALTA members in 27 states produced the following reports on joint venture operations currently known to exist:

Colorado (Denver, Colorado Springs, Grand Junction)-Partners include brokers, attorneys, lenders, builders (title insurance, escrow)

Indiana (Marion County, New Castle)--Partners include brokers, lenders (title insurance, escrow)

Michigan (Detroit)-Partners include brokers (title insurance, closing) (see separate article, this issue of *Title News*)

Minnesota (Statewide)-Partners include brokers, attorneys, builders, lenders (title insurance, ancillary services)

Nebraska (Omaha, Lincoln)-Partners include brokers, lenders, attorneys, builders (title insurance including all title services)

North Carolina (Greenville, Rocky Mount,

Winston-Salem)-Partners include brokers, lenders (title insurance)

Ohio (Columbus, Cincinnati, Cleveland)-Partners include lenders, builders (title insurance)

Oklahoma (Tulsa)-Partners include brokers (title insurance, settlement)

Tennessee (Statewide)-Partners include brokers, attorneys, builders (title insurance, escrow)

Texas (Statewide)-Partners include brokers, lenders, attorneys, builders (title insurance, settlement)

Virginia (Urban areas)-Partners include brokers, lenders, attorneys, builders (title insurance, settlement)

Wisconsin (Milwaukee)-Partners include brokers, lenders, attorneys (title insurance, closing)

Continued reshaping of the title marketplace is foreseen as joint ventures play a significant role on the competitive landscape. An important service will be available to customers through joint ventures, as long as experienced, disinterested title professionals with technical expertise are part of the process through which titles are scrutinized and underwriting decisions are made. 🦋

## VISION

*continued from page 12*

position to cause substantial losses because of ownership pressures to write over title defects such as abstracts of judgment, mechanic's lien issues, and other title matters to get the deal done. It is not the premium that is important to your venture partners, it is the homebuilder's profit on the new home sale, the Realtor's commission on the house sale, the mortgage company's origination fee. You will want to exercise hands-on management to keep the ABA on a steady course and to make sure that the ABA adheres to underwriting standards set by the ABA's underwriter.

4. **Scope of Services Provided.** Managing a title agency is a full-time job (as those of you who have agencies know). The more services the venture offers, the more complicated (and expensive) the venture becomes. A full-service agency offering settlement and escrow services, as well as the "core title services," will require more employees, more equipment, more procedures, and, consequently, more expenses. In most jurisdictions, settlement and escrow services are not part of the "core title



services" and the most efficient and profitable ventures are, in my experience, those that are a "pure" title agency, offering the title insurance product without settlement and escrow services. The "pure" title agency will have fewer employees, less overhead, and greater efficiency than a full-service agency. Of course, your venture partners may want to offer settlement and escrow services to their customers and may be willing to settle for less profitability in return customer contact over the entire closing process. The decision is certainly theirs, but your management responsibilities will certainly increase.

So, after all this, you still want to do an ABA? The above information is really a short overview of the wheres and hows of ABAs. There are periodicals and articles in trade magazines. Many underwriters also have staff who are knowledgeable regarding RESPA and the formation of ABAs. Just remember that you will be the driving force behind the venture, the one who provides the vision for your venture partners, and the one who will oversee the day-to-day operations of the venture. Although the challenges can be great, the rewards can be great also. 🐉

- 1 Controlled business arrangement were permitted so long as (1) the person making the referral makes an appropriate disclosure, (2) the borrower is not required to use the affiliate, and (3) the only thing of value received is

a return on the ownership interest.

- 2 Congress, in its infinite wisdom, determined that the term "controlled business arrangement" should be replaced by the term "affiliated business arrangement".
- 3 Barnett Bank of Marion County, *N.A. v. Nelson*, Florida Insurance Commissioner, 116 S.Ct. 1103.
- 4 12 U.S.C. Section 92.
- 5 Core services include at a minimum the evaluation of the title search to determine insurability of title, issuance of a commitment where customary, clearance of underwriting objections, actual issuance of the policy.

## MARKET SHOOTOUT

*continued from page 14*

crackdown under RESPA.

"I'm worried that fear of the future will cause some very bad arrangements to be made," he said of the outlook for joint ventures. "I don't believe that the profitability of the operation for all parties is being looked at closely enough. Some agents and underwriters may well make some serious mistakes in judgment, in the name of market share. Title industry margins are very different from county to county, as well as from state to

state."

Lingenfelter added that the allure of controlled or joint ventures is likely to result in abrupt reality checks for title customers entering the business.

"For many reasons, our customers don't understand how labor intensive our business is, and they seem to think an interest in a title operation will keep them in the black," he remarked. "In the end, I believe that brokers will have to address financial challenges within their own operations and make some tough decisions on how they operate their companies. Depending on the title business to help with their bottom line is not the answer."

Until more brokers face the reality of what is involved in operating a title company, Lingenfelter expects to see a wide variety of approaches in partnering. Not all of these will make sense, he added.

## Experience Beneficial

Although Metropolitan Title's joint venture in Detroit in a sense was a defensive move, Lingenfelter points out the experience in organizing Macomb Title has resulted in his company becoming well prepared to initiate similar action elsewhere. While joint ventures are not in the company's marketing plan, Lingenfelter said his organization will not hesitate to actively consider them again if conditions so indicate.

"Our view of whether a joint venture will work in a certain market has more to do with the partners and what financially makes sense than anything else," he said. "If the numbers don't work, or the business volume is not at certain levels, a joint venture could be a wasted effort."

The Michigan titleman added that considerable emphasis should be placed on whether prospective partners are interested in forming what he described as a "legitimate company" in a joint venture.

"Many have approached us, saying they want a legitimate operation," he declared. "But, when we investigated, they only wanted to get paid for orders or find ways to circumvent legal requirements. Partners in a joint venture are the same as in any other type of business. You had better know and trust whomever you are dealing with."

As an example, Lingenfelter recalled being approached some time ago by individuals who wanted to form a joint venture—in order to have board meetings in Hawaii and pay members of their families for doing nothing. He is confident that other situations of this nature are out there, adding that his response will continue to be the same: not interested. 🐉

## Friday Closings Can Be Stressful but...

Just about anyone in the title business knows that Friday can be a tough day for closing officers. But a recent experience on that hectic last day of the week exceeded even the worst expectations of Suzanne Accardo, president of Lenders Title Services, Inc., Johnston, RI.

One Friday evening, it became apparent after more than two hours of effort that the buyers would be unable to overcome a significant funds shortage and the closing was cancelled. As the parties were leaving Lenders Title, Accardo heard a loud noise in the reception area and ran to investigate.

Upon reaching the area, she found the seller on the floor, skin an unhealthy gray color and clutching his chest while gasping for breath and perspiring heavily. Accardo immediately called 911; the paramedics responded quickly and administered emergency treatment before transporting the ailing seller to the hospital.

Later that night, Accardo called the hospital to inquire about the man's condition. Fortunately, the heart attack was not severe and he survived.

Not long afterward, the buyers were approved for a higher loan amount and the transaction closed. All's well that ends well—right?

Wrong.

Instead of expressing gratitude to Accardo, the seller—who had no health coverage—sent her the bills for the ambulance and hospital. Contending that he never authorized the Rhode Island titlewoman to place the 911 call, the seller demanded that Lenders Title—or its title underwriting company—pay these medical bills.

Accardo advises that neither title company has made the requested payment.



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## About your speaker:

**Jack C. Davis**, President and founder of Davis Consulting, is a title insurance marketing professional with 25 years experience in the title and real estate fields. Jack has extensive experience on both the agency and underwriter sides of title insurance. Seating is limited! Register today!

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Cara Detring  
President  
Preferred Land Title Company  
Farmington, MO

*Jack is very knowledgeable about the title industry. He was able to relate many different ideas he had tried that had been successful and some that had failed. I came away with lots of practical ideas.*

Gerry Faller  
President  
Green Bay Abstract & Title Co.  
Green Bay, WI

For more information, please see inside back cover for registration or contact M. Kathleen Hendrix, Director of Membership and Marketing at 1-800-787-ALTA or via E-mail at [kathleen\\_hendrix@alta.org](mailto:kathleen_hendrix@alta.org).

**See inside back cover for registration form and locations**

**Seating is limited to first 60 registrants at each location.  
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## *Questions to ask your E&O insurance company:*

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## Show Me The Service

By Jack C. Davis

**Y**ou probably get tired of hearing this, but customer service is and will always be the key to success. Whenever I talk with management about their customer service, they usually give me the same response. "We have outstanding service!" Unfortunately, their assessment usually comes without the benefit of any attempt to measure that "outstanding service."

So, as we all follow the breaking stories about TOP, the unauthorized practice of law problem in Virginia, and the advance of technology, I suggest it is service measurement that will have a much greater impact upon our future. Outstanding service can and will protect you and your company. It is not, however, as easy to find as some people think.

A couple of months ago, I had some personal business that required the services of title companies in Battle Creek, MI, and Peoria, IL. Let me relay my experience.

I was referred to a Battle Creek title company by a mortgage banker who uses this company exclusively. The company had done a recent exam and the order was still open on the title in question. I asked for assistance with a deed preparation problem. Now, maybe it was a bad day, but my experience indicated less than outstanding service.

The first person I talked with (number one) did not understand a word I said. Training was apparently not an important part of her job. Number one passed me on to number two, whom I *assumed* had more knowledge. (I refer you now to the classic definition of the word ASSUME, which perfectly defines my conversation with number two.) Finally, after telling the complete story and using the name of the customer who referred me as often as possible, I was getting nowhere. Number two passed me on to number three. Number three was direct (not quite rude but very, very close) and told me they could not, or more accurately, *would not*, be willing to help me with my problem. I thanked number three for the help and promptly called the mortgage broker and suggested he find a better title company.

I still, however, needed to solve the problem so I called a second title company in Battle Creek. I went right to the top this time and asked for the manager. That person was not available at that time so I left my number and asked to have my call returned. That was almost four months ago. Now maybe that office is a little behind, but I'm still waiting for my return call.

I would be willing to bet that, if you asked either office why they are successful they would say, as many of us would, "Because we have good service!"

Is my experience an accurate barometer of the service available in Battle Creek? Probably not. But, as a customer, my experience is all that counts. This is true of any customer. Service is the only way a customer has to judge a title company.

At about the same time, I needed some assistance with a title problem in Peoria. What a difference! The people I spoke with were attentive, happy and eager to assist me. It was clear they enjoyed their jobs. I enjoyed doing business with them. There were smiles in their voices and a "can and will do" attitude. It would be worth the trip for the folks in Battle Creek to visit this office. But, the fact of the matter is, it would be a waste of time. Because they think they already have great service.

Remember, the quality of service can only be judged by the customer. It is the service provider's job not to judge, but to measure.

So, how do you measure customer service? First of all, you need to know how your customers are being treated. How do you do that? Pretend you're a customer! Start by picking up the phone and calling each of your offices. Then, ask to speak to yourself. Is it easy to get through? Or, are you bombarded with a rough interrogation: "What company are you with? Can I tell him/her who's calling? What is the nature of this call?" The screening of calls is a very bad idea. The caller always feels that there is no correct answer to these questions. And no one is that busy or important except, of course, in their own mind. Keep screening your calls and the logical outcome is people will stop calling.

While you're on the phone, how's the greeting? Is it friendly, yet efficient? Did you catch it all? Or is it rushed, garbled or truncated? Can you leave a message conveniently?

Once you've decided what the problems are, change them. But, most importantly, reward what's good. Positive reinforcement will always work!

Sound simple? It is! The most important thing to remember is that your customers want to be treated like their call is important. Accomplish that, and you'll win your customers' undying loyalty.

*Jack C. Davis, president and founder of Davis Consulting, lives in St. Louis, MO. He has 25 years experience in the title and real estate fields, having worked on both the agency and underwriter sides. Look for Jack this July in a series of Marketing Seminars presented by ALTA (see the accompanying ad in this issue on the Seminars scheduled for July in San Francisco, St. Louis, Dallas/ Fort Worth, and New York City).*

*Interested in testing your company's service? Enter your company in the "Show Me the Service" contest. Send your name, company name, address and phone number to Show Me the Service Contest c/o ALTA, 1828 L St., NW, Ste. 705, Washington, DC 20036. Winners will be featured in a future issue of **Title News**. For more information, contact M. Kathleen Hendrix, ALTA Director of Membership and Marketing, toll free at 1-800-787-ALTA.*



## RESEARCH/ STATE REGULATION

### NAIC Resolution Hits Pre-Emption

**F**ollowing the urging of most major insurance trade associations including ALTA, the full membership of the National Association of Insurance Commissioners has approved a resolution calling for Congress and the Administration to "re-affirm that state insurance commissioners are principally and primarily responsible for regulation of insurance activities conducted by financial institutions, regardless of the medium or sales channel."

The resolution, which also opposes any federal legislation that would pre-empt state laws regulating the business of insurance, was delivered to members of Congress in March.

Also, NAIC has been working for over two years to establish uniform accounting rules for the insurance industry. This process, referred to as the "Codification of Accounting Standards," involves the issuance of position papers on various subjects and requests public comment.

Issue Paper 16, "Electronic Data Processing Equipment and Software," has been in circulation for some time, and indicates EDP equipment and software are to be considered a non-admitted asset.

After public comment, the NAIC Codification Working Group recently reversed itself, now maintaining that EDP hardware and operating (not application) software is an admitted asset, is depreciated over three years, and is limited to 2 percent of company surplus.

At the close of 1995, title insurers had reported EDP assets of \$31 million, with a surplus in excess of \$2 billion.

\*\*\*

Elsewhere, the well know Federal Reserve Bank Open Market Committee vote to increase the federal funds rate by 25 basis points- which was followed immediately by an increase in the prime rate- seems to be only the beginning. Given the continued reports of a stronger-than-expected economy being received early in April, by the time you receive this publication, we believe the Fed will have increased the federal funds rate by another 25 basis points, with a third increase to follow in mid-summer.

-Richard W. McCarthy

## Convention Dates Changed for 1998

Dates recently have been changed for the 1998 ALTA Annual Convention, which will be held at the New York Marriott Marquis, New York City.

The new dates for the event are October 14-17.

## More Expansion By Metropolitan

Metropolitan Title Company, largest title insurance agency in Michigan, has announced the acquisition of Bliss Abstract & Title, Inc., Midland, and the opening of an office at Grosse Pointe.

Metropolitan Title currently operates 50 offices serving 32 counties across that state.

## Home Page Ready

An up-to-the-minute report on ALTA activities and events can be acquired by dialing in the Association Home Page at <http://www.alta.org>.

Feedback may be sent to the Association via e-mail, at [service@alta.org](mailto:service@alta.org).

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## NAMES IN THE NEWS

**Patrick F. Stone** has been elected chief operating officer, Fidelity National Financial, Inc., parent of title underwriting companies including Fidelity National Title Insurance Company. He has been president and chief operating officer of the company's major operating subsidiaries since 1995, and retains these positions. A 20-year veteran of the title industry, he has been with Fidelity for eight years.

**Paul T. Sands, Jr.**, has been elected executive vice president and general counsel for Chicago Title and Trust Company and Chicago Title Insurance Company. He has been with the organization for 28 years. **Michael Keller**, former executive vice president for a major mortgage banking concern, has been named executive vice president of both Chicago companies. **John Wunderlich** has been named a vice president.

New resident vice presidents for Chicago Title Insurance are **Barbara Burke**, Orlando; **Robert Goodside** (remains associate general counsel) and **J. Scott Sargent** (remains escrow operations manager), Dallas; **Robert Ibler** (remains agency manager), Bloomington, MN, and **Paul Liszewski** (remains associate regional counsel), Chicago.

Named assistant vice presidents for the company are **Gregory Gibson** (remains commercial sales manager), Chicago, and **Wendy White** (remains escrow operations manager), Seattle, along with **Barry Wolfensohn** (remains centralized processing unit manager), Arlington Heights, IL. **Deborah Brittain** is now assistant vice president for Chicago Title subsidiaries, Ticor Title Insurance Company and Security Union Title Insurance Company, Gastonia, NC. **Lyla Johnson** has been named assistant secretary for Chicago Title Insurance (remains title examiner), Seattle.

Promoted to associate regional counsel for Chicago Title Insurance are **Alan Atlas**, Fort Myers, FL, and **Leslie Chassman-Smith** and **Alberto Gomez-Vidal**, Miami. **Marc Weiner** has been named New York state counsel for Chicago Title Insurance and Ticor Title In-



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Keller



Wolfensohn



Wunderlich



Gibson



White



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**Wagner**



**Moore**

insurance, New York City. **John Walsh** and **James Magnuson** now are state managers for Chicago Title Insurance, Indiana and Ohio, respectively.

**Jon Gundling** has been named Chi-

cago Title's residential marketing manager, Fort Washington, PA, a newly created position, and **Mary Jane Beddow** has been promoted to title officer (remains title supervisor), Memphis.

**Dale F. Frey** has been appointed to the boards of directors of The First American Financial Corporation and its principal subsidiary, First American Title Insurance Company. Prior to his retirement early this year, he served as chairman of the board and president of General Electric Investment Corporation. **Eric P. Jacobs** has been promoted to vice president of information services at First American, with offices at company headquarters in Santa Ana, CA. **Laurence J. Usignol** has joined the company as vice president-New Jersey state counsel. **Robert F. Hoyt**, vice president, has retired and **John Micciche** has joined the company as an account executive, with offices in Baltimore.

**Mark Sachau** has been named president and chief operating officer of Oakland-based First American Title Guaranty Company, a First American subsidiary. **Grant Sims** is now executive vice president-county manager for another subsidiary, First American Title Company of Nevada, with offices in Reno.

Lawyers Title Insurance Corporation announces the election of **Jeffrey D. Vaughan** as executive vice president-commercial and residential operations, and **John M. Carter** as senior vice president-law and employee relations, both with offices at the company's Richmond, VA, headquarters. **Richard Timothy Diehl** has been appointed systems manager-electronic commerce, with offices at that location.

Elsewhere at Lawyers Title, **Gary L.**

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**Michner**



**McDonald**



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**Oechsle**



**Day**



**Bell**



**Goodenough**

**Gatten** has been elected vice president-Memphis area manager. **Jerry L. Dunnavant** has been named manager of the Roanoke, VA, office, and **Ross B. Wagner** now is assistant vice president-area agency manager, Westerville, OH. **John S. Elzeer** has been appointed senior claims counsel for the company, Tampa, where **Michael J. Moore** has been named assistant regional counsel. **Kathleen Hassett Michner** is now branch counsel/area agency counsel, Fairfax, VA, and **Deborah A. McDonald** assistant regional counsel, Columbus, OH.

**Tamara S. Meyer** has been appointed vice president-operations for Datatrace Information Services Company, Inc., Lawyers Title subsidiary headquartered in Richmond.

**James E. Kilgallon** has been pro-



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**Burch**



**Nussbaum**



**Jacklitch**



**Given**



**Ryan**



**White (left)**



**Johnston**

promoted to senior vice president--National Title Services, at Commonwealth Land Title Insurance Company and Transnation Title Insurance Company, Philadelphia. **H. John Oechsle** has joined the companies there as vice president--information systems. Promoted to vice president at Commonwealth are **John A. Day** (also eastern Pennsylvania/Delaware agency manager) and **Larry S. Tuliszewski** (also Philadelphia metropolitan branch manager). **Michael F. Bell**, a 15-year veteran of the title industry, has joined the company as vice president and Baltimore area manager, and **Mick Goode-nough** has been named vice president and Fresno County (CA) manager.

Promoted to assistant vice president by Commonwealth in Philadelphia are **Florence Rozycki** (also to Philadelphia title plant manager), and **Diane N. Schwab**, an assistant counsel. **James J. DiStefano** has been promoted to assistant vice president and suburban counties plant manager, with offices in Media, PA. Also promoted to assistant vice president are **John David Epperly, Jr.** (also to Northern Virginia

counsel), Fairfax, VA, and **Christine Marie Althouse**, Linwood, NJ.

Also at Linwood, NJ, **Donald W. Spencer** has been promoted to senior title officer, while **Richard Bruderek** has been promoted to title officer, Philadelphia. **M. Gordon Daniels** has been named Philadelphia area commercial manager for the company.

**W. Morris Fine** has been named president and chief operating officer and **James A. Fine, Jr.**, executive vice president and chief financial officer, Investors Title Company, Chapel Hill, NC. **Holly Alderman** has been named vice president and commercial title attorney, and **Kristin L. Harmon** title attorney.

Ohio Bar Title Insurance Company, Columbus, OH, has promoted **Tom Burch** to executive vice president, agency operations; **Nicholas Cipiti** to executive vice president, Columbus operations, and **James Nussbaum** to executive vice president, Cleveland operations. **Thomas Jacklitch**, regulatory counsel, has been assigned additional duties as general underwriting counsel. **Michael L. Johnson** has been

promoted to controller and director of administration, and **Cynthia Given** to director of communications.

**Carolyn E. Dupre** and **Pamela L. Moore** have been promoted to assistant vice president, ACS Title and Closing Services, Ohio Bar Title wholly owned subsidiary.

**Thomas M. Ryan** has been named vice president by New Jersey Title Insurance Company, Lawrenceville, NJ.

**Nancy D. White** (shown above with Stewart's **Mike Wagner**) has been named mid-Atlantic manager and **William P. Johnson** assistant vice president, business development, Stewart Title Guaranty Company, Fairfax, VA. Respectively, they also are president and senior vice president and director of marketing, Stewart Title and Escrow, Inc.

**Jackie Morris**, escrow closer/commercial officer, has been promoted to vice president by Rattikin Title Company, Fort Worth, TX.

**Linda Lahmon** has joined AmeriTitle at the Newark, OH, office. Also, the company has opened an office in Canal Winchester, OH.



*Fourth in a series of educational notices.*

## *Questions to ask your E&O insurance company:*

### **4. What do you do to help me *avoid claims?***

Most commercial insurers writing E&O insurance for title professionals are happy to take your money... and cross their fingers, hoping you don't have any claims.

At TIAC, we also help you *avoid* claims—through articles in *Title News*, seminars and risk management bulletins. Why?—because at TIAC you're more than an insured, you're an owner, and we do everything we can to help you with preventative measures to avoid claims. If you do have a claim (or even just a potential problem) our highly experienced team of defense attorneys is here to help!

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## 1997 AFFILIATED ASSOCIATION CONVENTIONS

### May

- 1-3 **New Mexico**, Inn of the Mountain Gods, Rui Doso, NM
- 2-4 **Palmetto**, Savannah Marriott, Savannah, GA
- 4-6 **Iowa**, Best Western, Holiday Lodge, Clear Lake, IA
- 13-16 **California**, The Ritz-Carlton-Rancho Mirage, Palm Springs, CA

### June

- 5-7 **Texas**, Renaissance Austin Hotel, Austin, TX
- 6-8 **Virginia**, The Homestead, Hot Springs, VA
- 6-9 **New Jersey**, Star of the Seas Cruise-Miami to Bahamas
- 8-10 **Pennsylvania**, Nemocolin Woodlands Resort, Farmington, PA
- 12-13 **South Dakota**, (Site to be announced), Watertown, SD
- 13-14 **Arkansas**, Ramada Inn, Batesville, AR
- 19-22 **New England**, Wequassett Inn, Chatham-Cape Cod, MA
- 22-24 **Oregon**, Ashland Hills Inn, Ashland, OR
- 26-29 **Colorado**, The Keystone Resort, Keystone, CO

### July

- 10-12 **Illinois**, French Lick Resort & Spa, French Lick, IN
- 17-19 **Utah**, Sun Valley Lodge, Sun Valley, ID
- 20-22 **Michigan**, Grand Traverse Resort, Traverse City, MI

### August

- 7-9 **Montana**, Marina Cay Resort, Big Fork, MT
- 14-16 **Idaho**, Shore Lodge, McCall, ID

14-16 **North Carolina**, Williamsburg Lodge, Williamsburg, VA

17-20 **New York**, The Hershey Hotel, Hershey, PA

20-23 **Wyoming**, The Chutes Best Western, Douglas, WY

21-23 **Indiana**, Radisson At Keystone Crossing, Indianapolis, IN

21-23 **Kansas**, Topeka West Holidome, Topeka, KS

21-23 **Minnesota**, Radisson Arrowwood Resort, Alexandria, MN

### September

4-6 **Missouri**, Holiday Inn Hotel & Convention Center, Joplin, MO

4-7 **Maryland**, Princess Royale, Ocean City, MD

7-9 **Ohio**, Holiday Inn, French Quarter, Toledo, OH

10-12 **Wisconsin**, The Regency Suites, Green Bay, WI

11-13 **Dixie**, Grand Hotel, Point Clear, AL

11-13 **North Dakota**, International Inn, Minot, ND

24-27 **Washington**, (to be held at Seattle Westin during ALTA Annual Convention)

### October

8-10 **Nebraska**, Interstate Holiday Inn, Grand Island, NE

### November

5-7 **Arizona**, (Site to be announced), Prescott, AZ

5-8 **Florida**, Ponce de Leon Resort, St. Augustine, FL

### December

4-5 **Louisiana**, (Site to be announced), New Orleans, LA

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Used micrographics and optical equipment. Top prices paid. Checks sent sight unseen. Call 1-800-582-8818. Ask for Rich.

## Local Units Bought By First American

The First American Financial Corporation has announced that its principal subsidiary, First American Title Insurance Company, has purchased its Stanislaus County, CA, affiliate, First American Title Company of Modesto, and Miller Abstract

Company, Inc., Leavenworth, KS, an agent of that underwriter for 21 years.

First American previously had held a 26 percent interest in the Modesto operation, which was founded in 1977. Paul Ventmiglia, president of the affiliate since that time, continues to serve as Stanislaus County manager for First American.

According to the announcement, the acquisition of Miller Abstract, a 140-year-old company, is part of an overall plan to expand First American operations in the greater Kansas City area. Bob Groody, president of Miller at the time of the purchase and a 35-year veteran of the title industry, continues as manager of the operation.

## Valuation Company Added by Chicago

Market Intelligence, Inc., property evaluation firm and a wholly owned subsidiary of Chicago Title and Trust Company, has acquired a license agreement with PMI Mortgage Services Co. to use PMI's REASON (tm) state of the art software that provides automated residential property valuations based on comparable sales.

REASON uses both statistical analysis and heuristic modeling, according to the announcement. Market Intelligence products and services combine statistical and database information sources with site verifications for many lending applications.

Chicago Title and Trust is an organizational source for title insurance, escrow and closing services, property evaluations, traditional appraisals, credit reports and flood certification products.

## Past President Of CLTA Dies

Services were in Eureka, CA, for James D. Arnot, 63, a past president of the California Land Title Association who died as the result of an accident.

He was the president of Humboldt Land Title Company, Eureka, following purchase of the interest in that organization held by his father, the late M. E. (Jocko) Arnot, founder of the company in 1947.

Survivors include his wife, Sharon; three daughters; five sons and a brother.

## 1997 CALENDAR OF MEETINGS

*(For the latest updates on ALTA meeting information, visit the Association Home Page at <http://www.alta.org>)*

### May

**5 ALTA Land Title Institute/Illinois Land Title Association Regional Seminar**, Lisle-Naperville Hilton, Lisle, IL

**18-20 Second Annual Legal Symposium/Title Counsel Meeting**, Omni Royal Orleans, New Orleans

**19-21 Committee on Internal Auditing**, Marriott's Reach Resort, Key West, FL

### June

**6 Public Relations Committee**, U.S. Grant Hotel, San Diego, CA

**12-14 ALTA Board of Governors; Title Insurance Executives Meeting**, Kiawah Island, SC

### July

**14 ALTA Title Marketing Seminar**, San Francisco Airport Marriott

**17 ALTA Title Marketing Seminar**, St. Louis Airport Marriott

**21 ALTA Title Marketing Seminar**, Dallas/Fort Worth Airport Marriott

**23 ALTA Title Marketing Seminar**, New York Marriott Marquis (New York City)

### September

**24-27 ALTA Annual Convention**, Westin Seattle Hotel, Seattle

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\$295 ALTA members

\$350 non ALTA members

Registration Includes:

- Seminar
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## Choose from 4 locations

### San Francisco Airport Marriott

Monday, July 14

Register by June 27, to receive \$145 room rate.

800-228-9290  
or 415-692-9100

### St. Louis Airport Marriott

Thursday, July 17

Register by July 2, to receive \$105 room rate.

800-228-9290  
or 314-423-9700

### Dallas/Fort Worth Airport Marriott

Monday, July 21

Register by July 7, to receive \$99 room rate.

800-228-9290  
or 214-929-8800

### New York Marriott Marquis

Wednesday, July 23

Register by July 1, to receive \$185/single room rate.

800-228-9290  
or 212-704-8748

**Please copy this form for each registrant**

## Registration Form:

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Company \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zipcode \_\_\_\_\_

Office Phone \_\_\_\_\_ Office Fax \_\_\_\_\_

## Choose a location:

\_\_\_\_\_ San Francisco • Monday, July 14

\_\_\_\_\_ St. Louis • Thursday, July 17

\_\_\_\_\_ Dallas/Fort Worth • Monday, July 21

\_\_\_\_\_ New York • Wednesday, July 23

## Member Status:

\_\_\_\_\_ I am a member of ALTA and am entitled to the member discounted price of \$295.

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My seminar price is \$350.

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Card Number \_\_\_\_\_ Expiration \_\_\_\_\_

Signature: \_\_\_\_\_

Fax completed registration form with credit card payment to 1-888-FAX-ALTA or 202-223-5843.

Questions? Please contact M. Kathleen Hendrix, Director of Membership and Marketing at 1-800-787-ALTA or via E-mail at [kathleen\\_hendrix@alta.org](mailto:kathleen_hendrix@alta.org).



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