

JULY-AUGUST 1999

# TITLE *News*



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# TITLE JULY•AUGUST1999 News

Volume 78, Number 4

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## On the Cover:

Colorado's Rocky Mountains are home to ALTA's 1999 Annual Convention in Colorado Springs. Mountain air and majestic views are sure to inspire attendees to reach new heights, as they "blaze new trails" into the year 2000. For details, please turn to pages 20-21.

## FEATURES

### 11 Bring on the Bandwidth

*By Ted Smith*

Your electronic pipeline is becoming more and more critical to the success of your title operation, and the capabilities are growing exponentially. How do you quantify your "need for speed" today, or more importantly, for tomorrow? Ted Smith explains everything you need to know about bandwidth, including an easy-to-understand glossary of terms.

### 14 Recollection of MDP Program

*By Patricia L. Berman, LTI  
Director of Education*

Where can you learn about finance and customer service, while playing with balloons and hula hoops? At the Land Title Institute's Management Development Program, creative courses combined with a practical curriculum pack a powerful educational punch.

### 21 Westward Ho! to ALTA's 1999 Annual Convention in Colorado

*By Liza Trey, ALTA Director of  
Meetings and Conferences*

Although summer is just hitting its stride, the time is here to plan for a wonderful fall trip to the beautiful Broadmoor resort nestled in the Rocky Mountains of Colorado Springs. New educational programs and some unique tours and activities are sure to make the Annual Convention a "peak" experience for ALTA members.

### 26 International Update

*By Bruce McKenna*

How is the title insurance product faring offshore? Bruce McKenna provides an updated glimpse of title insurance in other countries. Learn how title insurance and related services are expanding in the international marketplace, and where the challenges and opportunities lie in this important growth area.

### 32 Discover How ALTA's Retirement Program Can Help Recruitment and Retention

The good news is unemployment is low. The bad news is unemployment is low! During this period of low interest rates and low unemployment, title companies are fighting to hire and keep good employees. One way to help is by offering a strong benefits program. The ABRS program offers high-quality investment options and little-to-no administrative fees.

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# ALTA COMING EVENTS



## July

1999

**23-24 Education Committee**

La Jolla, CA

**24-27 Accountants Meeting**

Montreal, Canada

## August

**14 TIAC Board Meeting**

Grafton, VT

**15-17 Reinsurance Committee Meeting**

Woodstock, VT

**28-30 Abstracter/Agent Research Committee Meeting**

Annapolis, MD

## October

**6-9 ALTA Annual Convention**

Colorado Springs, CO

## November

**7-9 Title Counsel Meeting**

Key West, FL

**13-16 TRC Board Meeting**

San Francisco, CA

## December

**6-7 Systems Committee**

Las Vegas, NV

2000

## February

**13-15 Tech Forum 2000**

Las Vegas, NV

**27- March 3 Land Title Institute Management Development Program**

Houston, TX

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## A MESSAGE FROM THE PRESIDENT-ELECT



As this is being written, the swirling forces of Congressional legislative activity for financial services modernization and the mystical gyrations of the Federal Reserve Board are front page news. Everywhere one turns there is yet another article on the revolution of electronic commerce.

In recent years there has been a growing question from our traditional lender customer base, and from emerging customer sets, as to the value proposition of title insurance. Now the protagonists for financial services modernization and mortgage reform seem to be viewing us more with disdain rather than as a representative voice, and in some circumstances as a nuisance factor rather than a contributor to the solution. I see it as a troubling indicator, but not a problem we cannot solve. Let's face it, these are confusing and frustrating times. We unfortunately seem to have positioned ourselves as against things, trying to buy time, rather than looking for ways or conditions upon which we would begin to accept proposals of change. As I have come through the chairs of

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*"In recent years there has been a growing question from our traditional lender customer base, and from emerging customer sets, as to the value proposition of title insurance."*

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ALTA, I have come to appreciate the demands on the members of the staff of our trade association.

In the next few weeks, the Board will convene to review the strategic plans and direction of the Association. The value proposition of the ALTA will be brought under the microscope. It may be time for a tweaking. It may be time for an overhaul. It certainly isn't time for the status quo.

Charles H. Foster, Jr.

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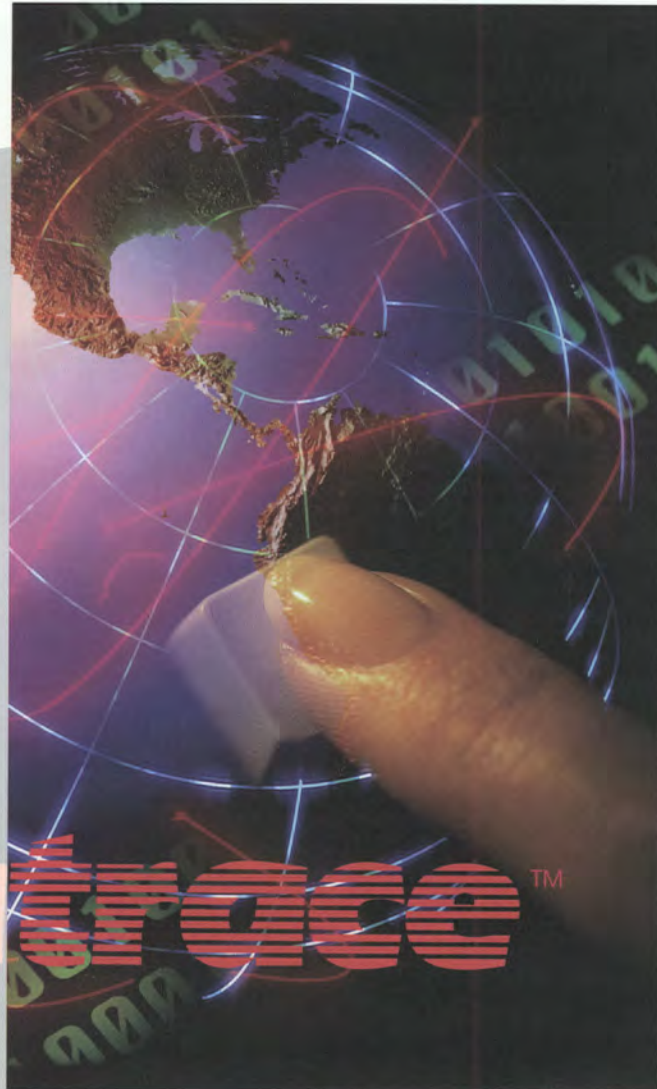
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# Legislative/Regulatory Update

As of June 23, 1999

## ISSUE

## SYNOPSIS

## STATUS/HISTORY

Limitation of national bank and financial holding company powers to sell and underwrite title insurance (parts of H.R. 10/S. 900, Financial Modernization Act of 1999)

In S. 900, national banks would be allowed to sell and underwrite title insurance directly from the bank, from an operating subsidiary, or through a financial holding company. ALTA was successful in achieving: 1.) favorable amendments in the House Banking Committee; 2.) closing the "small towns" loophole in the House Commerce Committee; 3.) limiting national banks "parity" with state chartered banks to eliminate "wild card provisions" linked to federal law as state authority to sell title insurance; 4.) report language to cover specific state title laws.

Legislation expanding national bank powers has passed the Senate and is awaiting floor consideration in the House.

6/29 — House floor consideration expected before the July recess

6/20 — H.R. 10 passed House Commerce Committee, voice vote

5/6 — S. 900 passed Senate, 55-44

3/11 — H.R. 10 passed House Banking Committee, 51-8

3/4 — S. 900 passed Senate Banking Committee, 11-9

Regulatory Expansion of the Powers of National Banks

National banks have been seeking opinions from the Office of the Comptroller of the Currency (OCC), the regulator of national banks, to expand their ability to sell title insurance.

The OCC has issued a series of opinions broadening insurance powers of national banks to sell insurance from "small places." These cannot be challenged in court.

RESPA Reform-proposed—new exemption from Section 8 for "packaged" settlement services

The Board of Governors of the Federal Reserve and the Department of Housing and Urban Development submitted a report to Congress in July 1998 suggesting reform proposals including a new RESPA Section 8 exemption for bundled closing costs.

ALTA testified at the only real estate industry hearing in the 105<sup>th</sup> Congress. ALTA supported improved consumer disclosure, but objected to an exemption from Section 8 for "blind packaged" settlement services. No legislation has been introduced in this session.

RESPA Yield Spread Premium Lawsuits

HUD Statement of Policy on Yield Spread Premiums released on February 22, 1999 is primarily focused on the yield spread premiums and the disclosures of these payments. Clearer disclosures are required on both the Good Faith Estimate and on the HUD-1.

**Implementation requirements for settlement agents.** The recipient of the YSP fee and the fee received from the lender is to be clearly labeled. Ex. "Mortgage broker fee from lender to XYZ Corp. (P.O.C.)."

Bankruptcy reform (H.R. 833/S. 625) *McConville*- title insurer liability for undisclosed bankruptcies

ALTA obtained provisions overturning the Ninth Circuit decision denying protection for lender's liens under section 549(c) of the Bankruptcy Code.

Late June — pending Senate consideration

5/11 — placed on Senate calendar

5/6 — passed House, 313-108

4/28 — passed House Judiciary Committee, 22-13

4/27 — passed Senate Judiciary Committee, voice vote

Fannie Mae\Freddie Mac Uniform Instruments

Fannie Mae and Freddie Mac have issued a new uniform instrument.

**Implementation required for sale transactions effective July 1, 2000.** Of interest to the title industry are the following: The instruments do not provide specific fees for specific services. However, there is language which provides that the lack of specific fee charges not be interpreted as a prohibition. Notice Provisions: There have been no changes on the notice provisions relative to state foreclosure laws and due on sale provisions. However, there is a new provision applicable to both lenders and borrowers which allows parties to give notice that they have a problem with the security instrument.

Information Reporting on Qualified Settlement Funds

Proposed IRS regulations on reporting of interest income earned on qualified settlement funds set filing standards.

5/12 — ALTA filed comment and testified at IRS hearing objecting to requirement that "escrow administrator," rather than entity paying interest, file information reports.

Information Reporting on Real Estate Transactions: tax information return penalty increase

Administration proposal would increase information return penalty on incorrect filings from \$50 to 5% of transaction amount (the house sales price)

4/28 — ALTA filed comment with IRS to replace current taxpayer identification number liability with good faith exemption. House Ways & Means and Senate Finance Committees - Action Pending

Information Reporting on attorney fees

IRS proposes regulations requiring filing of Form 1099-MISC on attorney fees

Comments due August 19.

Asset Forfeiture (H.R. 1658)

Would adjust standard for "innocent owner"

Summer '99 — pending House floor consideration  
6/15 — passed House Judiciary Committee, 27-3

*\*Summary information. For more details please contact Ann vom Eigen, Legislative Counsel, or Charlie Frohman, Director of Grassroots Advocacy at 1-800-787-ALTA.*

# PHOENIX

## Title Agents Executive Conference Draws Agents

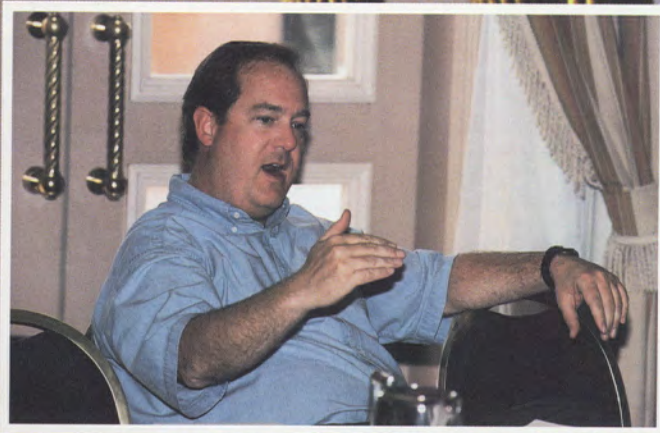


*Participants found plenty of opportunities for interaction, as demonstrated by Dick Johnson and Bob Newlon.*

*Participants come together to share information about their industry experiences at the Monday evening reception.*



*Jack Rattikin, III, captured in mid-sentence, shows active involvement in the topic at hand.*



*From left to right, Mike Kehoe, Greg Wick, John Freyer, and Ken Lingenfelter deliberate and discuss in one of the afternoon sessions.*





## **NETWORKING OPPORTUNITIES ABOUND AT 1999 Title Agents Executive Conference**

**By M. Kathleen Hendrix**

Are you paying \$1500 or more in ALTA dues? If so, you qualify for the **Title Agents Executive Conference**. Each year, Large Agent members of the American Land Title Association are invited to attend this unique and valuable conference. Attendees spend two days networking with their peers and learning to handle important issues affecting their industry.

In 1995, the **Title Agents Executive Conference** was created from the meeting formerly called the Large Agents Meeting. The original purpose of the Large Agents Meeting was to better serve the needs of high-grossing, independent agents. Because agents within this group typically staff multiple locations and employ far more people than the average ALTA member, their needs are unique. Members sought an open forum that would allow free discussion of similar issues. The **Title Agents Executive Conference** was established to serve that purpose.

Each year, the **Title Agents Executive Conference** meets at a different location, and a tour of a local title operation is the highlight of each conference. In fact, the decision of where to hold the Conference is based largely upon where the group would like to tour. Typically, the site selected for the tour is unique in some way, offering a glimpse into the future of the industry. Attendees can catch a glimpse of how their peers operate, and they find it to be invaluable. Past meetings have been held in Denver, Chicago, and Las Vegas. The 1999 meeting was held May 3 - 4 in Phoenix, Arizona.

As with all ALTA education, top quality programming is the goal. To achieve it, professional speakers and industry leaders are often invited to speak to the **Title Agents Executive Conference**. Below is a brief summary of the 1999 program.

Plans are already underway for the 2000 **Title Agents Executive Conference** to be held at another sunny location. The conference will again be scheduled on a

Monday and Tuesday, allowing attendees to take full advantage of a weekend stay-over. While the conference is free, each attendee must pay all individual expenses.

*Attendance is by invitation only and is limited to ALTA members grossing \$1.5 million or more. To learn more about this unique and valuable conference, please call Kathleen Hendrix, Director of Membership and Marketing, at 1-800-787ALTA.*

---

### **1999 TITLE AGENTS EXECUTIVE CONFERENCE**

*(Held May 3 and 4, 1999, Phoenix, AZ)*

#### **DAY ONE**

##### **Presentation: Doing Business on the Internet**

*David Tandy, Stewart Information Services Corp., SISCO  
John Gosselin, Gosselin & Associates, P.C.*

Yes, you can actually use the Internet as a business tool! This presentation focuses on how to increase business and make more money by using the Internet. Presented by a title insurance agent who is doing business online and the underwriter whose technology makes it possible, this session caught everyone's attention.

##### **Presentation and Discussion: Partnering with Banks to Increase Your Business**

*Ann vom Eigen, American Land Title Association*

Although ALTA works every day to keep banks out of the title industry, we know that their presence is a reality. Join this informative discussion to learn what is being done to slow bank progress and how you can best prepare for this business trend.

#### **Cocktail Reception and Dinner**

#### **DAY TWO**

##### **Discussion: Using the Media to Attract Customers**

*Gay Alberts Ruby, Ruby Communications*

This interactive workshop teaches how to build positive, mutually beneficial relationships with editors and news directors from magazines, newspapers, radio stations, and television stations.

- Become a resource to the media so the media calls YOU when an expert opinion is needed.
- Identify creative, inexpensive ways to publicize your title company.
- Create and maintain a positive public image.
- Handle publicity challenges with knowledge and confidence.

#### **Lunch**

##### **Tour of Stewart Title, Phoenix Office**

Mr. Brian Hughes hosts this tour of the second most profitable Stewart Title office in the nation. Mr. Hughes shares many insights into how he keeps this multi-office operation running smoothly. Join Mr. Hughes as he reveals the secrets of this ultra-successful title operation.

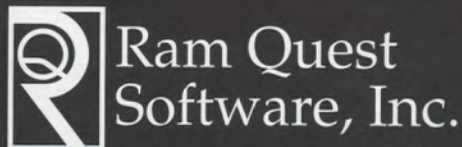


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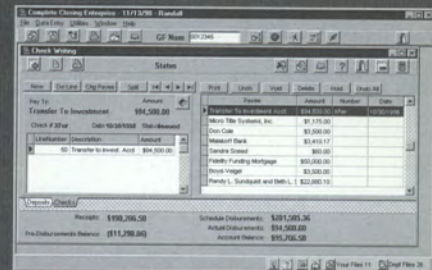
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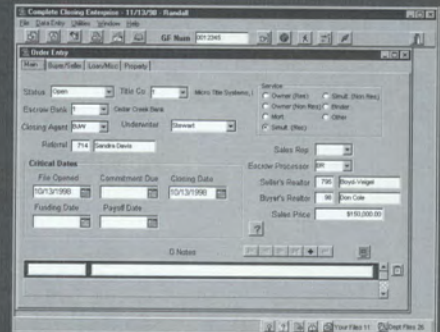


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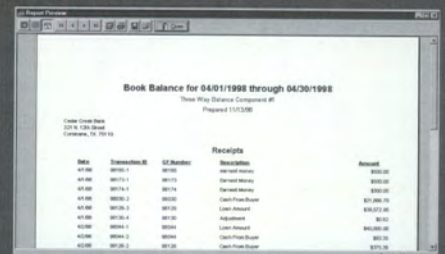
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# Bring on the Bandwidth

By Ted Smith

**B**andwidth is something your organization uses on a daily basis. Like most of the finer things in life, it is usually not noticed until it is gone. This short discussion of bandwidth will include a working definition, a "how to" approach on evaluating your business's need for speed, and an overview of some cost-effective telecommunication options.

## What Is It?

Our first goal should be to obtain what might best be deemed a standard industry definition of what bandwidth is and how it can be increased. The term "bandwidth" refers to the amount of data, usually measured in bits-per-second, that can be sent through a dedicated (leased) transmission circuit. In other words, "How much stuff you can send through a connection..." as colleague likes to say. A fast modem can move about 15,000 bits in one second; full-motion, and full-screen video would require roughly 10,000,000 bits-per-second, depending on compression. Although this may be a bit optimistic, in practical terms a one-page text document can, all things considered, be transmitted in about one minute over a fast modem connection.

In short, when one speaks of bandwidth it is a reference to the size and speed of a data circuit - or the ability of any network connection to move data, and at what relative speed. To increase bandwidth, you can do one of two things:

You can buy **all** the latest and greatest techie toys and tools simply because you can; or,

You can buy only what you need today and plan to up-

grade as your company and desired network function grows.

I would encourage you to take the latter (and higher) road, which involves a detailed and well-documented technical approach. Although it is a somewhat technical exercise, determining your business's "need for speed" does not need to be an intimidating undertaking. It should be viewed as a very practical venture.

## How Much Speed do you Need?

As we walk through this "how to" approach in evaluating your company's need for speed, try not to take any of the elements for granted. These points need to be investigated as you define your communication needs. It is important that, before you begin to shop for system hardware, software and connectivity options that you put together a requirements document that expresses your needs based on your company's goals for a system. There are many great software packages, lots of fancy hardware and multiple ways to communicate

*Ted Smith began at Centex Title and Insurance Operations' network in 1996 as a Network Specialist and currently serves as the Network Project Manager. Prior to joining the Centex Title team, Ted served as a Data Communication Technician with Dal-Tile, a 230-site Frame Relay network, for several years. Ted is a graduate of Dallas Christian College and is currently juggling his career, family life, and graduate studies.*

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*"Whether you have a network today or not, the project of determining your organization's bandwidth needs involves the same foundational questions."*

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(designed to go faster and faster) out there on the market. However, you want to measure the vendor's product against your desired results, not flashy interfaces and pretty pictures. If you will take the time to document the answers to the following questions you will be well on your way to having a blueprint showing where your company is technically and where you want the network to be in terms of network functionality and faster processing or bandwidth. You will be able to speak with vendors and understand their product within the context of your needs.

Whether you have a network today or not, the project of determining your organization's bandwidth needs involves the same foundational questions worthy of your company's consideration. As you evaluate your current Information Technology and network effectiveness in terms of bandwidth, you may ask: How many users are in your organization? How will your people access the system? Is your system running on a LAN (local area network) or WAN (wide area network)? Is your office a stand-alone office utilizing a local area network or is your office one of multiple offices in your organization utilizing a wide area network? How do you access your system? Do you connect via in-house connectivity (Ethernet, etc.)? Or do you utilize a wide

area network approach via remote dial in connectivity, twenty-four seven WAN connectivity, such as tacked up ISDN lines, dedicated circuits, or Internet connectivity? After collecting this data, you can determine how you are communicating today and how to look for ways to "bring on the bandwidth."

### What are your Options?

It is important not to fall into the trap of thinking that one type of bandwidth technology is best for your organization. Although claims of super speed abound for some typologies, do your homework! Document, test, and evaluate your communication needs. Note: One does not need to choose between connection types in order to arrive at the most bandwidth for the cost. Many technologies can work well together and complement each other for big bandwidth at a lower overall cost model. Our company utilizes both ISDN and Frame Relay circuits on our network. (See Glossary for definitions.) We use ISDN technology when and where local call pricing and non-metered services are offered, and we use Frame Relay when ISDN is not cost effective, in those areas where long distance charges and metered services come into play. Fortunately, we have been able to create a pseudo "hub-ring" typology in our major markets in Texas by going with Frame Relay (256k pipes) to centralized offices and then ISDN (128k) to remote sites in that area. We are experimenting with Southwestern Bell's version of xDSL, called ADSL, in the Austin area to the Internet and then to our Network via our T1 Internet connection to our ISP in the computer room. For smaller offices and remote connectivity, we also offer analog modem dial-up connections local and toll-free to Cisco 2500 routers.

There are various options on the market today to increase bandwidth. For example you may have a small office currently using a few PCs or terminals, some type of modem/router, and you may be sending a small amount of data across the wire. A dial-up solution (28.8 as mentioned above or up to 56k) may still be your best option. However, as analog lines generally cost fifty dollars per month, you might consider stepping up to an ISDN line for seventy-five dollars per month. (Note: Consult your local service providers, because mileage and markets vary; these price quotes may not apply in your area.)

The advantages of ISDN are dependent upon the local telephone/telecom-

munications company providers, latas, etc. In some markets and geographical areas you can "tack up" an ISDN line (leave the call placed 24/7) and bind the channels providing 128k. For little more than the cost of an analog line, you can in effect double your bandwidth. Beyond ISDN you might want to check out xDSL which claims a much faster stream of data at comparable cost models to ISDN. (Again, consult locally for prices in your market.) Note: ISDN and xDSL lines are often called dial-up connections as many companies and individuals use them for dial on demand calls or transmissions. Yet these circuits, in certain markets, can be tacked up thereby functioning as a dedicated circuit at a third of the cost of true dedicated circuits. When your communication needs exceed more bandwidth than 128k, dedicated circuits are the way to go. Generally speaking, dedicated circuits are more costly than dial-up connections; however, some would say they are

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*"Although a technical exercise, determining your business's need for speed does not have to be an intimidating undertaking. It should be viewed as a very practical venture."*

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also much more dependable. Our ISDN lines have proven themselves trustworthy and stable. Dedicated circuits do have their advantages, in that they offer at least the 56k bandwidth of a typical dial-up line and are scalable in the form of fractional T1s. Frame Relay circuits provide a very scalable approach to networking and can be monitored easily. They are also good for long hauls across latas and geographical areas.

Finally, bandwidth is utilized in all of these various connection types but is not limited to a discussion of just WAN environments. Taking the view that all data moves through any network connection at some speed or size, one realizes that bandwidth in its truest form is a part of the economy of both WAN and LAN networks. Many companies specialize in evaluating WANs and LANs or any combination thereof and would be glad to have the opportunity to evaluate

your network.

However, if you have a technical support staff today you may need only a software package, basic hardware, or other monitoring tools in order to equip your folks to complete the project in house. Do not be intimidated by the process. Allow your local telephone/telecommunications company and other service providers to work with your support staff, if applicable. Together, they can perform evaluations of the communication lines or data circuits you currently utilize. Any telecommunication vendor worth its salt should be able to tell if you are within the limits of productive bandwidth. I would recommend increasing bandwidth if you are at 60 percent of your total available throughput. If you are maximizing your circuits, then it is time to upgrade to the next level of circuitry or size: Bring on the bandwidth! 🦋

### Sources Cited:

<http://www.matisse.net/files/glossary.html#B>

### For further Reading:

"The Internet Business Companion: Growing Your Business in the Electronic Age" by David Angel and Brent Heslop

"Switching Technology in the Local Network: From LAN to Switched LAN to Virtual LAN" by Mathais Hein and David Griffiths

"Maximum Bandwidth: A Serious Guide to High-Speed Networking" by Dan Blanharski

"Voice and Data Communications Handbook : Signature Edition" by B. J. Bates, Donald Gregory and Regis J. Bates.

# GLOSSARY

**ADSL**—(Asymmetric Digital Subscriber Line)—A circuit that passes data over existing telephone lines. ADSL claims to be much faster than other types of connections, 1.544 megabits per-second with data speeds of 128 kilobits per second (requires a special modem or router).

**ANALOG**—Analog lines are commonly used for modem connections. The term analog refers to both the physical copper cable and the way data is transmitted over that cable through a local telephone company's system switch. These switches can provide both voice and data communication. Note: Data over analog lines has limited transmission speed because of the narrow bandwidth of voice lines.

**DEDICATED CIRCUIT**—A circuit, usually called a "leased line," that connects two networks together via WAN routers and some type of WAN protocol for consistent data flow and network access. A 56K circuit offers the bandwidth of a single channel ISDN call.

**DIGITAL**—When the same analog data is converted to digital data, via a digital switch, it can be transmitted over digital signals faster and without much distortion. Digital data is more precise, but does not have the transmit range of analog.

**ETHERNET**—One method and cabling type used to connect PCs, printers and/or terminals together with a File Server or Main Frame.

**FRAME RELAY**—A high bandwidth data circuit service or protocol connecting two networks across some type of dedicated circuit in scalable bandwidth portions to end users (requires a router).

**"HUB-RING"**—A term used to describe a networking concept where one office serves as a hub, or central point of contact, for other surrounding or remote sites.

**ISDN**—(Integrated Services Digital Network)—Like a modem line, but offering much more bandwidth, a digital dial-up circuit capable of 56K per channel—these channels can be bound for up to 128K speed (requires a special modem or router).

**LAN**—(Local Area Network)—A network that restricts its user-base to those located **ONLY** in the same physical location, floor or building.

**LATA**—(Local Area & Transport Access) —A telephone company's geographical boundary of service, where dial-up calls are usually free.

**ROUTER**—A unit that allows two networks to be "routed" together by searching for a specific IP address across LANs and WANs and getting the data to specified locations.

**T1**—A leased line that offers a bundle of 56K circuits offering the bandwidth of 24 single channel ISDN circuits.

**"TACKED UP"**—A term used to describe a dial-up circuit, such as ISDN, that is used for dedicated connectivity. Placing a call to another network and leaving the call up twenty-four hours a day, seven days a week—for anytime connectivity (avoid per minute charges by staying within a specific LATA).

**WAN**—(Wide Area Network)—A network that allows those outside the physical location of the LAN to access the system using some type of dial up or dedicated circuit connectivity.

**xDSL**—A generic representation of some form or product based on DSL, such as ADSL seen above. Some companies offer IDSL (ISDN Digital Subscriber Line).

# Recollection of LTI's 1999 Management Development Program

By Patricia L. Berman, LTI Director of Education

**W**OW! It was quite a week for the students, instructors, and staff. Starting with Sunday's Opening Session and receipt of their Hartman Value Profile analysis, students experienced a week of intensive training, interspersed with some fun. Each of the five groups of 24 students developed a unique bond—friendships forged by mutual experience. The Management Development Program concluded with a formal graduation ceremony, complete with brief speeches, cheers, chants for planning a reunion, and the awarding of Certificates of Achievement. The electricity and excitement in the graduation ceremony were memorable.

Throughout the week, the students' work and play activities provided many photo opportunities. Included with this article is a sampling of the many pictures taken depicting special moments. A photo album of the Class of 1999 has

been assembled and will be available for viewing at the Land Title Institute table at future ALTA conventions.

Analysis and feedback from the 119 graduates of the Class of 1999 were very

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*“One of the interesting developments of the program, and one not anticipated, was the group synergy...each group became a ‘tribe,’ united together to do their best and to beat the rest, particularly in the customer service course.”*

---

positive. The quotation below is just one of many complimentary responses to the question, “Would you recommend this program to others?”

“I would definitely recommend the program to others. In fact, I already have suggested it to two other managers. I think the information covered was very valuable and will strengthen the skills of even a “seasoned” manager. Another important aspect of the class was the sharing of ideas with respect to the management issues that we all face. Within your own organization, sometimes it seems that there is only one way to handle a certain situation. The MDP allowed for discussion of many different approaches to the same challenge.”

## Demographics

The 119 graduates of the Class of 1999 included 65 men and 54 women. Eighty-one were agents and 38 were under-



Working together in small groups.



Enjoying the wonderful weather and conversation with new “friends.”

writer employees. The graduates represented 38 states.

### Facilities

The facilities in the Hinton Center at Houston Baptist University (HBU) were top-notch. The classrooms were state-of-the-art and adaptable to different configurations for learning, such as small group discussions and group projects. Some of our small group discussions moved outdoors for an opportunity to develop a consensus and to enjoy the warm temperatures and sunshine. We used multi-tiered classrooms, some rooms with movable worktables, two computer labs, and the sidewalks outside for a mental exercise with two hoola hoops.

### Program Accessories

Upon their arrival on Sunday afternoon, students received their MDP accessories — a three-ring binder with more than 200 pages of printed materials, badge, identification place card for their classroom table, folder with pad of paper and pen, carryall shoulder bag, and their personal analysis of the Hartman Value Profile.

### Hartman Value Profile

According to evaluation forms and comments made while at HBU, students particularly enjoyed the opportunity to learn about their personal strengths and weaknesses as identified by the Hartman Value Profile. Dr. Steve Byrum provided two explanations of the Hartman Value Profile — first during the second half of Sunday's Opening Session, and then during his course "Man-

aging Change in the Title Industry." Some of our manager students have returned to their offices to offer the Hartman Value Profile analysis to all their employees and have contracted with a consultant to offer explanations of the individual profiles.

### Hotel Accommodations and Private Bus Transportation to HBU

The Westin Oaks in the Galleria was the primary hotel for attendees, although a few students stayed at another facility. The Westin Oaks is adjacent to the Galleria, a large shopping center with numerous restaurants, stores, and an indoor ice skating rink. Transportation between the hotel and HBU was provided by a private bus company, and we rode in style in brand new buses.

### Ice-Breaker Reception, Daily Meals and Evening Events

Sunday's Ice-Breaker Reception was held on the top floor of the Westin Oaks Hotel, which offered a panoramic view of the uptown Houston area. HBU provided Continental breakfast and lunch all five days, as well as two dinners and entertainment for students and faculty on Tuesday and Thursday evenings. About half of our students attended the rodeo at the Astrodome on Wednesday evening as guests of Stewart Title Guaranty Company.

### Distinguished Industry Speakers

We were most fortunate to have four very distinguished and knowledgeable title industry experts present during the week, and they offered a title industry "spin" on certain courses. Our guest

speakers and their topics were:

Ginny Abiassi  
Marketing Strategies  
Stewart Title Guaranty Company  
Houston, TX

Janet A. Alpert  
Leadership Skills  
Finance for Land Title Manager  
LandAmerica Financial Group, Inc.  
Richmond, VA

Cara L. Detring  
Leadership Skills  
Managing Change in the  
Title Business  
Preferred Land Title Company  
Farmington, MO

Kenneth R. Jannen  
Managing Change in the  
Title Business  
Finance for Land Title Managers  
First American Title Insurance  
Company  
Fort Lauderdale, FL

### Reunion for Class of 1999

By popular request made during the graduation ceremony, a reunion for the Class of 1999 will most likely occur during the ALTA Annual Convention in Hawaii in 2000.

### Special Badges

Each of our 119 graduates has been given a special identification badge on which is imprinted "MDP Graduate." If you see one of our graduates at a title industry function, please introduce



One of the "customer service" classes lined up to hear the rules of the outdoor exercise using two hoola hoops.



Working with construction paper, balloons, straws, strings, and scotch tape.



One of the many groups posing for a photo on graduation day.

yourself and ask about their experience at LTI's Management Development Program—they have tales to tell. Congratulations to the Class of 1999!

### Group Synergy

One of the interesting developments of the program and one not anticipated was the group synergy or group dynamics. Each group became a "tribe" united together to do their best and to beat the rest, particularly in the customer service course. One group called each other by their nicknames, chosen on the first day during an introduction lesson. People exchanged business cards, e-mail addresses, and phone numbers because they wanted to stay in touch with their "group." One of our graduates wrote:

"All in all, the week was a wonderful learning experience steeped in much fun, laughter and camaraderie. Age, sex, national origin, or title company made no difference here. The networking crossed all preconceived lines of underwriter/agent; your company vs. my company. We were one and we wanted to win! You could not have walked away from this program unchanged. For one week, in Houston at the first annual MDP, we were one—we were united."

### Unique Faculty Development

I am delighted to report developments

on two of our top-rated MDP instructors. Dr. Karen Morton was eight months pregnant when she taught the "Communication/Listening Skills" course. She is now the proud mother of a daughter. Dr. Steve Byrum, our instructor on the Hartman Value Profile and "Managing Change in the Title Business" course, has agreed to present an educational session entitled "Ethics in the Workplace" at the 1999 ALTA Annual Convention in Colorado Springs in October.

### Next Year's Program

Because of the success of LTI's first Management Development Program, we are planning to offer the management/leadership course again next year—(roughly) the same time and same place. The dates for 2000 are February 27-March 3. Course instruction will be held on the campus of Houston Baptist University, and hotel accommodations will be available at the Westin Oaks in the Galleria. Due to an almost unanimous request, next year we will insert some "free time" on Wednesday afternoon so that participants have an opportunity to sightsee, shop, maybe play golf, or rest. Specific details about the 2000 MDP will be announced this Fall. 🐦

*The Land Title Institute (LTI) created the Management Development Program in 1999 in response to the title industry's needs, with the main objective being to give the industry a process to recognize, motivate, and groom its future leaders. Products of LTI also include seminars, videotapes, and correspondence courses.*

## Call for Editorial Content

*Title News*, the official magazine of the title insurance industry, is looking for a few good men and women.



We're forming an ALTA Editorial Advisory Group for the purpose of identifying new and interesting information for *Title News* readers.



If you have an interest or background in communications, some fresh and interesting story ideas, and would like to join this informal group, please contact Lisa Cole, ALTA Director of Communications, at 1-800-787-ALTA, or [lisa\\_cole@alta.org](mailto:lisa_cole@alta.org).

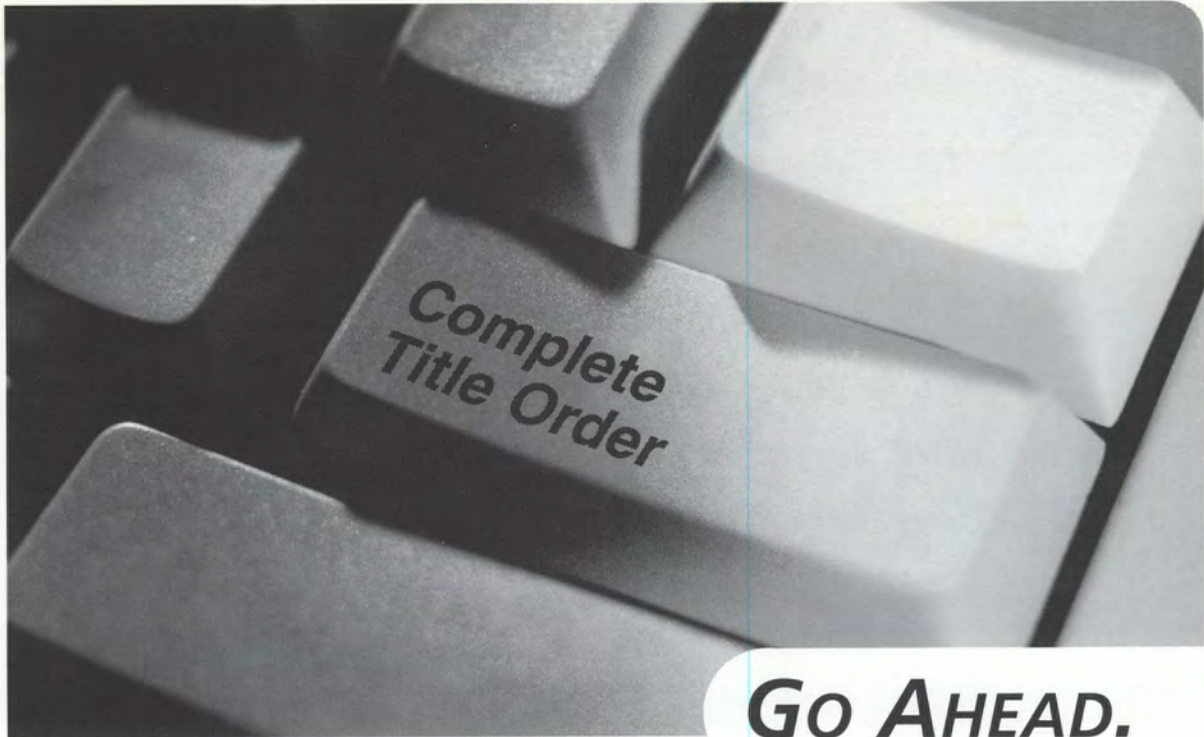


There will be no travel associated with this group, as all communications will take place via fax, email, and conference call.



Thanks for your interest and support.





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## America's Mortgage Loan Registry

Volume 2, Issue 5

www.mersinc.org

May 1999, Periodic Newsletter

### MERS 1999 Annual Meeting

By R.K. Arnold

MERS held its third Annual Meeting on April 29. We were pleased to report to the shareholders that MERS finally seems to be delivering on its initial promise to save the mortgage industry money by eliminating assignments. The shareholders are happy so everybody's happy!

It hasn't been easy. As many of you know, we had to engineer a turnaround. MERS was launched back in 1997 before approval of MOM (MERS as Original Mortgagee). That meant that to register loans on the MERS® System a member had to create an extra assignment. In other words, MERS increased up-front costs in return for potential future savings over the life of the loan. The MERS concept was going nowhere fast because the value proposition wasn't good enough.

Since then, we got approval for MOM from Fannie Mae, Freddie Mac, Ginnie Mae, FHA and VA, and all four major wall street rating agencies have approved it as well. Now our members eliminate an assignment when they register a loan on the MERS® System, so they save money up-front. MOM has completely changed the MERS concept from a theory into something that will soon be a way of life in the entire mortgage industry.

To date, MERS members have registered more than 300,000 loans. Of those, about 23,000 are MOM loans. The daily MOM registrations are growing at an increasing rate. Every MOM loan saves at least \$22 in up-front assignment costs, so our members have saved \$506,000 so far in hard dollar savings using MERS. That doesn't even count all the soft dollars they have saved by eliminating the headaches from those assignments.

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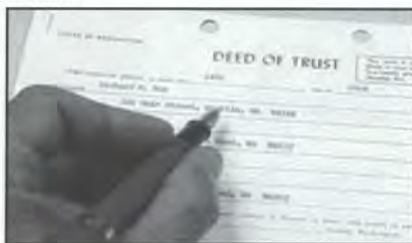
### Bringing the Industry Together for a Change: The Integration Forum

By Carla Haase

When was the last time you learned from your competitors how to lower your costs? That's what the MERS Integration Forum is all about; the opportunity to learn how to implement MERS from members who have completed their integration projects.

Integration topics include strategies, planning, and implementation of the business processes. There is a three part agenda:

- 1) Updates on policy and procedure changes and system enhancements by MERS staffers, Fannie Mae, Freddie Mac, Ginnie Mae, the MBA and others.
- 2) Members share their experiences on one or more of the following subjects: origination, retail, correspondents, warehouse lending, post closing, loan servicing, foreclosure, payoffs, acquisitions, bulk/mini-bulk sales and other subjects of interest.
- 3) The host leads a question and answer period to address any subject presented by the attendees.



The first integration forum was hosted in 1997 by First Nationwide Mortgage. Since then, Norwest Mortgage, Temple Inland and NationsBanc Mortgage have each sponsored a forum. A member hosts the one-day event and works with MERS to develop the agenda and the invitation list. MERS/Alltel and MERS/Data-Link user groups meet the following morning with representatives from those companies to discuss future MERS enhancements.

Who should attend a forum? Project leaders and team members in any stage of their integration project; members willing to share with others (and perhaps learn more themselves); new members just beginning; software vendor representatives who want to understand the MERS process; custodians and other interested parties.

Merrill Lynch will host the next integration forum and user meetings on June 24- 25, 1999 in Jacksonville, FL. Invitations will be mailed mid-May.

If you need more information about attending or hosting a forum, please call Rachel Swanston of MERS, at 1-800- 646-MERS (6377).

### MERS Overcomes MOM

#### Legal Challenge

By Sharon Horstkamp

Some members recently encountered difficulties in Massachusetts when they tried to record their mortgages naming MERS as nominee for the originating lender (MOM) on registered land. Massachusetts is one of the few states where some land falls into the category of registered land. The Department of Land Registration in Massachusetts is a separate unit from the regular section of the Registry of Deeds. The Land Court is a Department of the Massachusetts Trial Court, which has control over ownership of real property which has been disputed at some point in history.

This was the first time that the MOM concept had been challenged. In response, MERS submitted a legal memorandum to a Massachusetts Land Court Judge for a decision. We knew that the law supported our position, and therefore the memorandum had a good chance of succeeding. MERS as Original Mortgagee (MOM) is based on the legal principle that a nominee is a legally acceptable way for a party to hold a mortgage on behalf of another party. The concept is in use nationwide. The Judge agreed with MERS and approved our request, directing that all MOM documents presented to land court clerks in Massachusetts be accepted for recording.

Margaret Cronin, the Chief Title Examiner of the Massachusetts Land Court (who supported the request) is now working on a written memo to all land court clerks in Massachusetts to inform them of the Judge's decision. If a member experiences any difficulties with a land court clerk in recording MOM mortgages on registered land in Massachusetts, the clerk should be told to call Ms. Cronin directly.

#### Foreclosures Complete By State

AK	0	KY	0	NY	0
AL	0	LA	0	OH	0
AR	2	MA	0	OK	3
AZ	3	MD	0	OR	0
CA	29	ME	0	PA	0
CO	1	MI	2	RI	0
CT	0	MN	3	SC	1
DC	0	MO	2	SD	0
DE	0	MS	0	TN	1
FL	4	MT	1	TX	13
GA	3	NC	0	UT	0
HI	0	ND	0	VA	1
IA	0	NE	0	VT	0
ID	1	NH	0	WA	0
IL	2	NJ	0	WI	0
IN	0	NM	0	WV	0
KS	0	NV	2	WY	0

Total: 74

**LAN Version of MERS  
Desktop Software &  
Internet E-mail Support  
Now Available**

**By Dan McLaughlin  
& Brad Wanger**

The MERS Desktop Software is now available in a version that runs on NT and Novell networks. This software is functionally identical to the Desktop version except that it is designed to allow PCs attached to a server to access MERS from the server rather than from the hard drive of an individual PC. Any PC used to access the MERS software on the LAN must still run Windows 95 or higher or NT and have TCP/IP connectivity to the MERS environment. The LAN version will not support the MS Exchange client (e-mail). However, you now have the option to direct MERS to begin sending all MERS-related e-mail to your designated Internet e-mail address if you have an Internet e-mail provider. We will assign the first part of your Internet e-mail address and you tell us the remainder. We can also convert any existing e-mail addresses that you are using for the Desktop Version. For instance, if your current MERS e-mail address is 1000555ABCMORT@MERSINC.ORG, we can convert the address to 1000555ABCMORT@ABC.COM. Simply call us at 1-800-646-MERS (6377) and ask for an e-mail conversion. We will coordinate the switch with you when you have setup the new address with your Internet provider. Please note that we can maintain only one Internet e-mail address per Organizational ID number.

**AMERICA'S MORTGAGE LOAN  
REGISTRY**

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**MERS: Race to Increased Profitability**

*By Ron Crowe*

The crush is on! As we begin to work with more and more new MERS Members, I pause and think about the crowd crossing the starting line at the Freddie Mac sponsored run during the MBA Secondary Conference in New York. Taking the first steps with a new MERS Member is like starting the race. We establish our pace by developing a plan to finish at as fast a pace as possible and we win the race. The MERS Member Wins the Race by beginning to register loans. In doing this they get more than a T-SHIRT, they begin to save MONEY. Below are two recent MERS Race Winners:

**Ameri-National Mortgage – Overland Park, KS**

When we first began integration activity with Jim Tinsman, Jr. – President of Ameri-National - in December last year, Ameri-National was experiencing tremendous origination volume. Great news for them, but it stalled the integration. Jim indicated that in January 1999 they would start again and get themselves “MERS-Ready”. He dedicated the resources of Mary McClure, their Project Manager, and by February they had registered their first MOM Loan. Since then, we have seen the registrations flow onto the MERS system from Ameri-National daily. They have now begun their next stage of integration to begin using the MERS Desktop Software to register the loans themselves. Way to go Jim and Mary!

**Com Unity Lending – San Jose, CA**

Martha Collins-Berryman has been an inspiration to me. She always has a positive “can-do” approach to getting her company “MERS-Ready”. After many weeks of conference calls and completion of scheduled changes to her mortgage documents to include the MOM language, Com Unity Lending has finished implementing MERS. Today, they are closing all loans on MOM documents, affixing the MIN, and their trading partner is registering loans for them. Martha, her IT Team and Thong Hong, CFO (and systems guru) are developing their MERS interface. Once integrated, they will do daily batch processing directly to MERS further automating their use of MERS. Congrats, team!

Join the race to increased profits today. Call me at (770) 761-3226 or write to my e-mail address (ronc@mersinc.org) to get an entry form into the MERS Race! And remember... “Every Loan Needs a MOM.”

**Alltel Adopts MERS User Group**

*By Gary Vandewater*

Since September 1998, several MERS Members that utilize the Alltel MSP system in their servicing operations have been meeting as an ad hoc Alltel/MERS User Group. The objective of these meetings has been to provide feedback to Alltel on the existing MSP MERS functionality, to document problems, prioritize future enhancements and to share experiences.

The information gathered so far has been used to help eliminate manual processes that had not been previously addressed in the initial enhancement design. For example, concerns over incorrect county codes and the need for a MOM flag on the system will soon be a thing of the past. Future functionality includes a dedicated MERS Screen containing loan level MERS data, a Flow Transfer of Servicing indicator, and automation of the Foreclosure Reinstatement Process.

Recently, this ad hoc group became an official entity as an advisory committee to the Alltel Loans Added and Released (LAR) FAC (Functional Advisory Committee). Bob McKee of Alltel was instrumental in getting the group formalized. MERS Members will be represented on the FAC by Carol Capek (Old Kent Mortgage) as Chairperson of the MERS Subcommittee. Other MERS Subcommittee members include Jan Walsh (Aurora Loan Services), Marlene Ortlieb (Merrill Lynch Credit Corp.), Sue Haumesser (Bank of America Mortgage), Diane Coats (Wendover Funding), Craig Thompson (Norwest Mortgage) and Barbara Frisch (Standard Federal).

We applaud Alltel for its ongoing support of MERS and we look forward to working with the LAR subcommittee to continue building a seamless interface between Alltel and MERS.

# Convention Schedule

## Monday, October 4

3:00 p.m.-5:00 p.m.

Registration

## Tuesday, October 5

8:00 a.m.-6:00 p.m.

9:00 a.m.-11:00 a.m.

9:00 a.m.-5:00 p.m.

9:00 a.m.-5:00 p.m.

9:00 a.m.-5:00 p.m.

Noon-5:00 p.m.

1:00 p.m.-5:00 p.m.

2:00 p.m.-4:00 p.m.

Registration

Membership/Recruitment & Retention Committee Meeting

Title Insurance Forms Committee Meeting

Public Relations Committee Meeting

Education Committee Meeting

Land Title Systems Committee Meeting

Miners to Millionaires City Tour (off-site tour)

Government Affairs Committee Meeting

## Wednesday, October 6

8:00 a.m.-7:00 p.m.

9:00 a.m.-Noon

9:00 a.m.-Noon

9:00 a.m.-Noon

9:00 a.m.-1:00 p.m.

9:00 a.m.-5:00 p.m.

9:00 a.m.-5:00 p.m.

11:00 a.m.-4:00 p.m.

Noon-3:00 p.m.

1:00 p.m.-5:00 p.m.

1:30 p.m.-5:00 p.m.

5:30 p.m.-6:30 p.m.

6:30 p.m.-8:00 p.m.

Convention Registration

Abstracters & Title Insurance Agents Section Executive Committee Meeting

Underwriter Section Executive Committee Meeting

Title Insurance Forms Committee Meeting

Colorado Rockies Jeep Tour (off-site tour)

Lender Counsel Meeting

Life Counsel Meeting

Affiliated Title Association Officer-Executive Brunch Session and Seminar

Indian Land Claims Committee Meeting

Miners to Millionaires City Tour (off-site tour)

ALTA Board of Governors Meeting

First Time Convention Attendee Mixer

Ice-Breaker Reception

## Thursday, October 7

5:30 a.m.-9:00 a.m.

7:30 a.m.-8:15 a.m.

7:30 a.m.-8:15 a.m.

8:00 a.m.-1:30 p.m.

8:00 a.m.-4:45 p.m.

8:30 a.m.-11:30 a.m.

11:30 a.m.-Noon

11:30 a.m.-Noon

Noon-1:15 p.m.

12:15 p.m.-2:00 p.m.

12:30 p.m.-5:00 p.m.

2:00 p.m.-4:45 p.m.

2:00 p.m.-4:00 p.m.

2:15 p.m.-3:30 p.m.

Hot Air Ballooning (off-site tour)

TIPAC Board of Trustees Meeting & Breakfast

International Development Committee Meeting

Exhibits Open/Continental Breakfast

Convention Registration

General Session

Title Insurance Abstracters/Agents Section Meeting

Title Insurance Underwriters Section Meeting

Buffet Lunch in Exhibit Hall

TIPAC Luncheon

Pikes Peak Cog Railway (off-site tour)

Exhibitor Information Sessions

TIAC Board & Shareholders Meeting

Educational Sessions

## Friday, October 8

7:00 a.m.-8:15 a.m.

7:00 a.m.-8:15 a.m.

8:00 a.m.-11:45 a.m.

8:00 a.m.-4:30 p.m.

8:30 a.m.-9:45 a.m.

9:00 a.m.-2:00 p.m.

10:15 a.m.-11:30 a.m.

Noon-1:15 p.m.

11:45 p.m.

1:00 p.m.

SLRAC Meeting

Abstracter/Agent Research Subcommittee Breakfast

Exhibits Open/Continental Breakfast

Registration

Educational Sessions

Companion/Guest Event

Educational Sessions

Exhibit Hall Lunch

Golf Tournament

Tennis Tournament

## Saturday, October 9

8:00 a.m.-4:45 p.m.

8:30 a.m.-1:30 p.m.

8:30 a.m.-11:30 a.m.

9:00 a.m.-2:00 p.m.

11:45 a.m.-Noon

Noon-1:30 p.m.

12:30 p.m.-4:30 p.m.

1:45 p.m.-4:45 p.m.

6:30 p.m.-7:15 p.m.

7:15 p.m.-11:30 p.m.

Registration

Exhibits Open/Continental Breakfast

General Session

Soaring (off-site tour)

Executive Session

Exhibit Hall Lunch

Air Force Academy/Gardens of the Gods (off-site tour)

Educational Sessions

Reception

Annual Banquet

NEW TRAILS

ALTA ANNUAL CONVENTION

COLORADO SPRINGS, CO

OCTOBER 6-9, 1999

# Blazing New Trails at the ALTA Convention

By Liza Trey, ALTA Director of Meetings and Conferences

**A** Rocky Mountain resort, nestled in the foothills of Pike's Peak, awaits ALTA's 1999 Annual Convention attendees. The Broadmoor is one of the premier resorts in the world; in addition to the splendor of its majestic mountain setting, it boasts time-honored traditions of outstanding service and extraordinary dedication to quality. To those who are planning to enjoy it for the first time, WELCOME. To those returning for yet another successful convention, the ALTA Convention will be everything you remember, and more.

Convention activities will be launched on Wednesday evening, October 6, when the International Center is transformed into Colorado. Those attending will experience the sites, tastes, and sounds of this marvelous state. Colorado's Winter Wonderland will be brought inside the Rocky Mountain Ballroom for the closing Banquet Saturday night, where show time entertainment will be presented, along with music for dancing cheek to cheek.

In addition to the informative General Sessions on Thursday and Saturday, a far-reaching array of Educational Sessions will be available on Friday, including topics such as E-commerce, changing technology in the county recorders' offices, customer service, and life after the title industry. Saturday afternoon will feature agency management workshops which will include: Using the Media to Attract Customers, Attracting and Keeping Good Employees, and The Importance of Nonverbal Communication in Title Negotiations.

The latest in technology available to the title industry will be showcased through Convention exhibits and accompanying information sessions and other events featuring leading exhibitors.

Among the special attractions will be Friday's companion/guest brunch at Cliff House at Pikes Peak. Appearing as a guest speaker during the brunch will be Dudley

Shearburn, who will share her thoughts on how to "Get a Good Life."

## Wolf Blitzer Featured

CNN Senior White House Correspondent, Wolf Blitzer accepted ALTA's invitation as Keynote Speaker for the General Session on Saturday, October 9. Blitzer has covered President Clinton since his election in November 1996. Previously, he served as CNN's Military Affairs Correspondent at the Pentagon. Most notably, he was among the team of CNN reporters who won the prestigious GOLDEN ACE Award for their coverage of the Gulf War. Don't miss this session to hear this well respected journalist's view of the world today.

Other prominent guest speakers who have accepted speaking invitations are R.K. Arnold, president of MERS, and Marlin Fitzwater, who will be highlighting the Title Industry Political Action Committee luncheon as guest commentator on Thursday. Fitzwater served as press secretary to Presidents Reagan and Bush. Today he is an author, lecturer, and humorist whose presidential anecdotes, political analysis, and television commentary make him a world wide celebrity.

## Tours Widen Horizons

For an even wider perspective, take a tour! For more information on the tours, consult the preliminary program or call ALTA's Meetings Department at 1-800-787-ALTA.

**Miners to Millionaires City Tour.** A motor coach tour of city highlights. (Departs 1:00 p.m., Tuesday and Wednesday.)

**Colorado Rockies Jeep Tour.** Get up close and personal with the Colorado Rockies in a open-sided jeep. (Departs 9:00 a.m., Wednesday.)

**Hot Air Ballooning.** Come get your Rocky Mountain high! Take the ultra-quiet ride through scenic Colorado Springs. (Departs 5:30 a.m., Thursday.)

**Pikes Peak Cog Railway.** Take an unforgettable trip to the 14,110 foot summit

of Pikes Peak. Sit back, relax, and take in the splendors of Colorado. (Departs 12:30 p.m., Friday.)

**Soaring.** Discover the freedom and fascinations of the finest form of flight. You and a pilot will be towed a few thousand feet above the ground, then released to enjoy the beauty and quiet of motorless flight. (Departs 9:00 a.m., Saturday.)

**United States Air Force Academy & Garden of the Gods Tours.** At the Academy, you will visit the famous Cadets Chapel, Visitor's Center, and an authentic B-52 from a tour in Vietnam. After the Academy, you'll travel to the Garden of the Gods, one of the most scenic areas in all of Colorado. (Departs 12:30 p.m., Saturday.)

## The Broadmoor — Reservations

Hotel accommodations may be reserved by calling the Broadmoor at 1-800-634-7711, and identifying yourself as an ALTA Annual Convention attendee. Rates are between \$205 for a Traditional Room and up to \$295 for a Premier Room, plus 8.1% tax, plus a daily service fee of \$10 for single occupancy and \$12.50 for double occupancy. The hotel cutoff date is September 3, 1999; a timely response is advised since the available room block is expected to sell out.

Convention registration fees have been set at \$460 for members and \$240 for companions and guests. ALTA members may call the Association meetings department toll free at 1-800-787-ALTA for updates, and to request registration forms.

Delta Air Lines (1-800-241-6760) and American Airlines (1-800-433-1790) have been designated as official carriers for the Convention, and may be contacted regarding discounted fares. For Delta, please refer to star file #120411A; for American, star file #S11569. Seats are limited, and certain restrictions may apply. ✈

# READY, SET . . . MERS

By Sharon McGann Horstkamp

"I have a document in front of me that has this 'Mortgage Electronic thing' on it. What is this, and what does it mean?"

This is a question often asked by title agents encountering their first MERS document. Now that more and more lenders are using the MERS® System, MERS is becoming visible in the title industry.

This "Mortgage Electronic thing" is a company called MERSCORP, Inc. It is a Delaware Corporation that is owned by a broad base of organizations in the mortgage industry. The name that you have seen or will see on mortgages, deeds of trust, assignments, lien releases and other related documents, (if you haven't already) is its wholly-owned subsidiary: Mortgage Electronic Registration Systems, Inc. (MERS). The subsidiary was created to be bankruptcy remote and is named as the mortgagee of record in a nominee capacity on all mortgages that are registered on the MERS® System by MERS members.

The appointment of MERS as the mortgagee of record eliminates the need for any future assignments when servicing rights are sold from one MERS member to another. Instead of preparing a paper assignment, such as traditionally has been used to track the changes in servicing rights in the county land records, all subsequent transfers can now be tracked electronically on the MERS® System because MERS always remains the mortgagee of record for the servicer. There is no need to create assignments once a loan is registered.

Who are MERS members? They are organizations in the mortgage industry that fund, acquire, lend or service mortgage loans including investors (Fannie Mae and Freddie Mac) as well as organizations that are primarily engaged in providing services to the mortgage industry. Membership includes American Land Title Association (ALTA), who also has a seat on our Board of Directors. First

American Title and Stewart Title are also members and shareholders.

## What is the MERS® System?

The MERS® System is an electronic database that was built by our technology partner, Electronic Data Systems Corporation, Inc. (EDS). It is through this database that changes in servicing rights and beneficial ownership interests are tracked electronically. It operates on software that allows MERS members access to a central database. It is a secured network. Members can access information only on loans that are identified as belonging to them. There are three levels of identity validation that must be entered in order for a member to access the System: organizational number, operator identification, and the operator's password.

## Having a First-Time MERS Encounter

There are two ways that you will encounter MERS as the mortgagee of record. One is on a mortgage or deed of trust for a newly originated loan on which you may be asked to write a title

policy. The other is on an assignment of mortgage. The latter is usually associated with a bulk transfer of servicing.

The appearance of MERS on these documents will allow you to perform your job more efficiently because it will be much easier to perform title searches, and just as importantly, you can access needed information quickly. It is now possible for the chain of title to the mortgage to start and stop with MERS. No more paper chase!

Let's talk about what you need to know if you see MERS on a mortgage or deed of trust. First, why is MERS on the mortgage or deed of trust? Second, is MERS a lender now that it appears on this document?

MERS appears on the mortgage or deed of trust for the sole purpose of holding title to the mortgage or deed of trust as a nominee for a MERS member. Specific language appears on the security instrument that allows MERS to be the mortgagee as nominee for the lender, its successors and assigns (this is called "MOM", which stands for MERS as Original Mortgagee).

In the Fall of 1997, Fannie Mae, Freddie Mac, Ginnie Mae, FHA, and VA all approved the use of MERS on the security instrument for loans sold to them and registered on the MERS® System. In early 1998, Fannie and Freddie authorized changes to be made to the uniform security instrument to accommodate the addition of MERS as nominee for the lender. The four major Wall Street rating agencies, Moody's, Standard & Poor's, Fitch, and Duff & Phelps have approved the use of MOM as well.

Recently, Fannie Mae and Freddie Mac have revised their uniform instruments, including slight revisions to the 1998 MOM language. There will be approximately a one-year time period during which some lenders may be using the old MOM document and others are



*Sharon serves as Corporate Counsel and Assistant Secretary for Mortgage Electronic Registrations Systems, Inc. She has worked with Fannie Mae and Freddie Mac on policies and procedural changes to the uniform security instruments. Sharon is a member of the New Jersey State Bar and the Virginia State Bar and received her law degree from the University of Richmond in Richmond, VA. She may be reached at 1-800-646-MERS or e-mail sharon@mersinc.org.*

beginning to use the new revised MOM document. However, the substantive content of both versions is the same.

One new change to the uniform instrument is to define MERS on each of the state definition sections. Each state has its own form of security instrument, so there may be a slight variation in the MERS definition from state to state. An example of representative language is: "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is the mortgagee under this Security Instrument. MERS is organized and existing under the laws of Delaware, and is located at P. O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

The instruments make it clear that the originating lender is still defined as the Lender. MERS is not lending any money and will not be collecting any money. Additional language is added so that the Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in the Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling the Security Instrument.

### **How MOM Impacts the Issuance of a Title Policy**

When MERS was in the process of gaining approval of MOM by the Agencies (Fannie Mae and Freddie Mac), it contacted major title companies to make sure that lenders would not have problems obtaining title insurance on a MOM mortgage. Joseph C. Bonita, Chief Underwriting Counsel of Chicago Title wrote, "Chicago Title and its subsidiaries issue the standard ALTA Loan Policies, whether in the full version or in the Short Form which is commonly used in residential transactions. These policies insure against, among other things, loss from the invalidity or unenforceability of the 'insured mortgage,' which in this case would be the mortgage or deed of trust running to MERS as nominee. The insured in these forms is both the named insured and the

owner of the indebtedness secured by the insured mortgage, and each successor in ownership of such indebtedness." Mr. Bonita stated that in their present form, these policies provide full coverage to purchasers of the debt secured by mortgages made to MERS as the nominee of the original lender.

Out of the handful of calls that we have received from title agents, most arose out of confusion over the lender's instructions given to the title agent when a broker originated the mortgage for the lender. For example, a title agent received instructions to name the lender, i.e., the MERS member, on the policy, but this member did not appear on the mortgage. Instead, a broker's name was on the mortgage. The process followed by this lender and broker before converting to MOM mortgages was to deliver an assignment from the broker to the lender concurrently with the mortgage. The title policy listed the broker and made a reference of the assignment to the lender.

However, this process changes when a MOM mortgage document is used. If MERS is named as the nominee for the broker, there will not be an assignment from the broker to the lender. That is one of the advantages of originating mortgages naming MERS as the nominee; the assignment from the broker to the lender is eliminated. If the lender who uses a broker sends the same instructions to the title agent to name the lender on the policy, it causes confusion because there will not be an assignment from the broker. In this case, the title agent called looking for an assignment to the lender because they could not name the lender on the policy without that assignment from the broker to the lender. The title agent was correct. What caused the confusion was the lender not changing their instructions to reflect the use of a MOM document. The outcome was that the title policy would name the broker, its successors, and assigns. The lender also was instructed to change future instructions to their title agents.

Naming the broker as the insured does not impact the coverage of the lender. What lenders often overlook is that it is perfectly acceptable that they are not named specifically on the policy by their company name. When the broker sells the loan to the lender, the promissory note is endorsed to the lender making the lender the owner of the indebtedness. As Joe Bonita points

out, the owner of the note, the lender in this case, will be covered under the policy by the virtue of its ownership.

Therefore, if lenders are originating loans in a broker's name using MERS as the nominee for the broker, the policy should list Mortgage Electronic Registration Systems, Inc. as the nominee for the broker, its successors, and assigns. This should not cause an increase in the premium.

### **Are You Lost Without Assignments?**

The answer is, "no." Instead, you should celebrate your good fortune! No more wild goose chases tracking down a missing assignment. Fine, you say, that's great in theory, but then how do I know that the loan has been sold to a new servicer if there is not an assignment recorded in the land records?

*Here is the part where the title industry really sees the benefits of using the MERS® System.* The MERS® System has the unique ability to provide that information to you instantaneously through a Voice Response Unit (VRU) which is a toll-free number 1(888) 679-MERS. The VRU provides the name and telephone number of the current servicer of a mortgage loan that is registered on the MERS® System. Every mortgage that uses MOM language and every assignment to MERS will be recorded in the respective county land records. All documents will have a Mortgage Identification Number (MIN) on it. This is an 18-digit number that is unique to a particular mortgage loan.

Anyone can dial up the toll-free number and put in the MIN. There is no fee to use the System. Instantaneously, the database is searched and the current servicer's name and telephone number are provided. Don't worry if for whatever reason the MIN is omitted, or you can't read it. You can also access the same information by using the borrower's name, property address, or Social Security number. This information can also be faxed to you by inputting your fax number when the system prompts you for it.

Once you access this information, the servicer is contacted for payoff information or for other information regarding the loan. No more wondering if the assignment recorded in the land records is the most current one, and then finding to your chagrin that it is not, forcing you to go on the all too familiar paper chase.

Plus, don't worry that it will be impossible to get through to the MERS® System. The average time it takes for a search of the MERS® System is 8.0 seconds. MERS monitors the response time on a monthly basis and will make appropriate changes if needed for timely responses. Also, MERS is developing a member-only side to our current website that can access the MERS® System through the internet. This will be a big benefit to the title industry when the volume of loans on the MERS® System has substantially increased. This would allow a title agent to find the servicer information on a number of loans by Internet access instead of by inputting the MIN on a telephone keypad.

### What Happens When the Loan Pays Off?

MERS is not the servicer of the loan, and cannot provide payoff information. What MERS does provide is easy access to the name and telephone number of the current servicer. This is an improvement over the current process where up to date assignments are frequently missing.

Out of the 500,000 loans that have

been registered on the MERS® System, approximately 35,000 loans have been paid off. Occasionally I receive a phone call asking to explain why if MERS is the mortgagee of record, is the check made payable to another entity. The explanation is that MERS is the mortgagee in a nominee capacity for the beneficial owner. MERS is not servicing the loan and therefore not collecting payments. It is the servicer who processes the payment and prepares the necessary documentation for payoff. Out of the 35,000 loans paid off, only about 40 times have I been requested to send a written letter assuring the title company that upon payoff to the servicer, a lien release will be executed by MERS.

Once the servicer receives the payoff funds, the lien release is prepared, executed by an officer of MERS, and recorded. The mortgage is then de-activated off of the MERS® System. If the VRU is called for information on an already paid-off loan, you will be told 1) that the loan was de-activated on whatever date it was de-activated, due to a payoff; 2) the name and telephone number of the last servicer. The MIN for this

loan will not be used again.

### What the Title Industry is Doing to Get Ready for MERS

ALTA is actively working to get the word out to all their members. The MERS monthly newsletter is reproduced in every issue of *Title News*. Some state land title associations have invited MERS to speak at meetings and conferences. The word on MERS is spreading, but a lot of title agents still need to be reached. Some title companies are taking a proactive approach.

For instance, Stewart Title Guaranty Company has issued a national bulletin to all of its issuing offices explaining MERS. On MOM mortgages, Stewart's policy is to show the original beneficial owner on the mortgage as the insured. If the lender requests, Mortgage Electronic Registration Systems, Inc. can be named as an additional insured. Jim Gosdin, Senior Vice President and Senior Underwriting Counsel, spearheaded this effort to educate Stewart agents. He states, "MERS will facilitate

*continued on page 38*

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# Title Insurance Around The World: An Update

By Bruce McKenna

**E**ighteen months ago, I wrote about the developing market for title insurance and related services in Canada in an article entitled "American Title Insurance: An Emerging Presence in Canada," published in the January/February 1998 issue of *Title News*. At that time, the degree to which title insurance had penetrated the Canadian market was relatively small, although other countries' title insurance activities had been touched upon by others. *Title News* published an article about title insurance in Mexico in its January/February 1998 issue. Last September, the International Bar Association held a program at its 1998 Vancouver Conference entitled, "Title Insurance vs Investigation Of Title: Friend Or Foe?" with speakers from the United States, Canada, Australia, New Zealand, and Europe. *Title News* also published an article entitled "Going Global: The U.S. Title Industry's Next Frontier" in its November/December 1998 issue. ALTA recently created an International Development Committee under the chairmanship of Mark Winter.

Title insurance and related services are expanding in the international marketplace and this article will update *Title News* readers about developments here in Canada, as well as in a number of other nations around the world. In Canada, there is a much higher degree of market penetration by title insurers than there was a year ago, with Land America joining Chicago Title, First American, our bar insurer (Lawyers Professional Indemnity Corporation or "LPIC"), and Stewart Title. The current market leader, First American, issued more than 100,000 policies last year, a remarkable number when you consider that title opinions were the only available option just ten years ago.

In the United States, title insurance de-

veloped into the standard approach to assuring title to purchasers and lenders for a number of reasons related to the specific laws, recordation systems and business practices of the U.S. Historically, many of those factors were never as prevalent in Canada. The standard of Canada's registration regimes and the laws regarding solicitor's negligence were generally reliable. Canada has had national mortgage-lending institutions which performed the fund raising and allocation functions of the securitized mortgage market in the United States. The chartered banks effectively serve as a national clearing house for mortgage funds. Finally, in Canada the federal *Interest Act* contains a provision which allows individuals to prepay mortgage loans after five years. Accordingly, Canada has an effective 5-year limitation on the terms of mortgages given by individuals and consequently does not have the long-term debt instruments which would be more conducive to securitization.



*The author is a partner in Lang Michener (Toronto). Bruce has written and lectured extensively on title insurance in Canada. He is the author of three extensive sections on title insurance in the CCH Ontario Real Estate Law Guide, and is the contributing editor of the book "Title Insurance - A Guide to Regulation, Coverage and the Claims Process in Ontario" by Lang Michener. The author may be reached by telephone at (416) 307-4112, or by e-mail at [bmckenna@toronto.langmichener.ca](mailto:bmckenna@toronto.langmichener.ca).*

These kinds of differences exist between the United States and virtually every other country in the developed world. As a result, it is convenient for competitors to argue that the conditions that gave rise to title insurance in the United States don't exist in their country, that everything is "fine" and they don't need that American product. I heard those arguments in Ontario and Canada a number of times before our own bar insurer, Lawyers Professional Indemnity Corporation (LPIC) decided, in 1996, to issue title insurance policies itself. When I attended the IBA program at its 1998 Vancouver Conference, I heard variations on that same theme from lawyers from England, Germany, Spain, New Zealand and Australia. Unfortunately, that argument, while a convenient way to attack title insurance, doesn't actually compare and analyze the relative strengths and weaknesses of the local title assurance approach and title insurance. When the product compares favorably, as it now does in Canada, its adoption seems inevitable, despite the historical differences.

The basic characteristics necessary for the provision of title insurance are: 1) that there is a reliable, systematic form of land in existence in the country in question, and 2) that there exists a reasonable system of enforceable laws to support that system. Accordingly, title insurers are currently working in a number of countries around the world to help attain these basic pre-requisites so that a title system and title insurance can operate. These countries include Bolivia, Costa Rica, Hungary, Moldova, and St. Lucia. Stewart Title is the clear leader in assisting nations in developing these standards.

There are at least four strong challenges that title insurance poses to the various local title assurance systems

around the world. The first, as with any commercial product, is cost. The second is the ability to insure over hidden or future defects. The third is the manner in which title insurance responds to title defects or claims. The last is the impact of the modern global financial world. I will discuss each of these factors briefly, with examples of how they impact on other jurisdictions.

Costs will vary, but title insurers are not political entities that have a goal of "preaching the gospel," despite the eloquence of Mark Winter of Stewart Title, Hugh Brodkey of Chicago Title, Oscar Beasley of First American, and others. Title insurers are corporations in the business of earning income for their shareholders and, given the investment required to become licensed, hire staff, and market product in a new jurisdiction, they must have the clear belief that a profitable business will result from the contacts and clients developed. Since competitive price is the foundation of a successful business, the insurers are operating where they feel that they can compete successfully on that basis.

In Canada's largest province, Ontario, all title insurers are routinely insuring over residential survey issues and also reducing costs by not requiring that certain searches or enquiries be completed. First American offers "closing centres" that provide standard services to assist (or compete with) lawyers who carry out such searches and enquiries individually for each purchaser. Stewart Title offers an "Examining Counsel" program, where lawyers are paid a fee for the preparation of policy particulars. LPIC has reduced its premium levels and has recently made its TitlePLUS policy available by phone or by fax as well as on-line. LPIC offers a fixed price to new home purchasers with certain approved lawyers. Price competition is fundamental to success in this jurisdiction.

In England, First American is marketing a title insurance system that it claims will reduce the complexity, length and cost of the conveyancing process – halving costs. Stewart Title also offers title insurance in the English market. English solicitors point to the value and protection offered by the traditional conveyancing system, but seem to concede that there may be time and cost advantages to the title insurance approach.

In this area, the arguments of the supporters of the traditional roles often focus on real estate agents rather than title insurers. In 1998, for example, the New

Zealand Law Society's President, Ian Hayes, made a speech entitled "*Refocusing the Conveyancing Debate*," in which he suggested that real estate commissions, not legal fees, were the primary drivers of conveyancing costs. New Zealand lawyers are now entering the residential sales force. The best example of this approach comes from Scotland, with the Edinburgh Solicitors Property Centre (ESPC). Since its incorporation in 1971, the ESPC has grown to become a leading force in residential property marketing throughout east-central Scotland, with 1998 sales in excess of £1.1 billion in residential property, about 90% of the resale market in and around the Edinburgh area. This sales system is seen as a way for lawyers to recover their

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*"While the German speaker at the IBA conference proudly said that 'we don't need your American money to fund our transactions,' that statement is becoming less and less true as time goes on and the world becomes a more integrated financial entity."*

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residential conveyancing income and, while not a direct response to the pressures of title insurance, is often discussed in articles about title insurance as a way to protect lawyers' interests.

The second challenge relates to the ability of title insurers to insure over hidden or future defects, an area where they can compete very effectively. This is often discussed in the context of forgery, fraud, capacity, and marital status in the United States. While these arguments are relevant in other jurisdictions, there are two other aspects of title insurance which are just as valuable. One is the future coverage offered to residential purchasers and lenders under extended-coverage policies. Such provisions are now being offered by all of the title insurers in Canada. The other is insurance over the "gap"—the time period from the date of the policy to the completion of recordation. (See *Title News* article in May/June issue, page 22.) Title insurance provides a material

advantage over traditional title investigation approaches, which leave the risk during the "gap" period with the client.

That last coverage can be particularly advantageous in England, where the current system permits vendors to sell to a new purchaser at a better price where an offer is received before the conveyancing process is completed. That process can take from a few days to a few weeks, and if the vendor accepts the new offer, the original purchaser is considered to be "gazumped." Title insurance can speed up the process and insure over the gap to eliminate the risk. This has been a material part of the First American marketing program in England.

The third challenge is the manner in which title insurance responds to title defects or claims. Title insurance contracts are contracts of indemnity and the duty-to-defend obligation in any such insurance contract requires that insurers take steps to defend and protect the insured's title. This is a positive obligation that is different and higher than that under either statutory claims procedure or lawyers' errors and omissions policies, which do not respond until a purchaser or lender has suffered a loss, which is then claimed. While commentators from various jurisdictions talk with pride of their statutory or errors and omissions coverage, such as the Solicitors' Indemnity Fund in England, Lawyers Professional Liability Insurance in Germany, the Solicitors' Fidelity Fund in New Zealand or LPIC coverage in Ontario, none disputes the superiority of the duty-to-defend obligation in a title insurance policy. Indeed, now that LPIC offers title insurance as well as solicitor's errors and omissions coverage, it highlights the duty to defend in its promotional material.

In addition, the various insurance funds of law societies around the world have been under a great deal of pressure with the dramatic rise and fall of real estate markets at the beginning of this decade. In the earlier issue of *Title News*, I outlined the LPIC deficit in Ontario. I can report that the deficit has now been completely eliminated. The New Zealand Solicitors' Fidelity Fund is available to the client of a solicitor from whom the solicitor has misappropriated monies. Because of a recent very significant claim, New Zealand's solicitors were advised to pay a "top up" bill of NZ\$10,000.00. In England, the Solicitor's Fidelity Fund is still in the midst of resolving a serious deficit in excess of \$450 million. That deficit should be paid off over the next five years. It is

clearly not appropriate to say that solicitor's insurance plans around the world are necessarily effective and adequate.

The fourth challenge is the globalization of the world financial community. Title insurance was developed in the United States to some extent because of the need to have national, not local, standards. As we move to a North American free-trade zone and a highly integrated world economy, the same problems that existed state-to-state in the 1930's now exist country-to-country. At the moment, not only is the title insurance industry in a position to cross international boundaries more easily than individual nations' errors and omissions programs, but it also has the advantage that America is the dominant player in the global economy. Title insurance is a system that American multinational corporations are familiar with. While the German speaker at the IBA conference proudly said that "we don't need your American money to fund our transactions," that statement is becoming less and less true as time goes on and the world becomes a more integrated financial entity.

In addition to the countries specifically mentioned above, title insurance is being offered in Australia, South Korea and throughout Latin and South America. Title insurance is likely to be offered in any jurisdiction in which title insurers feel that they can be competitively responsive to the needs of the country and can compete effectively.

Over the past few years, title insurance and related services have been offered more and more around the world. This is true not only in America's closest neighboring countries - Canada, Mexico and countries in the Caribbean - but also in South America, Europe, Asia, and Australia. As there was in Canada, there are and will be challenges from the suppliers of other local methods of assuring title, usually each country's bar. However, as has happened in Canada, the products, skills, and expertise developed in America's highly competitive title insurance industry, make growing acceptance for title insurance and related services likely. While Stewart and First American are most active at the present time, all major insurers are soon likely to compete throughout this growing worldwide marketplace. 



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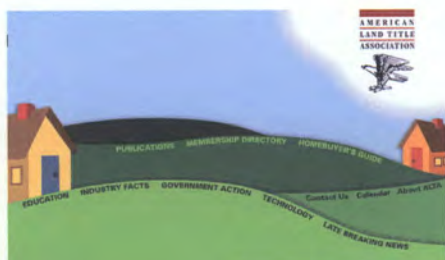
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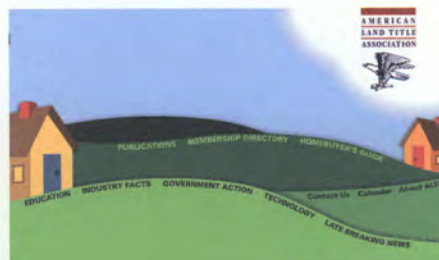
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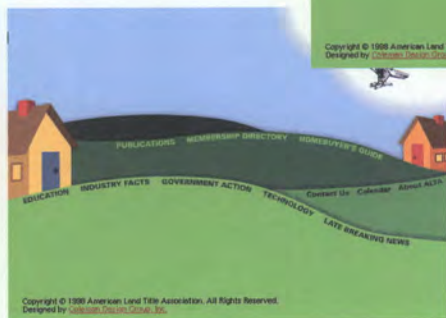
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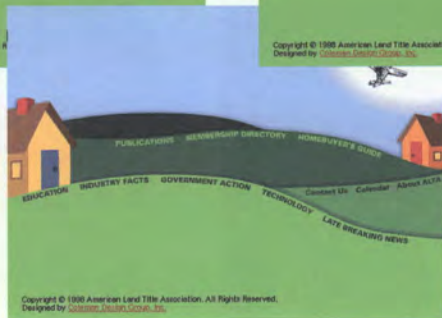
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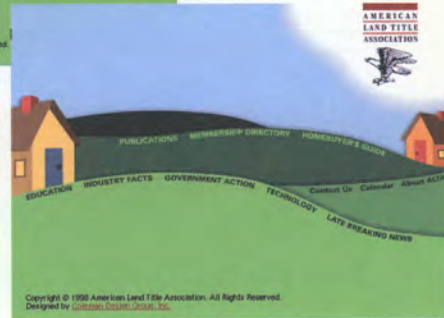
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## Working Session:



*The Marine Corps Color Guard provides a colorful kick-off for the opening session at the InterContinental Hotel in New Orleans.*



*Charles T. Nichols pauses to reflect during an educational session.*



*From left to right are Catherine Mullett, Dave C. Mullett, and Glenn Clements, proving that learning can be fun.*



*From left to right, Mike Currier, Dan Wentzel, and Malcolm Morris engage in some networking at the Past Presidents' Luncheon.*



*"Real Estate On-Line" comes alive with a little technical assistance from speaker David Tandy.*



*ALTA President Joe Parker presents a prize to lucky winner Hardin Halsey.*

## On the Town:



Despite a little drizzle, ALTA Mid-Year Convention attendees find lots to enjoy on the "Swamp Romp" tour.



Bill and Ann Thurman, and Mike and Winnie Currier enjoy a touch of class on their way to the Past Presidents' Luncheon.



President Joe Parker and wife Linda take a stroll in the surreal surroundings of Mardi Gras World during the Ice-Breaker Reception and parade.



With a wave and a wire whisk, the chef at NOLA's cooking school captivates ALTA culinary students.



Swamp gator is sorely tempted by a marshmallow, resulting in . . .



... "the one that **didn't** get away" from Mark Cheney (photo by Sally Cheney.)

**NEW**  
**OR** LEANS

# Discover How ALTA's Retirement Program Can Help You Retain and Recruit Valuable Employees

**N**ow ALTA's Retirement Program can help you with your #1 problem — retaining and recruiting valuable employees. As you know, retirement programs are increasingly important to employees, making them a vital part of any first-class benefits program.

Today's labor shortage makes this retirement program much more than just a great plan for retirement. It's really a critical management tool for any business owner competing for the same small pool of talented employees. And, it's specially designed for small businesses. So you get top-quality benefits at significant cost savings.

The ALTA-endorsed plan with American Buying Retirement Services, Inc. (ABRS) features 401(k), profit sharing and executive retirement plans; collectively branded as the "Prime Years" program. The plans stem from nationally recognized providers and are serviced by a network of more than 150 retirement specialists throughout the country. ABRS' specialists have a focus on life insurance, financial planning, and retirement planning. Most are either CLU, ChFC, CFP and have substantial experience.

## Reduced Fees

The start-up and administrative fees are especially important considerations for smaller companies. Dom Firmani, CLU, ChFC, CPC, QPA, a financial expert and president of Firmani Pension Services, Inc., has more than 30 years experience in the industry. Firmani has found with other retirement programs, start-up costs for companies with more than 15 employees might be \$1,000 to \$5,000; annual fixed administrative costs can run from \$1,000 to \$3,000; and annual per-participant charges can range from \$25 to \$40. When your company has more than 15 employees with the American Buying plans, however, you have NO start-up fees and can save up to 100% of annual administrative and per-partici-

pant charges, depending upon which plan and which provider you choose. (Please refer to your provider's plan for complete details.)

Further, for a company with 50 participants, these reduced fees can save your company from \$105,500 to \$133,000 over 25 years. Asset management fees have also been reduced. This means lower costs for each participant. For larger cases (over \$1 million in assets) pricing is even more aggressive. Even if there are only a few employees in your organization, we offer you an excellent and competitive retirement plan.

Part of the cost reduction is due to the volume discounts that ABRS negotiated with the insurance companies that administer the plans.

## High-Quality 401(k) Plans Provided by Industry Leaders

ALTA offers members a choice of 401(k) plans provided by two highly rated industry leaders. Both provide quality program education and plan member services. Each one provides some unique features. One of them, for example, offers 20+ investment options that include both institutional managers and mutual funds. Your choices include an impressive collection of funds with names like Janus, Delaware and Fidelity. The line up of options also provides for the diversity requirement of IRS section 404 (c) for employee investment direction. And, if your employees want a very low-risk investment option, they also offer a Guaranteed account option, which is backed by \$26.1 billion in fixed maturities.

The other provider offers participants a choice of more than 19 well-known investment choices, including Alger, Fidelity, Janus, Scudder, and Twentieth Century. This provider specializes in high-quality employee education and communications before, during and after sign-up. Three plans and pricing opportunities are available de-

pending upon company asset size: MAPV for plans up to one million dollars in assets; Jumbo MAPV and Adapter for assets in excess of one million dollars.

## Qualified Profit Sharing Plans with Greater Benefits for You

New government regulations have come to the rescue of the small business. Traditional employer contributions of a profit sharing plan frequently allocate the same percentage of salary to every employee. No particular employee could be favored because of salary level, age, length of service, or contribution to the profits of the business. Recent changes in Federal law now allow business owners to contribute based upon needs rather than a single fixed percentage.

One particular plan is called "New Comparability." It offers small- to medium-sized companies a great deal of flexibility. Now, employees can be divided into classifications and each class can receive an allocation different from the others. Employees can be grouped according to salary, length of service, job classification or many other combinations. PLUS you don't pay *any* costs to administer your plan! **Also, all installation charges and all administrative charges have been reduced or waived because of your ALTA membership.**

## Executive Retirement Plans

Recent legislation limiting covered compensation for higher-paid executives in traditional qualified plans has created a climate of shrinking options. Compensation caps for 1999 are below what they were in 1993, leaving highly compensated executives with a form of reverse discrimination when it comes to building retirement income. ABRS is able to provide several solutions.


A value-added non-qualified executive plan can be designed with a range of options while allowing your company to select who will participate, the vesting requirements and how the plan will



be designed and funded. There are three main categories: non-qualified deferred compensation plans; executive bonus plans; and split dollar plans. Each design offers advantages and disadvantages, which an ABRs retirement specialist can help you explore.

Whether you're an executive of a small business or medium-sized company, ABRs' executive compensation plans can help you avoid the high-income obstacles with substantial cost-saving retirement plans.

More than 60 associations and chambers have endorsed the ABRs program for their members and employees. Those participants have discovered ABRs provides high-quality, significant savings and excellent local service. And, you get your choice of national providers.

If you would like additional information on how we can help you recruit and retain valuable employees, call the Member Benefits Desk at 1-800-495-4050. 

## Traditional Qualified Plan Estimates: Can you live on this percentage of your salary?

Salary	\$70,000	\$100,000	\$150,000	\$250,000
401(k) Plan Deposit (10% of salary or \$10,000, whichever is less)	\$7,000	\$10,000	\$10,000	\$10,000
Annual Benefit at Age 65 from 401(k) Plan	\$20,696	\$29,571	\$29,571	\$29,571
Annual Benefit at Age 65 from Social Security	\$16,426	\$16,426	\$16,426	\$16,426
Total	\$37,122	\$45,997	\$45,997	\$45,997
Percent of Salary	53.0%	46.0%	30.7%	18.3%

1. The maximum contribution for 1999 is \$10,000.  
 2. Benefits from the 401(k) Plan assume an individual age 45 has made contributions for 20 years; annual contributions increase 2% per year, 401(k) assets accumulate at 8% annually; payout is based on a single life annuity.  
 3. Social Security benefits are based on the 1999 scale. Please note: an individual age 45 in 1999 will not receive full Social Security benefits at age 65. Source: Pacific Life.

## Marketing Success of the Year

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## NAMES IN THE NEWS

SAFECO Land Title of Dallas recently announced the naming of **Roger A. "Bob" Blanchard** to the post of senior vice president and manager of the company's commercial office at LBJ and Preston Roads in Dallas. Blanchard has been in the title industry for 19 years, is a graduate of the University of Arkansas, obtained his juris doctor from The University of Arkansas School of Law in 1977. Also at SAFECO, **Dennis F. Houfek** has been named senior vice president of its downtown Dallas special projects office; he earned his juris doctor and his B.A. from the University of Nebraska at Lincoln. A final SAFECO promotion has **Terry Kennon** as the new senior vice president of SAFECO Land Title of Dallas. Kennon has a background in sales, acquisitions and dispositions, asset management, new product development, finance and portfolio liquidations.



Klein



Ramos

At LandAmerica Financial Group in Richmond, Virginia, **Thomas R. Klein** was recently elected senior vice-president, affiliated agents. Klein originally joined Lawyers Title Insurance Corporation, a subsidiary of LandAmerica, as manager of the Southeastern Virginia office in Norfolk in 1987. He graduated from the University of Virginia with a B.A. degree and from the University of Richmond with a J.D. degree. Also at LandAmerica, **Ronald B. Ramos** has been appointed senior vice president and treasurer at the company's corporate headquarters in Richmond. Ramos joined Lawyers Title as assistant treasurer in 1992 following several years with

Crestar Bank. He graduated from the University of Richmond and is a member of the Treasury Management Association.


Finally, LandAmerica recently announced the election of **Kathryn Andriko and Craig Feder** as vice-presidents and co-managers of the company's New York City National Commercial Services office. Ms. Andriko joined Lawyers Title as commercial transactions counsel in New York in 1992. She graduated from Cornell University and from Brooklyn Law School. Feder also had joined Lawyers Title as commercial transactions counsel in 1992. He graduated from the State University of New York at Binghamton, and from Brooklyn Law School.

**Paula Cokinos, Esq.** has been appointed associate counsel to the legal staff of Advance Abstract Corp., located in Great Neck, New York. She is a graduate of St. John's Law School and CW Post, LIU. For the past five years, her specialty has been real estate law, and

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she has represented several banks in their mortgage departments.

At First American Title Insurance Company, **Walter M. Reeves** has been named senior vice-president, national accounts. Working out of the Santa Ana, CA corporate office, Reeves will oversee national account operations throughout the country.

At Chicago Title and Trust Company, the following have received promotions: **Diana Bannon** (to branch manager and senior escrow officer); **Rick Connors** (to president and manager, Real Estate Index, Inc.); **Jerry Croft** (associate regional counsel); **Shelley Despotakis** (to marketing manager); **Leslie Faught** (to marketing manager); **Kimberly McAndrew** (to assistant vice president, CTIC and Ticor Title, remaining C&I underwriting counsel, Philadelphia); **Theresa Murphy** (to vice president, mortgage operations, Chicago Title Credit Services, Inc., Kingston, NY); **Lisa Peck** (to assistant vice-president, CTIC and Ticor Title); **Diana Sabol-Falcone** (to assistant vice-president, CTIC and Ticor Title); **Kathleen Straughan** (to

marketing manager); **Nancy Truskey** (to marketing manager); **Suzanne Williams** (to marketing director); **Sharon Yarber** (to vice president, CTIC); **Sandra Yohe** (to escrow manager).

In New Mexico, **Steve Parsley** of Rio Grande Title has decided to move to Las Cruces and will be taking a new position there. Also at Rio Grande, **Mark Bidwell** has been promoted to president and **Doug Stuart** to executive vice president. **Roy Bidwell** continues as CEO.

At the Texas Land Title Association (TLTA) Annual Convention, **Stephen A. Hester, Jr.**, Southwest agency counsel for Chicago Title Insurance Company, was installed as the 1999-2000 president of TLTA. He will serve one year, succeeding **William G. Moize**. Also at TLTA, **J.W. "Kirk" Kuykendall** was named president-elect for 1999-2000.

At Stewart Title Guaranty Company, **Marina Sadownick** has been appointed Connecticut state counsel. Ms. Sadownick graduated from the Pace University School of Law and has supported commercial and residential closing, serving for six years as coun-

sel for another major underwriter in Stamford. Also at Stewart, **R. Cass Tinsely** has been promoted to agency manager in Region D. Tinsely will service Stewart's agents and attorneys while building contacts to increase Stewart's presence in the market. He holds a J.D. from Cumberland School of Law in Birmingham, AL.

**G. Bickford Shaw**, executive vice president and general counsel for Title Insurance Company of America in Austin, TX was named "Title Man of the Year" by TLTA. Shaw received the highest honor conferred by TLTA, of which he was president from 1994-1995, and is a 25-year veteran of the title insurance industry. At the same TLTA Convention, **Bill Thurman**, president-emeritus of Gracy Title Company in Austin, and **Don H. Still** (recently retired) were named as "Honorary Members for Sustained Meritorious Service" of TLTA.

Finally, TLTA named **Lorrie Cornett-Cotton** the latest recipient of the TLTA's President's Award, and **Ginny Abiassi** was awarded the "Peggy Hayes Teaching Excellence Award" by the Texas Association.

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**“Partnering with Banks”  
Telephone Seminar:  
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Audio Tape**

**O**n June 16, ALTA sponsored its third telephone seminar, entitled **“Partnering with Banks — Essential for Survival or Financial Disaster?”** The purpose was to provide information for effective strategic business planning. From 136 different office locations, more than 350 persons listened to and asked questions of three speakers who addressed five critical topics:

- How to partner legally
- Mandatory RESPA requirements for these new partnerships
- Choosing a valuable lender business partner
- Pro's and con's of pending federal legislation
- What the national bank regulator says you can and cannot do

The seminar speakers were: Ann vom Eigen, ALTA Legislative Counsel; Sheldon E. Hochberg, Partner, Steptoe & Johnson, LLP, Washington, DC; and James Gosdin, Senior Vice President and Senior Underwriting Counsel, Stewart Title Guaranty Company, Houston, TX.

If you were unable to participate in the **“Partnering with Banks”** program, you still have an opportunity to hear everything that was said during the 90-minute seminar, including the interactive Q&A session. These audio materials enable you to share with colleagues who could not attend the telephone seminar, keep a copy in your office archives, and/or keep a copy for yourself to use as a handy reference. The audiocassette and materials package (identified as **ALT5124-0**) may be purchased from KRM Information Services, Inc., at **1-800-775-7645**, for \$140 + \$5.50 shipping and handling. Please have your information, including credit card, ready. 

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# 1999 Affiliated Association Conventions

## July

8-10 **Illinois**, Heidel House Resort, Green Lake, WI

18-20 **Michigan**, Shanty Creek Resort, Bellaire, MI

22-24 **Utah**, Sun Valley, ID

## August

5-7 **Montana**, Fairmont Hot Springs Resort, Fairmont, MT

5-8 **Idaho**, McCall, ID

8-11 **New York**, Charleston Place, Charleston, SC

12-14 **Indiana**, Omni Severin Hotel, Indianapolis, IN

12-15 **North Carolina**, Grove Park Inn & Resort, Asheville, NC

13-15 **Minnesota**, Breezy Point Resort, Brainerd, MN

19-21 **Kansas**, Overland Park Marriott, Overland Park, KS

19-21 **Wyoming**, Holiday Inn, Rock Springs, WY

## September

9-11 **Missouri**, Westin Crown Center, Kansas City, MO

12-14 **Ohio**, Dayton Marriott, Dayton, OH

16-18 **Dixie**, Grand Casino, Gulfport, MS

16-18 **North Dakota**, Gladstone Inn, Jamestown, ND

16-18 **Wisconsin**, Stone Harbor, Sturgeon Bay, WI

17-19 **Maryland, DC, VA**, Cavalier Hotel, Virginia Beach, VA

22-24 **Nebraska**, Mid Town Holiday Inn, Grand Isle, NE

23-26 **Washington**, Coeur d'Alene, ID

## November

10-13 **Florida**, Westshore Hotel, Tampa, FL

## December

2-3 **Louisiana**, Chateau Sonesta, New Orleans, LA

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production of payoffs and will assure that we receive satisfactory releases of mortgages. Because of the MERS involvement in the real estate process, we expect that we too will be more efficient. MERS is one of the best ideas in real estate to develop in recent times."

First American is currently working on a memorandum to send out to its offices and will be placing information about MERS on its web-site. It sees the value of educating its agents up front on this timely topic.

Information about MERS is out there. This article is the second one to appear in *Title News*. You can also visit the MERS web-site for information at [www.mersinc.org](http://www.mersinc.org).

## Conclusion

The number of mortgages registered on the MERS® System exceeds 500,000 and is increasing daily as more and more lenders are registering loans. By the end of this year, one million loans will have been registered. There are currently 26 members registering loans, but this number is quickly rising. MERS is here, so Ready, Set ... MERS.

## Eleventh Edition CDS Performance of Title Insurance Companies

Lawrence E. Kirwin, Editor

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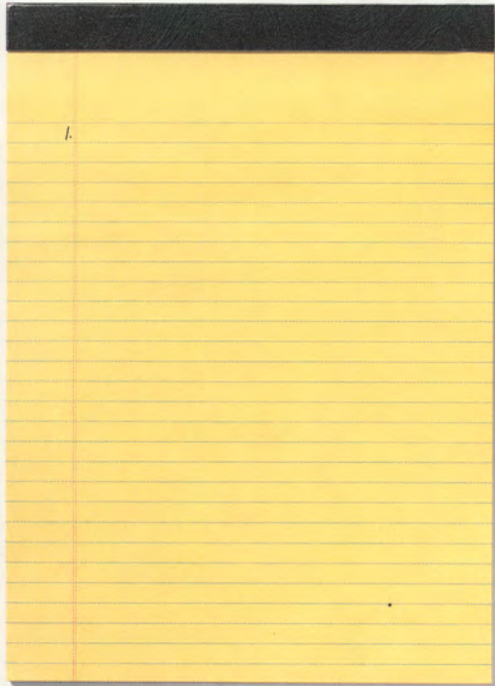
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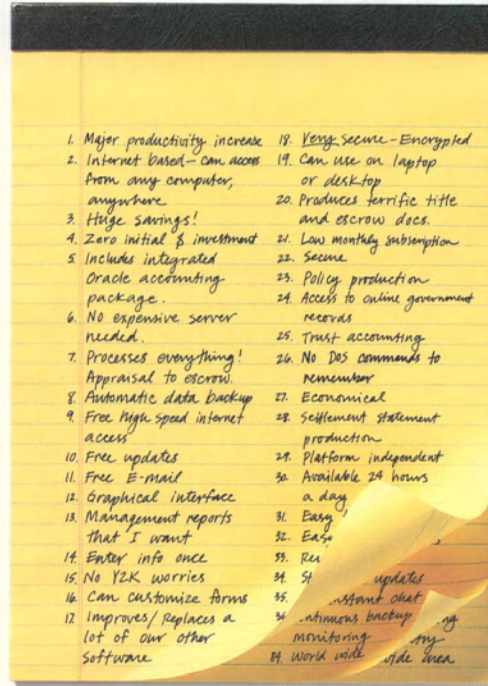
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