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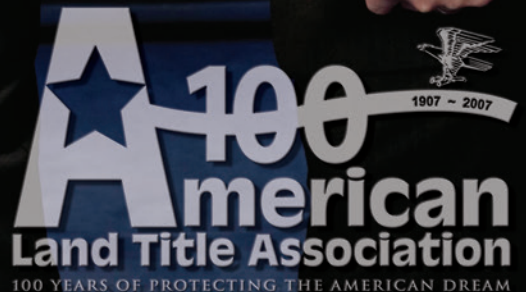
# TitleNews

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The relationship between independent title agencies and underwriters is changing at a dramatic pace. What is the future role for both in a morphing title industry?

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## ALTA EVENTS

Date	Event
March 6 - 7	Federal Conference The Willard Intercontinental Washington, DC
April 22 - April 26	Tech Forum Hyatt Regency Denver, CO
October 10-14	ALTA Annual Convention Chicago Hilton & Towers, Chicago, IL

## STATE CONVENTIONS

February 23 - 24	Alaska
April 12 - 14	Oklahoma
April 19 - 22	South Carolina
April 29 - May 1	California
May 3 - 5	New Mexico
May 7 - 9	Iowa
May 18 - 21	Pennsylvania
June 3 - 6	New Jersey
June 5 - 7	Wyoming
June 7 - 10	Virginia
June 8 - 10	Texas
June 21 - 23	Arkansas
June 21 - 24	New England

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The title professionals listed below took their industry training to the next level – they completed LTI’s Online Course 2 during the Fourth Quarter 2006.



## CONGRATULATIONS COURSE 2 GRADUATES!

Kathy Alexander	Timothy Elliott	Giselle Landin	Pat Ryks
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Teresa Douglas	Shannon Lackland	Diana Rodriguez	
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**LTI**'s Course 2 is an online, self-study course covering 15 industry topics, including chapters on land descriptions, subdivisions, encumbrances, UCC, water rights, endorsements, forms of commitments and policies, bankruptcy, claims, and reinsurance.

For further information about LTI's Online Courses, please visit the ALTA Web site: [www.alta.org](http://www.alta.org); click on Land Title Institute; and then Correspondence Courses.

Questions? Contact Kevin Russell at [kevin\\_russell@alta.org](mailto:kevin_russell@alta.org) or 202-331-7431.

# It's Time to Start a Movement

I believe our industry stands at an important crossroads, one that demands each of us to consider the value of the work we do, to passionately promote it — and to fight for it. Too often we merely react to the challenges faced by the title insurance industry. Our story is largely being written by our detractors. It's time for each and everyone of us to become an advocate for the essential services our organizations deliver, specifically to the U.S. real estate economy and more generally to the U.S. economy.

To advance our message with confidence means joining forces small and large, East and West, agent and underwriter, and setting aside some of our historically divisive points of view. The interests of our industry's members are not as far apart as they sometimes seem. From my perspective as a relatively new member of the ALTA leadership, I see that the commonality of interests between members of all sizes and types and separate geographies is far, far greater than the differences. Yet there is a disproportionate amount of attention given to the differences at the expense of building on the foundation of common interests. We must work together to move past the differences and focus on the value that we bring to the real estate transaction. Of course the competition in the marketplace is fierce, and should be; but we should strive to be more unified on the ideological principles on which our industry stands.

Those who are confident in the value and importance of what they do will always outperform those who feel apologetic, reluctant, and victimized. We need to engage, to educate, and to give voice to the value we create through our work. Because of the confidence our industry has provided to property owners and lenders for more than 130 years, families have prospered, seedling businesses have blossomed and grown, and the American economy thrives. This story is largely untold except in isolated fragments.

I challenge you to become active in ALTA and your state's local title association, and to look for commonality to build consensus and confidence. We have an obligation to each other and to this vital industry to do more than merely make a living. We must participate in the longer term mandate to define and extend our industry's value proposition. It's time to start a movement, and it begins with each of us.



– Ted Chandler



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- eTitleSearch.com** — Internet publishing can increase your revenue, expand your market and improve customer service.

## Document Management:

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- Property Profiles** — National database with advanced searching capabilities. Use full featured marketing tools and get presentation quality reports. Now enhanced with "Paint Your Farm" allowing interactive use of aerial imagery and data.

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- TitleWorkPlace** — Hosts, manages and delivers applications and services to users from an off-site, centralized location. Secure, reliable environment for data communications.

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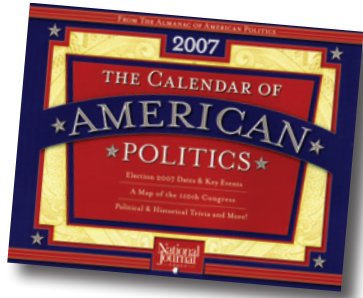
# news

## Calendar Ad Reaches Capitol Hill

As part of the ALTA public awareness program, ALTA has placed an ad in the Calendar of American Politics. The calendar is a one-of-a-kind resource providing information to Hill decision-makers and staffers on a daily basis.

It lists congressional birthdays and other key dates, political trivia, election facts,

and historical information. ALTA's ad will run in the month of May when Congress is still in session.



## Annual Convention to Celebrate ALTA's Anniversary

Make plans now to attend ALTA's Annual Convention, October 10-13, in Chicago. The convention will culmi-

nate the yearlong celebration of ALTA's 100th anniversary. ALTA's first convention in 1907 was in Chicago, and this year the anniversary theme will be carried throughout the convention. The Closing Banquet will be the party of the year, and you won't

want to miss it. Mark your calendars now, and look for program information this summer.



## Hill Staffers Recall ALTA Ad

ALTA has been running ads in the *National Journal* to reach members of Congress and Hill staffers with our messages. The "Myth/Fact" ad series features two ads designed to cut through the myths currently surrounding title insurance. One headline reads "MYTH: Title Insurance Costs Too Much. FACT: A onetime fee protects homeowners for as long as they own their home." How well is the ad campaign doing?

The *National Journal* partners with Harvey Communications to conduct interviews with 50 to 75 Hill staffers who subscribe to the *National Journal*. Staffers were asked if they recalled seeing an ad in a recent issue if they read

the ad and what their impressions were of that ad.

Seventy-eight percent recalled seeing the ALTA ad. Seventy-seven percent of those who recalled seeing the ALTA ad took the time to read it. One Senate press secretary said, "It's a factual ad that uses a list of benefits, not emotions. It's an informative ad." One House legislative director said, "I think title insurance serves an important purpose. Without it, banks would need different assurances, so I'd say this is an affordable and proven solution."

Ads are scheduled to continue running in the *National Journal* through the end of the year.

## Thank-You Louisiana!

At the Louisiana Land Title Association's 50th annual convention last December, outgoing LLTA president Melvin Maxwell presented ALTA Board member Anne Anastasi with a check for \$3,000 for the ALTA public awareness campaign.

ALTA would not be able to support the campaign without donations from members.

If you would like more information on the campaign, visit the ALTA Web site and look for the link to the Public Awareness Program on the right-hand side.



## Reach Homebuilders With Industry Message

If your company does any marketing directly to homebuilders, ALTA has developed an ad as part of the Public Awareness Program that is designed to help. The ad's headline reads: "Making Your Homebuyers Happy... from purchase to moving in... and for years to come." The ad is designed to educate homebuilders about how the title industry can be a valuable partner

to minimize problems, advise on mechanic's liens, and perform a title search and examination quickly to resolve difficulties. The ad can be customized in B&W or color in various sizes, and can be customized with your company's address and logo.

To find out more about this ad, contact Noel Alzua at Ervin Bell at 949-251-1166.



## Discover Solutions to Mile-High Challenges

That's the theme of ALTA's Tech Forum 2007 to be held April 22-24 in Denver, CO. This is the tenth anniversary of the Tech Forum, and the program is packed with outstanding sessions. This year sessions are in four tracks: Getting the Order; Processing the Order; Escrow & Closing; and Post-Closing.

Steve Wozniak, co-founder of Apple Computer, and now chairman and CEO of Wheels of Zeus, is the Opening General Session speaker. He designed the first personal computer and helped shape the computing industry.



Also new this year is an eRecording tour of the Douglas County Record-ers office. Attendees will have the chance to see each step of the eRecording process, from document receipt to stamping, fees, storage, and retrieval.

For more information and to register, visit the Meetings section of the ALTA Web site.

## TIAC Insures Over 8 Million

TIAC, the Title Industry Assurance Company, a member-owned, ALTA-endorsed provider of errors and omissions insurance, has recently reached its largest amount of insureds – 2,072, with \$8.7 million in premiums. Compare that to 1,800 insureds and \$7.8 million on premiums in July of 2005.

For more information on how TIAC can help your title company, visit the ALTA Web site and look for the TIAC logo in the bottom right-hand corner.





## Presidents Roll Call

LOOK FOR THIS SPECIAL PRESIDENTS ROLL CALL SECTION IN EACH ISSUE OF TITLE NEWS THIS YEAR, WITH A LISTING AND PHOTOS OF ALL ALTA PRESIDENTS. HERE ARE THE PRESIDENTS FROM 1927 THROUGH 1947.



**Walter M. Daly\***  
1927 - 1928  
Portland, OR



**Benjamin J. Henley\***  
1934 - 1935  
San Francisco, CA



**Charles H. Buck\***  
1941 - 1942  
Baltimore, MD



**Edward C. Wyckoff\***  
1928 - 1929  
Newark, NJ



**Henry R. Robins\***  
1935 - 1936  
Philadelphia, PA



**E.B. Southworth\***  
1942 - 1943  
Crown Point, IN



**Donzell Stoney\***  
1929 - 1930  
San Francisco, CA



**McCune Gill\***  
1936 - 1937  
St. Louis, MO



**Thomas G. Morton\***  
1943 - 1944  
San Francisco, CA



**Edwin H. Lindow\***  
1930 - 1931  
Detroit, MI



**William Gill\***  
1937 - 1938  
Oklahoma City, OK



**H. Laurie Smith\***  
1944 - 1945  
Richmond, VA



**James S. Johns\***  
1931 - 1932  
Pendleton, OR



**Porter Bruck\***  
1938 - 1939  
Phoenix, AZ



**A.W. Suelzer\***  
1945 - 1946  
Fort Wayne, IN



**Stuart O'Melveny\***  
1932 - 1933  
Los Angeles, CA



**Jack Rattikin\***  
1939 - 1940  
Fort Worth, TX



**J.J. O'Dowd\***  
1946 - 1947  
Tucson, AZ



**Arthur C. Marriott\***  
1933 - 1934  
Chicago, IL



**Charlton L. Hall\***  
1940 - 1941  
Seattle, WA

\*deceased



## Centennial Gems

Look for gems of information from ALTA’s history in this section of Title News all year long.

- In 1958 dues were \$10 for abstracters and individual attorneys. Law firms paid \$15 and title insurance companies paid \$100.



- An affiliated or state association could require an American Title Association applicant to become a member of both associations.
- The Annual Convention was only held in a city after an invitation from members of that state association. The state association assumed some of the costs related to the convention.
- If you read the history of 1958-1968 on page 24 you will note that the industry has struggled with public perception for years and years. For instance, in 1966 the *Washington Post* ran one article with the headline of “Loss Ratio is Infinitesimal – Title Insurance a Riskless Business.”



- ALTA started out headquartered in Detroit, MI, and moved to Washington, DC, in 1960.
- Other industries have tried to get into the title business for years. In 1969 ALTA successfully ended a ten-year challenge to keep the American Bar Association from entering the title business.

## Oh, the Places We’ve Been for Convention 1927 - 1947

- 1927 Detroit, Michigan
- 1928 Seattle, Washington
- 1929 San Antonio, Texas
- 1930 Richmond, Virginia
- 1931 Tulsa, Oklahoma
- 1932 Del Monte, California
- 1933 Chicago, Illinois
- 1934 Coral Gables, Florida
- 1935 Memphis, Tennessee
- 1936 Springfield, Illinois
- 1937 Philadelphia, Pennsylvania
- 1938 Oklahoma City, Oklahoma
- 1939 San Francisco, California
- 1940 New York, New York
- 1941 French Lick, Indiana
- 1942 Colorado Springs, Colorado
- 1943 St. Louis, Missouri
- 1944 Chicago, Illinois
- 1945 Chicago, Illinois
- 1946 Coronado, California
- 1947 Kansas City, Missouri

## State Associations Celebrating 100 Years

The following state associations have also celebrated 100 years (or are about to):

Michigan	1901	Illinois	1907
Iowa	1903	Indiana	1907
Washington	1904	Kansas	1907
Colorado	1906	Missouri	1907
Wisconsin	1906	Oklahoma	1907
California	1907		

# The Agent-Underwriter Dynamic—A Study in Change

The relationship between independent title agencies and underwriters is changing at a dramatic pace. What is the future role for both in a morphing title industry?

**N**owhere in the title industry is change more evident than in the evolving relationship between the independent title agent and the title insurer. Although the discussion of change in the industry often focuses on the rise of controlled business arrangements, bundling services, new regulations, increased enforcement, evolving technology, and the softening market, there is no doubt that the dynamic between the underwriter and the independent agent is significantly affected by all of these developments. Long considered to be the foundation of the title insurance industry, the agent-underwriter relationship looks much different than it did even 15 years ago. While some are struggling to comprehend their new role in the industry, others are embracing the metamorphosis. >>

by Robert Miller





So what will the agent-underwriter relationship look like in another 20 years? Some assert that the independent agent will be marginalized as the underwriter takes advantage of technology and direct operations in an approach of disintermediation. Others argue passionately that the local service delivered by independent agents cannot be replaced by national title plants and captive agencies, and that those agents will continue to play

a significant part in how title products are delivered. While the truth may lie somewhere in between, there is no arguing that the agent-underwriter dynamic will not be returning to “normal” anytime soon.

### The Agent-Underwriter Dynamic: The Way It Was

The title industry has always prided itself on quality of service and quality of relationships. Once upon a time, the independent title agent was the primary source of sales for regional or national title insurance companies, mostly because of the level of service he or she could deliver. The underwriter, for the most part, was not in touch with the customer directly—but rather, depended upon the agent for his or her relationships and particu-

larized regional knowledge. Bound by this dependence upon the agent for knowledge of local customers or quirks in the county recording system, no underwriter could afford to work in a location without a local presence. Thus, the independent agent was, to a great extent, a primary customer of the title insurer. The agency brought its network, its affiliations, its knowledge of the region’s customs, mores, and purchase patterns, and, hopefully, its business to the underwriter. For many the relationship was simple: the underwriter wrote the paper and the agent sold it.

### The Agent-Underwriter Dynamic—The Way It Is

Today, the underwriter is much more than a provider of title insur-

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ance to be sold by an independent agent. Several factors have combined to drive significant change in the agent-underwriter relationship. Technology and the increasing number of direct operations, in particular, have given the national underwriter

## Bigelow also points out that underwriters can be strong resources for the independent agent, and suggests that agents can use these resources to their advantage.

greater access at the regional level, and often at a reduced cost. Fred Reimer, president of Select Title Agency, Inc. in New Jersey, notes that underwriters today are far less dependent upon local agents for their specialized knowledge. “Technology and paperless recordings increasingly allow for searches and information to be obtained within minutes or seconds, at a significantly reduced expense,” he notes. “The underwriter’s need for the independent local agent and the commissions paid to that agent are greatly reduced.”

The improved access to title search resources at a national level, however, is not the only factor changing the national underwriter’s role at the local level. One source of great debate in the industry has been the rise of the direct operation or captive agency. Citing a need to control expenses (almost a form of supply-chain management), the national underwriter has opened direct offices in the locales once controlled by the independent agent. Now, instead of being forced to compete with other underwriters for the independent agent’s loyalty, the insurer can rely upon local agents

utilizing the local know-how once specific to independent agents, with less threat of losing out to a competitor.

David Townsend, president and CEO of Farmers National Title Insurance Company in Columbia, MO,

believes “the line has been blurred between the underwriter’s role as an underwriter and the underwriter’s role in direct title operations. We’re seeing more direct operations and title plant ownership at the national level than ever before, leading to a feeling on the part of the independent agent that he or she is competing with his or her own underwriter for business.”

It goes without saying that the rise of direct operations has been a source of heated discussion at all levels of the title industry. Some independent agents have voiced displeasure, struggling with the inherent conflict of competing with, in essence, their own supplier. These agents have argued that the underwriters might be inclined to favor their own direct operations in lieu of their independent agents. Other industry experts, however, have been more positive about the shift in the dynamic. Michael Kennerley, assistant VP, sales with Charles Jones Inc. in New Jersey, sees little change in the big picture. “Anyone producing an order could be perceived as a competitor,” he said. “However, having worked

with all of the major underwriters, I believe they are doing a good job striking a balance between supporting their direct operations and maintaining independent agency business.”

Ginger Bigelow, vice president and general manager of Beltway Title and Abstract in Maryland, acknowledges the change in the underwriter-agent dynamic and agrees that, in many instances, a direct operation amounts to competition between the partners. However, she notes that a variety of factors have enabled the underwriter to provide the local touch once reserved for independent agents. And she reluctantly agrees that the underwriters cannot be blamed for seeking to control costs. “The best service will only go so far anymore,” she notes. “Our customers now also demand speed, technology, and accuracy. As independent agents, we accept that we need to embrace the new model and work with the underwriters, rather than denying the new reality.”

Bigelow also points out that underwriters can be strong resources for the independent agent, and suggests that agents can use these resources to their advantage. New technology to improve the production process, and legal and compliance advice are all welcome facets of the new agent-underwriter relationship. In addition, Bigelow asserts that underwriters can often be a source of new business for the independent agent. “Our current underwriter has introduced us to new national accounts we wouldn’t have found without them. A midsize regional title company such as Beltway wouldn’t be likely to find business outside of our region without the help of an underwriter.”

Kennerley believes that underwriters are strong educational resources as well. “It can be difficult for the busy

independent agent to track all of the state and national compliance issues,” he said. “Whether offering compliance strategies or suggesting even operational approaches, the national underwriters are still providing strong services to the independent agent.”

### The Agent-Underwriter Dynamic—The Way It’s Going...

Even though the independent agent is no longer the only gateway to regional nuances and expertise, most agree that he or she is not going away. But what exactly will the agent’s role be in the future?

Bigelow, despite acknowledging the likelihood of an underwriter-dominated market, firmly believes the independent agent will always have a role in the industry. “In some cases, the underwriter is almost too big,” she said. “The customer wants to deal with a local person with a local touch. However, there may not be a need for as many independent agents in the future—the strongest will figure out where the industry is going and get there early.”

Reimer agrees, arguing that one major impediment to the existing independent agent is actually an influx of new, inexperienced title agencies. “The result is often that an experienced agent with high quality standards is often forced to undermine those standards in order to compete, which undermines the entire industry,” he said. While there may be fewer independent agents in the future, they will still have an important role to play from a local service perspective.

But is this transition good for the industry overall? Certainly agents feeling the pinch cannot be thrilled with the prospect of a smaller slice of the overall pie. But many agents, if



reluctantly, agree that the change may be good for the industry, and even the consumer. “The underwriters are moving the industry forward,” said Bigelow. “They’re pushing agents to be on top of their game, whether through bundling, new technologies, or delivery of a better product. It may not be enjoyable, but the increased competition may be improving the performance of many agents.”

Not everyone believes the future of the industry rests with the major national underwriters. Although many of the established regional insurers have long since been acquired by national underwriters, the last year has given rise to several new regional underwriters, many of them seeking to play off of the perceived antipathy of the independent agent toward the national insurer fielding direct operations.

Townsend’s regional title insurance company, Farmers National Title Insurance Company, which does not have direct operations, is one of several new regional firms looking to “fill the vacuum” created by consolidation in the underwriter segment. Townsend believes the role of the regional underwriter will be to “fill a gap in the need for service and technology that the Big Five may not always look for. In Missouri, for example, we service many smaller, rural agencies that provide an excellent source of revenue but might not be large enough to make it onto the national underwriters’ radar.” Reimer agrees that there will be a place for

the regional underwriter, noting that “as long as their business models are not to do direct business but rather support and feed their agents, there will be an increasing place for them.”

It is clear that the agent-underwriter dynamic will not revert to what it was years ago. Technology, regulation, and the demands of a changing marketplace ensure a changing service environment. However, it also seems clear that while the independent title agent’s role may change, the independent title agent will continue to have a significant role in the industry. As recently as 2003 a staggering 80 percent of the total premiums written included the work of independent title agents. There can be little doubt that independent agents will continue to have a place in this industry. Successful agents will need to adapt to new business models and adjust to changing market conditions. However, change is nothing new in an industry that is inherently cyclical. Occasionally lost in the current discussion about “normalization” and soft markets is the fact that the title industry is only one or two years removed from a historically successful performance. The long-term outlook for the title industry is nothing if not positive. By wielding new techniques and methods to deliver the quality of service on which the industry’s reputation is based, the forward-thinking independent agent will continue to flourish.



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# Ethics in the Real Estate Marketplace

With the title industry in the spotlight over the last two years, ethics among title professionals has become a hot topic. Learn how to adopt an ethical decision-making framework for your company and the importance of instituting a Privacy Policy.

**“Always do right — this will gratify some and astonish the rest.”**  
**Mark Twain’s 1901 message to the Young People’s Society**  
**Brooklyn, New York**

The consideration of ethics and its role in the business marketplace has received significant attention from regulators of the real estate profession and has increasingly become a required part of continuing education for real estate professionals to maintain their licensing. While we all strive to maintain ethical standards in our daily lives and work (see the sidebar for a good book on ethics), the real possibility exists that the increasingly dynamic real estate workplace of today may present real barriers to ethical decision-making for our business and our customers.

To overcome those obstacles:

- Develop an awareness of an ethical decision-making framework.
- Examine our workplace to determine barriers to ethical action.
- Identify specific problem areas, such as customer privacy and data security, unique to the real estate marketplace.
- Develop and implement tools for ethical decision-making and make them a part of our company culture.

While we are all generally familiar with the concept of ethics, *Webster’s New World Dictionary* defines it as: “relating to what is good or bad, having to do with moral duty and obligation.”

## The Business Environment

In the real estate marketplace, acting in an ethical framework involves not only the general requirement of conforming our conduct to good and moral conduct but also acting within

- A framework of regulations and laws affecting our industry
- Customs and expectations of our customers
- Defined principles of morality and fair dealing
- The needs of our customers.

The business environment of the real estate marketplace has become an incredibly stressful environment making the implementation of ethical decision-making more difficult, in part because of the compression of time in which to make business decisions. While there are multiple factors that have added to this stress level, there are three key areas.

### 1. Stress Level of Our Customers

We meet our customers at one of the most stressful times in their lives, and the context of our business relationship with them does little to reduce their anxiety. Numerous studies by psychologists have shown that in comparing the relative stress levels of specific life events, the process of buying or selling a home is as stressful as divorcing a spouse and only slightly less stressful than mourning the death of a loved one.

## 2. Declining Public Confidence

Despite the number of hours and years that real estate professionals labor at their profession, it is clear that the public perception of our honesty and ethics has dropped to surprisingly low levels. In an “Honesty and Ethics” poll conducted by CNN/USA Today/Gallup in November of 2003, only 18% of Americans ranked business people (and title professionals are business people) as engaged in a profession with very high or high standards of ethics and honesty. The most trusted professionals in the United States were nurses who, 83% of Americans believed, possess high or very high honesty and ethical standards. Not surprisingly, car salesman came in last at 7%. Lawyers came in at 16%, just above stockbrokers and just below congressmen.

## 3. Technological Advances

The real estate industry has benefited from the dramatic technological advances of the Internet, allowing communication with our customers, lenders, and data sources to be almost real time rather than the snail mail of the 1970s to the early 1990s. With the rapidity with which we are required to receive and process information, it would appear that the real estate industry should be able to process information more quickly, more efficiently, and in a more secure fashion than the paper-filled offices of yesteryear. Unfortunately, a Chicago researcher has found that the average worker in 1994 was able to complete, on average, 75% of his/her daily work. That same worker 12 years later was only able to complete 66% of his/her daily work despite the technological advances. The study found that many workers were on information overload, attempting to make too many

decisions in too short a time, and the technological advances of the Internet and email communication required them to multitask even though they were not adept at it.

It is clear that the stressful condition of our clients, the declining public perception of our industry, and advances in technology have all contributed to whirlwind work environments that make implementation of an ethical decision-making framework difficult. But the reality is the industry has no choice. Title companies need to implement an ethical framework as a corporate culture to ensure the company remains compliant with the myriad of laws and regulations that affect us.

## An Ethical Framework for Business Decisions

### Warning Signs

Have you or your employees ever made any of these statements when deciding whether to accept a transaction that has some ethical concerns?

- All my competitors do transactions like this one
- I will only do this one case
- No underwriter will ever notice this case in an audit
- I will lose business unless I do what the parties ask

### An Ethical Framework

It is easier than you might imagine to integrate personal ethics into the business place by asking the same questions of your business that you would of your personal life. When you or your employees must make a decision to take or decline a questionable transaction or to adopt a questionable business practice to compete in the marketplace, ask these questions.



- Would I do this if the details were published in a newspaper with my picture?
- Would this decision be questioned by my family and friends?
- Will I sleep soundly tonight if I make this decision?
- Is the decision or practice legal? Are there regulations that restrict such choices?

## Ethical Concerns Gramm-Leach-Bliley Act

The Financial Services Modernization Act, commonly known as the Gramm-Leach-Bliley Act, passed July 1, 2001, and imposed new ethical and legal requirements on financial services companies who routinely, and as part of their business, collect and maintain consumer financial data. In performing core title services, title companies historically have collected and maintained the sensitive and private data of customers as a critical part of performing the settlement service. Prior to the Act, individual real estate companies were left to create their own individual standards of safeguarding private customer data with little or no oversight by state or federal agencies. Subsequent to the passage of the Act,

individual financial services companies, including all title service providers, were federally mandated to adopt and promulgate to their customers their Privacy Policy, which would apply to the use of the personal financial data collected by the settlement firm in the conduct of their individual transaction.

■ It is easier than you might imagine to integrate personal ethics into the business place by asking the same questions of your business that you would of your personal life.

The response of the national title insurance underwriters to the passage of the Act was to provide their title agents with a generic prototype Privacy Policy. While the intent of the underwriting community was to provide a framework for title agents to develop their own internal Privacy Policies and description of their security policies, the effect was most often the adoption of the generic notice without change or without implementation of security measures. The ethical requirement of settlement agents subsequent to the passage of the Act was not only to abide by the legal requirements of the statute but also to examine their current office procedures to ensure that the privacy requirements of their customers were adequately safeguarded.

The unfortunate result of the adoption of a generic Privacy Policy is illustrated by the case of a real estate settlement provider in Kansas City, KS, that was prosecuted by the Federal Trade Commission in 2006 for, among other matters, failing

to honor its promise to consumers to maintain “physical, electronic and procedural safeguards” of the consumer’s personal financial information. In that prosecution the title agency’s Web site was infiltrated by hackers who obtained sensitive, personal information of the customers.

In addition, the agency was found to have discarded sensitive consumer financial information, including loan applications, in an unsecured trash dumpster behind its building.

Because the allegation of the complaint was the failure to honor the promise to consumers that the company maintained “physical, electronic and procedural safeguards,” it is critical that if your settlement company is making similar claims through your Privacy Policy, you actually put the advertised safeguards in place.

The penalty imposed by the Federal Trade Commission in this case included, among other penalties, a requirement that the company obtain an independent security audit every other year for 20 years.

Every title agent should review their adopted Privacy Policy and consider the following:

1. Do not adopt verbatim a generic Privacy Policy without ensuring that it is reflective of the actual privacy and security standards in place in your firm.

2. Utilize the Privacy Policy as a marketing tool to promote your firm by detailing the procedures in effect such as:

- Certification of Web site security by a Web site consulting firm
- Utilization of crosscut shredders and/or commercial shredding services
- Electronic secure storage of data on a CD-ROM given to customers at closing with destruction of the original documents in a secure fashion
- Market and promote data scanning on your Web site
- Market your firm as a secure and paperless entity with state of the art technology.

3. Consider implementing an electronic archival fee on the HUD-1 to defer costs in implementing security controls of data scanning to CD-ROM’s and promote efficiencies of future delivery of data to customers electronically.



4. Partner with your real estate agent customers to promote them by including their name and agency on the CD settlement file provided to your clients.
5. Post your Privacy Policy proudly on your Web site to alert the community and prospective customers that you ethically embrace and promote security in the conduct of your business.



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6. Consider including in your Privacy Policy the manner and retention length of customer information by a statement such as:

*"It is our policy to maintain settlement files for a period of \_\_\_ years from settlement in electronic form on CD-ROM's maintained in a secure, access-limited, environment, with hard copies of documents maintained in a private, secure, access-limited private storage facility. All records, electronic media, and/or paper after the stated retention period are destroyed by a private record-disposal firm in a manner compliant with the standards mandated by the Federal Trade Commission."*

7. Say what you mean and mean what you say.

### The Government Response — 2006

Within two years of the passage of the Gramm-Leach-Bliley Act, governmental researchers found that most Privacy Policies were often complicated, lengthy documents and that most consumers neither read nor comprehended the contents of the policies. Because the purpose of the Act was to impart and disclose information to consumers in an attempt to protect their personal and sensitive financial information, the government commissioned a study utilizing 66 consumers in Baltimore, Washington, San Francisco, Richmond, Austin, Boston, and St. Louis to obtain their reactions to various Privacy Policy prototypes over a 12-month testing period. The results of the

study were designed to promulgated standards for a prototype Privacy Policy designed to increase the likelihood that the consumer would read and comprehend the importance of the disclosures made.

As a result of the study and testing, in February of 2006, the government released a 337-page report called "Evolution of a Prototype Financial Privacy Policy." While the report was a culmination of a 16-month governmental study, there is no mandate currently that the providers of financial services or escrow settlement services adopt the prototype Privacy Policy or implement the recommendations and conclusions of the study in developing their internal Privacy Policies.



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While a mandate for standardization of the Privacy Policy has not been implemented as yet, it is significant to note the depth and breadth of the government's commitment to improving consumer's awareness of the importance of financial data security. Their commitment is likely to foster more prosecutions by the Federal Trade Commission against firms which fail to conform their security policies with their promulgated notices.

### The Disposal Rule

Spearheading the enforcement powers of the federal government, on June 1, 2005, the Federal Trade Commission adopted the FACTA Disposal Rule, establishing a company's legal responsibility to implement an information disposal program to mitigate consumer fraud and identity theft.

The Disposal Rule applies to people and both large and small organizations that use consumer reports. Among those who must comply with the Rule are:

- Consumer reporting companies
- Lenders
- Insurers
- Government agencies
- Mortgage brokers
- Attorneys or private investigators
- Debt collectors
- Entities that maintain information in consumer reports as part of their role as service providers to other organizations covered by the Rule.

The Disposal Rule requires disposal practices that are reasonable and appropriate to prevent the unauthorized access to – or use of – information in a consumer report. For example, reasonable measures for disposing of consumer report information could include establishing and complying with policies to:

## The Book of Hard Choices: How to Make the Right Decisions at Work and Keep Your Self-Respect

by James A. Autry and Peter Roy

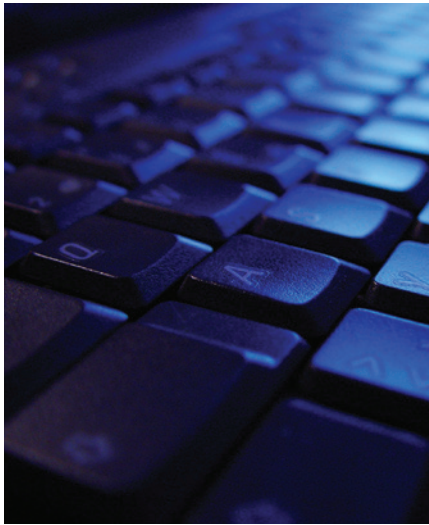
This book would be a particularly pertinent read for any executive level employee in the title industry. It proposes a plan of action that individuals can enact if they encounter a challenging ethical situation, by sharing real-life decisions made by fellow businesspeople from a variety of different industries. Throughout the text, the authors display how professionals can keep their ethical standards in tact and still run a successful business by utilizing the five recurring aspects of integrity: 1) Do what you say you are going to do; 2) Put other people's needs first; 3) Behave courageously even during adverse conditions; 4) Ensure the "common good" above all else; 5) Maintain focus on respect, honesty, trust, and fairness.

The authors are concerned about the prevailing American business attitude of dismissing "issues of ethics and integrity as not being relevant to the 'real world.'" They believe that the rules are bent and ethics are challenged when people adopt a different system of values at work than they practice at home.

Many of the chapters contain pertinent stories for title industry professionals. One chapter details the actions of a California land developer. Specifically, it illustrates the political corruption he encountered and the greed that accompanied this corruption. The developer realized that there was nothing illegal about the actions that this politician had taken or the prior actions that his company had taken, but he believed that ethically they were wrong. He strove to work not only for his company but also for the common good of the residents and the land. However, these actions could be construed as unfavorable by both the politician and his company. Nevertheless, the land developer decided to stand up to the corruption and change his company's previous policies in order to do what he thought was right. This story illustrates the various shades of gray that exist when dealing with the subtleties of business ethics. It demonstrates the complexities that individuals must manage while attempting to balance their work life and job expectations with their personal values.

*The Book of Hard Choices* provides a guide for anyone who has ever struggled with tough decisions in the workplace. The authors' primary point is that, hard decisions often lie in the gray areas of life. These decisions require meaningful introspection, as well as analysis of outside factors. When faced with a tough decision, individuals must never forget their own ethical standards. All business people must remember that even though they are at work, they will still be judged by others, and when faced with hard choices, "you're on your own. It's up to you to do the right thing and, whenever possible, to bring your influence to bear on others to do the right thing." Can you live with yourself for making that decision?

This book was reviewed by Kevin E. Russell, LTI's education manager.



- burn, pulverize, or shred papers containing consumer report information so that the information cannot be read or reconstructed;
- destroy or erase electronic files or media containing consumer report information so that the information cannot be read or reconstructed.

■ The Disposal Rule requires disposal practices that are reasonable and appropriate to prevent the unauthorized access to – or use of – information in a consumer report.

### Ethical Concerns: Email Communications

The same mandate of the Gramm-Leach-Bliley Act to adopt secure environments for maintenance and preservation of sensitive and personal financial data also applies to the manner and extent of the dissemination of that information by email.

Hackers can access settlement files, personal passwords, and data collected and stored on your computer. If criminals or other malicious users steal this information, they can use your customer's information to facilitate identity theft. Strive to create strong passwords and keep them well protected.

### Security Measures You Should Adopt

- Discuss with your employees the critical need for security in email communications.
- Managers and owners should maintain a log of all employee passwords and require a change of passwords at regularly scheduled intervals.
- Check the security level of employee passwords. Microsoft

has a free service where the relative strength or weakness of a password can be checked. The service can be accessed at: [www.microsoft.com/athome/security/privacy/password\\_checker.aspx](http://www.microsoft.com/athome/security/privacy/password_checker.aspx).

### Always Do Right

Mark Twain's admonition to "Always do right—this will gratify some and astonish the rest" can

become the mantra of the modern settlement company owner in an increasingly complex technological age and more complex regulatory scheme. If we embrace the ethical requirements of complying with privacy issues and security of data, our customers will recognize and be willing to pay for superior and secure service. Marketing your firm as "secure" with a mandate for secure and confidential handling of sensitive customer information, retention of records in a secure electronic form, and embracing technology to deliver settlement documents in secure electronic media will separate your firm from your competitors and provide a much needed calming influence on your customers.

As the owner of your business, become the ethical sounding board for your customers and employees. Be able to say no and explain why a case cannot be accepted or handled in a way a customer requests, and suggest alternatives that might insulate your customers from liability.

Be the example of ethical leadership, not the exception. A reputation among your peers as ethical takes a lifetime to build and only moments to lose.



**Mark S. Lynch, Esquire**, is vice-president, senior Maryland state agency counsel for First American Title Insurance Company, Baltimore, MD.

This article is an excerpt from his presentation during ALTA's 2006 Annual Convention in San Francisco. Mark can be reached at [mslynch@firstam.com](mailto:mslynch@firstam.com) or 800-445-6024.





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# The Way We Were: 1958-1967

It is interesting to note that many of the challenges the American Title Association faced from 1958 to 1968 involve things the association has worked on or revisited in the 50 years since then. This article picks up on the Historical Highlights of ALTA's first 50 years printed in the January/February issue.

**I**n 1958 we were called the American Title Association (our name changed from the American Association of Title Men in 1924), and we had 2,379 members who were abstracters, attorneys, law firms, or title insurance companies. Active members were members of either the Title Insurance Section, for a title insurer or a bona fide agent of a title insurer, or the Abstracters Section, for those who provided an abstracting service whether or not he was an agent of a title insurer. Each conducted separate meetings during both the Mid-Winter and Annual meetings. Not much different than today's association makeup, although membership has grown substantially since then.

However, the makeup of the Board was much different than it is today. In 1958 there were 23 members on the Board. Today the Board has

11 members. The only thing that remains the same is that each year the presidency rotates from a Title Insurance Section member to an Abstracter (& Title Agent) Section member.

You will probably chuckle when you learn that the minimum dues were \$10 for abstracters and individual attorneys. Law firms paid \$15, and title insurance companies paid \$100. The ATA offices, with a staff of seven, were headquartered in Detroit in a building where the elevator stopped two floors below the office. You had to walk up two flights to reach the offices after you got off the elevators. At the time James E. Sheridan was the executive vice president.

Each year ATA held a Mid-Winter Conference and an Annual Convention. It is interesting to note that in order for ATA to meet in a certain state for the Annual Convention, it had to be invited by the

members of that state association. The state association assumed some of the costs related to the convention. It remained this way until the 1977 Annual Convention when ALTA assumed full financial responsibility for Annual Convention expenses. This occurred as one state was reluctant to invite ALTA to its state because of the costs it would incur. Another reason for the change was that ALTA could select the site of its convention without being dependent upon an invitation from a state association. Today, ALTA staff, in conjunction with the Board of Governors, selects the locations for the Annual Convention.

## Challenges & Achievements

It would be difficult to outline every accomplishment during this decade, so I shall mention some of the top challenges and achievements and how ATA was involved.

## Relations With Bar Associations

By far the biggest challenge of this decade was the desire by the American Bar Association to enter the title business.

The issue of bar-related title insurance companies first surfaced at the 1959 Mid-Winter Conference when executive vice president Jim Sheridan informed the Board of Governors about "rumblings relating to investigations by state bar associations into the general subject of entrance into the field of title insurance."

In 1960 members were concerned about the spread of title insurance



companies sponsored by state bar associations. As a result, ATA President Lloyd Hughes, president of, Record Abstract & Title Insurance Company, Denver, CO, obtained counsel, Pierpont Fuller of Denver, CO., to investigate and study mutual-type bar association title insuring companies. Mr. Fuller submitted his report at the 1960 Annual Convention. He found that proponents of such companies were spreading unfavorable publicity about title insurance companies run by private companies. He recommended that the ATA establish a public relations campaign to counteract the bad publicity. Also, he urged members to work against bar association-sponsored title insurance companies.

In October 1961 ATA became aware of the formation of a Special Committee on Lawyers Title Guaranty Funds by the American Bar Association. ATA also was informed that within the ABA Section of Real Property, Trust and Probate Law, another committee had been appointed on lawyers title guaranty funds. Most ATA members were concerned about the effect of such bar-sponsored funds on the future abstract and title insurance business. But a few ATA members felt that there was undue alarm over this matter.

### Bar Association Committee Formed

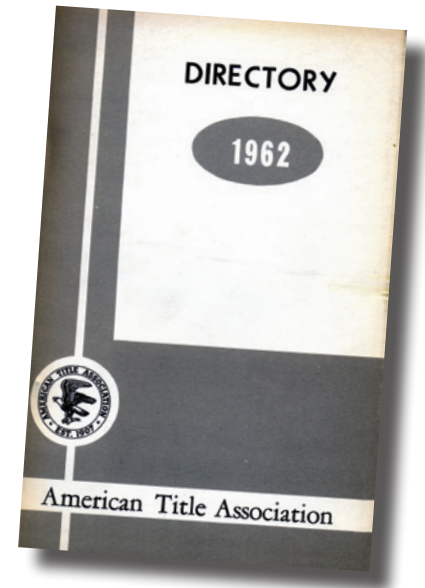
A special committee of the ATA Board of Governors on Relations with the Bar Association and Other Groups was created. The members of the committee unanimously agreed that the purpose of the bar association-sponsored title guaranty funds was to augment the income of the

lawyer. In its report to the Board of Governors the committee made a number of recommendations including:

- No national effort to deal with the bar association should be made at this time;
- A program should be established to inform ATA members of bar association activities concerning unauthorized practice and bar-sponsored guaranty funds;
- Subject to approval by the Executive Committee and the Board of Governors, ATA should intervene in unauthorized practice suits;
- Counsel should be employed to determine the legal implications involved in having the association define what is a sound business practice, particularly in those instances where (a) member companies reinsure and/or participate in the advocacy of bar-sponsored title guaranty funds or bar-sponsored title insurance companies and (b) where the major portion of a title insurance company's business is derived from controlled business sources;
- Staff lawyers of member companies should be encouraged to participate actively in their own state and local bar association and the American Bar Association;
- A workshop be held at the 1962 Annual Convention on the advantages of participation in local and state bar association activities and the ABA as well;
- Any recommendations of a public relations program by the ATA should keep in mind the importance of solving the title industry's problems with the bar.



In 1962, as the new president of the ALTA, William H. Deaty, president of The Title Guarantee Company, New York, NY, stated that one of his objectives he hoped would be accomplished was to "take some steps to stem the tide of unfair competition in our business which presently takes the form of organized bar-sponsored or financed title insurers or guaranty funds and several other methods of captivating title business."



He also stated that ethical and conflict of interest problems are inevitable "when the organized bar enters the title insurance business for economic gain."

Joseph H. Smith, who was the ATA Secretary and became ATA executive vice president in 1959 when Jim Sheridan died suddenly, devoted his entire report at the time of the 1962 Annual Convention to bar funds. He contended that the bar's primary motivation to create bar funds "was economic gain." He also believed that a fund created conflict

of interest problems for a participating attorney. He stated:

“It is a fundamental concept of all fund operations that the member-lawyer represents the client in all phases of a real estate transaction, and at the same time represents the fund of which he is a member in issuing its policy of title insurance.

“The interest of the insured and the insurer under a title policy are basically adverse. It is to the interest of the insurer to set up all objections to the title that would affect its liability. It is to the advantage of the insured that objections to the title be minimized and the policy coverage be as broad as possible. A fund member who represents a party to a real estate transaction and also the title insurer would always be caught between these basic conflicts.”

### Still Going Strong After Six Years

Fast forward to 1966. By this time, our name had changed to the American Land Title Association (in 1962 to be exact). The ALTA Executive Committee met to discuss recent American Bar Association activities concerning title insurance. Some of the matters discussed included:

1) A resolution of the ABA Special Committee on Lawyers' Title Guaranty Funds to expand the Committee's purpose to include a study of the desirability of utilizing or establishing one or more title insurance facilities which would make available title insurance to attorneys across the nation;

2) A resolution by the ABA Section on Real Property Probate and Trust that the Lawyers' Title Guaranty proposal be referred to the ABA Committee on Scope and Correlation in order to afford committees that

have an interest in this matter to comment on it;

3) The desirability of establishing liaison with the American Bar Association; and

4) The disappointment of the ABA Section on Real Property, Probate and Trust that ALTA had not agreed to cooperate with Professor Cribbett's ABA Committee studying title insurance policies.

Some of the ALTA Executive Committee's conclusions were:

1) Working through third parties, contact should be made with the ABA Board of Governors to convince them not to adopt the Lawyers' Title Guaranty Fund resolution but to act favorably on the recommendations of the Section on Real Property, Probate and Trust;

2) A committee should be established to meet with the ABA; and

3) The ALTA Forms Committee should be designated to cooperate with the ABA Cribbett Committee.

Subsequently a series of informal discussions were held with certain members of the ABA. At the suggestion of members of the ABA, it was agreed that the chairmen of the ALTA Legislative and Judiciary Committees would exchange information of mutual interest with subcommittees of the ABA Section on Real Property, Probate and Trust Law.

The resolve portions of the resolution of the ABA Committee on Lawyers' Title Guaranty Funds were rewritten to request the ABA Bar Foundation to consider making a comprehensive study of title insurance and to provide that the Committee be authorized to conduct a public relations program on the essential services rendered by an independent legal counsel in real

estate transactions. The ABA House of Delegates adopted the amended resolution.

At its March 1966 meeting, the ALTA Board of Governors gave the president authority to appoint a special committee to work with a committee of the ABA, provided the ABA invited ALTA to do so and further provided that the ABA committee “is a high level committee representative of all responsible groups in the American Bar Association.”



The following year the American Bar Association House of Delegates by a vote of 90 to 87 adopted a resolution approving, in principle, the formation of a National Bar-Related Title Assurance Corporation. The ABA also approved the creation of the National Conference of Lawyers, Title Insurers and Abstracters.

Shortly thereafter at the ALTA Annual Convention, the ALTA Board of Governors authorized the president to select and retain counsel to oppose the ABA resolution. Thomas S. Jackson of Washington, D.C., was chosen. He submitted a



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written statement to the ABA Board of Governors and presented oral arguments. As a result, the ABA Board of Governors deferred any action to implement the National Bar-Related Title Assurance Corporation.

In 1968 at a joint meeting of the ABA Special Committee on Lawyers' Title Guaranty Funds and a three-man subcommittee of the ABA Board of Governors, Hewen A. Lassetter, vice president of American Title Insurance Company, submitted a plan whereby Continental Insurance Companies would capitalize a national bar-related title insurance company in the amount of from two to five million dollars. The company would operate exclusively through lawyers.

That same year the ABA Board of Governors by a vote of 10 to 8 adopted the Continental Insurance Companies' proposal to create a National Bar-Related Title Insurance Company. This approval was subject to ratification by the ABA House of Delegates at its next meeting in August.

### ALTA Takes Action

ALTA took a number of steps in an effort to persuade the ABA not to form such a company, with the support and assistance of David Maxwell, former president of the ABA. He and Tom Jackson, ALTA's attorney, prepared a 16-page paper that was sent to the 281 members of the ABA House of Delegates in opposition to the proposed company. In addition, William F. Simon, a prominent

anti-trust lawyer in the District of Columbia, provided a 60-page antitrust opinion in which he concluded that the operation of the company under certain circumstances might be subject to prosecution under the antitrust laws. Thereafter, the ABA requested the Antitrust Division of the Department of Justice to provide an antitrust opinion on the proposed company.

At the 1968 ABA Annual Meeting its Board voted, 11 to 6, to recommend approval of the company to the House of Delegates. The ABA president spoke in favor of it. The ABA House of Delegates debated the proposed company for an hour and forty-five minutes. Tom Jackson was given special permission to address the House of Delegates for ten minutes to present ALTA's views on this subject. At the time of this debate the ABA had not received any "clearance" from the Antitrust Division for the proposed company. By a vote of 112 to 104 the ABA House of Delegates deferred the Continental Insurance Company proposal for a year.

### The Battle Ends

In 1969 the battle with the ABA over the National Bar-Related Title Assurance Corporation ended. Early in that year, Continental Insurance Company withdrew its offer to underwrite the proposed Corporation.

At the August 1969 meeting of the ABA House of Delegates, the request that the proposal to create a National Bar-Related Title Insurance Company be withdrawn was approved. The company was never created.

At a meeting of the National Conference of the ABA and ALTA

in 1969, six representatives from each association approved a "Statement of Principles Relating to Real Estate Transactions" involving the functions of lawyers, title insurance companies and abstracters in real estate transactions. In August of that year the ABA House of Delegates adopted the Statement. In September the ALTA Board of Governors approved it. The Statement provided as follows:

*The principles involving the functions of lawyers, title insurance companies and abstracters in real estate transactions have been approved by the National Conference of the American Bar Association and the American Land Title Association. If approved by their respective governing bodies, this statement was to be circulated to the members of each association and to state and local bar associations, title associations, and abstracter associations as a recommended guide.*

### First Owner's Policy Approved

At the 1957 Mid-Winter Conference, George C. Rawlings, chair of the Title Insurance Section, stated that he had appointed a Forms Committee, and the committee was producing an Owner's policy. He said that creation of such a policy was stimulated by suggestions made by life insurance counsel at the 1957 ATA Convention.

After two years of work by the Committee on Title Insurance Standard Forms, the ATA Standard Owner's Policy was approved at the 1959 Annual Convention. There were two identical policy forms in effect except that one insured against loss resulting from unmarketability of title and the other did not. Benjamin J. Henley, chairman of the committee and chairman of the board of California Pacific Title Insurance Company,





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believed that the title industry would long benefit from the Owner's policy. He commented on the adoption of these forms as follows:

"Discussions of standard policy forms in the ATA, including both owner's and loan, commenced almost at the beginning of the life of the association. Now, after the lapse of approximately fifty years, the final goal of approved policies for both transactions has been reached. It seems like a long time to work on a project of this character, and it is a long time. The result, however, offers proof that perpetual effort and wisely applied persistence will move mountains."

Other forms completed by the committee were the American Title Association Standard Loan Policy and the American Title Association Standard Loan Policy, Additional

new motion picture venture. It was suggested that a joint committee composed of members of the two sections be created to serve as a coordinating committee or as a committee on cooperation between the members of the sections.

Under the direction of ATA's director of public relations, James Robinson, a film entitled "A Place Under the Sun" was produced and shown for the first time at the 1960 Annual Convention. The film was suited for television audiences, service organizations, high school assemblies, and women's clubs. The concluding words of the movie were:

"A purchaser should insist upon an Owner's title insurance policy. Only then can he be confident that he has found his own Place Under the Sun."

In 1961 at the American Film Festival in New York, the nation's

has devoted extremely limited funds in the interest of public relations." The committee also stated "any contemplated program of national advertising should be preceded by a comprehensive public opinion survey." As a result, the Board of Governors directed the committee to make a comprehensive study of the title industry to determine whether or not any public relations program should be undertaken on a national basis. In addition the Board of Governors authorized the institution of a national public relations program if the committee and Executive Committee jointly determined that that was necessary and desirable.

In December 1963 *Reader's Digest* published an article entitled "Closing Costs: A Booby Trap for Unwary Home-Buyers." It was stated in this article that "most critics of closing costs regard the title companies as the main enemy." At a special meeting of the Board of Governors it was decided that steps should be taken to counteract this unfavorable publicity. One step was to direct the ALTA staff to prepare a letter of protest over the signature of President Clem Silvers to the *Reader's Digest* managing editor.

Over the next year the ALTA Public Relations Committee under the chairmanship of Carroll R. West, vice president, Title Insurance and Trust Company, Los Angeles, CA, studied the problem of ALTA's image; the related problem of bad publicity; and public misinformation. At the 1964 Annual Convention the Board of Governors approved the committee's recommendations concerning these matters. They included a campaign of national advertising in the *Saturday Evening Post* and a drastic increase in the tempo of the association's public relations activity.

Generally speaking, the public accepts us blandly as a necessary evil. This is the root of the trouble we have with the press.

Coverage.

### Promoting the Owner's Policy

At the Board of Governors meeting at the 1958 Mid-Winter Conference, George Rawlings, Chair, Title Insurance Section, reported that his section had under consideration producing one and perhaps two motion pictures for the promotion and use of title insurance. This suggestion triggered considerable debate about improving relations between the abstracters and title insurance companies. Abstracters said they should be consulted in any

highest award for a documentary film in the field of economics was presented to Robert K. Maynard, chairman of ATA's Public Relations Committee and director of advertising and public relations, Lawyers Title Insurance Corporation, Richmond, VA, for his production of "A Place Under The Sun."

### Industry Image Problems

At the 1962 Annual Convention, the Advertising and Public Relations Committee reported to the Board of Governors that "historically the ATA



In order to finance these and other activities, the Board of Governors increased the minimum dues of underwriting companies from \$100 to \$125; abstracters and title agents from \$15 to \$25; attorneys and law firms to \$20 and \$30 respectively; and all other members 23%.

In his report at the 1964 Annual Convention Carroll West stated that a basic problem of the title industry is that it has no real public image. He said:

“Generally speaking, the public accepts us blandly as a necessary evil. This is the root of the trouble we have with the press. Authors do not know what we are or what we do so anyone, anywhere, can attribute his closing cost headaches to the title industry and get away with it. Public ignorance through misinformation, or lack of information, is actually damaging to our industry.

“Controlled-business companies would not get off the ground if the public understood the conflict-of-interest involved. Distorted stories of the title industry’s part in ‘high closing costs’ can rapidly disappear if we use the tools that are available to us.

“Yes, we have a story to tell. Our industry is made up of two segments — search and the insurer. Within our industry, the search may be made by the independent abstracter or by the insurer through its own plant. In either case, the search process is independent of the insuring process except insofar as the underwriting is based on the search. In all cases, both segments, either singly or combined are worth their while, we know it but the public does not.”

### PR Program Stepped Up

In 1965 ALTA hired a professional writing team of David and Deane Heller to assist ALTA’s director of public relations. They worked with the staff to develop a press release announcing a new brochure, “Seven Traps for Unwary Home Buyers,” and offered to prepare a specially written article for any newspaper or magazine. As a result ALTA prepared articles on the subject of title insurance and home ownership for several newspapers and magazines.

The first ALTA *Saturday Evening Post* advertisement appeared in the February 27, 1965, issue. Its emphasis was on the title search. Five more half-page ALTA advertisements appeared the same year. The second, third, and fourth advertisements emphasized the value of title insurance. The fifth and sixth carried a coupon offering a reader a free booklet. Those who requested the booklet were provided with “ALTA Answers Some Important Questions.”

Between the 1965 Annual Convention and the 1966 Mid-Winter Conference, the public relations activities of ALTA were very successful. They involved consumer advertising, trade journal advertising, articles for magazines, radio and television appearances, telecasting of the ALTA movie, requests from the public for ALTA literature, and a public relations manual for members.

In 1966 the *Washington Post* published three articles over three consecutive days critical of title insurance as offered in the Washington, DC, area. The headline of the second article was “Loss Ratio Is Infinitesimal – Title Insurance A Riskless Business.” Subsequently, E. Spencer Fitzgerald, president, District of Columbia Realty Title Insurance Company,

and ALTA executive vice president, appeared on a DC radio station and answered questions for 1½ hours concerning title insurance.

### Other Highlights

#### ALTA Moves to Washington

In 1959 ALTA President, Ernest J. Loebbecke, president of, Title Insurance and Trust Company, Los Angeles, CA, was instructed by the Board of Governors to make a study of the association office, its functions, services, and location and to submit his recommendations at the 1959 Annual Convention of any reorganization that was indicated.

At the Annual Convention that year he presented these recommendations of his committee, which were approved by the Board:

- 1) Joseph Smith be elected executive vice president;
- 2) James Robinson be elected secretary, continue as director of public relations, and “be the second man in the office and be in charge during absences of the executive vice president;”
- 3) A person be hired as an assistant to the director of public relations to handle all routine and detailed tasks of the director’s activities;
- 4) The total number of staff be increased from seven to nine; and
- 5) The headquarters office be moved from Detroit to Washington, DC.

With respect to the proposal to move to Washington, President Loebbecke stated:

“It is most important that the chief executive on the staff of ALTA create a close working relationship with those governmental agencies in Washington that have a direct connection with our industry. There are other relationships there, which can be just as important, that also

should be maintained. This close contact is important when matters arise affecting the title industry. Also, closer working relationships should be maintained with such trade organizations as the Mortgage Bankers, NAREB, Home Builders Association, Savings and Loan League, etc. All of these have strong Washington representation and our relationship with them would be closer and more effective if our office were located there.”

On June 30, 1960, the ATA Detroit office closed. The Washington office opened on July 1, 1960, with eight staff, six of whom were new. One of them filled the newly created position of assistant director of public relations.

### Mid-Winter Conference Meets in Washington

The 1961 Mid-Winter Conference was held in Washington, DC, for the first time. Thirty-one senators and representatives, as well as other government officials and distinguished guests attended the reception during the conference. Many members visited the new ALTA offices and were very impressed. ALTA continues this tradition today with the Federal Conference, which meets in Washington each spring.

### ALTA & Membership

As mentioned earlier, ATA became the American Land Title Association in 1962. Some changes to the bylaws were also put into effect at that time. Some dealt with ALTA membership qualifications for attainment and responsibilities in its maintenance. Without impinging on the rights of affiliated state associations to limit applicants for ALTA membership, these changes allowed ALTA to decide which applicants met its membership

standards and to discipline as well any who failed to maintain such standards.

Another change provided that affiliated state title associations may, at their option, require as a condition for membership in ALTA that a prospective member, having his or its principal place of business in the state or territory represented by such associations, be or become a member of both associations. As of March 1963, 16 state secretaries had informed ALTA that they would require membership in their state associations before a member became eligible for membership in the ALTA.

In addition, the Constitution and Bylaws were amended as follows:

*All applicants for active membership shall have had a continuous experience in the business of title evidencing for at least five years immediately prior to the date of application; provided however, that such requirement may be waived by the Board of Governors if the applicant, or the principals thereof, are deemed by said Board to have acquired otherwise the equivalent of such continuous business experience.*

### Communicating with Members

To help communicate more effectively with members, the magazine *Title News* was introduced in 1958. At that time *Title News* was published monthly and was 5-1/2 inches x 8 1/2 inches in size and consisted of from 22 to 40 pages. It contained articles on the business of abstracting and on the

Annual Convention and Mid-Winter Conference. Today *Title News* is an award-winning, bimonthly, 4-color magazine that still focuses on topics

members need to know to run their businesses and keep up to date on what is happening in the industry.

The first ATA newsletter dealing with federal legislation and other related matters entitled “Capital Comment” was distributed to all members in 1961. Over the years, it became “ALTA Advocate.” Today the ALTA home page features government news; there is a special section in

*Title News* for government news, and our weekly email newsletter, “ALTA News You Can Use,” highlights government news as well.

### The Next Decade: 1969-1979

Look for the article on the next decade of our history in the May/June issue of *Title News*. You can read a more detailed account of the second 50 years’ history under the 100th Anniversary section of ALTA’s Web site.



**William J. McAuliffe, Jr.** was executive vice president of ALTA from 1965-1984. He is serving as historian and advisor to ALTA during the 100th anniversary celebration. He can be reached at [billm@alta.org](mailto:billm@alta.org)

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# 2007 Member Vendor Directory

ALTA has taken some of the work out of finding a new vendor for your business and technology needs. Visit the Technology section of ALTA's Web site to find detailed product and service information on these ALTA member companies.

## **Affiliated Title Management LLC**

White Marsh, MD  
410-931-8570  
[www.atmlc.net](http://www.atmlc.net)

## **American E-Title Corp.**

Iselin, NJ  
732-283-4562  
[www.americantitle.com](http://www.americantitle.com)

## **AmeriTitle**

Bend, OR  
541-389-7711  
[www.ameri-title.com](http://www.ameri-title.com)

## **ARC Document Research, Inc.**

Chicago, IL  
312-346-4895  
[www.arcdocumentresearchinc.net](http://www.arcdocumentresearchinc.net)

## **ASAP Title Abstract, LLC**

Fairfax, VA  
703-928-4546

## **Atlantic Coast Title & Closing Services, LLC**

*Formerly: Affiliated Title & Closing, LLC*  
North Providence, RI  
401-368-2625

## **Belle Abstract, Inc.**

Huntington Station, NY  
631-424-2300

## **Capital Professional Insurance Managers, Inc.**

Chevy Chase, MD  
800-628-5136  
[www.cvim.com/tiac](http://www.cvim.com/tiac)

## **Charles Jones Inc.**

Kennerley, Michael  
Trenton, NJ  
609-538-1000  
[www.charlesjones.com](http://www.charlesjones.com)

## **ClosingSchedule.com**

Miamisburg, OH  
800-485-2348

## **Cornerstone Management Solutions**

Woodbridge, NJ  
973-299-6112  
[www.snapclose.com](http://www.snapclose.com)

## **Corporate Development Services, Inc.**

West Chester, PA  
610-701-6443  
[www.cdswebcentral.com](http://www.cdswebcentral.com)

## **Data Tree LLC**

Santa Ana, CA  
800-708-8463  
[www.datatree.com](http://www.datatree.com)

## **Details Abstracting Services, LLC**

Glendale, WI  
414-228-7781  
[www.detailsabstracting.com](http://www.detailsabstracting.com)

## **eLynx, Ltd.**

Cincinnati, OH  
800-466-5969

## **Escape Title & Financial Services, Inc.**

Jacksonville, FL  
904-224-0781  
[www.escapetitle.com](http://www.escapetitle.com)

## **ESS Solutions LLC**

Far Rockaway, NY  
718-337-5455  
[www.essllc.com](http://www.essllc.com)

## **Extract Systems**

Madison, WI  
608-216-7950  
[www.extractsystems.com](http://www.extractsystems.com)

## **FetchDocs**

North Wales, PA  
888-699-3132

## **First American (Br)**

*National Commercial Division*  
Boston, MA  
617-772-9262  
[www.firstam.com](http://www.firstam.com)

## **First American/Agent Technology Solutions**

Orange, CA  
714-998-1111  
[www.smscorp.com](http://www.smscorp.com)

## **First Data Systems, Inc.**

Nashville, TN  
615-361-8404  
[www.firstdatasystems.com](http://www.firstdatasystems.com)

## **Freedom Settlement Group, LLC**

Winchester, VA  
540-665-2700

## **GlobeExplorer**

Walnut Creek, CA  
800-417-7808  
[www.globexplorer.com](http://www.globexplorer.com)

## **Granite Software, Inc.**

Burbank, CA  
818-252-1956  
[www.iclosingsdirect.com](http://www.iclosingsdirect.com)

**hal Systems Corporation**

Dallas, TX  
214-691-4700  
[www.halfile.com](http://www.halfile.com)

**Hall Settlement Systems, LLC**

Frisco, TX  
214-618-5373  
[www.hallsystems.com](http://www.hallsystems.com)

**Hardin County Abstract Co.**

Elizabethtown, IL  
618-287-7944

**International Land Systems (ILS), Inc.**

Silver Spring, MD  
301-587-7531

**LandAmerica (Br)**

Illinois Agency Office  
Chicago, IL  
312-558-5445  
[www.landam.com](http://www.landam.com)

**Legal Title & Closing, LLC**

Tampa, FL  
813-258-6343

**Lincoln Data, Inc.**

Spokane, WA  
509-466-1744  
[www.lincolndata.com](http://www.lincolndata.com)

**MKAssociates - Nationwide  
Land Survey Coordination**

Warrenton, VA  
540-428-3550  
[www.mkassociates.com](http://www.mkassociates.com)

**Monroe Title Insurance Corp.**

Home Office  
Rochester, NY  
585-232-2070  
[www.monroetitle.com](http://www.monroetitle.com)

**Nelson County Abstract, Inc.**

Lakota, ND  
701-247-2221

**New England Abstract LLC**

Milford, CT  
203-876-5089

**Park Avenue Abstract Corp.**

Monroe, LA  
318-343-5999

**Pottawatomie County Abstract Co.**

Westmoreland, KS  
785-457-3441

**RamQuest Software, Inc.**

Plano, TX  
800-542-5503  
[www.ramquest.com](http://www.ramquest.com)

**RBJ Computer Systems, Inc.**

Monrovia, CA  
626-357-9725  
[www.rbj.com](http://www.rbj.com)

**Rels Title**

Bloomington, MN  
952-876-4320  
[www.rels.info](http://www.rels.info)

**reQUIRE, Inc.**

Virginia Beach, VA  
757-552-0306  
[www.titletracking.com](http://www.titletracking.com)

**ResourceLink Insurance Services**

Redondo Beach, CA  
310-316-1113

**Scott County Abstract and Title, Inc.**

Shakopee, MN  
952-445-6246

**Silver Bay Systems**

Eagle River, WI  
715-479-3044  
[www.silverbaysystems.com](http://www.silverbaysystems.com)

**SoftPro**

Raleigh, NC  
919-829-1122  
[www.softprocorp.com](http://www.softprocorp.com)

**Sound Title Agency**

Northport, NY  
631-262-1826

**Statewide Title, Inc.**

Salisbury, NC  
704-637-1027  
[www.statewidetitle.com](http://www.statewidetitle.com)

**The Rockridge Group, Ltd.**

Woodstock, IL  
815-338-3320

**Title Centers of America, LLC**

Crossville, TN  
931-456-8488

**Title Program Administrators**

Phoenix, AZ  
800-277-5680  
[www.titleprogram.com](http://www.titleprogram.com)

**TitlePro**

Lancaster, PA  
717-898-4800  
[www.go-titlepro.com](http://www.go-titlepro.com)

**TitleSCAN Systems**

Sudbury, MA  
978-443-5143  
[www.titlescan.com](http://www.titlescan.com)

**TitleSoft, Inc**

Maitland, FL  
407-622-5033  
[www.titlesoft.com](http://www.titlesoft.com)

**Title Solutions, Inc.**

Westerville, OH  
614-508-0032  
[www.titlesolutions.com](http://www.titlesolutions.com)

**TSS Software Corporation**

Annapolis, MD  
888-268-0422  
[www.iwantTSS.com](http://www.iwantTSS.com)

**Ultima Corporation**

Hardy, AR  
870-856-1234  
[www.ultima.com](http://www.ultima.com)

**USA Digital Solutions, Inc.**

Denver, CO  
303-892-7849

**Virtual Desktop, Inc.**

Dallas, TX  
972-960-6400  
[www.virtualdesktopinc.com](http://www.virtualdesktopinc.com)

**Wauhara Abstract Corporation**

Wautoma, WI  
920-787-2524

**White & Williams, LLP**

Philadelphia, PA  
215-864-7190  
[www.whiteandwilliams.com](http://www.whiteandwilliams.com)

**Windward Consulting LLC &  
Morphidae Solutions LLC**

Waukegan, WI  
608-850-5170

## Mover & Shakers

### CALIFORNIA



**Sally French Tyler** has been appointed president of the National Commercial Services (NCS) division of First American

Title Insurance Company, Santa Ana. A 20-year veteran of the title industry, Tyler joined First American in 2005 as senior vice president-national sales director.

**Joseph J. Ghilardi** has joined First American's National Commercial Services (NCS) division as senior executive vice president and chief operating officer. Ghilardi began his career with another large national title underwriter and joined First American in Michigan as state counsel in 1997. Most recently he was central region managing director of NCS.

### NORTH CAROLINA



**Gary Chadwick** has been promoted to president and CEO of the Title Company of North Carolina (TCNC), as well

as North Carolina state manager for Old Republic National Title Insurance Company, Wilmington. TCNC is a wholly owned subsidiary of Old Republic National Title Holding Company. Chadwick has over 30 years of experience, most recently assistant vice president of Old Republic National Title Insurance Company and senior vice president and counsel of TCNC.

### UTAH

#### **First American Corporation announces two promotions.**



**Philip C. Johnsen** has been named executive vice president of sales for the company's Default Information Services group

of companies, based in Utah. Previously he was chief operating officer for First American Residential Value View.



**Joni H. Pierce** has been promoted to chief operating officer for First American Residential Value View. She joined First

American in 2006 as chief quality officer.

### VIRGINIA

#### **LandAmerica Financial Group, Richmond has two announcements.**



**Andrew S. Brownstein** has been promoted to senior vice president-international operations manager. Brownstein

joined LandAmerica in 2001 as senior vice president-corporate development. Prior to joining LandAmerica, he worked for a private equity firm.



**Todd F. Miller** has been named senior vice president-general auditor. Miller comes to LandAmerica from Saxon

Capital, where he served as senior vice president and director of internal audit.

## Mergers & Acquisitions

**CATIC Financial**, parent company of Connecticut Attorneys Title Insurance Company, Rocky Hill, CT, announced it has acquired New Jersey Title Insurance Company (NJTIC) from NJT Holdings, Inc. NJTIC, based in Parsippany, NJ, will retain its name and continue to operate as a separate entity.

**Crossroads Title Agency**, Traverse City, MI, recently acquired Northwest Title Agency in Flint, MI, with branch offices in Grand Rapids, Livonia, and Saginaw, MI. Northwest Title Agency will retain its name. Crossroads is an authorized agent for Stewart Guarantee Title Insurance Company and United General Title.

**First American Corporation**, Santa Ana, CA, has announced that its First American Real Estate Solutions (RES) division has merged with Sacramento-based CoreLogic Systems, Inc., a leading provider of mortgage risk assessment and fraud prevention solutions.

**First American Residential Group**, Santa Ana, CA, a member of First American Corporation, has acquired Lucero Research Corporation, a leading provider of residential real estate office management software systems.

**Old Republic National Title Holding Company**, Minneapolis, MN, has acquired Elyria Land Title Agency, Ltd., Elyria, OH. Elyria will change its name to Old Republic Title Company of Northern Ohio, LLC.



**Skywire Software**, Dallas, TX, will acquire all of Docucorp International's outstanding shares for \$10 per share in an all-cash transaction. Skywire Software is a subsidiary of Hall Financial Group. Upon closing, Docucorp, a leading provider of Customer Communication Management solutions, and Skywire Software will merge.

## KUDOS

**Teresa Grove**, vice president of marketing for First American Real Estate Solutions, Santa Ana, CA, has received the distinguished Certified Mortgage Banker (CMB) designation, the highest professional designation offered by the Mortgage Bankers Association for the real estate finance industry. CMB candidates earn the designation through a combination of professional experience, secondary education, industry participation, and continuing education through MBA-sponsored events. After completing the requirements, candidates must take a comprehensive written exam and pass an oral exam conducted by a panel of Certified Mortgage Bankers. Details: David Schultz, 714-250-3298.

## In Memoriam

**E. Gordon Smith**, former senior executive for Lawyers Title, passed away August 8, 2006, in his hometown of Dallas, TX, after a brief illness. He was 94.

Gordon Smith started as an office boy with Lawyers Title Insurance Corporation in Richmond, Virginia, in 1927. The company was founded by his uncle two years earlier. "Those early days and the many problems

confronting the new company and its management – not the least of which was a four-year depression – now seem far away," Smith recalled during a 1995 interview. Citing 20 percent unemployment and bank failures, he said: "Those were not the good old days, but adversity breeds strength and Lawyers Title became strong."

Smith became an industry stalwart during his 50-year career with Lawyers Title, working in nearly every phase of the title insurance business. His career was interrupted by service in the U.S. Army during World War II, where he reached the rank of Lieutenant Colonel. In 1945 he moved to Dallas, Texas, supervising Lawyers Title operations west of the Mississippi River, leading the way in making Lawyers Title the first nationwide title insurance company. Smith also served as president of the Dallas Mortgage Bankers Association, as a member of the Board of Governors and an honorary member of the American Land Title Association, and as an active member of the Texas Mortgage Bankers Association. In 1993 he was presented with the Distinguished Service Award by that organization. Following his retirement from Lawyers Title in 1977, he served for ten years as president and chairman of Justice Mortgage Company.

Since then Smith's activities had focused on the various missions of Highland Park Presbyterian Church in Dallas, where he was an active member for 64 years and served as a Church Elder. He is survived by his wife of 70 years, Mary Frances Thornton Smith, three children, eight grandchildren, and five great-grandchildren. If you would like to write Mary Frances, she can be reached at 126 Arbor Place, 8600 Skyline Drive, Dallas, TX,

75243.

# > member news

## New Members

### Active Members

#### ALABAMA

Brett Wadsworth  
**Barrister Title, LLC**  
*Jasper*  
Stephen Collins  
**Sirote & Permutt, P.C.**  
*Birmingham*

#### CONNECTICUT

Carl Ulatowski  
**Central Connecticut Title, LLC**  
*Kensington*  
Demian DeVega  
*New London*  
William Zorzy  
**FCTA, Inc**  
dba Fairfield County Title & Abstract Co.  
*Trumbull*

#### FLORIDA

Mat Edwards  
**Edwards Closing Services, Corp.**  
*Hallandale*  
Liliana Montoya  
**Insurance Plus Central, Inc.**  
*Miami*

#### GEORGIA

John Sewell  
**Atlanta Perimeter Title, LLC**  
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John Chumbley  
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Mary Thigpen  
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Mark Mauldin  
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Kristi Michael  
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Nancy Carol Moore  
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Matthew Skiba  
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Geraldine McLain  
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Irene Lewis  
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Lealon Drury  
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Patricia White  
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Christopher Slone  
*Lancaster*

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Ashley Longwell  
**Baldwin Title Company of Louisiana**  
*New Orleans*  
Jeffery J. Frederick  
*Gretna*  
Janice B. Hawkins  
*Harvey*  
James D. Kempf  
*New Orleans*

#### MARYLAND

Farah Hill  
**Deseret Title & Settlements, LLC**  
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Christopher Sigmon  
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*Elkton*  
Debra Anderson  
**Sparks Abstract Services, LLC**  
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Mary Jackowski  
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#### MASSACHUSETTS

Petra Anderson  
**Quality Abstract, Inc.**  
*Boston*

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#### MISSISSIPPI

Jessica Mann  
*Lucaledale*

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Linda Wolff-Brewer  
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James Vawano  
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Dan O'Neill  
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Michael Hooper  
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Melissa Matos-Almanzar  
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#### NORTH CAROLINA

Nicky Watts  
**Appalachian Title Company, Inc.**  
*Concord*  
Chris Carney  
**Barrister's Title Services of the Carolina's, LLC**  
*Mooreville*



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**Marlene I. Keefer**  
*Canton*  
**Knowles Title Examining**  
*Massillon*  
**Damien McManus**  
*Cleveland*  
**Jason S. Roush**  
*Ironton*

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## OKLAHOMA

Herschel Brewster  
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## TENNESSEE

Sandy Gregory  
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Sherrie Reed  
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Elizabeth Peters  
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## TEXAS

Ronnie Matthews  
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*Tomball*  
Larry Ables  
**Karnes Land Title**  
*Karnes City*

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## UTAH

Bryan Harris  
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## VERMONT

Susan Hartman  
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Kimberly Dubeau  
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Johanne Mullarkey  
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*Chesapeake*  
Deborah Rogers  
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