

November/December 2007

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American Land Title Association

TitleNews



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COMICS**

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OLD REPUBLIC TITLE

SPECIAL AGENT

NO MISTAKE
CAN ESCAPE MY
ATTENTIVE EYE!
THAT'S WHY PEOPLE
COUNT ON ME!

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FLEXIBLE
AND STRONG
BECAUSE HIS
UNDERWRITER
IS TOO!

CUSTOMERS
APPRECIATE
HIS EFFICIENCY,
ACCURACY AND
ATTENTION
TO THE
SMALLEST
DETAILS!

100 YEARS OF
PROTECTING HOME
AND PROPERTY
OWNERS!
THE HIGHEST
INDUSTRY RATINGS
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Gary Kermott Ready to Take the Reins

by Ellen Schweppe

An avid horseman in his spare time, Gary Kermott is ready to take the ALTA reins and start the next 100 years of the association's history. Get to know him and his plans for his year as ALTA President.

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RUNNING YOUR BUSINESS

Communicating Through Conflict

by Ronnie Moore

Where there are people, there is conflict. The failure to communicate effectively, or to communicate at all, is a leading cause of conflict's existence and escalation. We can't get rid of it, but we can learn to communicate through it.

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ALTA HISTORY

The Way We Were 1999-2007

by William J. McAuliffe, Jr.

Much to the dismay of the industry, the issue of banks trying to sell title insurance, the proliferation of mortgage impairment products, and RESPA reform continued to be challenges this decade.

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INSIDE ALTA

ALTA Launches Title Industry Consumer Initiative

by Michelle Sweet

The Title Industry Consumer Initiative includes a consumer education program, the adoption of a "Principles of Fair Conduct," member education on regulatory compliance and ethical standards, and a plan for working more closely with state and federal regulators to ensure that the title industry is meeting the needs of consumers. Learn how you can get involved.

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Date	Event
March 10-12	2008 Federal Conference The Grand Hyatt, Washington, DC
April 13-15	Tech Forum 2008 Mandalay Bay Resort & Casino, Las Vegas, NV

STATE CONVENTIONS

November 14 - 16	Florida
December 6 - 8	Louisiana



TitleNews

PUBLISHER
Mark E. Hernick

EDITOR IN CHIEF
Lorri Lee Ragan, APR

DESIGN/ELECTRONIC
PRODUCTION MANAGER
Shawn Sullivan

ASSOCIATION OFFICERS

PRESIDENT
Gary L. Kermott
First American Title Insurance Co.
Santa Ana, CA

PRESIDENT-ELECT
Michael B. Pryor
Lenders Title Company
Little Rock, AR

TREASURER
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ABSTRACTERS AND TITLE INSURANCE
AGENTS SECTION
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Land Title Guaranty Company.
Denver, CO

Jack Rattikin, III
Rattikin Title Company
Fort Worth, TX

IMMEDIATE PAST PRESIDENT
Gregory M. Kosin
Greater Illinois Title Co.
Chicago, IL

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Members Call Toll Free: 800-787-ALTA • Members Fax Toll Free: 888-FAX-ALTA
Visit ALTA Home Page: www.alta.org • E-Mail Feedback to: service@alta.org

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The Year Ahead

As our 100th anniversary year comes to an end, ALTA is busy planning for the future. Here are some of the things we will address over the coming months.

Staffing. First and foremost, we are interviewing candidates to replace ALTA's EVP Jim Maher, who retired October 15. Jim was a very successful leader, and his contributions will be felt for years. On behalf of the industry, I extend to Jim our heartfelt thanks for his many years of remarkable service.

It should also be noted that Pat Berman is retiring next spring after 23 years with ALTA. Pat is director of education and oversees the Land Title Institute. Education is a key service to our members, so it's imperative that we find the right person to fill the job that Pat has done so very well over the years.

We are happy to announce that James M. Cox has been hired as State Legislative/Regulatory Representative. He will work with the state affiliates to educate state regulators about the value of our industry.



Government Outreach. RESPA reform is back. In September, HUD Secretary Alfonso Jackson told the House Financial Services Committee that RESPA changes were coming, perhaps by year-end. ALTA staff and the Board will work with HUD and other associations to ensure that the interests of our industry are protected.

At its meeting in Chicago, the Board authorized filing a lawsuit against companies engaged in our business without proper authority or in violation of state monoline statutes. Specifically, some companies are issuing mortgage impairment products without proper licensing, capitalization, and adherence to state statutes. Not only are these companies reaching out to home-equity borrowers, but some are also pursuing refinance, purchase, and commercial business. Our members are not afraid of the competition, but all companies issuing title insurance should work under the same set of appropriate rules.

Consumer Outreach. This past September ALTA introduced the Title Industry Consumer Initiative, a five-pronged strategy designed to improve industry oversight and provide education to consumers. This Initiative includes the Principles of Fair Conduct, which have been approved by the Agent's Section, the Underwriter's Section, and the Board of Governors. Now it's up to each company to adopt and adhere to these principles, because unless we do, they will be just a footnote in the history of ALTA. I encourage you to read more about the Initiative on page 30.

Association Growth. The Planning Committee has recommended that the Board undertake a planning process to identify programs and services that will increase ALTA's value to its members. Not only will membership growth be a key strategy in the coming year, but our dedication to providing meaningful services to our members will continue to be a primary focus.

I am honored to serve as the President of ALTA for 2007-2008, and I look forward to the coming year and a dynamic and positive future.

– Gary L. Kermott

news

Calling All Experts! Tech Forum 2008 Needs You!

The educational program of ALTA's Tech Forum is based on the collaborative spirit of ALTA members and other industry experts and their desire to share information, ideas, and knowledge with their peers. The ALTA Technology Committee met in June and selected a number of technology and operations topics that will help title professionals succeed in business. The educational tracks for Tech Forum 2008 will be, Marketing & Compliance, Owner-Manager Strategy, Title Operations, and the annual favorite Techie Track.

Session proposals are collected and evaluated using a Call For Presentations (CFP) process. The deadline for proposals is December 1. The ALTA Technology Committee will meet on December 3 to review proposals and determine which topics are best suited to fit the meeting program.

The Call for Presentations is now open on the ALTA Web site. Visit the Tech Forum home page at www.alta.org/techforum for more information and links to the CFP.



Jim Maher Retires Effective October 15



James R. Maher, ALTA's executive vice president from 1988 until 2007, retired effective October 15, 2007.

"Jim has been a tremendous asset to the association for more than 20 years," said ALTA Past President Greg Kosin. "His breadth of knowledge and extensive background in the land title industry have made him an invaluable resource for our members as well as legislators, regulators, and the news media. We are very pleased that he has agreed to serve as a consultant to the association so that we can continue to tap his vast knowledge and

expertise."

"I have been fortunate during my time at ALTA to work with so many dedicated, talented professionals in the title industry," said Maher. "It has been my privilege to serve as executive vice president, and I look forward to serving in a consulting capacity."

Maher joined ALTA in 1984 as general counsel and was promoted to the top staff position in October 1988. He has been responsible for carrying out the association's legislative, legal, educational, public relations, and research activities.

ALTA has hired a search firm and has begun the search for a new executive vice president.



ALTA Honorary Membership Awarded to Jack Rattikin, Jr., and James R. Maher

Jack Rattikin, Jr., Chairman of the Board, Rattikin Title Company in Fort Worth, TX, and **James R. Maher**, ALTA's Executive Vice President, will be awarded Honorary Memberships during ALTA's Annual Convention, October 10-13, in Chicago. Honorary Membership is bestowed by the Board for performance of distinguished and meritorious service to the association or to the land title industry.

Rattikin has served the title industry since 1960. He served as President of the Texas Land Title Association from 1974 to 1975, and as President of the Fort Worth Land Title Association from 1976 to 1978. After many years of committee and board service to ALTA, he served as President in 1984.

James R. Maher has been Executive Vice Presi-

dent of ALTA since 1988. Maher joined ALTA in 1984 as general counsel and was promoted to the top staff position in October 1988. He has been responsible for carrying out the association's legislative, legal, educational, public relations, and research activities.

Jim came to ALTA from HUD where he was attorney advisor, in the Home Mortgage Division for ten years. He drew on his years at HUD working on the other side of the RESPA issue to help ALTA deal with HUD's proposed regulations. He has been one of the go-to people on RESPA since then.

Rattikin was honored during the Opening General Session, October 11, during ALTA's Annual Convention. Jack Rattikin, III, President and CEO of Rattikin Title, presented his father with the award.

Maher was honored at the Closing General Session, October 13, at the convention. Mark Bilbrey, Senior Vice President, Chief Operating Officer, Central Title Group for Old Republic, presented the award to Jim.



Curative & Claims Contest Winners Announced

Three ALTA members will receive \$500 American Express gift certificates for their winning entries to the Curative & Claims contest.

The ALTA Public Relations Committee collected stories to share with regulators, legislators, the press, and consumers. More than 30 entries were received. The winners are:

Darwin Johnson, from First American in Heber City, UT, won for his story that involved trying to locate a prior owner who had not signed the deed when her property was sold. The wife had apparently been mad that her husband sold the land and, therefore, did not sign the deed. Darwin was able to locate her; however he had to go to her house to get her signature. He left his house at 8 p.m. to drive 102 miles to her house and wait for her to get home to sign a Warranty Deed. She was still mad but signed the deed, and Darwin got back home at 1 a.m. The title was cleared and the deal closed.

Clarissa L. Saum of Currier Abstract Company, Artesia, NM, had just obtained her agent's license when she was presented with an interesting case. The case involved a property that was apparently seized

by the U.S. Marshall's office; however the attorney did not file a Lis Pendens in the county where the property was located. Add to that two unreleased mortgages, multiple liens on the property, and not being able to find the prior owner, and you had a very involved case. Clarissa located the prior owner, had him file a Quietclaim Deed, got releases on all the liens, and the buyer had clear title!

Kevin Irot of First American in San Luis Obispo, CA, won for his story about a cattle rancher selling part of his land. Just before escrow the seller brought in a description for an easement for his cattle ranching neighbor to continue to move cattle through a tunnel, underneath a highway, and through a fenced off portion of the property he was selling. This did not please the buyer who wanted to raise Scottish sheep that could potentially catch disease from the cattle! Kevin brought together the cattleman, the shepherd, the surveyor, an expert on Scottish sheep from the local university, and a sheep fence expert; and a solution was found, thus averting a modern-day range war!

ALTA Hires Three New Staff

James M. Cox has been hired as State Legislative/Regulatory Representative. His position is part of the Title Industry Consumer Initiative, and he will work with the state affiliates to educate state regulators about the value we provide.

James comes to ALTA from the Building Owners and Managers Association International where he was the Director of State and Local Affairs. Previously, James was a State Relations Specialist with Goodwill Industries International. He was also a Policy Associate with the National Conference of State Legislatures and worked in the Florida House of Representatives for the Committee on Business Development and International Trade. James received his bachelor of arts from Florida State University.

Cornelia Horner has joined the ALTA staff as Director of Conventions & Meetings. If you attended the Annual Convention last week in Chicago, you may have met Cornelia who was our meeting consultant. Now she has joined the staff full-time.

Prior to joining ALTA, Cornelia had her own meeting planning company, and served as meeting planner for nearly eight years with CropLife America, a trade

association. In addition, she had more than ten years experience working on Capitol Hill and in government relations.

She received her Certified Meeting Professional (CMP) designation in 2002 for having met high standards of proficiency in meeting management and for her industry experience, and is currently serving as the President of Meeting Professionals International Potomac Chapter.

Cornelia is a graduate of the University of Alabama where she received her degree in Accounting.

Natasha Smith has been hired as Marketing and Vendor Relations Assistant. She will manage all ALTA marketing endeavors and serve as the liaison for ALTA's vendors, including selling advertising, sponsorships, and exhibit space.

Natasha comes to ALTA with a bachelor of science in business administration, marketing, as well as a bachelor of arts in communications, Corporate Communications from Elon University. She also just completed her masters of science in communication, integrated marketing communications and earned a graduate certificate in project management from Florida State University.

Colin Powell Visits ALTA Habitat House

General Colin Powell toured the ALTA-sponsored Habitat for Humanity house in Chicago after speaking at the Closing General Session of ALTA's Annual Convention.

In the morning, General Powell addressed the packed room of ALTA attendees and spoke about the world after September 11, his initial support of the war in Iraq, and the causes he has been passionate about since leaving the Bush Administration. He mixed in stories about his



life after being Secretary of State and some of the funny experiences he has had when all of the fanfare disappeared and he became a regular citizen. After the session, Powell took a 40-minute ride to visit the ALTA-sponsored Habitat for Humanity home. Powell met with some ALTA volunteers and the family who will move



the week, over 70 ALTA members volunteered time to work on the house. The house should be completed by mid-2008. Habitat is still accepting donations for the ALTA house if you would like to contribute. You can read about the ALTA Habitat House, see photos, and donate on ALTA's Web site. Look for the Habitat logo box on the home page.



Gary Kermott Ready to Take the Reins

An avid horseman in his spare time, Gary Kermott is ready to take the ALTA reins and start the next 100 years of the association's history. Get to know him and his plans for his year as ALTA President.

When Gary Kermott played Little League baseball in his hometown of Santa Ana, CA., one of the local sponsors was Orange County Title Company. Little did he know that years later he'd be vice chairman of First American Title Insurance Company, which evolved from Orange County Title.

It wasn't fond memories of baseball that drew the incoming president of ALTA to the title insurance industry, but the prospect of a job while attending law school at Western State University in Fullerton, CA.

"Many people thought that if you were a law clerk you would enhance your chance of passing the bar because you'd been involved in the day-to-day activities of the legal profession," Kermott said.

So when one of his professors, former First American executive Oscar Beasley, mentioned an opening at his company, Kermott applied and got it. After earning his law degree in 1985, he stayed on as assistant counsel. >>

by Ellen Schweppe





▲ Gary and his wife Debra enjoy riding horses at their house in Utah.

“I loved First American. It was a delightful place to work. Not just was, but is,” he said.

Kermott spent the next two decades moving up the ranks. He went to Tucson, AZ, to manage First American Title’s Pima County office. He was promoted to president of the company’s Arizona division and then to regional vice president for Arizona and Utah.

He returned to Santa Ana in 1996 as executive vice president of First American Title. He became chief operating officer in 1997 and president in 1999. In addition to his current job as vice chairman, he serves as executive vice president of The First American Corporation, First American Title’s parent and the country’s largest provider of business information.

Leading Company Initiatives

During his tenure at First American, Kermott has launched several strategic initiatives. They include the rollout of the company’s FAST Transaction System—its title production platform—across all title offices, implementation of a multiple-brand title marketing strategy, and consolidation of processing operations into centralized locations domestically and abroad.

He has also seen significant growth in both First American and the overall title insurance industry. When he started as a law clerk in 1983, First American’s total revenues were \$200 million, and the industry’s were \$2.1 billion. By 2006, revenues had expanded to \$6.2 billion for First American Title and \$8.5 billion for the corporation, and \$17.9 billion for the industry.

“The industry grew up and I stayed with it,” Kermott said.

He credits the hard work and resiliency of First American’s staff for the company’s successful implementation of the technological, production, and marketing initiatives he has overseen.

“Those changes were implemented during the highest volume our industry has ever seen,” he said. “It was a very big challenge, and I’m proud of our people for embracing those initiatives.”

He is proud of the staff he has challenged with new opportunities and the people he has brought into the company, and counts that as his greatest career accomplishment.

“That’s what the company is, the people who work for it,” he said. “You’ve got to keep bringing people into the company with fresh ideas and energy. I’m really proud of the people who have joined the company or have taken on additional responsibilities and moved the company forward.”

Sharing Information

Sharing information as widely as possible is a key part of the management philosophy that Kermott has developed over the years. It goes back to his first managerial job in Tucson in the 1980s, when the savings and loan crisis precipitated a slowdown in the finance and real estate industries.

The Tucson office was losing money, but most employees didn’t know it. When Kermott took over as manager, he filled everybody in and made them part of the effort to bring the office back to profitability.

“No one wants to work for a company that’s losing money. They want to help change that,” he said. “So share as much information as possible because it’s as much their company as it is the manager’s.”

Another important part of Kermott's management philosophy is setting goals and evaluating them regularly.

"To me it's not solely the manager's job to set goals, but to let everybody in the entire organization know what we're trying to accomplish and guide them in setting the goals and objectives to do it," he said. "I think people get a sense of satisfaction and accomplishment, whether they're in a small or large company, out of helping to achieve goals."

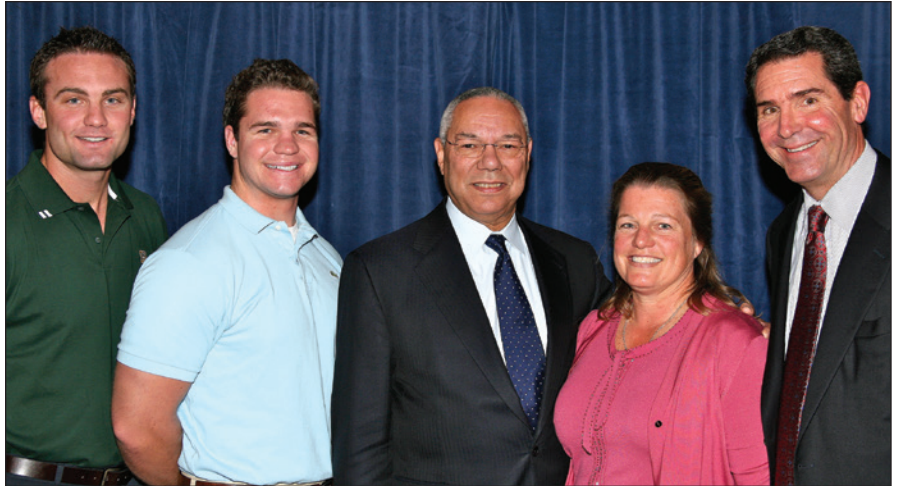
To prove his point about the power of goal setting, Kermott cites a Super Bowl game the Miami Dolphins lost in the 1980s. When a management consultant asked coaches about the team's goals for the year, they replied, "Our goal was to get to the Super Bowl."

We should learn a lesson from the past couple of years and be proactive in how we reach out and convey the benefits of our industry.

"They achieved their goal," Kermott said. "Had their goal been to win, maybe they would have accomplished that."

Title Insurance Challenges

Kermott has been on the ALTA Board of Governors since 2000 and has served as chair of the Title Insurance Underwriters Section and ALTA president-elect. As he begins his presidency during the association's 101st year, he sees a number of challenges



A Gary's family meets with General Colin Powell during ALTA's Annual meeting. First American sponsored General Powell's presentation at the meeting.

facing the title insurance industry. The greatest, he believes, is real estate market conditions, with interest rates trending higher and home sales at their lowest point in years.

record profits, but at the same time drew attention to the industry.

"That attention was not always positive," he said. "We should learn a lesson from the past couple of years and be proactive in how we reach out to those constituents and convey the benefits of our industry."

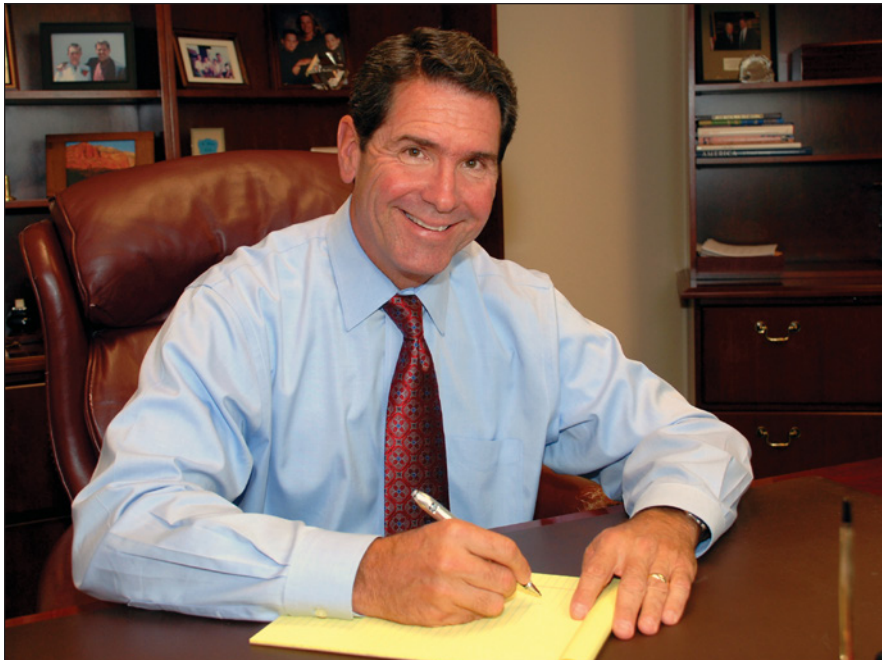
A challenge that goes hand in hand with stakeholder scrutiny is enhancing the perceived value of the industry.

"It's an industry made up of very good, career-minded people who are dedicated to what they do, but I don't think we get the respect that we should get and that we could get," Kermott said.

"Companies are challenged by that," he said. "Each company, large or small, has to figure out how to adjust to the market."

Another challenge is continued scrutiny by some regulators, legislators, and media outlets, although he believes that has slowed. He calls the refinancing boom and strong market of the past few years a two-edged sword that helped companies earn

"What makes the real estate economy efficient is the title insurance industry—not just title insurance policies but the process of maintaining and accessing records and closing transactions. It's mind-boggling to think of how many millions of transactions our industry handles every year. We help unlock much of the wealth of the United States in terms of real estate values and securitization of mortgages, and add to the economic well-being of our country."



▲ Gary in his Santa Ana office. He credits the hard work of First American's staff for the company's success.

Part of the problem, Kermott believes, is that most people don't think about title insurance as much as, say, car or home insurance, and they don't understand how it works. In fact, the U.S. Government Accountability Office's 2007 report on title insurance indicated that the industry needs to do a better job of educating regulators, legislators, and consumers about what it does.

Kermott is not convinced the industry will ever be fully understood or appreciated, but he thinks it should keep trying. "By reaching out, we can help overcome the perception that we don't provide value," he said.

Giving the Industry a Face

Kermott outlined a number of ways ALTA leaders and staff plan to do that during the coming year. One is by putting together teams of ALTA, state association and company representatives—both underwriters and agents—to visit state

regulators and legislators to talk about the benefits of the industry.

"If we go in with five or six people and show solidarity between the national association, the state association, and companies, I think we can have an impact," he said. "It may not change their opinion immediately, but it will give a face to what some see as an impersonal industry."

Another way is by promoting ALTA's new consumer Web site, www.homeclosing101.org, which features information about the homebuying and closing process, closing costs, why consumers need title insurance, and how they can shop for it.

The association will also continue its Public Awareness Program, a multiyear effort aimed at generating understanding of the title industry's vital role in the real estate process. A key element of the program is the Title Industry

Marketing Kit designed to help title professionals get the industry's value message out to consumers and others involved in the real estate process. The kit is available free to members on the ALTA home page under the Resources box on the right-hand side.

ALTA is beginning an industry-wide effort to address recent criticisms of title insurers by launching a Title Industry Consumer Initiative. Part of the Initiative is a voluntary Principles of Fair Conduct, which provides guidelines by which companies can operate and create internal compliance standards that ensure they adhere to state and federal laws and treat consumers in a fair and ethical manner.

The principles also provide a forum for companies to discuss issues related to alleged violations of laws related to industry operations and pave the way for the creation of a new ALTA Committee of Professional Standards.

"In the area of compliance, we have two choices: take steps to address the issue ourselves or wait until state or federal regulators do it for us," Kermott said. The Principles of Fair Conduct are the first step in dealing with this ourselves."

Also on Kermott's agenda is addressing what he sees as a subtle, but growing, chasm between the association's underwriter and agent groups by seeking suggestions on how to improve communications between the two.

"Both groups are important to the success of ALTA," he said. "There are many, many more common issues than issues that we conflict on."

Kermott plans to continue immediate Past President Greg Kosin's

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push to increase ALTA membership. When ALTA teams visit states to meet with officials, they'll also call on companies that don't belong to the association to enlist them as members or find out why they're not.

"It's one way we can strategize to make ALTA more relevant to the industry," he said. "It's such an important part of our industry.

I've always believed that you either need to get involved or you need to live with the decisions of those who do get involved.

It's a forum for competitors to get together and talk about common issues and challenges. It's the industry's voice in Washington. It provides education and common forms for the entire industry."

Membership Support

Kermott hopes ALTA members will support his efforts during the year by becoming active in the state and national associations and providing feedback and suggestions.

"I've always believed that you either need to get involved or you need to live with the decisions of those who do get involved. Don't just complain," he said. "ALTA is very attuned to providing the benefits members want. We're very open to suggestions, positive or negative."

Kermott is looking forward to his travels to state conventions during his presidency and the opportunity to meet more ALTA members.

"When I started to travel for First American, I found that wherever I went, the people were just really nice," he said. "At the time, I thought it was unique to First American. Then I got involved in ALTA and discovered that it's

prevalent throughout the industry. The people I've met at conventions couldn't be nicer."

When Kermott is not on the road or at the office, he likes to head to the golf course or to the family getaway place in New Harmony, Utah, with his wife, Debra.

"It's our place to spend time together," he said. "We've gotten into horseback riding in the past few years, and we also go boating on Lake Powell."

The Kermotts have two sons in college close to home: Crandall, an MBA student, and Kyle, a psychology undergraduate, both at Chapman University in Orange, CA.

As he looks back over his title insurance career, Kermott is reluctant to think that other industry leaders might benefit from any of the lessons he has learned. But he's willing

to share a few. The first is to trust your instincts.

"Trust what your gut is telling you," he said. "It might not be right 100 percent of the time, but the few times that I haven't done it are times when things haven't gone right."

The second is to not let the market define your outlook. "The good times aren't going to last, so maybe you're not as good as you think you are. But the bad times aren't going to last either, so don't get too down."

He also keeps in mind something First American Chairman Emeritus Donald Kennedy once told him: "A leader's job is to be upbeat. If you're down and it shows, it will affect your staff. So always be upbeat."



Ellen Schweppe is president of Ellen Schweppe Company, LLC, an editorial services firm serving the financial services and other industries. She can

be reached at ellen@schweppecompany.com or (703) 435-5621.



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The Way We Were 1999 – 2007

Much to the dismay of the industry, the issue of banks trying to sell title insurance, the proliferation of mortgage impairment products, and RESPA reform continued to be serious problems for the title industry this decade.

Banks and Title Insurance

In 1999 the Gramm-Leach-Bliley Act was enacted. It repealed the Glass-Steagall Act prohibitions on banks affiliating with securities firms and insurance companies through a holding company structure.

But as a result of ALTA efforts, it contained special treatment for title insurance as follows:

- The law overturned a 1987 Office of the Comptroller of the Currency (OCC) opinion and prohibited banks from underwriting title insurance (or “knockoff” products) either directly or through a subsidiary.
- The law removed title insurance underwriting from the jurisdiction of the OCC, allowing it to be done only in a non-bank subsidiary of a holding company, if the company elected to become, and qualified as, a “financial holding company” under the act.

- The law repealed (subject to grandfathering) Section 92 “small-town” and “incidental to banking” national bank sales authority for title insurance only while leaving it available for other insurance sales.
- The law restricted national bank authority to sell title insurance directly in a state only if state-chartered banks in that state were authorized to do so, and then only “in the same manner, to the same extent, and subject to the same restrictions” as state banks, with no preemption of any of the applicable state provisions. “Wildcard” states linked to national bank authority were insufficient legal authority.
- The law subjected to state regulation the sale of title insurance by financial subsidiaries of financial holding companies.
- The law specifically required that all insurance underwriters and agents must be licensed in accordance with state law.

- The law removed OCC authority and explicitly empowered the states to regulate all insurance activities, including national bank insurance sales activities.
- The law restricted preemption of state insurance sales laws to only those laws which “prevent or significantly interfere with” a bank or a bank affiliate’s ability to sell insurance.

In 2000 the OCC issued final rules, effective March 11, which were consistent with the Gramm-Leach-Bliley Act. The rules prohibited national banks from engaging in title insurance underwriting unless they were engaged in that activity as of November 12, 1999. National banks were prohibited from selling title insurance in Iowa. The rules allowed national banks to engage in title insurance agency activities, subject to limitations established in the Gramm-Leach-Bliley Act. Section 303 placed “parity” restrictions on sales of title insurance from a national bank. State wildcard statutes that gave state chartered banks whatever authority national banks had, and that, at the point of enactment, tied back to the “small towns loophole,” were not sufficient authority under the regulations for national banks to engage in title insurance sales. The rules allowed national banks to engage in real estate settlement, closing, and escrow services. The final rules specified activities for “financial subsidiaries,” new entities created by the Gramm-Leach-Bliley Act. Insurance

sales activities could be conducted from the subsidiary. Title insurance sales from these financial subsidiaries were not restricted by state law authority.

keeping state associations abreast of developments throughout the country and apprised of new market entrants, new product variants, and different regulatory approaches that had proved

■ All we want is a level playing field . . . If they want to offer title insurance, let them establish a qualifying company, pay our premium taxes, and honor our reserving requirements. Then we can compete on equal terms.

The Federal Reserve Board also proposed interim rules on financial holding companies, which were effective on March 11. The rules allowed bank holding companies, which were well capitalized and well managed and sought approval to engage in insurance sales and underwriting through affiliates, to do so.

Mortgage Impairment

At its February 2000 meeting, the Board heard a discussion of the ALTA mortgage impairment battles at the state level. This issue arose when a number of companies attempted to offer products to lenders that purported to be a cheaper substitute for title insurance. The variability of product and providers, coupled with the fact that all the providers were insurance companies, and the lack of hard market information about these products made it difficult to wage an effective national campaign from Washington. Thus the Board decided that ALTA would continue to act as a clearinghouse for information on mortgage impairment,

effective.

In 2001, mortgage impairment was one of the most serious threats facing the title industry. The threat escalated with the introduction of a new product called Radian Lien Protection, offered by Radian Guaranty, Inc., and its subsidiary, Radian Express. ALTA contended that the Radian products were title insurance. Only licensed insurers could sell title insurance, and Radian was not so licensed. Radian referred to its product as an alternative to title insurance.

Beginning in mid-July, ALTA acted in a coordinating capacity to assist five national insurers in their efforts to address mortgage impairment in general and Radian in particular.

At its meeting on October 10, 2001, the Board of Governors approved ALTA initiating litigation against Radian Guaranty in California regarding its mortgage impairment product. On November 20, ALTA filed suit in the California District Court in Orange County alleging that Radian had engaged in

illegal acts, namely the issuance of title insurance without a license.

James R. Maher, ALTA executive vice president, stated: "All we want is a level playing field. Radian, as a mortgage guaranty company, operates under a much different regulatory regime than title insurers must. If they want to offer title insurance, let them establish a qualifying company, pay our premium taxes, and honor our reserving requirements. Then we can compete on equal terms."

The following February the Board decided that in light of both the threat represented by mortgage impairment and a series of negative media stories on the title industry, a major public relations campaign on behalf of the industry was required.

As a result, at its meeting on June 17, 2002, the Board approved the Public Relations Committee's recommendation to employ Ervin Bell Marketing Communications to undertake the Public Awareness Campaign. The Board approved their plan with the budget of \$1.5 million for the first year, \$2 million for the second year, and \$2.5 million for the third year. Targeted audiences were lenders, Realtors, government and industry decision-makers, and consumers.



Subsequent to the firm's employment, there was extensive negative coverage of the controversy between Radian RLP and the title industry. In order to counter this, ALTA President Frank P. Willey, vice chairman, Fidelity National Financial, Inc., Santa Barbara, CA, instructed Ervin Bell to devote its time to the offensive, getting out ALTA's message that title insurance had value. As a result, in response to this image crisis press kits

and white papers were developed, and extensive media contact was conducted.

At the same time President Willey decided that the campaign should focus on decision-makers in the government and at Fannie Mae and Freddie Mac, not on lenders or Realtors as was originally decided.

On June 20, 2002, the California Department of Insurance issued a Cease and Desist Order against Radian's continued issuance of its Radian Lien Protection product. The department concluded that this product was title insurance as defined in the California Code and that Radian must hold a certificate of authority from the CDI before being permitted to transact title insurance in California. The order was upheld by the California DOI Commissioner John Garamendi.

By this action California joined Texas, Florida, Connecticut, North Carolina, and New Mexico, which had already rejected the so-called alternative title insurance product.

ALTA brought a federal action in the US District Court in California seeking nationwide declaratory and injunctive relief against P&C companies issuing mortgage impairment coverage. But in 2006 it was dismissed on procedural grounds as the court declared that insurance issues are state matters that should be dealt with by state courts.

ALTA then determined to proceed with its alternative plan to take action in certain states. The first step was taken, namely meeting with staff of certain insurance departments on how to solve this market and legal problem and to seek their involvement.

The mortgage impairment issue remains a problem even today for the title industry.

ALTA Changes Its Position on RESPA

At its meeting in October 2001, the Board of Governors changed its RESPA packaging position as follows:

ALTA supports settlement services legislation or regulation that promotes consumer choice and empowerment and requires meaningful disclosure.


In describing this principle in a letter to HUD, ALTA stated, in part:

We believe that the consumer has a separate benefit or interest in selection of each settlement product or service and in the pricing of each component of any "package." Moreover, we reject contentions that these "packaged" services are for the lender's purposes only: title insurance, the conduct of settlement, and who provides these services is something in which both the buyer and seller have a significant stake.

to consumers. The conclusion of the white paper was as follows:

Section 8(b) was never intended, and should not be extended through administrative fiat, to cover direct consumer charges. Attempting to use that provision as a basis for regulating direct consumer charges would either create tremendous uncertainty and a flood of unnecessary litigation, on the one hand, or, alternatively, necessitate the creation of the kind of federal administrative pricing bureaucracy that Congress explicitly rejected in enacting RESPA. Either way, consumers and the industry will come out as losers.

Accordingly, HUD should take immediate action to bring its interpretation of RESPA Section 8(b) into line with the language and legislative history of the statute by issuing a clarification of Part C of Policy Statement 2001-1.

 The objective was to communicate the industry's concerns to HUD . . . HUD received over 40,000 comments, which was more than they had received on any prior HUD rule.

ALTA Opposes HUD's Proposed RESPA Changes

On January 30, 2002, a coalition of settlement service providers, including ALTA, submitted a letter and an attached white paper to the HUD Secretary concerning HUD's view that RESPA Section 8 (b) could be applied to regulate and limit charges made by settlement service providers directly

On July 29, 2002, HUD published for comment its rule containing proposed changes in the RESPA regulations.

President Frank Willey appointed a task force to assist ALTA staff and outside counsel in the development of a formal ALTA position on the rule and comments on it.

The committee concluded that ALTA had to strongly oppose the

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rule in its current form but that ALTA should be prepared to offer constructive alternatives in order to respond to those aspects of HUD's approach to which ALTA objected. The essential points of ALTA's comments were:

- HUD had no statutory authority for its proposals;
- The proposals were based on the faulty assumption that whatever services were needed by, and were good enough for, the lender also would meet the needs of the buyer and the seller in the transaction;
- The proposals tilted heavily in favor of the Guaranteed Mortgage Package (GMP) alternative, and that proposal would have significantly adverse affects on the title industry, particularly small businesses in the industry;
- HUD could achieve its objectives by providing for two packages: a Guaranteed Mortgage Package that would be offered by lenders consisting of the loan and all lender-related services, and a Guaranteed Settlement Package that could be offered by any party and that would provide a guaranteed single price for all of the 1100 series services and charges (the title and related charges), the 1200 series charges, and those charges required for title assurance or closing purposes that may be listed in the 1300 series.

The Board of Governors approved the task force's recommended approach. ALTA's comments were submitted to HUD on October 4, 2002.

In early October the ALTA Government Affairs Committee began a

grassroots campaign on the RESPA issue. The objective was to communicate the industry's concerns to HUD and to their local members of Congress regarding HUD's proposed RESPA regulations and to recommend a separate title package as an alternative to a lender settlement services bundle. The grassroots effort was communicated via several mediums, including the ALTA Web site, e-mail lists, personal calls, E-News, and contacts from the leadership to ALTA members.

The deadline for submission of comments to HUD concerning RESPA was October 28. HUD received over 40,000 comments, which was more than they had received on any prior HUD rule. ALTA received 800 copies of actual letters sent to HUD



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▲ Greg Kosin testifies on RESPA before the House Committee on Small Business.

by members and friends of the industry. It is believed that several hundred additional letters were written but not forwarded to ALTA.

On February 25, 2003, ALTA President Stanley Friedlander, president, Continental Title Agency Corp., Cleveland, OH, testified before the House Subcommittee on Housing and Community Opportunity on the possible effects of the proposed RESPA rule on the title industry.

On March 11, Gregory M. Kosin, chair of the Government Affairs Committee, and president, Greater Illinois Title Co., Chicago, IL, testified before the House Small Business Committee on the economic effects of the RESPA rule on small businesses.

In April, Charles J. Kovaleski, chair of the Title Insurance Underwriters Section, and president, Attorneys' Title Insurance Fund, Inc., Orlando, FL, testified before the Senate Banking Committee on the RESPA rules.

ALTA's two-package proposal, including a Guaranteed Mortgage Package and a Guaranteed Settlement Package, allowed ALTA to maintain a proactive public position while fighting against the proposed RESPA rule as written.

On December 16, 2003, HUD transmitted the RESPA rule in final form to the Office of Management and Budget (OMB.) It was not published. OMB had 90 days to review it and find the rule acceptable for agency publication or return it to

■ We reject contentions that these “packaged” services are for the lender’s purposes only: title insurance . . . is something in which both the buyer and seller have a significant stake.

HUD as deficient in some significant fashion. In addition, HUD could request the rule be returned should it want to do further work.

On January 7, 2004, immediate past President Stanley Friedlander testified before the House Small Business Committee at a hearing that was designed to highlight the consensus within the real estate industry that “now was not the time” for HUD to issue RESPA regulations.

At its January 17 meeting, the ALTA Board approved a coordinated campaign to support efforts to ask the administration to withdraw and re-propose the RESPA rule.

In mid-January ALTA began a concentrated grassroots initiative urging ALTA members to contact their federal representatives and ask them to contact the OMB regarding HUD's submission of the RESPA rule. In March ALTA issued another grassroots alert to members to contact their representatives to ask him/her to sign a Dear Colleague letter, sponsored by Judy Biggert (R-IL) and Ruben Hinojosa (D-TX), asking OMB to send back the RESPA rule to HUD without approval.

The National Association of Realtors and the Mortgage Bankers Association also participated in this effort.

The cumulative efforts of ALTA and others resulted in over half the House of Representatives, or 226 members, signing the Dear Colleague letter.

The result was that HUD withdrew its “final” RESPA rule before OMB had the chance to comment.

HUD Secretary Jackson acknowledged the broad congressional displeasure with any final RESPA Reform rule published at the time and the need, prior to any future



▲ Stanley Friedlander also testifies on RESPA before the House Committee on Small Business.

regulatory actions in this area, to consult with both congressional leaders and affected industry and consumer groups. Congressional opposition to HUD's proposed rule was the key element in its withdrawal.

ALTA staff also believed that OMB had serious concerns with the HUD rule and that the many industry groups that had made their concerns known to OMB had been effective.

In 2005, HUD held seven roundtables to solicit industry and consumer input on possible new directions for RESPA reform.

The initial roundtable was held in mid-July. ALTA President Mark A. Bilbrey, president, Warranty Title and Abstract, Inc., El Reno, OK, participated in it. At this meeting it was made clear to HUD that there was dissatisfaction with HUD's withdrawn rule making effort. No one seemed to be in favor of a regulatory approach imposing packaging on the marketplace or encouraging packaging through the use of a Section 8 exemption.

While HUD officials have stated at several hearings and events that "RESPA reform is coming," as of press time, this has not happened.

Public Awareness Campaign

In 1998 an audit of the ALTA's communications was undertaken. One of the recommendations in the audit report was to establish a strategic planning task force composed of leaders and members from both segments of the membership to discuss the future vision, mission, and goals/strategic plan of the association.

One of the goals of the resulting Strategic Plan was to "improve the understanding of the value of closing and title insurance products among customers and consumer audiences."

As part of the Strategic Plan a Public Awareness Campaign was undertaken. As mentioned earlier in this article, the Board approved the Public Relations Committee's recommendation to employ Ervin Bell Marketing Communications to undertake the Public Awareness Campaign.

In the spring of 2003 the ALTA Public Awareness Campaign began. Its purpose was to educate key publics about title insurance and the value it provides. The key publics included real estate professionals, lenders, consumers, realtors, legislators and the media.

In the first six months of the campaign ALTA was battling Radian's mortgage impairment product and related negative press. It was clear

that most people, including the media, did not understand title insurance or its value. As a result, Ervin Bell developed a media kit explaining title insurance, the differences between title insurance and Radian's product. The kit was sent to nearly 500 real estate writers and editors, newspapers, magazines, and trade journals.

The campaign produced an effective array of media relations and direct advertising tools for the ALTA membership and others to use in advancing the industry's image. Videos, brochures, PowerPoint presentations, sample ads, white papers, op-ed and sample letters to the editor were all developed and packaged in a Title Industry Marketing Kit. Over 1,100 kits were distributed. Direct advertising was initiated with ads focusing on the title insurance process. They appeared in numerous major lender and real estate trade journals and on the Internet. The ALTA Web site dedicated space to promote the Campaign.

In 2005 the campaign focused on the title industry's image and credibility. That year most of the negative articles about the industry originated in California. Ervin Bell distributed

a white paper on title insurance to the media and placed image advertising in the Los Angeles and Sacramento markets of magazines.

In 2006, Ervin Bell responded to questions of reporters about title insurance and to their stories if they



contained misinformation. Letters to the editor were sent to a number of publications. Ads dispelling the myths that title insurance cost too much and that there are too few claims ran in magazines. Also, some members of the Board of Governors and staff participated in media training.

The Public Awareness Program (as it is called today) is still very much alive and the Board approved Ervin Bell's plan for the 2007-2008 year at its meeting in Chicago.

Creditors' Rights

The California Department of Insurance and the NAIC raised questions in 2001 about whether creditors' rights coverage was considered title insurance, whether the correct premium was being charged for such coverage, and whether proper reserves had been established.

The NAIC created a Creditors' Rights in Title Insurance Working Group to consider this issue. The working group asked the title industry to define what title insurance was and

insurance and of the adequacy of current reserving and pricing policies of the industry with respect to such coverage. Later, the Title Insurance Underwriters Section Executive Committee approved the Board's action.

ALTA President Cara L. Detring, president, Preferred Land Title Company, Farmington, MO, responded by letter dated May 30, 2001, to the NAIC in which she concluded:



"Title insurance is no different from any other insurance line: Undertaking risk is the social good we perform. Although ours emphasizes to a greater degree than most the risk avoidance component inherent in all insurance, we nonetheless consciously take on title risks in almost every transaction. But the acceptance of those risks, as with other insurance lines, is only undertaken after careful evaluation. Creditors' rights is no different. ALTA believes it would be a serious mistake for the NAIC to advocate an

expressed regarding this area of title insurance coverage."

TIAC's New Marketing Plan

In September 2000, the Title Industry Assurance Company, TIAC, entered into its first joint marketing partnership with all First American Title Insurance companies. Pursuant to the plan, First American agreed to actively market TIAC to its agents via agency brochures, the Web sites, and at regional meetings and seminars. In return for the marketing and risk management assistance, TIAC provided the following:

- An automatic 10 percent premium credit to an FAM agent;
- FAM's logo on policies issued to their agents;
- A 50 percent reduction in the insured's deductible if an error or omission occurred in the preparation of a First American title insurance policy vis-a-vis another title insurer's policy.

By the time of the 2001 Annual Convention, TIAC had entered into a joint marketing partnership with all the Fidelity and Stewart companies under the same terms as its partnership with First American.

■ Title insurance is no different from any other insurance line: Undertaking risk is the social good we perform.

was not and explain creditors' rights coverage including reserving and pricing issues if it was title insurance.

ALTA staff asked the Board of Governors for guidance about whether creditors' rights coverage was title insurance. At its May 2001 meeting, the Board determined that the official position of ALTA should be in support of the coverage as title

unnecessary narrowing of the definition of what is title insurance in order to 'save us from ourselves.' Market conduct supervision by individual regulators and the demonstrated market discipline of the title industry in this area has proven to be—and should continue to be—sufficient to avoid the concerns that have been





▲ Rande Yeager testifies at a hearing on title insurance held by the House Financial Services Housing and Community Opportunity Subcommittee.

GAO Investigates the Title Industry

In 2006 the title industry was under great scrutiny for a number of reasons.

It started when in May 1999 the California Department of Insurance and the California Controller filed a class action lawsuit against the title industry. It was asserted that the benefits title companies obtained from banks for pooling their escrow accounts in the banks constituted “interest” under CA law and had been taken inappropriately by title companies. A great deal of negative publicity concerning the title industry followed this action.

When ALTA challenged the Lien Protection Policy of Radian Guaranty Inc. as constituting title insurance, the title industry faced unsympathetic reporters and criticism from a number of consumer groups.

Also, the title industry was hit with negative publicity when insurance regulators concluded that captive title insurance reinsurance programs were illegal kickbacks and rebate schemes, and therefore title insurance premiums were excessive.

Further evidence of the excessive title insurance charges was alleged when the Colorado Division of Insurance discovered widespread sham-affiliated businesses in Colorado.

As a result of these concerns about rates and practices, Michael G. Oxley (R-OH), Chairman of the House Committee on Financial Services, by letter dated January 24, 2006, directed the General Accountability Office (GAO) to undertake a study of the title industry.

In his letter to the Comptroller General, Congressman Oxley stated: “Questions about the need and price of title insurance are of particular concern to those consumers who are required to buy a new policy every time they refinance their mortgage loans, a common practice in the time of historically low interest rates.

“The House Financial Services Committee is concerned about recent investigations by state regulators revealing that title companies have made payments for referrals to developers, mortgage lenders, and real estate agents in violation of the Real Estate Settlement Procedures Act. Other investigations have revealed

abuses of reinsurance agreements that have forced title companies to pay millions of dollars in settlements, and have uncovered anticompetitive practices within the title industry.”

The Committee requested the GAO to examine and address the following questions:

- “Analyze the title insurance market to determine what factors impact the price of the product, including the associated claims, title search, overhead, and marketing costs;
- Determine the number of title insurers, their market share, how the product is marketed and sold, the extent to which title insurance is a nationwide business, and to what extent consumers benefit from a competitive title insurance marketplace;
- Examine the relationship between title insurers, Realtor, lender, and home builders for anticompetitive practices and investigate potential barriers to entry in the market.”

Thereafter, the biggest government affairs challenge for ALTA in 2006 was responding to the investigation of the GAO.

The GAO issued its preliminary views in April 2006. It stated that it was examining “the title insurance market, including pricing, competition, the size of the market, and the roles of the various participants in the market and how they are regulated.”

The report described a number of issues. One of its conclusions was that “some cost structures and agent practices that are common to the title insurance market are not typical of other lines of insurance and merit further study.”

In connection with the GAO investigation, ALTA helped to coordinate among state affiliates and others to be formally interviewed by



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ALTA history

the GAO to assure a consistent and positive message.

In addition, ALTA and several members arranged for several direct meetings with the GAO. Issues raised at those meetings included the differences in premium rates in “all -inclusive” versus “rate only” states, services typically provided by agents, and premium split rates. All of the agents did a thorough job of explaining the

tect and deter violations, particularly violations of Section 8 of RESPA involving referral fees.

In general ALTA supported the recommendations in the report. ALTA recognized that improvements could be made to the title industry and was committed to partner with various regulatory and governmental agencies to do whatever it took to better protect consumers.

In response to the GAO recommendation, ALTA created a new Web site, www.homeclosing101.org, specifically for consumers.

value of services they provide. They emphasized that there really is no such thing as a typical all-inclusive or rate only state. The agents explained that technology has not caused a search to be done by the push of a button with a policy automatically issued. They spoke about the costs involved in building and maintaining a title plant.

The GAO issued its report on April 17, 2007. It addressed (1) the characteristics of title insurance markets and differences across states, (2) prices and competition in the industry, and (3) the current regulatory environment and planned regulatory changes.

The GAO recommended that state and federal legislators and regulators (1) improve the consumer’s ability to shop for title insurance based on price, (2) encourage price competition, (3) ensure consumers are paying reasonable prices for title insurance, and (4) improve HUD’s ability to de-

In response to the GAO recommendation that a better job be done of educating consumers, ALTA created a new Web site, www.homeclosing101.org, specifically for consumers. It provides an overview of the closing process, explains the purpose and role of title insurance including the process of searching and examining title and repairing title defects, and describes how consumers can shop for title insurance.

In addition, on September 18, 2007, ALTA launched The Title Industry Consumer Initiative. It includes a consumer education program, the adoption of “Principles of Fair Conduct,” member education on regulatory compliance and ethical standards, and a plan for working more closely with state and federal regulators to ensure that the title industry is meeting the needs of consumers. In announcing this initiative, ALTA President Gregory

Kosin stated: “This Initiative marks a significant milestone in ALTA’s 100-year history.” You can read more about the Initiative on page 28

The 100th ALTA Anniversary Celebration

The first national meeting of the American Association of Title Men was held in the old Palmer House in Chicago, IL, on August 8, 1907. ALTA celebrated its 100th anniversary during the Annual Convention this past October.

A Centennial Committee was formed of current and past ALTA members, which met via conference calls for many months. The committee’s major project was a DVD featuring interviews with industry experts. The DVD debuted at the Annual Convention and all ALTA members received a copy. In addition, the committee held a contest for members to submit a 100th anniversary logo.

The committee asked former EVP Bill McAuliffe to write about the association’s second fifty years for articles in *Title News*. (The first 50 years had been summarized by another member.)



▲ Some of the ALTA volunteers at the Habitat for Humanity house



▲ ALTA members and volunteers tour the Habitat for Humanity house.

During the Annual Convention, a Centennial Lounge displayed old photos, copies of past convention programs, membership directories, and *Title News*. A continuous loop video of old photos ran in the lounge. Photos of all ALTA presidents were also displayed. A variety of materials sporting the 100th anniversary logo were available for purchase including shirts, hats, lapel pins, and golf balls.

ALTA members also donated their time during the convention to help build an ALTA-sponsored Habitat for Humanity House in Chicago. In addition to ALTA's sponsorship, many members donated money to help finance the project. What a great way to help a family achieve the American dream of homeownership during our anniversary.

New ALTA Activities

- The first LTI Management Development Program for middle-level title managers was held at the Houston Baptist University in Houston, TX, from February 28 through March 5, 1999. It was a huge success. The program ran three years.
- At the 2000 Annual Convention the Education Committee's CD-ROM,

a training program on escrow accounting, was introduced. This year students can take the course online for the first time.

- During the summer of 2001, the Land Title Institute's two Correspondence Courses were moved from a print format to a CD-ROM at considerable savings to the association. In early 2005, the correspondence courses were put online and enrollments surged.
- In 2003 ALTA published the Title Insurance Regulatory Survey, the most comprehensive collection of regulatory information and practices of the title industry. This Survey was updated in 2004/2005 and is being updated again in 2007.
- On April 9 and 10, 2005, the inaugural meeting of the Small Agents Forum took place in St Louis. It was an information exchange/networking opportunity for ALTA members with small to moderate-size businesses.
- Title Triumph Level Two, an expanded version of the LTI's popular board game and employee training tool, was introduced in September 2005.
- On June 17, 2006, revised Owner's and Loan Policies as well as many

new endorsements were adopted. That same year, the Policy Forms Handbook was eliminated, and all of the forms were placed on the ALTA Web site.

Conclusion

The last fifty years of ALTA have been marked by the association's growth, involvement, and service to the needs of its members.

With the continued support and commitment of underwriters, agents, staff, and outside professionals, there will be another celebration on the 200th anniversary of ALTA.

Look for an article in the January/February issue of *Title News* with predictions about the next decade.

Many thanks to Cara L. Detring, Chair, and the members of the 100th Anniversary Committee for selecting me to write the history of the last 50 years of ALTA; ALTA committee members, staff, and outside professionals whose reports and articles are the basis for these articles; Lorri Lee Ragan, editor in chief of *Title News*, for her editing skills; and Shawn Sullivan, for the great work he did in laying out these articles and placing them on the ALTA Web site.



William J. McAuliffe, Jr. was executive vice president of ALTA from 1965-1984. He is serving as historian and adviser to ALTA during the

100th anniversary celebration. He can be reached at billm@alta.org.

Communicating Through Conflict

We can't banish conflict from our lives, but we can communicate more effectively through it. These five tips can help.

Where there are people, there is conflict. It affects us all. The failure to communicate effectively, or to communicate at all, is a leading cause of conflict's existence and escalation. If not confronted early and well, conflicts will escalate, negatively affecting entire families, neighborhoods, and organizations.

It's a topic that can fill volumes, but you can get a handle on it by using these five tips:

1. Distinguish between true conflicts and false conflicts.

Before you can think about how to communicate through a conflict, decide whether you need to communicate at all. Not all conflicts need to be resolved. Before you do or say anything, ask yourself, "Is this a true conflict or a false conflict?"

A true conflict has to be resolved. If not resolved, it will get bigger and result in a negative consequence.

Your child has a drug problem. You and the child's other parent have a conflict about how to intervene. No intervention happens, and the child is not being helped. This is a true conflict.

You and your colleague must write a grant proposal. There is conflict about how to write the proposal and how to allocate your time to it. As a result, there is a risk that the proposal will not be the best it can be and might not be completed on time. There is risk, therefore, that your organization will not receive this much needed grant. This is a true conflict.



False conflicts are differences that don't have to be resolved. You and your colleague disagree about how smart your boss is. That does not have to be resolved for the two of you to be able to work, share a break, or attend meetings together.

You and your spouse disagree about a movie. You don't have to convince your spouse that it was a great (or horrible) movie. You don't have to agree on the movie's merits to be happy together.

Be careful. Choose your battles. Let the false conflicts go. Refuse to engage in unnecessary arguments and debates. There's nothing wrong with a rousing political debate or a lively discussion containing different opinions. If you get known, however, as someone who always argues everything, you will lose your credibility with the people around you, and they will no longer want to listen to anything you say, even when what you have to say is important.

2. Remember that confrontation is not a dirty word.

Once you determine that you are dealing with a true conflict, you need to communicate. Often we don't want to confront; we want to avoid, and true conflict cannot be avoided. We struggle with confrontation primarily because we confuse it with fighting, anger, and unpleasantness.

Confrontation is not a dirty word. It comes from Latin, meaning, "to face." Properly defined, to "confront" means to face an issue instead of

avoiding it. Yet, we often use the word “confrontational” in a negative way. “She’s so confrontational,” we say, as if that’s a bad thing. We often avoid conflicts that should be confronted, and the longer we wait, the harder it is to resolve them.

3. Get objectivity.

If you’ve lost your objectivity about someone, try to get it back before you communicate. There are two parts to any conflict: the issue and the persons attached to the issue. Sometimes, when conflict has gone on for a while without being confronted, we start

■ If you can only think negative thoughts about the other person, those thoughts will guide your communication.

liking the other person less and less, losing our objectivity. Once we can no longer be objective about the person attached to the issue, it is difficult to effectively communicate through that issue.

How do you regain objectivity about the person attached to your conflict? Observe him or her. Note competences and positive attributes. Is he a good father? Does she donate time to charity? Try to get a more balanced view. If you can only think negative thoughts about the other person, those thoughts will guide your communication. Even if you choose the right words, the communication will fail if your face says, “You make me sick.”

4. Start on a foundation of sameness.

Instead of starting the communication with the conflict and why you’re angry, start with something about which you do agree. Start with something you share. “We both have worked here a long time.” “We both love our child.” “Our friendship has helped us both through some difficult times.” Then move to the issue causing the conflict. This is also helpful when you’re trying to communicate with someone you don’t like but who works with you or is a member of your family or neighborhood.

By talking about common interests and goals (such as wanting to resolve this conflict), you can stay away from how you feel about the other person. When you start communicating with a negative, you may ignite immediate defensiveness and leave no positive or productive place for the communication to go. Start on a foundation of sameness, collaboration, and sincere desire to resolve the issue. You can do this with integrity, no matter how you feel about the person attached to the issue.

5. “Beat up” issues, not the people attached to the issues.

If your goal is to resolve a conflict and change another’s behavior (what a person does or doesn’t do) for the better, your communication has to



address the behaviors. When we attack others, they are generally going to either attack back or retreat out of a real or perceived lack of power. Either way, the real issue will not be resolved because when we are attacked we cannot hear, nor do we focus on how we can change our behavior.

Calling someone lazy or a jerk or saying that he or she has a bad attitude will get you nowhere. Telling that person what he or she said or did that needs changing is the only chance you have to change that behavior. If your goal is to change behavior, communicate in behaviors.

Increasing the odds of resolving conflict requires good thinking and good communication. Think, confront true conflicts only, choose your battles, and focus on the behaviors that need changing, not on the people attached to those behaviors.



Ronnie Moore is the author of *“Why Did I Say That? Communicating to Keep Your Credibility, Your Cool and Your Cash!”* and *“Tricks that Stick,”*

a writing companion. Moore is a nationally known expert on spoken and written communication. She can be reached at 909-229-4755 or Ronnie.moore@rmoorecommunications.com.

ALTA Launches Title Industry Consumer Initiative

On September 18, ALTA launched a landmark consumer initiative that responds to the report by the U.S. Government Accountability Office. The Initiative was started prior to the release of the GAO report and involved hours of meetings with various ALTA members. Learn how you can get involved.

When the GAO released its report on the title industry in April of this year, entitled “Actions Needed to Improve Oversight of the Title Industry and Better Protect Consumers,” ALTA’s leaders were pleased with the agency’s grasp of the title insurance business and agreed with most of its conclusions.

The recommendations in the report helped to focus the work that was already underway to develop a landmark initiative that goes even beyond what the GAO felt was needed. After many months of hard work by a broad cross section of ALTA members, the Title Industry Consumer Initiative was launched on September 18 at a briefing on Capitol Hill, followed by a media teleconference.

“The Title Industry Consumer Initiative represents a significant milestone in that it shifts the title industry’s focus from those who refer business to those who pay for our products and services,” said ALTA President Gary Kermott.

The title industry has been widely criticized over the last several years for a variety of problems, including a lack of consumer orientation and engaging in questionable (and in some cases unlawful) practices in seeking business, which has caused some to question the value of title insurance. The Consumer Initiative addresses how the industry can better serve consumers, sets standards for ethical conduct, and identifies strategies for working more closely with state and federal regulators.

Following is an overview of the five-point Consumer Initiative:

Initiative #1: *Adopt “Principles of Fair Conduct” for the association and its members that demonstrate a commitment to the ethical and fair treatment of consumers.*

The Principles of Fair Conduct were developed by ALTA members representing companies large and small, agents and underwriters alike. A special committee has also been created to review the Principles annually to ensure that they are relevant to changing market and regulatory conditions.

There are five Principles of Fair Conduct that the association believes must guide the behavior of all participants in the industry – including those who are not ALTA members:

1. To engage only in business practices that are lawful and consistent with a high standard of ethical behavior.
2. To encourage a culture of compliance within their organizations for federal and state laws that govern the title insurance business and for these Principles.
3. To treat consumers in a fair and ethical manner.
4. To provide consumers with timely and comprehensive information regarding their policies, services, products, and prices to enable them to shop effectively among providers of title-related services.
5. To encourage and assist consumers to be educated purchasers of title insurance and title-related services.

“These are lofty principles that set a high bar for our industry,” said Kermott. “As a volunteer organization, ALTA is not in a position to enforce member compliance, nor do we feel it our role to

do so. We believe that increasing pressure from consumers, regulators, and the media will dictate change, whether through increased regulation or packaging. So it is in all of our best interest to embrace and implement the Principles to demonstrate that the title industry is capable of responding to the market without government intervention.”

Adopting a set of Principles only becomes meaningful if it is translated into behavior. To help guide ALTA members in the implementation of the Principles, ALTA has identified specific steps members can take – and these recommended steps are an inherent part of the Principles. For example, members are encouraged to develop a Consumer Statement explaining how they intend to treat their customers, and to make that statement available to the public. They are also encouraged (among a number of significant measures) to

- provide more, and more timely, information on their charges so that consumers can effectively shop among providers of title insurance and related services;
- take meaningful steps to develop and enforce a “culture of compliance” within their companies and
- to appoint a senior officer who can be a point person for concerns by employees, agents, and others about possible RESPA or state law problems.

The appendix to the Principles also contains recommendations on steps that ALTA and federal and state governments can take to help implement the Principles.

ALTA members are encouraged to review the Principles of Fair Conduct, located on ALTA’s Web site (www.alta.org), under the Title Industry Consumer Initiative tab. Included are specific action steps ALTA will take, and what

members can do, to implement each of the five Principles.

Initiative #2: *Conduct ongoing industry education to promote the fair and ethical treatment of consumers, including adherence to the laws and regulations governing the business of title insurance.*

ALTA will sponsor seminars and materials on an ongoing basis that deal with ethics and laws applicable to the title industry to help members implement them in their business practices. ALTA will also provide information to members to facilitate the development of a Consumer Statement. Watch for sessions at upcoming ALTA conferences and seminars, articles in *Title News*, announcements via News You Can Use, and postings on ALTA’s Web site.

Initiative #3: *Develop a consumer education program to help consumers become educated purchasers of title insurance and title-related services.*

One of the consistent themes in public comments made by the GAO, legislators, regulators, and the news media is the need for the title industry to better inform consumers about the title insurance process and their rights to choose their own title company. Although consumers have always had the right to choose their own title company historically, most have chosen to rely on the recommendations of a third party, such as a real estate agent. This has led to questions about whether there is adequate consumer-oriented competition since the industry does not market directly to the people who pay for their services. Our task is to help educate consumers in order to demystify the title insurance process so that they can, if they so choose, become involved in the decision-making process.

In last month’s *Title News*, ALTA announced the launch of its new consum-

er Web site, www.homeclosing101.org, which is an important step in helping to educate consumers. This new, user-friendly Web site uses basic terminology to explain the closing and title insurance process, and the important work that title professionals perform on their behalf. ALTA will promote the new Web site by registering with search engines such as Google and advertising on Web sites that are visited by consumers shopping for homes or seeking information about the closing process.

ALTA encourages members to post a link to www.homeclosing101.org from their Web sites, and to actively promote it to their Realtor and lender clients. Instructions on how to post a link are listed on the site.

Initiative #4: *Work with federal legislators and regulators to help them better understand the business of title insurance, and solicit feedback on how the industry can better meet the needs of consumers.*

Under the direction of Ed Miller, ALTA’s chief counsel and vice president of public policy, ALTA will ramp up its efforts to meet with government officials at the federal level.

One of Ed’s priorities in the coming year will be to work with HUD on several fronts. First, to make it known that ALTA supports the GAO’s recommendation that HUD expand the applicable section of its homebuyer information booklet to make consumers’ rights more clear. Second, that HUD be granted authority to levy civil money penalties against violators of Section 8 of RESPA (dealing with the prohibition against paying or receiving referral fees). Third, that RESPA be amended to provide a competitor’s right of action for injunctive relief. This would allow members of the title industry who are aware of RESPA violations to file a cause of action with the courts,

a mechanism currently only available to HUD, state attorneys general, and consumers.

“With limited resources at HUD to enforce RESPA Section 8 provisions, this is a viable alternative because our members are typically the first to know when someone is breaking the rules,” said immediate Past President Greg Kosin, who worked for many months on the Initiative. “When people pay illegal referral fees to gain business, it creates an uneven playing field for the vast majority of our members who play by the rules, because the recipients of these illegal payments will steer their business to the violators.”

ALTA made these suggestions in testimony last year before the House Committee on Financial Services, and sent a letter this year to HUD secretary Alphonso Jackson after the GAO report was released. ALTA will continue to lobby for these proposals.

On the educational front, ALTA hosted a seminar on Capitol Hill in September to familiarize Hill staffers with the title insurance process, and it provided materials for dissemination to legislators. ALTA will also launch an advertising campaign to reach federal legislators and regulators with critical messages about the industry.

Finally, ALTA will seek feedback from federal legislators and regulators on what the industry can do to meet the needs of their constituents, and will continue to seek clarification from HUD on RESPA provisions related to the title industry.

“We’re initiating a more open dialogue with the people who make and enforce the laws to ensure that those laws adequately address the nuances of title insurance as opposed to other lines of insurance, and to seek greater clarification on regulations that are vague or unclear,” said Kosin.

Initiative #5: *Work with state legislators and regulators to help them better understand the business of title insurance, and solicit feedback on how the industry can better meet the needs of consumers.*

ALTA will also be taking a more active role at the state level by working more closely with regulatory agencies and the NAIC. In conjunction with state land title associations, ALTA will help educate key elected and appointed officials about title insurance, and provide critical input on legislative proposals that impact the industry.

To achieve this objective, ALTA created a new full-time staff position to focus more efforts at the state level. James Cox has joined ALTA as the new State Legislative and Regulatory Representative. James has an impressive background in public policy and legislative affairs, and he will be meeting with state leaders in the coming months. As well, ALTA’s public relations firm, Ervin Bell, is working with a number of state associations who are dealing with critical issues and will continue on that front as the need arises.

Actions Speak Louder Than Words

“We have put to paper our good intentions, but it will be up to each one of us to let our actions speak louder than our words,” said Kermott. “Please take the time to become familiar with these initiatives, and initiate steps to incorporate them into your daily business practices.”

The Title Industry Consumer Initiative and its Principles of Fair Conduct are located on the ALTA Web site at www.alta.org.

Companies Adopt Principles

At press time the following state associations and companies had adopted the Principles:

Illinois Land Title Association
Indiana Land Title Association
Oklahoma Land Title Association
Virginia Land Title Association

Beacon Abstract, *Hatboro, PA*
Compass Abstract, *Hatboro, PA*
Diamond Abstract, *Pottstown, PA*
Diplomat Abstract, *Hatboro, PA*
Excel Abstract, *Wyomissing, PA*
Fidelity National Financial, *Jacksonville, FL*
First American Title Insurance Company, *Santa Ana, CA*
Genesis Abstract, LLC, *Hatboro, PA*
Greater Illinois Title Company, *Chicago, IL*
Land Title Guarantee Company, *Denver, CO*
LandAmerica Financial Group, Inc., *Richmond, VA*
Lenders Title Company, *Little Rock, AR*
Mid-Jersey Closing Agency, *Mount Holly, NJ*
Old Republic National Title Insurance Company, *Minneapolis, MN*
Rattikin Title Company, *Fort Worth, TX*
Sentry Abstract, *Wyomissing, PA*
Spring Ridge Abstract, *Wyomissing, PA*
Stewart Title Guaranty, *Houston, TX*
The Security Title Guarantee Corporation of Baltimore, MD, *Baltimore, MD*



Michelle Sweet is director of media relations for Ervin Bell Marketing Communications, the firm ALTA works with on the Public Awareness

Campaign. She can be reached at msweet@ervinbell.com.

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> member news

Member News

CALIFORNIA

First American has two announcements.



Kenneth Manqueros has been named president of First American's National Agency Services division. Manqueros began his career with First American in 1992, most recently serving as regional sales manager for Southern California in the National Commercial Services division.



Landon V. Taylor has been named president of First American's Strategic Markets Division in Santa Ana, CA. In addition, Taylor has been appointed to First American Title's board of directors. Taylor has held leadership positions in a number of operations within the First American family of companies since joining the company ten years ago. Most recently, he was senior vice president.

COLORADO

Debbie Smith has been named western agency sales representative for Westcor Land Title Insurance Company, Denver. Smith brings over 20 years of sales and marketing experience to the position. Prior to Westcor, Smith worked for American Pioneer Title Insurance Company as an agency representative.

DISTRICT OF COLUMBIA



Mark Edward Winter has been promoted to executive vice president of public policy for Stewart Title Guaranty, Washington, DC. Winter has managed Stewart's Washington, DC, office since 1985 and most recently was senior vice president & director of national and international operations. Winter serves on the ALTA Board of Governors as one of two representatives to the Title Insurance Underwriter's Section, and as chairman of ALTA's International Development Committee.

OHIO



Tim Padgett has joined DRN Title Search, Cincinnati, as director of business development. Most recently Padgett was a client service representative for Fidelity Investments retail division in Blue Ash. Padgett is a 17-year veteran of the title insurance industry. He was the founder and CEO of Delta Title Services in Cincinnati.



Marc D. Rittenhouse has joined Old Republic National Title Insurance Company, Fairlawn, as manager of its Residential Information Services Division. Most recently he was president of a vendor management and settlement services affiliate of a large national banking enterprise.

OKLAHOMA



Monica A. Wittrock has been named vice president, state manager for First American Title Insurance Company. Previously, she was Oklahoma state agency counsel and chief operations officer for First American Title & Trust Company in Oklahoma City.

VIRGINIA



M. Parker Myers has joined LandAmerica Financial Group, Inc., Richmond, as senior vice president — technology resources. Myers comes to LandAmerica after serving as vice president — corporate development for UPS Freight.



Gloria Prinz has been named national agency services training director for Stewart Title Guaranty Company. Prinz has been a Stewart associate for almost 11 years, most recently serving as Virginia state agency services manager and Region H agency training director.

Kudos

RamQuest Software, Inc. has been named to *Inc. Magazine's* Inc. 5,000 list. RamQuest is listed as number 3,301 out of the top 5,000 fastest growing private companies in America. The 2007 Inc. 5,000 list measures growth from 2003 through 2006. To qualify, companies must be U.S.-based and privately held companies as of December 31, 2006. They must also have had at least \$200,000 in revenue in 2003 and \$2 million in 2006. Details: Erin McAnally, 800-542-5503.

In Memoriam



William Bryan Pittman, vice president and counsel of The Title Company of North Carolina, passed away in Raleigh, NC on October 2. He was 72.

Bill was a 1952 graduate of Woodberry Forest School, Orange, Virginia. He graduated from UNC-Chapel Hill in 1956 and was a member of Phi Delta Theta fraternity. He married the former Susan Andes of Miami, FL on June 30, 1956 and spent the next 51 years loving her and building a strong family with her. His devotion to and love for his family and his God were the foundation of his life.

Bill served in the Navy from 1956-58, then earned a law degree from UNC-Chapel Hill in 1961. He practiced law with his father at the firm Pittman, Staton and Betts in Sanford for 11 years. In 1972 he moved to Raleigh and became president and general counsel of First Title Insurance Company. He remained active in all phases of the title insurance business up until the time of his death, at which time he was vice president and counsel of The Title Company of North Carolina. He was also a co-owner of Jeffrey's Appliance Center with his son, Andy.

Besides his wife, Susan, he is survived by his daughter, Briane P. Kearns, her husband, John, and children, Debra and Reece of Greensboro; three sons, Carlton Andes Pittman and wife, Brenda Barnes Pittman; daughters, Sarah and Rebecca, Andy Pittman and wife, Suzette Ferrell Pittman; daughter, Andi and son, Jackson, William Faircloth Pittman and wife, Nadine Scaran-

tino Pittman, and son, William Charles. He is also survived by his brother, John Thomas Pittman and his wife, Elisabeth Norfleet Pittman of Sanford, and their children, Lisa, Paul and John Jr. and their families.

The family would like to express gratitude to the Drs. Wells Edmundson, Chuck Scarantino, Pete Hoffman and Lola Olajide for the concern and professional care they provided Bill during the past seven months of his battle with angiosarcoma. Sincere appreciation also goes to the Rex Hospital fifth floor East staff who worked tirelessly to provide comfort, support, and compassion to Bill and all his family.

In lieu of flowers, memorial contributions may be directed to one of the following: White Memorial Presbyterian Church, Pastors' Fund for Special Assistance, 1704 Oberlin Road, Raleigh 27608 or to the Rex Hospital Foundation, 4420 Lake Boone Trail, Raleigh, N.C. 27607, earmarked: Five East Furniture Fund.

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Mallard Services, Inc.
Hot Springs
Lisa Dunlap
PrestoTitle Services, LLC
Jacksonville

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Sharon Wages
Los Angeles

COLORADO
Samuel Cunningham
National 1 Source, Inc.
Englewood

FLORIDA

Clive Wallace
Dynamic Escrow Solutions
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Julie Bishop
Julie's Research & Abstract
Vero Beach
Kathy WhiteTitle Florida, Inc.
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GEORGIA

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Metro Title Works, Inc.
Dacula
Patricia Soucy
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South Bend
Patsy Ballard
Mooreville

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Grant Wood Area Abstract, Inc.
Anamosa

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Pfalzgraf & Drekking Title Co.
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L & K Abstracting, Co.
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Public Land Title LLC
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Absolute Title Agency
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Cape Atlantic Title Agency, LLC
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Robert Binder
New York Title Abstract, Inc.
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Paul Wong
Pinnacle Land Services
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World Class Abstract
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Jennifer Standifer
PS...Abstract & Closings, LLC
Franklin
Gayle Lunken
Queen City Paralegal
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