TITLE News

NOVEMBER/DECEMBER 1999

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FEBRUARY 13 - 15, 2000 LAS VEGAS, NEVADA

NOVEMBER•DECEMBER 1999

TITLE *News*

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AMERICAN LAND TITLE ASSOCIATION

Members Call Toll Free:
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Members Fax Toll Free:
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Anyone is invited to contribute articles, reports and photographs concerning issues of the title industry. The Association, however, reserves the right to edit all material submitted. Editorials and articles are not statements of Association policy, and do not necessarily reflect the opinions of the editor or the Association.

ALTA Coming Events

1999

November

7-8 Internal Auditors
Richmond, VA

7-9 Title Counsel
Key West, FL

December

5-7 Membership and Organization Committee Meeting
Captiva Island, FL

6-7 Systems Committee Meeting
Las Vegas, NV

2000

January

21-24 Research Committee Meeting
Key West, FL

7-9 Title Counsel
Key West, FL

February

1 International Development Committee Meeting
Washington, DC

10-12 ALTA Board of Governers Meeting and TIAC Board Meeting
Hilton La Jolla Torrey Pines, La Jolla, CA

13-15 Tech Forum 2000
The Mirage, Las Vegas, NV

February 27-March 3
LTI Management Development Program
Houston, TX

April

7-10 Title Agents' Community Conference
Fontainebleau Hilton, Miami Beach, FL

May

April 30-May 2
Title Counsel
Williamsburg, VA

6-10 Internal Auditors Meeting
Florida Keys

May

20-22 Reinsurance Committee Meeting
The Waterfront Centre Hotel,
Vancouver, BC

Thanks again to our 1999 Annual Convention and Tech Forum Sponsors:

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- **Elliptus Technologies, Inc.**
- **Imperial Bank**
- **SMS**
- **Stewart Title Guaranty Company**
- **United General Title Insurance Company**

A MESSAGE FROM THE UNDERWRITER CHAIR

Creating a Customer-Driven Company, A Message from Cyberspace

Our corporate identities or "brand equity" will become increasingly more valuable as our customers are faced with more choices of products and services. The rapidly changing face of business can create a great deal of customer confusion as to which companies actually provide a value-added proposition. Never before have our customers had such a high degree of information accessibility. What are the implications of this new technology? How will it define who we are and what we do? The days of the exclusive title and escrow provider are numbered. This being the case, we must embrace technology to survive and thrive in the New Millennium.

There are three distinct areas where technology will influence competition in the title industry. First, internal and external communications. Technology has made it possible for us to communicate our message and identity to employees and customers on a local, regional, national, or international basis with consistency and accuracy. This enables us to establish, maintain, and reinforce our operating cultures and value-added propositions with employees and customers daily. Antiquated and fragmented marketing channels will give way to electronic communications through real-time interfaces.

Second, consolidation of the customer, which has occurred on two fronts: through acquisition and accessibility. Arguably, the absolute number of customers has declined as consolidation among the ranks of lenders, realtors, and mortgage originators has continued. Further, geographical barriers have been torn down. Historically, customers differed from state to state or region to region. That is no longer the case. Immediate access to our customer base wherever they are located makes the world, i.e. our marketplace, much smaller, and in turn, more competitive.

Third, the speed of creative change and innovation. Technology has dictated a changing work place and workflow environment. Title companies that employ an integrated view of the customer gain a significant competitive advantage. The measured standards of customer service are in a constant state of flux. However, it is customer service that remains the key to protecting and expanding market share. Technology is the focal point of customer-focus. Workflow patterns, single-seat work stations, imaging, data mining, telephony, and last but not least, the Internet are at the confluence of this new customer-focused company.

The title insurance industry has spent millions of dollars on technology but little effort has been devoted to creating a delivery system that is flexible and customer specific. As the lines between title insurance, escrow, and real estate-related products and services are reshaped, it is essential we become customer-focused to remain competitive. We must provide products and services that fit customer's ever-changing needs. By listening to our customers and understanding their goals and direction, the successful company will create customer loyalty through exemplary customer service standards. Knowing the customer and what drives their strategic and financial goals will allow us to customize products and services that positively impact their revenue base and their profitability.

The notion of selling products and services devoid of customer-specific input and direction is prehistoric. Ours is a business of people and relationship management. The development and delivery of products and services must be based on an intimate understanding and high degree of knowledge and information acquired from the customer—"specifically."The company of the future will not merely be a vendor of diversified real estate products and services but a revolutionary, an innovator providing business solutions and creative ways to enhance a customer's financial performance. In our customer's "Field of Dreams," build it and they will come — make them more money, and they will come back. See you in cyberspace.

Frank P. Willey

Bank Powers Bill — In the Home Stretch

By Ann Vom Eigen, ALTA Legislative Counsel

Despite overwhelming odds, the American Land Title Association (ALTA) and its membership chalked up significant victories during the course of debate on the Financial Services Modernization Act. Several industry-initiated amendments successfully limit bank entry into the title industry and ensure that, to the maximum extent possible, banks entering the business must comply with the law applicable to the rest of the title insurance industry.

At the last moment of negotiations, the title insurance industry was unfortunately swept into a broadly negotiated deal between the Chairmen, the Federal Reserve Board, and the Treasury Department on operating subsidiaries. In addition, heavy lobbying and misinformation put out by the American Bankers Association hindered the ability of Reps. Spencer Bachus (R-AL) and Bill McCollum (R-FL) to restore ALTA's proactive efforts to specifically preserve our many distinct state laws over national bank operating subsidiaries; however, many protections do remain.

As ***Title News*** goes to press, language on the compromise is still being drafted. However, our industry has had significant victories, some of which are outlined below, improving protection of the title insurance product beyond its current interpretation under Federal law established by the banking regulator and the courts. In addition to making sure that the title insurance product is subject to state regulation, the bill requires compliance with state licensing laws, preserved our ability to litigate other state laws in Federal courts, and gained ground in limiting the Office of the Comptroller of the Currency (OCC).

Current Law

Sales: At present, national banks can effectively sell insurance, including title insurance, nationwide under the legal authority of "Section 92." That 1916 federal statute, upheld by the Supreme Court in 1996 in the ***Barnett*** case, allows national banks located in places with populations not exceeding 5,000 to sell all forms of insurance, including title insurance from these small places. The OCC has interpreted this provision broadly, expanding it to allow sales from "census places" within large communities—such as heavily populated but separate "cities, boroughs, towns and villages" in metropolitan areas such as Sarasota, Florida. Since 1996, the OCC has continually expanded the scope of these national bank insurance sales powers through a series of opinions, and Federal courts have consistently upheld OCC interpretations. The insurance industry has actually seen the national banking regulator pre-empt not only state law prohibiting national banks from affiliating with insurance entities but also important licensing laws. Further, national banks can use current authorizations to own minority interests in corporations to invest in title agency activities.

The bill, which will soon be on its way to the President, contains several title insurance specific provisions which foster preservation of the title insurance product.

Underwriting: The OCC granted a national bank authority to underwrite title insurance in 1987.

Financial Services Bill

The bill, which will soon be on its way to the President, contains several title insurance specific provisions which foster preservation of the title insurance product. ALTA sought and obtained an amendment including title insurance within the definition of insurance products subject to state insurance regulation, thus limiting the OCC's ability to approve "knock-off" products under development by the banks. ALTA was also successful in overturning the 1987 OCC opinion that granted underwriting powers to a national bank. Due to ALTA's efforts the bill now requires that title insurance underwriting be performed only through an affiliate within a holding company structure, thus removing regulatory authority from the OCC. Regulation of the holding company is subject to the Federal Reserve Board. State insurance regulators will continue to serve as the "functional regulator" of companies engaged in insurance activities regulated under state law. In fact, the Conference report on the bill requires that the new statutory provisions supercede and replace liberal rules which were already proposed by the OCC.

ALTA was successful in ensuring that the bill require that national banks' selling title insurance comply with the state laws applicable to state chartered banks , so called "parity." It also provides that insurance sold by national banks shall be "functionally" regulated on the state level. Further, the bill preserves the insurance industry's ability to litigate against bank's claims that specific state laws fall under the ***Barnett*** standard, that they "significantly restrict" the bank's ability to sell insurance.

ALTA was also successful in having included in the legislation this year an improvement over last year's bill which

Continued on page 9

ALTA Government Affairs Issues
Legislative/Regulatory Update

ISSUE	SYNOPSIS	STATUS
Limitation of national bank and financial holding company powers to sell and underwrite title insurance (Financial Services Act of 1999 Conference Report)	Current legal authority allows national banks to sell and underwrite title insurance. The Financial Services Modernization Act would limit national bank activity. National banks could affiliate with a title insurance underwriter through a holding company structure regulated by the Federal Reserve system. National banks can sell through an affiliate regulated by the Federal Reserve System, from the bank if they comply with the law applicable to state chartered banks, and from a bank operating subsidiary. While certain state insurance laws are safeharbored, State law remains subject to Supreme court Barnett preemption standard on significant interference." See related article	Before adjournment - final passage expected in both houses and president may sign into law (but that's not guaranteed) 10/22- tentative agreement reached among Senate Banking Chairman Gramm (R-TX), Treasury Secretary Summers and Democrat conferees over conference report 10/18 - Bachus/McCollum amendment to restore subsidiaries to parity limitations fails, 8-9 among Senate conferees, despite favorable "voice vote" by House conferees 7/1 - H.R. 10 passes House, 343-86 6/20 - H.R. 10 passed House Commerce, voice vote 5/6 - S. 900 passes Senate, 55-44 3/11- H.R. 10 passes House Banking, 51-8 3/4 - S. 900 passes Senate Banking Committee, 11-9
Regulatory expansion of national bank powers	National banks have successfully obtained Office of the Comptroller of the Currency (OCC) opinions - unchallengeable in court - clarifying that the Barnett Supreme Court decision gives them the right to sell insurance, including title insurance, from small places. Banks obtained a 1987 OCC opinion allowing underwriting, with certain limitations.	The OCC released additional opinions this summer broadening the scope of national banks insurance and title insurance sales powers.
RESPA/TILA 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 proposal including a new RESPA Section 8 exemption for bundled closing costs.	ALTA testified at the only real estate industry hearing in the 105th 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.
Legalizing e-signature (H.R. 1714/S. 761)	H.R. 1714 & S. 761 would give states a timetable to implement a uniform standard for giving electronic signatures legal standing	10/25 - House expected to pass H.R. 1714, making it available for a conference committee with Senate version
Money Laundering Registration and Reporting	Treasury Department Proposal Requires registration and transaction reporting for businesses processing large sums of cash	Final regulations issued in September exempt title companies and agents from registration and processing requirements.
Bankruptcy Reform (H.R. 833/ S. 625) McConville-title insurer liability for undisclosed bankruptcies	ALTA obtained provisions overturning the Ninth Circuit decision denying protections for lender's liens under Section 549(c) of the Bankruptcy Code	5/11- placed on Senate calendar 5/6 - passes House, 313-108 4/28 - passes House Judiciary Committee, 22-13 4/27 - passes Senate Judiciary Committee, voice vote
Information Reporting on Attorney Fees	IRS proposes regulations requiring filing of Form 1099-MISC for payments to attorneys	ALTA testifies before the IRS in September, 1999 seeking an exception for mortgage loans and payments to attorneys which are disbursements from settlement.
Electronic Delivery of Disclosures	Legislation introduced by Reps. Roukema, Lazio, and Inslee, HR 2626 allow electronic delivery of consumer disclosures mandated under RESPA and TILA. Federal Reserve Board proposed similar rules.	Legislation has been introduced in the House of Representatives. House Banking Committee hearings are possible this year. Federal Reserve Board comments requested initially in March, 1998. Comment date extended until October 29, 1999.

AWARD WINNING MANAGEMENT DEVELOPMENT PROGRAM

We are proud to announce that the Land Title Institute's **Management Development Program** has received the 1999 ASAE "Award of Excellence in Education" certificate, a prestigious award established by the American Society of Association Executives.

The **Management Development Program** captured the prized certificate in the "Education Curriculum/Coordinated Series of Seminars" category. The award recognizes the best-coordinated series of education programs on a single subject area or a sequential program where different program segments build on each other. A select committee from the ASAE Education Section reviewed LTI's manager/leadership program in seven areas:

1) Achieving associations goals
2) Needs assessment
3) Planning and design
4) Implementation and delivery
5) Budgeting and finance
6) Communication: marketing, promoting, and advertising
7) Evaluation

This award validates the Land Title Institute's **Management Development Program** in several ways:

- ♦ It was awarded after an impartial review by outside education professionals;
- ♦ It withstood scrutiny and comparison with other education programs submitted to ASAE;
- ♦ It achieved recognition in meeting standards set by a nationally-recognized, professional organization.

The 1999 ASAE Award of Excellence in Education is the second time that the Land Title Institute has been recognized for outstanding programming. In 1994, LTI was awarded a certificate in the "Innovative Education Program" category for its entry "'Closing From Hell' Interactive Workshop."

The 1999 brochure for LTI's Management Development Program also won an award. The Award of Excellence, "1998 Excellence in Print," was presented by the Printing and Graphic Communications Association. The 2000 **Management Development Program** brochure looks very similar, and copies were mailed to ALTA members in mid-October.

Not willing to rest on its laurels, the Land Title Institute will again offer its successful and award-winning **Management Development Program** in 2000 in Houston, TX beginning on February 27. (Please see accompanying advertisement.) Only one course change is planned for 2000 – The Internet/Intranet class is being replaced by a customized course on technology, and it will be taught by a former title industry professional who is now a consultant in the technology arena.

For more information about the Land Title Institute's 2000 **Management Development Program** or to request a brochure, please contact ALTA/LTI Director of Education, Patricia L. Berman in the ALTA/LTI offices.

BANK POWERS, *continued from page 6*

prohibits national banks from using general state law provisions linked to general national bank law as authority to sell title insurance. For example, Wyoming has a "wild card provision" in their state statute which allows each state chartered bank to "engage in any activity in which a federally chartered insured depository institution operating within the state is authorized to engage..."

Unfortunately, as mentioned above, these specific statutory "parity" restrictions on the national bank were not placed specifically on the bank operating subsidiaries in last minute negotiations. Nevertheless, the bill explicitly preserves state licensing laws. A specific exemption for title agents from the national licensing scheme provided for insurance agents was also obtained by ALTA. The bill does "grandfather" national banks and subsidiaries selling or underwriting title insurance as of date of enactment of the Act; grants state insurance commissioners "equal deference" with the OCC in insurance disputes; and provides that the OCC and the Federal Reserve will cooperate on controversies arising from the new "insurance-securities-banking" conglomerates.

Few, if any of these changes are likely to happen overnight. The dates on which provisions in the bill become effective vary. For example, while in general Title III of the bill, State Regulation of Insurance becomes effective upon enactment of the legislation, many institutions are likely to delay acquisitions or refrain from entering new areas until the Federal Reserve Board issues implementing regulations.

Many national banks have already relied on the OCC opinions and court decisions to enter the title insurance industry. Further, the bill does contain significant constraints on the OCC, which are more restrictive than current interpretations. Nevertheless, the legal certainty provided by an enacted bill may serve to encourage many more banks to consider entering the industry in one form or another. State law hurdles and RESPA remain significant compliance burdens that will moderate and affect bank entry. The only real business certainty is that the title industry will continue to face customer interest in entering the title business.

If you have questions, please call 1-800-787-ALTA, for Ann vom Eigen, Legislative Counsel, at extension 214 or e-mail at ann_vomeigen@alta.org; or send an e-mail to GovernmentAffairs@alta.org.

TAKING YOU TO THE TOP

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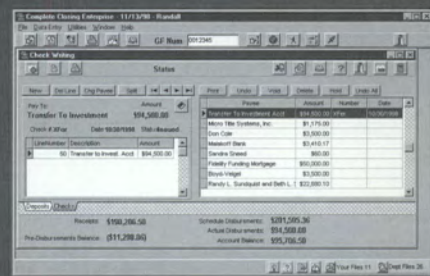

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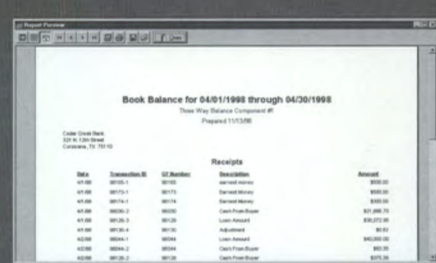

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Presidential Profile: Charles H. Foster, Jr.

Growing up in a traditionally nomadic corporate family, Charlie Foster changed home towns at two-year intervals. As his father moved to different assignments for DuPont throughout his early life, Charlie enjoyed the sense of adventure that accompanied relocating to an impressive array of states from coast to coast. This lifestyle helped produce a goal-oriented youngster who was familiar with tackling new challenges, which are qualitities that have continued to serve him well during a successful business career.

With the title industry at a defining moment, Charlie's able leadership will be called upon frequently during his term as ALTA's 1999-2000 president. The LandAmerica Financial Group chairman and CEO moves to the top slot at the Association helm facing an agenda of issues with critical implications for the title business, such as:

Under Charlie Foster's capable leadership, ALTA is poised to address an agenda of issues with critical implications for the industry.

- Technology-driven title company consolidations as the industry work product continues to evolve into a commodity profile;
- Encroachment of controlled business operations into the title insurance market;
- Possible restructuring of ALTA in line with consolidations that have diminished the industry population of large underwriters, and increased pressures for expanding the scope and depth of involved, dedicated agent participation in the Association.

Accelerating the impact of these and other challenges is a keenly competitive marketplace, where title companies face unrelenting demands to maintain their hard-won superiority in financial assurance and information services for real estate investors, while offering superlative personal service.

Narrowing Demand, Expanding Services

The new ALTA president maintains that redefinition of the industry has been characterized by a narrowing of demand for the title product by customers who are also calling for an expanded package of services. This has been especially prominent on the mortgage origination side. An impressive industry response continues through the harnessing of electronic commerce, which is especially visible as major title underwriters unveil connectivity, Internet presence, and the availability of one-stop shopping.

With the title industry at a defining moment, Charlie's able leadership will be called upon frequently during his term as ALTA's 1999-2000 president.

Although he rates as aggressive the title company response to high-volume lender demands for faster turnaround on title reports and one-stop availability for a variety of information services, Charlie considers this initiative embryonic. While major title underwriters now offer delivery of multiple services to volume customers through a single electronic connection, he finds that most customers remain frustrated by the fragmented nature of the title business and the time required for service in some parts of the country. This clearly indicates there is much more to be done by title companies.

Although demand for "faster-better-cheaper" real estate information service emerged from the refinancing side of the business and has been successfully met with no decrease in quality (including accuracy, as claims data show) the full impact remains to be determined since the buy-side has just begun to press for similar performance. Industry activities such as workflow process design have shown that technology is enabling consolidation of work steps without adverse effects on title examination and underwriting. The steps remain, but there are fewer handoffs from one desk to another as the process gains speed.

Gains in productivity by the industry have accompanied the surge in refinancing orders experienced during recent years, the ALTA president says. But the result did not emerge from electronic connectivity or new software. Rather, the accomplishment is largely attributed to revamping the workflow process and reducing the number of forms needed. The technology is there for connectivity, he adds, and single seat production of an entire title order is within reach where the title plant is digitized. While on-line, digitized information can make single-seat handling possible for all orders coming into the plant, this capability exists only in a few locations across the nation.

Perhaps the most severe test during a technology surge comes as interest rates trend upward and title business drops, the new ALTA president observes. Conflicts emerge between:

1) necessary cost and staff reductions during a period of decline in title orders; and
2) sustaining the efforts to build and implement new Internet (and Intranet) based technology platforms, which are capital and people intensive projects.

In Charlie's view, these counter pressures may reshape the industry paradigm, since continued rapid growth in the size and scope of technology investment would likely bring more title underwriter consolidations. Yet, intense competition may prove to be the ultimate wild card. High volume title customers are expected to continue placing their business with the two or three title underwriters who can best provide a variety of real estate information services from a single location.

Controlled Business Impact

Another powerful force continuing to impact the industry is the influence of controlled business operations — particularly lenders or real estate brokers desiring to own or joint venture title insurance activity. As Charlie puts it, numerous title agents look to sell their businesses to controlled business enterprises. Managers of title underwriter branch offices look to become controlled business agents. Other agents feel betrayed when underwriters accommodate lenders and brokers wishing to become part of the action. What transpires is considerably different, depending on the part of the country.

While Charlie sees the business fundamentals remaining similar, he thinks those in title management face dramatic differences in necessary technological skill sets.

Those concerned are scrambling to make new rules, he notes, or to understand the rules just made.

Adding to the complexity is arrival of banks on the title insurance playing field, which ALTA is battling to keep level through support of financial services reform legislation in Congress. As Charlie points out, national banks, state chartered banks, and community banks are already in the business. Balancing the marketplace means preventing banks from engaging in activity that title agents are not allowed to undertake. Some agents, he believes, may welcome an opportunity to align with banks. And, underwriters who can serve as one-stop service providers or vendor management facilities for lenders will encounter additional opportunities.

As he begins his presidential term, Charlie believes that the ongoing viability of the industry depends on the realization that great opportunity remains for title companies as their customers seek to further expedite the real estate closing process. Retaining business expertise, information service capability, and financial assurance—and wrapping that expertise in a personal service dimension—are critical in successfully responding to the commodity transformation now being experienced in the market, he says. Packaging and delivering title company capability accordingly will mean a great deal in determining the outcome. Are title managers ready for the demands of a rapidly changing industry in the new century? From mag cards commonly in use two decades ago, Charlie finds the title industry has made astounding changes through technology during the past five years. But many of the same work flow steps remain in title production and closing. Charlie predicts the industry will be anything but static over the next 20 years, as title companies and their customers relentlessly pursue "electronic fulfillment"—the capability to originate, process, and close a loan electronically without paper files or physical meetings.

Twenty years from now, Charlie won't be surprised to see the title in-

Charlie and his wife Betty met at IBM, where they both worked; while mostly on the go, they occasionally enjoy some downtime at their South Carolina beachfront retreat.

Charlie and family at the 1999 ALTA Annual Convention at The Broadmoor in Colorado Springs, Colorado.

dustry using a single data base for 80 percent of its action. And title companies competing in the marketplace may well have portfolios of enterprises linked to their central function of providing real estate information services.

While Charlie sees the business fundamentals remaining similar, he thinks those in title management face dramatic differences in necessary technological skill sets. Any manager unable to handle his or her own word processing, spreadsheets, PowerPoint—and whatever comes next in the explosion of technology—will face serious disadvantages. The next generation of management coming out of school has the necessary technological skills and knows how to assimilate new techniques, adds the ALTA president, who serves as a trustee of the Virginia Association of Independent Colleges and the Virginia Commonwealth University Foundation. As Charlie puts it, the manager lacking these important skill sets may wind up wondering what has happened to his or her career.

ALTA in the Millennium

And the outlook for ALTA in the New Millennium? In Charlie's view, what happens will be particularly influenced by title industry consolidations and the emergence of controlled business operations. Funding for activities of the Association from large underwriter dues will be diminished in the wake of consolidations. He expects more attention to focus on fee-based ALTA products and services.

A major element in the future of the national Association, Charlie adds, will be convincing more agents who presently are members of only regional or state title organizations that they also have an important stake in becoming active participants within ALTA. The ALTA president says expanding the Association agency base also calls for giving serious consideration to the need for attracting into membership new constituencies involved in real estate information services—even if the result is an appropriate renaming of the organization.

A major element in the future of the national Association, Charlie adds, will be convincing more agents who presently are members of only regional or state title organizations that they also have an important stake in becoming active participants within ALTA.

As the New Millennium unfolds, Charlie is calling for an initial emphasis on strategic planning to facilitate expanding the boundaries of ALTA. He visualizes building momentum through strengthening and extending already successful ALTA initiatives such as:

- ALTA efforts to increase industry grassroots support across the nation
- Enhancing the Association Technology Forum & Expo
- Expanding the scope and enrollment of the ALTA Management Development Program

Leisure Moments Infrequent

When Charlie and his wife Betty do have some downtime, they can often be found at their beachfront retreat in South Carolina — Charlie on a nearby golf course and Betty walking near the surf. They met while both were employed by IBM in Richmond, VA. Another popular pursuit in recent years — catching up with daughters Elizabeth, 24, and Sarah, 22, during their various adventures, which has taken the couple to England, Alaska and other widely located destinations in the United States. With personal travel, company travel, and various journeys to attractive places on behalf of ALTA, Charlie does not feel a strong need for additional vacation time. In addition to golf, the association president is a former marathon participant and still works out regularly as a runner (or, as he puts it, make that jogger — make that staggerer.) He also likes to spend time reading and surfing the Internet.

Support for Presidential Iniatives

ALTA's New Millenium president is clearly a man of insight, intellect, and initiative. As we come to know him better over the next twelve months, we will doubtless begin to see the impact of these qualitites on the course of ALTA and the industry itself. ALTA staff, membership, and volunteer leaders look forward to working with him and tackling the issues of the coming year. Welcome Aboard, Charlie!

MERS®

America's Mortgage Loan Registry

Volume 2, Issue 8 *September/October 1999*

www.mersinc.org ***Special Convention Issue***

President's Postcard

By R.K. Arnold

Hello again from MERS headquarters. We're proud to announce that MERS exceeded the 3rd quarter target for registration volume. Our members have registered about 800,000 loans on the MERS® System to date, and we expect to hit a million loans registered this year.

A lot of members took advantage of our recent prepayment program. We raised another $1.25 million in pre-paid registrations. We were very pleased with the enthusiastic response. This brings the number of pre-paid future registrations to 900,000. That's just one more indication that the MERS concept is catching on throughout the industry.

We're looking forward to a great MBA Annual Convention this year. Our slogan is "Thanks a Million MOM!". We'd like a chance to meet with you in Room 313 at the Convention Center to talk about how MERS can save you money by eliminating assignments.

Using TPOs with MOM

By Sharon Horstkamp

Using MERS as original mortgagee (MOM) means the chain of title starts and stops with MERS. This is true even when a MERS member uses a TPO to close their loans. The security instrument should be prepared with MERS as nominee for the TPO (the standard MOM language includes successors and assigns).

Once the loan is registered on the MERS® System, MERS changes from being the nominee for the TPO to being the nominee for the member when the loan is delivered. Without MERS, if the documents are drawn in the TPO's name, an assignment is required from the TPO to the member. With MERS, no assignment is necessary.

Be mindful that the instructions given to your title company need to be altered slightly. We recommend that MERS be named on the title policy as nominee for the TPO, its successors and assigns. That way, all subsequent owners will always be an insured under the title policy by virtue of holding the note.

A TPO does not necessarily have to be a member of MERS to originate MOM loans. If your TPO is not a member, then you need to sign a MERS Broker Agreement before using a non-member TPO with MOM. Just ask your MERS integration specialist for more information or call me directly

MERS Folks Want to Meet You

By Carson Mullen

You're invited to join the MERS Team in Room 313 on the third floor of Hynes Convention Center at the MBA Annual Convention in Boston. We'll be there from Sunday, October 10th through Wednesday, October 13th. Please join us for some refreshments and good conversation about saving money – always a good topic!

Open House hours are as follows:

Sunday : 3:00 to 5:00 p.m.

Monday: 9:00 a.m. to 5:00 p.m.

Tuesday: 9:00 a.m. to 5:00 p.m.

Convention Theme

You'll be greeted by lots of "Thanks a Million MOM!" invitations and signs as you travel about the MBA Annual Convention. Our convention slogan has a double meaning as MERS approaches its goal of placing over 1,000,000 loans on the system by the end of this year.

Also, the number of MOM (MERS as Original Mortgagee) loans registered has resulted in more than a million dollars of savings for MERS members already this year. At about $22 per loan, it doesn't take long to realize hundreds of thousands or millions of dollars in savings that are immediately recognized on the bottom line.

Conference Attendees from MERS:

R.K. Arnold, Carson Mullen, Dan McLaughlin, Bill Hultman, Doug Danko, Connie Davies, Bob Pathman, Mark Roberge, Weyman Lew, Ron Crowe, Deborah Gault

This Month

"Members Only" Access to Web Site Open

By Dan McLaughlin

In redesigning the MERS web site, we have implemented new content that is reserved for MERS members. This content includes an expanded Member Directory, Special Announcements, and a Newsgroup feature. We plan to enhance content for "Members Only" in the future to include projects such as access to current servicer information for title agents and providing access to the MERS® System through a browser-based interface.

To access the "Members Only" functionality, click on the "Members Only" button on the upper right-hand corner of the WWW.MERSINC.ORG home page. Then enter the Organization ID Number assigned to your company and the same User ID and Password that you use to access the MERS® System. If your company is an active member of MERS and you do not have a User ID and Password, please ask your company's MERS System Administrator to set you up. If your company is a member of MERS, but not yet active on the MERS® System, please call us at (800) 646-MERS so that we can have security set up for you.

We hope that "Members Only" access to the MERS web site makes it easier for you to do business with MERS.

Meet Deborah Gault, Director, Product Integration

By Dan McLaughlin

Deborah Gault has joined the Product Division as the newest member of the Product Integration team. Deborah comes to MERS from Merrill Lynch Credit Corporation where she managed a team of Business Analysts within the Technology & Information Systems group. Prior to Merrill Lynch, Deborah worked for several major mortgage banking technology firms, including Lomas, Mortgage Dynamics, and Computer Power, Inc. In these roles, Deborah learned how to effectively integrate new business processes and technologies in the mortgage banking industry. We are pleased to add Deborah's talents and experience to make it easy for you to do business with MERS. You can reach Deborah directly at (904) 722-9990 or call (800) 646-MERS and ask the attendant to transfer you.

Foreclosures Active by State

AK	4	MS	6
AL	19	MT	2
AR	18	NC	29
AZ	65	ND	4
CA	444	NE	9
CO	8	NH	0
CT	18	NJ	156
DC	11	NM	5
DE	7	NV	36
FL	339	NY	179
GA	65	OH	97
HI	28	OK	45
IA	8	OR	23
ID	5	PA	192
IL	135	RI	4
IN	67	SC	27
KS	18	SD	1
KY	9	TN	24
LA	34	TX	247
MA	9	UT	8
MD	94	VA	82
ME	2	VT	1
MI	26	WA	25
MN	39	WI	21
MO	37	WV	1
		WY	4

Total: 2735

Foreclosures Complete by State

AK	4	MS	4
AL	4	MT	1
AR	5	NC	6
AZ	16	ND	0
CA	112	NE	0
CO	1	NH	0
CT	1	NJ	1
DC	2	NM	3
DE	0	NV	12
FL	43	NY	6
GA	18	OH	5
HI	0	OK	7
IA	2	OR	1
ID	3	PA	5
IL	8	RI	0
IN	3	SC	4
KS	4	SD	0
KY	2	TN	5
LA	4	TX	70
MA	2	UT	0
MD	18	VA	12
ME	0	VT	0
MI	7	WA	5
MN	8	WI	5
MO	11	WV	0
		WY	0

Total: 430

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YEAR 2000 PREPAREDNESS FOR MERS

By Pat Coletti

Preparations for the turn of the millennium actually began 3 years ago when the relationship between MERS and EDS was first established. MERS proactively included Year 2000 compliance as a contractual commitment and EDS has responded with the structure and processes appropriate for an event of such significance.

When the MERS application was designed in 1996, accommodations were made at that time for the input, retention and display of century in conjunction with all dates that reside in the MERS database. However, the MERS infrastructure contains numerous other components, each utilizing a specific set of hardware and/or software from external providers. To minimize the potential for disruption at 1999 year-end, EDS has pursued an aggressive preparation plan to ensure century compliance.

The EDS Corporate Year 2000 Program Office instituted a detailed methodology for verifying century compliance more than 2 years ago. All EDS units and industry specific accounts have participated in the process and are audited on a regular basis to ensure consistency.

EDS has achieved on schedule all milestones related to MERS Y2K preparedness and has published periodic updates to the membership at large. The most critical milestones are:

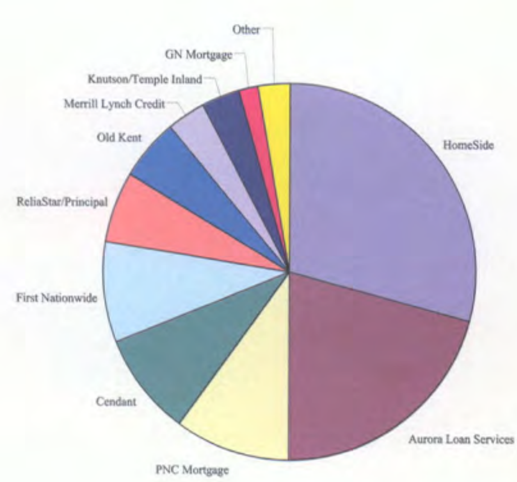
- November'98: MERS application tested and certified as Y2K compliant. A subset of members directly participated in this process.
- March'99: Balance of MERS infrastructure tested and certified. This phase included the Help Desk and Mail Center.
- June'99: Detailed Y2K Contingency Plan completed, reviewed with MERS and tested with all infrastructure groups. War Room procedures were also finalized. Both plans will be reviewed on a quarterly basis and revised as necessary.
- September'99: Transition Plan targeted for completion.

MERS and EDS are committed to making the millennium change a successful transition for our members. If you need additional information or have specific questions regarding Year 2000 preparations for MERS, please call Dan McLaughlin at (703) 761-1277.

Cumulative Registrations as of September 27, 1999

HomeSide	215,751	29.04%
Aurora Loan Services	155,537	20.94%
PNC Mortgage	73,964	9.96%
Cendant	66,451	8.95%
First Nationwide	63,901	8.60%
ReliaStar/Principal	44,501	5.99%
Old Kent	40,151	5.40%
Merrill Lynch Credit	25,008	3.37%
Knutson/Temple Inland	23,725	3.19%
GN Mortgage	12,862	1.73%
Other	21,024	2.83%
Total	742,875	

Other	
Market Street	5,088
Alliance	4,460
Norwest	3,466
Aegis	1,737
Guaranty Bank	1,146
Cresent	875
Molton Allen & Williams	850
Shore	682
Countrywide	426
WestAmerica	345
Ameri-National	308
Allied Group	257
Chevy Chase	230
Ivanhoe Financial	200
Bank of America	184
Mid America	178
Corinthian	165
Fortress	137
Horizon	136
AmeriSouth	103
W/E Mortgage	22
Am. Mortgage Express	15
Federated Lending	12
Sound	1
Harbor Financial	1
	21,024



Land Title Institute

LTI Educational Videotapes

End of Millennium Sale

20% Off Regular Prices for Orders Placed by December 31, 1999

(Discount Already Applied)

Quantity			ALTA-Member	Non-Member	
______	1.	The Need for Land Title Services	$24	$36	$__________
______	2.	Principles of Title Searching	$24	$36	$__________
______	3.	Claims Awareness	$24	$36	$__________
______	4.	Completing a Title Insurance Commitment Form	$28	$40	$__________
______	5.	A Policy Overview	$28	$40	$__________
______	6.	Behind the Scenes: A Look at The Settlement Process	$40	$52	$__________
______	7.	Closing Real Estate Transactions: Process and Problem-Solving With the HUD-1	$40	$52	$__________
______	8.	E.T. Come Home. Effective Employee Training for Different Size Offices. You Can Do It!	$16	$28	$__________
______	9.	"This Land is My Land, That Land Is Your Land" Land Descriptions Video Kit	$100	$140	$__________

Video Order Total $__________

Plus postage and handling $__________

(Add $8 for 1 videotape and $2 for each additional tape)

TOTAL AMOUNT $__________

☐ Check payable to Land Title Institute, Inc. is enclosed.

☐ Please charge my credit card for the total amount due.

Choose one: ☐ AmEx ☐ Master Card ☐ VISA

____

Credit Card Number Expiration Date

____

Card Holder's Name Signature

YOUR NAME ______________________________

COMPANY ______________________________

ADDRESS ______________________________

CITY, STATE, AND ZIP CODE ______________________________

OFFICE TELEPHONE # ______________________________

Please mail your order form and check or fax your order form and credit card information to:

Land Title Institute, Inc., 1828 L Street, N.W., Suite 705, Washington, DC 20036

Telephone # 202-331-7431 Fax # 202-223-5843

Look Ma, No Computer!

Could you and your staff perform a manual closing or title search on 1/3/00? A great way to prepare mot only for a possible Y2K bug problem but the inevitable time when your system is down is to use LTI training material to prepare your office staff.

These videos and accompanying materials can provide you with the generic principles and processes from which manual closings and searches processes can be fashioned. They also serve as a great starting point for documenting your core service processes. Using these materials along with your own documented process steps will provide the reassurance that you can continue to serve customers while any local computer problems are fixed.

There are 4 programs from LTI that would be most helpful in your effort to prepare for using a manual system:

- The Principles of Title Searching
- Completing a Title Commitment
- Behind the Scenes: A look at the Settlement Process
- Closing Real Estate Transactions: Process & Problem Solving with the HUD1

All are available from LTI and advertised in this issue of Title News. Don't miss out on the special 20% saving by purchasing before Dec 31.1999.

Using these materials in conjunction with your own manual job aids will provide the basic steps needed to help staff keep essential job functions going while your system is being repaired.

It is important to get your plan in place and get these kinds of materials in front of your staff before January 1 2000. Using the videos and your accompanying materials for performing job manually will reassure your staff and customers that you have your contingency plan in place should a problem arise. And if the Y2K bug doesn't bite you will have a sure-fire backup plan for any future unplanned system problems.

Under All the Land, the Title: A Millennium Retrospective

An Agent's View, by Roger N. Bell, President, The Security Abstract & Title Co., Inc. ALTA Past President

What a great time to be alive – few of us are privileged to live in two different centuries! I guess December 31, 2000 is technically the magic date, but 1999-2000 just feels like the time to celebrate. A time to look both backward and forward, to embrace the best of our past and carry it with us into a future full of change.

I have observed the abstract and title business as conducted in the Mid-West, also known as the "Abstract Belt," for some sixty years. John and I had a father who began his career in the title business in 1932 and started his own business in 1944. My first job was "shagging" abstracts (he was an old baseball player, thus the metaphor). The year was 1938, and I was ten years old before the summer was over.

The early abstract companies in this part of the country were generally started by attorneys who discovered they enjoyed the title part of their practice and started specializing in that area. Their employees and others saw a good thing and entered the business. Many early companies were controlled business arrangements (yeah, I know – strategic alliances, but I am an old-fashioned guy). In many smaller communities, an owner would have to wear a number of hats (lender, real estate agent, attorney, or surveyor) to make a go of it.

Large or small counties, these owners, both men and women, were generally key figures in their communities. Many had held elective office, such as school board, mayor, city council, and some were in the legislature at times. They were active in civic and church organizations. Their work in the courthouse brought them in contact with many elected officials. Many of these local politicians were next year's state legislator, attorney general, or member of Congress. This broad base of political knowledge, familiarity, and influence is unique to the title industry.

The Product

In the early years, the product was an abstract of title. Abstracters were very proud of their product. Quality 100 percent ragpaper, expensive covers, and various methods of binding all went into the finished product. For years the Kansas Land Title Association (KLTA) conducted a contest at each convention for the best abstract. This was based on appearance and organization of content. The "Blue Ribbon" was a coveted prize and would be used in the company's advertising for the ensuing year. I mentioned earlier that men and women were owners of abstract companies. I think a career in the title business has been open to women since the beginning. Witness KLTA's first woman president, who served 1930-31. Her name was Pearl Jeffery, and she was a stem-winder. She later served for many years as secretary of the KLTA. I remember reading some of the minutes she took at one convention. Pearl did not like one of our members, and when this gentleman persisted in taking the floor time and time again in discussing a matter, Pearl quit recording his remarks and just wrote "the S.O.B. is on his feet again."

While many abstract companies represented title insurers prior to WWII, it was after the War that title insurance really started to enter the marketplace. In the Mid-West, we began seeing title insurance requested by government agencies and major companies. The larger agents had been telling the smaller abstracters that this was coming, and they should get ready. We had many panel discussions on the topic at state conventions. Of course, it was the secondary market that really brought title insurance into a dominant position and forced the conversion to title insurance across the state.

While the passing of the abstract may be viewed with a touch of nostalgia, a title policy is obviously better protection for buyers and lenders. It was a simpler time, and when we are in a bind over a good customer demanding coverage that does not meet underwriting guidelines, I stop and think life was much easier when you just showed the record in the abstract, sent it to an attorney, and let him solve any problems. Of course, I wouldn't want to go back. Being able to work out problems using title insurance to get the deal closed is very satisfying and provides benefits to our customers that just were not possible in the old days.

The closing of transactions accomplishes much the same benefit. We finally get to see the people who are paying our charges. We get to show those folks what a title company is like and what it does. A closing is central to the real estate process, and in those areas where title companies close transactions, they are rapidly becoming the sole providers of that service. In those areas, a solid closing operation will be a key item in maintaining a place in the real estate process.

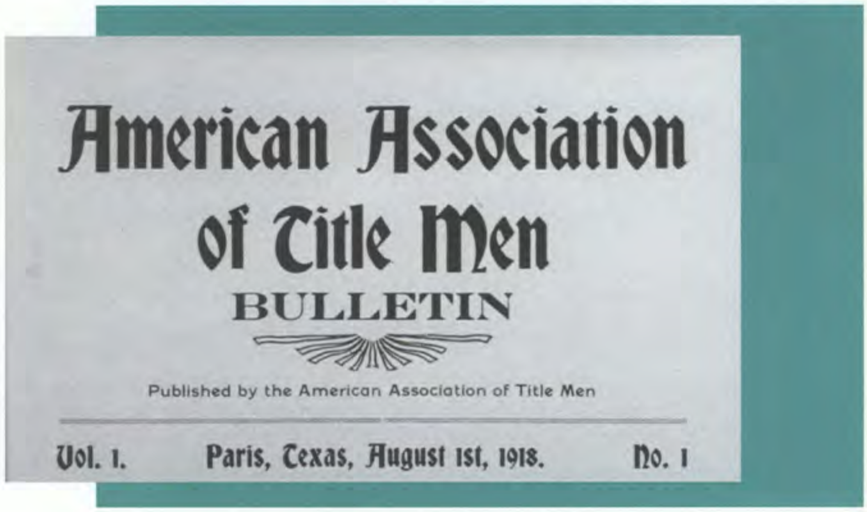
The Marketplace Today

It is obvious today that the local independent title agent is facing a radically changing marketplace. Automation is exploding. The Internet may become the highway to the placement of orders and delivery of our products. Those products are not just the old traditional commitment, policies and reports, but may expand into credit reporting, flood certification, appraisal, inspection, home warranty, and a myriad of services unimagined just a few years ago.

How fast will this occur? I think it will depend on the size of the market and perhaps its location. The bundling of services in our area encounters resistance because of long-standing relationships between users and providers. The loyalties thus generated will be hard to change. I know of closers working for a major underwriter who use the flood certification services of a competitor because they give better service. Service is still the name of the game! Closers want to get the deal closed. Whatever the service, if someone outside the organization can provide it faster, they have a shot at that business.

The agent is faced with large capital expenditures in order to keep up with the demands and needs of customers. The agent is also faced with the continuing consolidation of underwriters. Where will that end? No one knows, but I would not be surprised to see only three or four left when the dust settles. The agent is faced with nationalization of a part of his customer base. Decisions regarding the placement of title business will be made by someone at locations far removed from the local scene. Agents are faced with the possibility of creating partnerships with lenders and real estate agents in order to survive.

Where will all this end? No one knows. But I do have a real conviction that the old tenets have not been repealed: Customer service, quality of product, reasonable, not necessarily lowest price, personal relationships, and ethical conduct are still the keys to success in this business. Sure, some of the whiz-bang, smoke and mirrors currently making the rounds will have their day but in the final analysis a well-run title agency has a place in every market. It may not be quite the same as it has been during the last millennium, but the prospects of providing more and better products to customers should be exciting. I firmly believe there will be a niche in every market for an agent to occupy if willing to stay ahead of the curve and change with the times.


American Association of Title Men

BULLETIN

Published by the American Association of Title Men

Vol. 1. Paris, Texas, August 1st, 1918. No. 1

An Underwriter's Perspective, by Donald P. Kennedy,

Chairman of the Board,
First American Financial
ALTA Past President

In the Beginning

The 20th Century was a fascinating period, and full of challenges, but the New Millennium promises more change in the first five to ten years than has occurred since the birth of the title business. Examining history can at times be both educational as well as entertaining, and I offer the following observations to you in search of at least one, and perhaps with a little luck, both of those.

My view is from an underwriter's perspective, in that my family has been associated with the title insurance business for over one hundred years, beginning in California when my grandfather acquired control of the Orange County Title Company before the turn of the century. My mother, who passed away at 97 years of age, admitted to me shortly before she died that she had heard more than enough "title talk," first from her father, then her brothers, then her son, and now her grandson. I'll try to be brief with my "title talk."

Most of my experience has been West of the Mississippi, which, until the middle of the century, was sparsely populated, and considered somewhat behind the times, especially by the people East of the Hudson River.

In the early years of the 20th century, the world was much simpler. Customers were friends, and the banks and real estate companies were owned or run by local people. There were controlled business problems even in those days, when customers owned stock in the title companies, but the practice was common and nobody thought of complaining to the authorities.

Title service was not a problem, except for the customer. The companies examined the same documents at least three times. This resulted in a low loss ratio, but horrible service. Probably the best service on the West Coast took from three to four weeks for the initial report. Employees seldom walked rapidly, took it easy, worked hard, but were not particularly productive. Their real goal, generally speaking, was not to make an error, which could result in a loss to the company.

Competition in the early days consisted of a reasonable number of companies owned by local people, managed by local people, all of whom were friends socially, and most of whom played golf together. Personnel practices were plain common sense, although slightly illegal. Under no circumstances would employees from other companies be hired without making certain the person had terminated.

As you think about it, those were wonderful days; there were no sales forces as such, as everybody was considered a salesman for the company. The communications systems were simple: telephone and U.S. mail did the job. The product itself, in California, was generally in the form of a guarantee of some sort, which created a negligence liability with little emphasis placed on abstracts. East of the Mississippi, most of the title evidence took the form of abstracts. The first title insurance policies in California were issued in San Francisco in 1887, and the first certificate of title was issued in 1895 in Southern California. This led to a complaint by the insurance commissioner that these certificates of title were in fact insurance, which in turn led to the first legislation in California authorizing title insurance. Can you believe that the bureaucrats were snooping around that early in history?

Because of the manner in which the public records are indexed in most areas West of the Mississippi, it was necessary to build title plants, which merely re-indexed the public records to the properties involved rather than to the grantor and grantee. This led to a more efficiently produced product, but it did increase the expense substantially and required qualified, knowledgeable employees. Today, generally speaking, title plants are still a practical necessity, but title plants can be accessed with little capital by merely entering into a contract with your competitor or with others owning and operating title plants.

As time passed, the title industry remained relatively stable and survived World War I with little basic change. The great depression, however, was another matter and along with all other industries in the country, the title industry was practically destroyed, especially in the eastern states. Many companies went bankrupt and still more discontinued maintaining their title plants. Our company survived by creating a part-time work schedule and making certain that each family unit had at least one breadwinner. The company lost money during three of the Depression years, but the amounts were small. I do remember learning to hate creamed chip beef on toast.

Impact of World War II

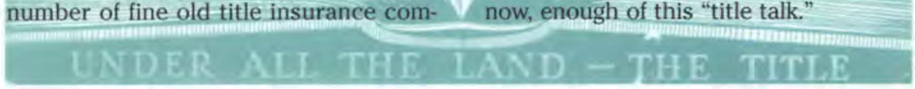
As World War II broke out in Europe, our company, because of its deep title plant, was able to negotiate county, state, and federal contracts, but it was difficult during this period to find qualified people to do the work. As I write this about wars and depression, I can't help recalling my daughter's comments during the 60's: "Your generation just hasn't experienced the problems we have had to endure." As World War II ended, certain basic changes began to occur which had a profound effect on the title business. Population growth exploded as the baby boomers appeared, and for the first time the population became mobile as people flooded toward the South and West, "wherever the sun shines." These population shifts were a blessing to the title industry and they radically changed the customer base. For the first time customer's, lenders, mortgage brokers, mortgage bankers, and real estate companies became nationwide and demanded service in all areas of the country.

In the mid-fifties the biggest company in the country, from a capital standpoint, was the Title Insurance and Trust Company in Los Angeles, which dominated the largest title insurance market in the world. Lawyers Title probably had the greatest geographic and agency coverage country-wide, while Chicago Title, the second largest company in the country, made the first large purchase in modern title industry history when they acquired Kansas City Title Insurance Company, which had representation throughout large areas of the country. I hasten to report that in the face of all this change, Orange County Title Company stayed in Orange County for a number of good reasons, none of which I can now remember.

It was clear to everyone, however, as the customers began to operate across county and state lines, and in some cases nationwide, that it was necessary to have the capability to service these customers. It was either service them in all areas or lose the customer entirely. Finally in the late fifties, our company, along with a number of other companies, decided to expand into adjacent counties and areas so that our customers could be properly serviced. This led to consolidation of the companies within the industry. Some companies, including many title insurance companies in California, were disturbed by the trend and decided that the stockholders would benefit more by the sale of their company. This led to the sale of a number of fine old title insurance companies in the San Francisco area, as well as San Diego and Orange County. Our company, on the other hand, decided to expand our base within our financial capabilities. As it turned out, the most difficult problem was to find good, capable people to service the new acquisitions. This consolidation continued throughout the country as family corporations decided to sell when their children showed no interest in the business. This consolidation is going on today as this is written. The largest merger in the history of the industry will probably be completed next year between Chicago Title and Fidelity Title Insurance Companies, which will create the largest title insurer in this country.

I think everyone will agree that the past ten years have been an exciting time in business and that the 21st century will be even more exciting. The technological revolution has enabled the industry to establish rapid and creative computer systems, which provide a real service to all title insurance customers. It is clear that in the near future the product will be created and delivered electronically. The opportunities are without limit, but are not without risk. To take advantage of computer-oriented progress requires a large capital infusion. This, in my view, however, does not mean that small companies cannot prosper in the title insurance industry. I think the future for agents is every bit as bright as is a future for the underwriters.

Having said all that, a basic principle is that without sales, all of the modern technology in the world will not help a company. Although it is on a different basis than the early 1900's, selling the product is still personal and eye-to-eye. The biggest difference is that today it is necessary to go eye-to-eye with a number of people plus a committee. Yesterday, it was one person. Service has to be at a high level, but it is also essential that the sales personnel continue to do their job and continue to bring in the customers. It is a highly exciting time, and the New Millennium finds the title industry right on the bubble. In my opinion, the need for title information and hopefully title insurance, will exist long into the future. It will always be necessary, in some way, to convince the buyer or lender that the seller or borrower owns the real estate he is selling or encumbering. And now, enough of this "title talk."



Blazing New Trails

ALTA Annual Convention
October 6-9, 1999
Colorado Springs, Colorado

At Work

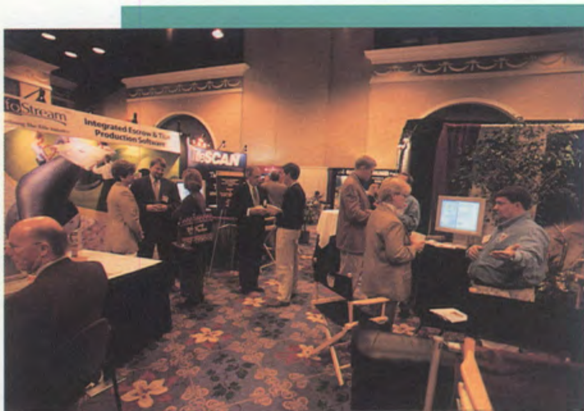
ALTA Past President Dan Wentzel (left) and Marlin Fitzwater (right) compare political notes at the TIPAC Luncheon, where Fitzwater ws the featured speaker.

Lola Fehr captures the interest of State Association officers and executives, speaking about industry consolidation issues.

Keynote Speaker John McLaughlin (left) and ALTA Finance Committee Chair Mark Bilbrey (right) pause for a moment during the busy Convention Schedule of Events.

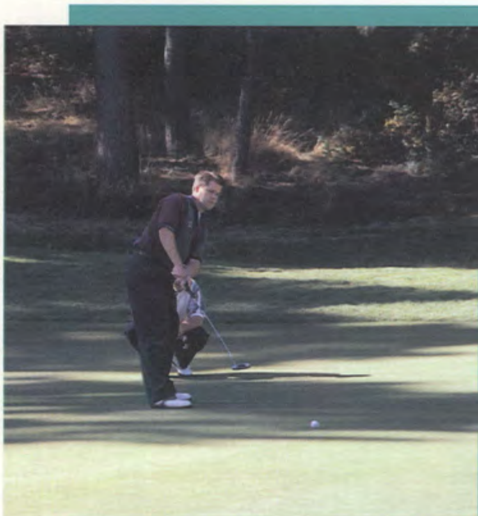
Even while attending educational sessions, ALTA members could be found having fun.

Speaker Rob McCord's pace put many members to the test, and his energy level made sparks fly!



The Exhibit Hall was well-trafficked and provided answers and information on many technology topics.

At Play



The high contrast of sunlight and shadow provide the beautiful background for what surely must have been a great shot.

Tennis winners claimed the prize and looked quite elegant doing so.

"A little bit lower now ..." finds these ALTA banquet-goers twisting all the way down to the parquet floor.

Beautiful "Lady in Red" and her dance partner find space for a quiet moment amidst the revelry of the night.

ALTA Presidents Charlie Foster (left) and Joe Parker (right) step into their new roles during the "Winter Wonderland" banquet.

ALTA would like to thank the following sponsors for supporting the 1999 ALTA Convention:

Elliptus Technologies, Inc. | **SMS**

Imperial Bank | **Stewart Title Guaranty Company**

Gracious ALTA "First Ladies," Betty Foster (left) and Linda Parker (right), add a certain sparkle to the evening's festivities.

CASE STUDY: Successful Crisis Control at TICOR Title

By Cindy Vitelli, Miami Production Manager
and *Terry Little, Systems Administrator*

Some crises—like Hurricane Andrew in Florida—can be attributed to "Mother Nature." Others are man-made disasters, like nuclear power plant accidents. Some are foreseeable, but others, unfortunately, can't be predicted. At Ticor Title, it was a recent one-two punch that sent us reeling. But our disaster could have been worse if we hadn't had a crisis plan in place. The lessons we learned might help others in our industry to respond successfully under similar circumstances, or at least help them to develop their own emergency plan.

First, the Flood

Ticor Title in Miami, Florida, is one of the busier title plants in the country. The Miami County Recorder's Office logs over one-half million real estate documents each year, every one of which has to be entered accurately into our database. We key in an average of 8,000 transactions a day. So when the Recorder's Office closed for a month last November to recover from a flood caused by problems with their air conditioning, we knew it was going to be hard to catch up.

Then a Computer Failure

We were still working double shifts when the Inforex system that we used to enter courthouse records into our database died. One fateful Friday, both the hard drive and main power boards went bad. On Monday, the technician told us he couldn't fix them. He said we should just push the system off the dock because the only thing it was good for was creating a new coral reef.

For more than 15 years, our Inforex had been very dependable. But the line had been discontinued. For the last year and one-half we owned it, we had been without a service contract. BancTec wouldn't take our money. They said it wouldn't be fair to charge us for a contract when they weren't sure they could fix the machine if it broke.

The challenge of coping with the combined disasters stretched our capabilities to their utmost and taught us some useful lessons about crisis management.

Cindy Vitelli is the Miami Production Manager for Ticor Title. She started with Chicago Title in 1985 and worked her way up through the ranks to Production Manager, where she oversees Ticor's Miami operations.

Terry Little is the System Administrator for Ticor Title in Miami. He has been responsible for Titon, the computer system they installed, since it was a Slip plant in 1972. Cindy and Terry have worked together for 10 years.

Crisis Control

Our initial reaction to the situation was shock, and a few well-chosen expletives. We realized quickly that we had much to accomplish and little time in which to do it. Our customers are loyal, but we knew that if we got too far behind they wouldn't stick with us forever.

The challenge of coping with the combined disasters stretched our capabilities to their utmost and taught us some useful lessons about crisis management.

Plan, Plan, Plan

Ticor has a disaster management plan in place—one that is developed and updated every year by our parent company, Chicago Title Corporation. We start with that plan and augment it, since our Miami location puts us at increased risk due to possible adverse weather conditions. In fact, one of the reasons we take disaster planning so seriously is that we experienced Hurricane Andrew, which devastated southern Florida and destroyed many of our employees' homes.

During busy hurricane seasons like this one, we have plenty of opportunity to exercise crisis planning. As soon as a hurricane watch goes into effect, our plan kicks into action:

- We monitor the hurricane's progress carefully and start our preparations;
- We make emergency backups of our three computer systems: the phone system, the data entry system, and the mainframe database. We both take copies home, so the backups are geographically dispersed;
- We make sure everyone knows what

his or her responsibilities are, along with whom they may be backing up in case of illness or vacation. We also make sure everyone has time to complete their tasks and can get home early enough to protect themselves and their famlies;
- We are also prepared to transport our data entry system to another location that has electricity so we can keep working, in case our main office should be without power for any length of time.

As important as it is to have that kind of plan in place, it didn't help much in this situation. However, we had already planned for this type of disaster, too. Since the Inforex system was 20 years old, we knew it would not last much longer. We had already purchased new computers and had them ready to hook up. We just needed new data entry software.

Use Your Contacts

When disaster strikes, don't be shy. We utilized our network for all it was worth. We were on the phone to people in our corporate systems department, to people in other counties, to our competitors, to anyone who had knowledge of how to do something like this.

We got lucky in that Jim Feeney, from Metropolitan Title Data, Inc., in St. Louis, had recently told us that they were replacing a data entry system similar to ours. He recommended their vendor, Viking Software Services. We pushed through an order in several days.

Partner With Your Vendors

We normally work closely with our Information Technology (IT) vendors, investing in maintenance contracts that ensure quick repair or replacement of parts that go bad, so that we aren't down for any length of time. That approach paid off for us.

Our local computer reseller, Corporate Systems Group (CSG), responded quickly. CSG immediately began work installing the new computers, re-wiring our electric system, and putting in a network for the PCs.

Viking Software also hit the ground running. We placed the order for our new data entry system on Wednesday. By Monday, the conversion was well underway. We were able to start keying again and began training our operators. By Wednesday, we were back in full production mode.

Both Viking and CSG were very responsive, but it helped that we knew exactly what we wanted. That made the conversion process go smoothly and quickly.

Thanks to lots of hard work from our vendors, we were able to get back up in just a week. But we still had a lot more to do.

We were often able to combine the best parts of ideas from two or three people to come up with a solution.

Communicate With Your Employees

From the beginning, we had been very open with our employees about what was happening and how much we needed their help. When the County Recorder's Office first re-opened after the flood, we hired a second shift of temps to help process the data. But our employees came to us and offered to work overtime to help clear out the backlog. Even employees from other departments pitched in. On their own, they put together a schedule of who would work when. Because they know our business better than the temps did, they were much more productive. We were able to let the temps go and do the rest of the work ourselves.

Even while our data entry system was down, we did not lose momentum. Data entry operators helped mark up documents to prepare them for keying, did research and made microfilm copies. Some even helped us put the furniture together for the new workstations.

Once we brought up Viking's system, we were able to have even more people pitch in. It was so easy to use that anyone could do it. Receptionists and typists were able to learn to use it in just a day's time. We even keyed for a while ourselves!

The employees had fun working together, scheduling overtime with their friends. They would have a potluck supper, and then one would wash dishes while the others went back to keying.

It was amazing how hard they worked. Frequently they were able to key more than several days' worth of transactions in one day. They would often try to beat what they had accomplished the previous day. We would walk through the department and hear, "We're going to get to the third day by 3pm!"

Communicate With Your Customers

Just as our employees stood by us, so did our customers. We were very honest with them about what to expect and made sure they were kept updated. As a result, we did not lose any customers.

Get People Involved

From the start, we asked our employees for input. For example, Darlene Hutson Chavez, Viking's customer support representative, worked with the operators to get suggestions about ways to improve the way the computer screens for data entry were designed. This helped ease anxiety about the new computer system and helped ease the transition.

We also shared responsibility at the management level. In a crisis situation, where so much is riding on your shoulders, it really helped to be able to share the load. There were a lot of decisions that had to be made, and we found that it helped to have input from several people. We were often able to combine the best parts of ideas from two or three people to come up with a solution.

Manage Stress

With so many people's lives depending on your decisions, it's necessary to have a way to relax. When things would get crazy, we would get outside and go for a walk. We're very fortunate to have a beautiful lake out back, and when we felt stressed we would walk around the lake, listen to the birds, and calm down. Then we could go back inside and deal with the latest crisis.

Caught Up, Finally!

At our worst point we were 45 days behind. There were times when we thought we would never catch up. It took until July to bring us fully back to normal.

A saving grace was that our competitors were also behind, because of the flood. If it hadn't been for that, we could have lost customers right and left. As it happened, after we got caught up, we even picked up a few customers.

And that wasn't the only good news. The crisis brought our data entry and production departments closer together. Employees who didn't know each other well before work closely together now. Everyone now has a better understanding of how the different parts of the company interrelate.

Another benefit is that our new data entry system has positioned us well for the next move at our County Recorder's Office—imaging.

Lessons Learned

The biggest lesson we learned is that we never want to go through anything like this ever again. But we also realized the benefits of careful planning for crises. One of the reasons everything went as smoothly as it did, given the extreme conditions, was because we had a plan in place already, and it was executed thoroughly. Plus, we reaped the benefits of having a team of wonderful and loyal employees. Way to go everyone!

Crisis Management Begins Before You Have One

Experts agree on several general principles for crisis management:

1) Identify your risks. Determine where they will come from, whether acts of nature (e.g., hurricanes, floods) or acts of man (e.g., terrorist attacks, strikes, operator error). Identify what aspects of your business would be affected and how badly, then assess the probability of those events occurring. Use this analysis to plan for the most likely crises first, or the worst case first. Adapting the first scenario for less dramatic disasters will round out your plan.

2) Make prevention part of "business as usual." If you have identified loss of computer data as a major risk, make sure routine backups are part of daily operations, not something you do when time permits. Along with that, keep a copy of the backed up data offsite, preferably out of reach of your major risk factors.

3) Insure against whatever you cannot prevent. Make sure you are covered for the specific types of risk you feel are most critical to the continuance of your business.

4) Set priorities for actions during the crisis and during the recovery stage. A crisis will never occur according to plan, but knowing strategic priorities beforehand will speed operational decisions about which actions to take first during a crisis, as well as what business activities are most critical to recover first.

5) Clear, continuous communication and coordination minimizes the "chicken running around with its head cut off" syndrome. Keep everyone informed of everything that may impact his or her aspect of the crisis management or recovery plan. This is especially difficult —and critical—when time is of the essence.

6) Keep your crisis management plan current and make it common knowledge. Just as fire drill maps are clearly posted in schools and hotels, and fire drills are held regularly to familiarize students with following the drill procedures, so should your staff know what their jobs are during and after a crisis.

1999-2000 ALTA Membership Directory Errata Sheet

Listed below are members whose address information was incorrectly printed in the *1999-2000 ALTA Membership Directory.* We sincerely regret the errors and hope you will make note of these corrections.

State Association Corrections

Arkansas Land Title Association
expiration of terms: 6/00
President
Jeremy Thornton
Mena Title Company
301 DeQueen St.
Mena, AR 71953
501-394-5264
501-394-5258 (fax)

Nevada Land Title Association
expiration of terms: 12/99
President
Robbie D. Graham
Nevada Title Company
3320 West Sahara, Ste. 200
Las Vegas, NV 89119
702-251-5276
702-253-1682 (fax)
rgraham@nevadatitle.com

New Jersey Land Title Association
expriation of terms: 6/00
First Vice President
Lawrence Bell
Old Republic Natl. Title Ins. Co.
85 Main St., Ste. 303
Hackensack, NJ 07601
201-487-0868
201-487-6369 (fax)

Corrected Member Listings

Iowa

IOWA COUNTY

• Marengo

ID: 852
IOWA COUNTY ABSTRACT COMPANY
(A)
1048 Court Ave., P. O. Box 226
52301
319-642-7321
319-642-1231 (Fax)
Carole L. Denzler, Secy.

Missouri

DUNKIN COUNTY

• Kennett

ID: 3454
MISSOURI TITLE INSURANCE CORP.
Member Since 1988
(T FAM UGT)
P. O. Box 38, 63857
800-888-5449
870-239-4012
870-239-4015 (Fax)
Jonathan J. Yale, Gen. Mgr.
Alfred J. Holland, Atty.
Pat Davis, Escrow

Nebraska

HALL COUNTY

• Grand Island

ID: 5464
ATI TITLE CO. (BR)
(T CLT, STG, TI, ORT)
123 N. Locust St., Ste. 201C
68801
308-382-7000
308-382-8340 (FAX)
Jamie Jankovitz, Br. Mgr.

Nevada

ELKO COUNTY

• Elko

ID: 4826
STEWART TITLE OF NE NEVADA (BR)
(T STG)
810 Idaho Street
89801
775-738-5181
775-738-9431 (Fax)
http://www.stewartnenevada.com
David Huckaby , Pres., Cty. Mgr.
Judy Lusetti , Op. Mgr.
~Other Counties Served~
Eureka County

LANDER COUNTY

• Battle Mountain

ID: 49584
STEWART TITLE OF NE NEVADA (BR)
(T STG)
142 S. Reese St.
89820
775-635-5415
775-635-5177 (FAX)
http://www.stewartnenevada.com
Debbie Carone, Ofc. Mgr.

WHITE PINE COUNTY

• Ely

ID: 49585
STEWART TITLE OF NE NEVADA (BR)
(T STG)
665 Campton St.
89301
775-289-3074
775-289-3628 (FAX)
http://www.stewartnenevada.com
Tracy Robison, Ofc. Mgr.

Oregon

DESCHUTES COUNTY

• Sisters

ID: 45394
AMERITITLE (BR)
(T TI)
220 S. Pine St., Ste 106
P.O. Box 668
97759
541-549-8089
541-549-8086 (FAX)
Linda Stelle, Pres.
Cindy Neugart, Genl. Mgr.
Denise Bailey, Br. Mgr.

MARION COUNTY

• Keizer

ID: 42649
AMERITITLE (BR)
(T TTI)
5305 River Rd., N.
97303
503-463-1439
503-463-0127 (FAX)
Linda Stelle, Pres.
Michael DeRochier, Genl. Mgr.
Sandee Breshears, Br. Mgr.

• Salem

ID: 2479
AMERITITLE (BR)
(T TTI)
P.O. Box 652
320 Church St., N.E.
97301
503-581-1431
503-363-0065 (FAX)
titledpt@cyberis.net
Linda Stelle, Pres.
Michael DeRochier, Genl. Mgr.

ID: 45393
AMERITITLE (BR)
(T TTI)
University Station
698 12th St., S.E., Ste. 130
97301
503-585-8117
503-585-8662 (FAX)
Linda Stelle , Pres.
Michael DeRochier, Genl. Mgr.
Shelley Howe, Br. Mgr.

UMATILLA COUNTY

• Hermiston

ID: 2503
AMERITITLE (BR)
Formerly Homestead Title
(T CTIC)
100 E. Gladys St., Ste. C
97838
541-567-9111
541-567-1114 (FAX)
Linda Stelle, Pres.
Charlotte Symons, Genl. Mgr.
Brenda Roquet , Br. Mgr.

WASCO COUNTY

• The Dalles

ID: 2511
AMERITITLE (BR)
(T FTIO)
217 E. Third
P.O. Box 632
97058
541-296-9194
541-296-5534 (FAX)
Linda Stelle, Pres.
Randi Condon, Genl. Mgr.

WASHINGTON COUNTY

• Tigard

ID:49478
PACIFIC NORTHWEST TITLE OF OREGON, INC.
9020 SW Washington Square Rd.
Ste. 220
97223
503-671-0505
503-671-0510 (FAX)
William O. Carter, Pres.
Jeff Martin, Exec. V.P.

Washington

BENTON COUNTY

• Kennewick

ID: 47087
FIRST AMERICAN TITLE CO. OF THE TRI-CITIES
MEMBER SINCE 1998
4018 W. Clearwater Ave.
99337
509-783-8828
509-783-6239 (FAX)
Patricia J. Taylor, Mgr.
~Other Counties Served~
Franklin, Adams, Lincoln

1999 ALTA Agent/Abstracter Compensation Survey

By Mark A. Bilbrey and Richard W. McCarthy

In 1997, the ALTA Abstracter/Agent Research Committee began conducting an annual survey of its constituency on a selected topic. Each year the focus of the survey, aside from the core questions, has changed based upon the Committee's understanding of what the Abstracter/Agent section of ALTA determined to be timely and of greatest value. In 1999 the Committee undertook a comprehensive survey of salaries and benefits paid to employees of abstracters and agents by position.

In this article, we summarize the third survey in a series designed to describe operating statistics and other characteristics of abstracters and title agents. Information developed in these surveys is helpful in comparing one company with another and in tracking changes in the industry. The compensation and benefits information in the current survey will be useful in determining competitive rates of pay and in comparing labor costs.

This survey of salaries and benefits was conducted during the Summer and Fall of 1999 by The American Land Title Association. All ALTA members who are title agents and/or abstracters were invited to participate. In addition to staffing, salaries, other cash compensation, and employee benefits, this report describes types of business activities, gross revenue, operating expense, and other operating statistics. These latter characteristics are comparable with similar information reported from surveys in 1998 and 1997.

How Responses Are Reported

Salary and cash bonus information was surveyed for 19 jobs common to abstracters and title agents. These job categories are: chief executive officer, top legal officer, chief financial officer, chief operating officer, chief information officer, treasurer, controller, title examiner, marketing/sales rep., office manager, escrow officer/closer, accountant/bookkeeper, processor/shipper, abstracter/searcher, secretary, clerical, multi-functional, and receptionist. Gross revenue is the company characteristic most strongly associated with executive and manager compensation. Salaries and cash bonuses for all 19 jobs are broken out for four categories of gross revenue, five categories of staff size, five categories of operating expense, four categories of population (number of people in all of the counties in which the company conducts business), four categories of daily instruments (number recorded daily in all of the counties in which the company conducts business), and two categories based on percent of the business represented by residential transactions. Salary and bonus data is also broken out for seven categories of company type.

Revenue is the most important characteristic associated with compensation. All survey responses are reported for the four categories of annual revenue used in reporting salaries and cash bonuses. The number and percent of respondents in each of those revenue categories is:

Less than $500,000	51%
$500,000–$999,999	21%
$1 million–$3 million	18%
More than $3 million	7%

Mark Bilbrey is Chairman of the ALTA Research and Finance committees. Richard McCarthy is ALTA Director of Research.

Fewer abstracters and title agents with revenue less than $500,000 participated in this year's survey, compared with the 1998 and 1997 surveys. Almost 60 percent of participants in those previous surveys reported revenue less than $500,000, compared with 51 percent in 1999. The proportion of participants with revenue of $500,000–$999,999 increased to 21 percent in 1999 from 13 percent in 1998. The proportion of participants with revenue of $1 million or more is approximately the same as in the two previous surveys. However, in the two previous surveys, a relatively large number of respondents—16 percent in 1998 and 12 percent in 1997—did not report annual revenue. This year's questionnaire, to encourage a response, asked respondents to check a revenue category rather than report an actual number.

As measured by number of full-time employees, companies participating in 1999 appear slightly larger, on average, than companies that participated in the two previous surveys. The percent of respondents in each of the five salary data reporting categories is:

1–2 full-time employees	18%
3-5	23%
6–10	26%
11–25	21%
More than 25	9%

Only 11 respondents (three percent) did not report number of full-time employees. Full-time employees range from an average of 4 in companies with revenue less than $500,000 to an average of 50 in companies with revenue greater than $3 million.

Salaries and cash bonuses are also

broken out for five categories of operating expense. The percent of respondents in each of these categories is:

Less than $100,000	10%
$100,000–$249,999	14%
$250,000–$499,999	14%
$500,000–$1 million	12%
More than $1 million	16%

A relatively large number of respondents (139; 34 percent) did not report their 1998 operating expense.

Other respondent characteristics, including total population of the counties in which the company conducts business, transactions recorded daily in these counties, the percent of the company's business that is residential, and the way the company is organized for accounting and tax purposes, are described under "Survey Results."

Survey Results:

A. Characteristics of Surveyed Companies

Among the 29 companies that reported 1998 gross revenue greater than $3 million, 15 (4 percent of the sample) had more than $5 million of revenue, including 6 that reported revenue of more than $10 million.

For all sizes of company, title insurance accounted for two-thirds of revenue. Among companies with less than $500,000 of revenue, abstracts accounted for more than 40 percent of revenue. Among larger companies, abstracts (if any) accounted for approximately 20 percent of revenue. Escrow/closing functions accounted for 19 percent of revenue among the 302 companies reporting. Smaller companies were more likely to have revenue from a law practice and only 16 of 412 respondents reported revenue from a law practice. **Table 1 describes gross revenue** in 1998.

The largest number of companies, 45 percent of the sample, are organized as Subchapter S corporations. Another 40 percent of respondents, including 59 percent of companies with more than $3 million revenue, are organized as C corporations. Fewer than 10 percent of respondents, mostly companies with less than $500,000 of revenue, are organized as sole proprietorships. Only a handful of respondents are organized as one or another form of partnership. **Table 2 describes type of company and geographic location** by annual revenue. The geographic distribution of the sample is:

New England (ME, NH, VT, MA, RI, CT) 1%
Mid-Atlantic (NY, NJ, PA) 5%
South Atlantic (DE, MD, DC, VA, WV, NC, SC, GA, FL) 4%
East South Central (KY, TN, AL, MS) 2%
East North Central (OH, IN, IL, MI, WI) 23%
West North Central (MN, IA, MO, ND, SD, NE, KS) 33%
Mountain (MT, ID, WY, CO, NM, AZ, UT, NV) 12%
West South Central (AR, LA, OK, TX) 11%
Pacific (WA, OR, CA, AK, HI) 6%

Companies with less than $500,000 annual revenue reported an average of four full-time employees. One-third reported one to two full-time employees. Companies with revenue of $500,000 to less than $1 million reported an average of 10 full-time employees. Companies with revenue between $1 and $3 million reported an average of 19 full-time employees. Companies with revenue greater than $3 million reported an average of 50 full-time employees. Two-thirds of these largest companies reported more than 25 full-time employees.

Operating expense in 1998 was $400,000 or more among the 273 companies reporting. Companies with less than $500,000 in revenue reported an average of $174,000 operating expense. Companies with more than $3 million in revenue reported an average of $8,343,000 of operating expense, although one-half of these companies reported $4.3 million or less operating expense.

Companies with less than $500,000 in revenue reported an average payroll of $106,000. Companies with more than $3 million revenue reported an average payroll of $4.6 million. As revenue increased, payroll as a percent of operating expense decreased. Companies with revenue less than $500,000 reported that payroll was 69 percent of their operating expense. Payroll was 55 percent of operating expense for companies with more than $3 million of revenue.

B. Employee Cash Compensation

Tables and charts describe average rates of pay and cash bonuses for all 19 surveyed jobs. Total cash compensation is also reported for 7 executive jobs. Low and high rates of pay are reported for all other jobs. Chart 1 compares average rates of pay for all jobs.

Rates of pay, especially among the executive jobs, vary widely. A relatively small number of high-paid executives and/or high-paying companies skews average rate of pay for many of the surveyed jobs. In such cases, the median may be a better estimate than the average of "typical" salary for that job. The number and variety of breakouts for each job is designed to show the wide range of pay reported for most jobs.

Years of experience in the job was surveyed for the seven executive jobs. ***Although not all companies that reported an executive salary reported years of experience***, the comparison between rates of pay of executives with less than 10 years of experience and those with 10 or more years of experience is interesting:

Years of Experience

Average Salary for	<10	10+
Top executive	$48,283	$73,457
COO	35,883	61,211
CFO	50,225	57,855
CIO	41,291	56,157
Treasurer	42,500	25,853

The entire survey is available from ALTA for $250 to Association members and for $1000 to non-members. Please direct inquiries to Richard McCarthy at ALTA, 800-787-ALTA, extension 216.

ENDNOTES:

Format of Tables and Explanation of Statistics

Several conventions are followed in all tables describing company characteristics and employee benefits:

- zero percent, "0%", indicates the response was less than 0.5 percent of the column total,
- a dash, "–", indicates there was no response to report, and
- a blank, " ", indicates there were too few values to calculate a median.

The base row, the first row in a table, reports total number of respondents and the number of respondents in each of the columns in that table. The number of responses reported by a table may be less than 412 companies when the table reports responses of various groups. Groups that contain fewer than all respondents

Table 1. Company's Gross Revenue in 1998

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
Gross Revenue in 1998					
Less than $500,000	209	209	–	–	–
	51%	100%	–	–	–
$500,000–$999,999	85	–	85	–	–
	21%	–	100%	–	–
$1–$3 million	76	–	–	76	–
	18%	–	–	100%	–
$3.1–$5 million	14	–	–	–	14
	3%	–	–	–	48%
$5.1–$10 million	9	–	–	–	9
	2%	–	–	–	31%
More than $10 million	6	–	–	–	6
	1%	–	–	–	21%
Not reported	13	–	–	–	–
	3%	–	–	–	–
Revenue Generated From Each Activity					
Title insurance					
Number Reporting	352	166	81	71	29
Average percent	*66%*	*67%*	*66%*	*64%*	*67%*
Median	*72%*	*75%*	*70%*	*70%*	*71%*
Abstracts					
Number Reporting	253	160	42	34	16
Average percent	*36%*	*43%*	*26%*	*21%*	*20%*
Median	*20%*	*25%*	*10%*	*11%*	*14%*
Escrow/closing functions					
Number Reporting	302	138	73	64	24
Average percent	*19%*	*15%*	*22%*	*23%*	*22%*
Median	*18%*	*14%*	*20%*	*21%*	*19%*
Revenue from law practice					
Number Reporting	16	9	1	6	0
Average percent	*23%*	*22%*	*5%*	*28%*	–
Median	*10%*	*15%*		*10%*	–
Revenue from other activities					
Number Reporting	121	50	35	21	14
Average percent	*10%*	*12%*	*9%*	*9%*	*10%*
Median	*7%*	*10%*	*6%*	*6%*	*9%*

Table 2. Type of Company and Geographic Location

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
Type of Company					
Sole proprietorship	34 8%	28 13%	5 6%	1 1%	– –
Subchapter S corporation	186 45%	97 46%	34 40%	43 57%	10 34%
C corporation	166 40%	75 36%	39 46%	27 36%	17 59%
Partnership	9 2%	5 2%	2 2%	2 3%	– –
Limited liability corporation (LLC)	9 2%	4 2%	2 2%	– –	2 7%
Limited liability partnership (LLP)	2 0%	– –	– –	2 3%	– –
Other type	1 0%	– –	– –	– –	– –
Not reported	5 1%	– –	3 4%	1 1%	– –
Geographic Location					
New England	6 1%	4 2%	1 1%	1 1%	– –
Mid-Atlantic	22 5%	8 4%	3 4%	7 9%	4 14%
South Atlantic	18 4%	7 3%	1 1%	6 8%	1 3%
East South Central	10 2%	3 1%	5 6%	2 3%	– –
East North Central	93 23%	47 22%	21 25%	19 25%	4 14%
West North Central	137 33%	92 44%	22 26%	13 17%	4 14%
Mountain	49 12%	22 11%	12 14%	11 14%	4 14%
West South Central	45 11%	19 9%	9 11%	7 9%	8 28%
Pacific	26 6%	3 1%	10 12%	9 12%	4 14%
Not reported	6 1%	4 2%	1 1%	1 1%	– –

Table 3. Number of Office Locations

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
Is Location Responding to Survey Your Primary Office?					
Yes	402 98%	204 98%	84 99%	75 99%	28 97%
No	7 2%	3 1%	– –	1 1%	1 3%
Not reported	3 1%	2 1%	1 1%	– –	– –
How many offices in addition to this location does your company have?					
6 or more additional offices	19 5%	1 0%	2 2%	2 3%	14 48%
3–5	22 5%	1 0%	2 2%	11 14%	7 24%
1–2	78 19%	22 11%	19 22%	30 39%	2 7%
Average number *Median*	*4* *1*	*2* *1*	*2* *1*	*2* *2*	*11* *6*
Not any/not reported	293 71%	185 89%	62 73%	33 43%	6 21%
How many of these other offices are included in the survey response?					
Number Reporting	119	24	23	43	23
All	96 81%	17 71%	21 91%	35 81%	21 91%
Some	2 2%	1 4%	– –	– –	1 4%
Not any	16 13%	3 13%	2 9%	7 16%	1 4%
Not reported	5 4%	3 13%	– –	1 2%	– –

Table 4. Number of Employees

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
Number of Full–Time Employees at Primary Location					
1–2	76	72	2	1	–
	18%	34%	2%	1%	–
3–5	93	76	8	2	–
	23%	36%	9%	3%	–
6–10	109	50	41	10	4
	26%	24%	48%	13%	14%
11–25	86	3	32	45	6
	21%	1%	38%	59%	21%
More than 25	37	–	1	17	19
	9%	–	1%	22%	66%
Average employees	*12*	*4*	*10*	*19*	*50*
Median	*6*	*3*	*10*	*19*	*35*
Not reported	11	8	1	1	–
	3%	4%	1%	1%	–
Number of part–time employees at primary location					
Number Reporting	246	120	51	47	21
Average part-time	*2*	*2*	*2*	*3*	*5*
Median	*2*	*1*	*2*	*2*	*4*
How many full–time employees work at other offices?					
Number Reporting	103	17	20	41	22
Average full-time	*25*	*4*	*5*	*8*	*92*
Median	*6*	*2*	*3*	*6*	*46*
How many part–time employees work at other offices?					
Number Reporting	54	10	13	11	18
Average part-time	*5*	*1*	*2*	*2*	*13*
Median	*2*	*1*	*1*	*1*	*8*

Table 5. Operating Expense and Payroll

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
What Was Company's Operating Expense in 1998?					
Less than $100,000	40 10%	38 18%	1 1%	– –	– –
$100,000–$249,999	59 14%	53 25%	6 7%	– –	– –
$250,000–$499,999	59 14%	32 15%	23 27%	4 5%	– –
$500,000–$1 million	49 12%	– –	29 34%	19 25%	1 3%
More than $1 million	66 16%	– –	1 1%	42 55%	23 79%
Average expense ($000's)	*$1,238*	*$174*	*$510*	*$1,316*	*$8,343*
Median ($000's)	*$400*	*$139*	*$499*	*$1,246*	*$4,336*
Not Reported	139 34%	86 41%	25 29%	11 14%	5 17%
What Was Company's Payroll in 1998?					
Less than $100,000	74 18%	72 34%	1 1%	– –	– –
$100,000–$249,999	73 18%	61 29%	10 12%	– –	– –
$250,000–$500,000	66 16%	3 1%	49 58%	14 18%	– –
More than $500,000	80 19%	– –	5 6%	51 67%	24 83%
Average payroll ($000's)	*$685*	*$106*	*$379*	*$776*	*$4,623*
Median ($000's)	*$246*	*$96*	*$330*	*$760*	*$2,388*
Not reported	119 29%	73 35%	20 24%	11 14%	5 17%
Ratio, Median Payroll to Median Operating Expense					
Percent payroll	62%	69%	66%	61%	55%

Table 6. Orders Received and Number of Insurers

	Total Survey	Gross Annual Revenue: Less than $500,000	$500,000–$999,999	$1 million–$3 million	More than $3 million
Number Reporting	412	209	85	76	29
How Many Orders Did This Company Receive in 1998?					
Less than 750	84 20%	80 38%	1 1%	2 3%	– –
750–1,499	83 20%	52 25%	22 26%	4 5%	– –
1,500–2,999	77 19%	20 10%	31 36%	22 29%	2 7%
3,000 or more	83 20%	6 3%	16 19%	40 53%	21 72%
Average orders	*3,870*	*1,032*	*2,521*	*4,163*	*27,486*
Median	*1,400*	*720*	*1,891*	*3,405*	*7,200*
Not reported	85 21%	51 24%	15 18%	8 11%	6 21%
For How Many Different Title Insurers Did This Company Write Business in the Past Year?					
One	137 33%	78 37%	34 40%	16 21%	4 14%
Two	110 27%	56 27%	22 26%	24 32%	7 24%
Three	63 15%	22 11%	13 15%	18 24%	8 28%
Four or more	55 13%	12 6%	14 16%	17 22%	10 34%
Not reported	47 11%	41 20%	2 2%	1 1%	– –

Highest to Lowest Average Salary

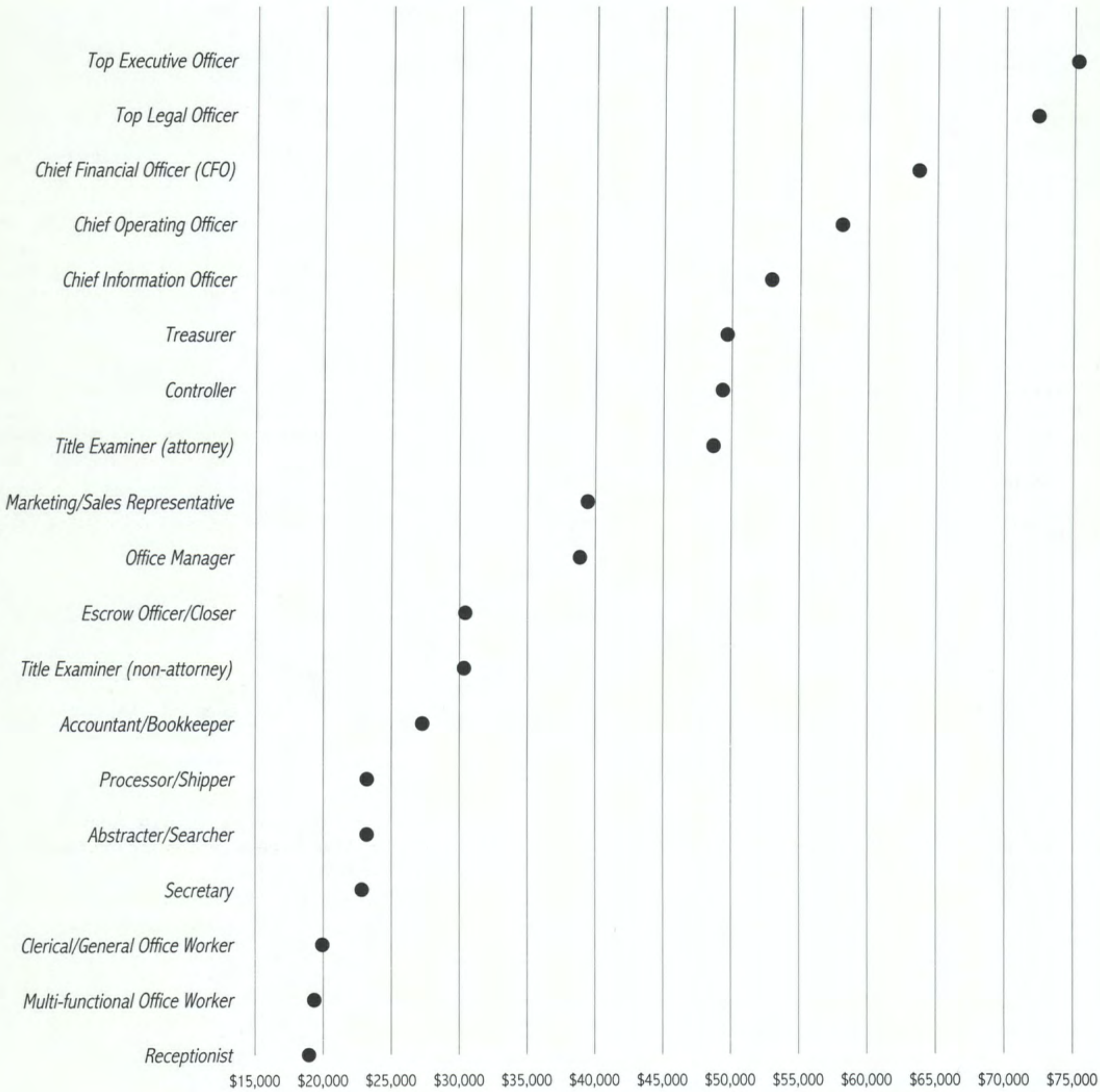


Chart 4. ALTA's Abstracter & Title Agent 1999 Compensation & Benefits Survey

NAMES IN THE NEWS

Movers and Shakers

At its recent board meeting , the PMI Group, Inc., elected **Roy W. Lassiter** to chairman and CEO of Orlando-based American Pioneer Title Insurance Company (APTIC), a wholly-owned subsidiary of PMI. Lassiter has been President and CEO of American Pioneer since 1985. Mr. Lassiter is a 25-year veteran of the title insurance industry. He is a CPA and a member of the Title Insurance Underwriter Section Executive Committee of the American Land Title Association.

In Northville, New York, Lee & Mason Financial Services recently announced that **Raymond Wahl** has joined the company as a senior vice president in its Hartford, CT office, where he will work on the development of new products and programs. Prior to joining Lee & Mason, Mr. Wahl was a senior vice president at Executive Risk, where he was the architect of that firm's entry into various errors and omission lines of insurance. Mr. Wahl also spent 14 years at AIG where he developed and managed numerous professional liability coverages.

Investors Title Insurance Company of Chapel Hill, NC announced this quarter that **Gary M. Whaley** has joined the Company as a member of its title attorney staff. In this position, Mr. Whaley will be based in the Company's home office in Chapel Hill, where his responsibilities will include marketing and technical support throughout the state. In addition, president W. Morris Fine announced that **Raeford W. Wall, Jr**. has joined the company as vice president, marketing. In this position, his primary responsibility will be expanding the company's operations nationally. Finally, it was also announced that **George A. Snead** has joined the company as senior vice president, marketing. Mr. Snead brings to the position over twenty-four years of banking experience. Investors Title Insurance Company is North Carolina's largest title insurer, and a leader in both commercial and residential title insurance.

SMS Settlement Services, Inc. in Orange, CA recently announced the retirement of former ceo **Robert W. Carlile**. Involved with information technology for the last 39 years, Carlile began his career as a systems analyst at Prudential Insurance Company in Newark, NJ, spent 13 years at Hughes Aircraft Company, founded Accurate Networks, then to SMS. He is credited with much of the longevity and success of SMS, through the application of his vision and experience.


Lassiter


Carlile

The Security Title Guarantee Corp. of Baltimore has promoted **Deb McClarigan** to state manager for the Commonwealth of Pennsylvania and for the state of New Jersey. Deb possesses over 25 years of experience in the real estate industry. She brings a strong knowledge and understanding of title insurance practices and is known in the industry for her outstanding level of customer service. The firm also announced the appointment of **Jonel Bergeron** to the position of state man-

Evans

Thornton

Drummonds

Maleare

ager for the Eastern region of the state of Maryland and the state of Delaware. Since joining the firm in September 1998, Jonel has been the interim state manager for the Commonwealth of Pennsylvania. Additionally, she has concentrated much of her effort in assisting Security agents with establishing Affiliate Business Arrangements. Finally, the company has appointed **P. King Holmes,** Esq., as the regional underwriting counsel and state representative for the state of South Carolina. King comes to the firm with over 27 years of industry experience , having recently retired from Atlantic Title Insurance Co., where he served as President.

First American Title Insurance Co., with its Mid-Atlantic Regional Headquarters in Fairfax, VA, recently announced the following promotions: **Richard H. Jackson** of its Richmond office to vice president; **Deborah S. Asero, C. Timothy Darnell, and Mark R. Sarber** of its Fairfax office to assistant vice president; **Harry Shutinya** of its Baltimore office to assistant vice president, and **Roxie A. Stalter** of its Norfolk office to assistant vice president. Finally, the firm has named Drew Cree to the newly created position of vice president of human resources. In the new position, Cree is responsible for the development and implementation of the company's human resource strategy.

At Chicago Title and Trust Co., the following people have recently received promotions: **Anna Batten** (to assistant vice president, CTIC and Ticor Title); **Sheri Boddy** (to assistant vice president and senior sales representative, CTIC); **Nicole Carr** (to assistant vice president, Chicago Title Co., Ticor Title and Security Union); **Margaret Deese** (to manager, Monroe, NC); **Vicki Dwello** (to assistant vice president, CTIC, remaining escrow fund manager, Coon Rapids, MN); **Clydene Edmonds** (to assistant vice president, CTIC, remains underwriting counsel, McLean, VA); **Morris Evans** (to vice president, Chicago Title Co., Ticor Title and Security Union, remaining CPF manager, Walnut Creek, CA).

Also at Chicago Title and Trust Co., promotions were recently made for: **Libby Frank** (to assistant vice president, CTIC, remaining escrow manager, Edina, MN); **Tammy Freese** (to escrow officer, CTIC, Geneva, IL); **Marcia Lerner** (to assistant vice president, CTIC, East Brunswick, NJ); **Doris Mahonie** (to construction escrow officer, Chicago, IL); **John Menkel** (to manager, C&I service center, from senior escrow manager, now Orlando, FL); **Elizabeth Morrissey** (to assistant vice president, CTIC, Stamford, CT); **Debra Steen** (to assistant vice president, CTIC, remaining CPU manager, Eden Prairie, MN); **Katie Tigner** (to construction escrow officer, CTIC, Chicago, IL).

At the Arkansas Land Title Association, **Jeremy Thornton** was elected to serve as president of the Arkansas Land Title Association for 1999-2000. Jeremy is president of Mena Title Company in Mena, AK and has been in the title insurance industry since 1983. The Association also named **Joy Drummonds** the "Titleperson of the Year" at its recent convention, in recognition of having served as president of the association and continuing to serve the title association and industry in general. Joy is president and owner of Washington County Abstract. Finally, **Charlene Maleare** has been elected to the Arkansas Land Title Association Board of Governors. She is a real estate closer for Lenders Title in Mountain Home. Charlene is a licensed abstracter, recipient of the Young Titleperson Award, and has served on committees for organizations including the North Central Board of Realtors and the Mountain Home Business & Professional Women.

Headquartered in Richmond, VA, the LandAmerica Financial Group, Inc. announced the election of **G. William Evans** to the position of executive vice president and chief financial officer of the company, effective immediately. He replaces **Jeffrey A. Tischler** who has left the company to pursue other interests. Of Tischler, chairman and ceo Charles H. Foster, Jr. said, "Jeff Tischler has been a key member of executive management since joining us in February 1998. His many contributions have included playing an important role in our highly successful 1998 public offering, assisting in the efficient integration of Commonwealth Land Title Insurance Co. and Transnation Insurance Co., into the LandAmerica family of companies. We wish him well in his future endeavors." Mr. Evans had previously served as executive vice president, information technology with LandAmerica since February of 1998 and was vice president and treasurer of the company from October 1991 to February 1998.

At the company's new Absecon, NJ sub-office, Commonwealth Land Title (a subsidiary of LandAmerica) announced the appointment of **Michael W. Andrews** as assistant vice-president and branch manager. Andrews was formerly with the Title Company of New Jersey and has 22 years of experience in the title industry, focusing on settlements, sales, marketing, and management. In his new position, he will be responsible for overseeing the operations of the new sub-office, which will serve the title insurance needs of residential and commercial customers in the Northern part of Atlantic County.

Nichols

LandAmerica also announced the appointment of **Susanne Bratter** to commercial sales representative in the company's National Commercial Services office in San Francisco. Ms. Bratter joined Lawyers Title Insurance Corporation, a subsidiary of LandAmerica, in 1989 as underwriting counsel in the former San Francisco National Division Office. Prior to joining that firm, she was in private law practice as a partner with Paoli & Bratter and with Bratter & Medlin, in Oakland. Also in Richmond, LandAmerica has announced that

Kathryn L. Givens has joined corporate headquarters as assistant treasurer. Ms. Givens was previously employed as assistant treasurer with Helig-Meyers Company, also in Richmond. She has B.S. degree in finance from Virginia Polytechnic Institute and State University, as well as an M.B.A. from the University of Richmond.

Also in Richmond at headquarters, LandAmerica appointed **Gregg K. Colbo** senior title officer in the National Commercial Services (NCS) office in Seattle, WA. Colbo previously served as chief title officer/title operations manager for Transnation Title Insurance Co., a LandAmerica subsidiary. He has 16 years of industry experience and graduated from Central Washington University in Ellensburg with a B.A. degree. In the National Commercial Services office in Tampa, FL, **Keren L. Baki** has been appointed national accounts administrator. She joined the firm as a commercial escrow closer in the NCS office in 1997 and has five years industry experience. A new NCS office has been opened in San Diego, CA, and will be managed by **John H. Agle, Esq**. **Katherine I. Leicht** will assist in coordinating commercial projects. Also in California, **Susan B. Nichols** is the new national commercial sales representative in San Francisco. Ms. Nichols was formerly senior commercial escrow officer in the San Francisco NCS office and for Lawyers Title Insurance Co.'s former National Division. She has 26 years of experience in the title insurance business.

For LandAmerica's Phoenix-based subsidiary, Lawyers Title of Arizona, **Dan Robledo** has been appointed president and state manager. Most recently, Robledo was their senior vice president of escrow operations. In his new position, he will be responsible for statewide operations throughout the state, including those in Maricopa, Pima, and Santa Cruz counties. In addition, **Ross Wagner**, formerly Ohio agency manager for Lawyers Title Insurance Co., has joined the National Affiliated Agents Department as vice president. He graduated from David N. Myers College, in Cleveland, OH with a B.S. degree. Finally, **Ross W. Dorneman** was recently appointed to the position of senior vice president/human resources director at corporate headquarters in Richmond. Dorneman was previously compensation and benefits manager for Crestar Financial Corp., where he also served as Crestar's regional personnel manager. He is a graduate of George Washington University in Washington, DC with a B.S. in business. He also attended the University's graduate school of business.

Merger and Acquisition News

At Metropolitan Title Company of Howell, Michigan, **Ken Lingenfelter**, president and ceo, recently announced the acquisition of Charlevoix Abstract & Title in Charlevoix, Michigan. According to **Grant Elowsky**, manager of the Charlevoix company, "We are excited to become a part of the Metropolitan Title Company team. It's impressive resources, combined with our ability to offer services in Charlevoix, Antrim, Emmet, Cheboygan, and Mackinaw Counties from one single source, made it a natural to join the Metropolitan team."

Michael K. Massey, president and ceo of Landmark Title, Inc. of Manchester, New Hampshire, and **Richard A.**

Morin, president of Maine Title Company of Kennebunk, Maine, jointly announced the acquisition of Maine Title Company by Massey. Fourteen years of experience and strategic location were primary factors in the decision to acquire the Maine title company, according to Massey. "We were already serving customers in southern Maine and were looking to expand our presence in the area. Local offices will enable us to offer our customers more personalized service, " he commented. Maine Title Company will continue to operate under its own name.

First American Title Insurance Company has signed an agreement to acquire Kansas-based Security Land Title Company from owners **Jack Kerwin, Bill Perry, Ed Gomez,** and **Terry Anderson**. Security Land Title, with approximately 200 employees, will continue to operate under its own name, and Kerwin, a 31-year veteran of the title industry, will continue to serve as its president. The acquisition complements other First American acquisitions in the Kansas area and increases its geographic coverage.

Lawyers Title Insurance Corp., a subsidiary of LandAmerica Financial Group, Inc., has announced the acquisition of TransOhio Title Agency of Gahanna, effective October 1. The former agency will operate as a branch of Lawyers Title from its existing office and will serve the title insurance needs both residential and commercial customers. **Lawrence Press, Esq**., a residential underwriter for Lawyers Title, will serve as manager of the new operation.

COMPENSATION, *continued from page 33*

are identified by a bold-face heading immediately preceding a new base row for that group.

When a table reports categorical responses—for example, "Yes" and "No" answers—the response is represented by two rows. The first row reports the number of respondents who gave that answer. The second row reports the percent of all respondents (in that column) who gave that answer.

In tables that report numbers—for example, offices, employees, annual revenue, and similar distributions—responses are summarized and described by an average and a median. The average is the simple arithmetic mean of all the numbers reported. The median is the middle of the distribution of reported numbers and does not necessarily represent an actual reported number. The median is calculated when three or more numbers were reported.

Compensation Statistics. In the tables that report salaries and cash bonuses, the average is reported in the column labeled "Average Salary" and the median is reported in the column labeled "50% Earn More."

Two percentiles are also reported in these tables. The 75th percentile is labeled "25% Earn More." The 25th percentile is labeled "75% Earn More." These percentiles are measures of location on the distribution of all actual salaries and average salaries reported to the survey. If all the reported salaries are listed from lowest to highest, the 25th percentile is the point at which 25 percent of all reported salaries are lower. The 75th percentile is the point at which 75 percent of all reported salaries are lower.

Actual salary and *1998 cash bonus*, if any, was reported for the following jobs:

- Top Executive Officer
- Chief Operating Officer
- Chief Financial Officer
- Chief Information Officer
- Treasurer
- Controller
- Top Legal Officer

Actual salary and cash bonus were added to obtain *total cash compensation*. Average cash bonus and average total compensation are reported for each of these seven executive jobs. The number of companies that reported a cash bonus is reported, along with the 75th percentile, median, and 25th percentile of the reported bonuses.

In the remaining 12 surveyed jobs, many companies reported more than one incumbent. All companies with more than one incumbent reported the average salary or average rate of pay for those jobs. Companies with more than one incumbent also reported the lowest salary or rate of pay, and the highest salary or rate of pay. For each of these 12 jobs, respondents also reported the average 1998 cash bonus, if any.

MARKETPLACE

Rates for situations wanted or help wanted are $80 for first 50 words, $1 for each additional word, 130 words maximum (per insertion rate drops to $70 for first 50 words, $1 for each additional word, for three or more consecutive placements). For sale or wanted to buy ads have a rate of $250 for 50 words, $1 for each additional word, 130 words maximum (per insertion rate drops to $225 for 50 words and $1 for each additional word for three or more consecutive placements). Placing a box around an ad costs an extra $20 per insertion for help wanted or situations wanted, $50 per insertion for sale or wanted to buy. Blind box service available upon request.

Those desiring to place classified advertising in Marketplace, send ad copy and check made payable to ***American Land Title Association*** *to Title News Marketplace, American Land Title Association, Suite 705, 1828 L Street, N.W., Washington, D.C. 20036. Responses to classified placements should be sent to the same address unless otherwise specified in ad copy.*

Help Wanted

Bethesda-based, real estate commissions factoring start-up is looking for a **Vice President of Regional Sales**. Position will be responsible for creating strategic partnerships with real estate agencies and recruiting a sales force. Candidate must be a title/mortgage professional or a regional director of an agency. Salary+commissions. Fax resumes to **ADS547 @ (202) 822-9525**.

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December

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

American
Land Title
Association
1828 L Street, N.W.
Washington, D.C. 20036