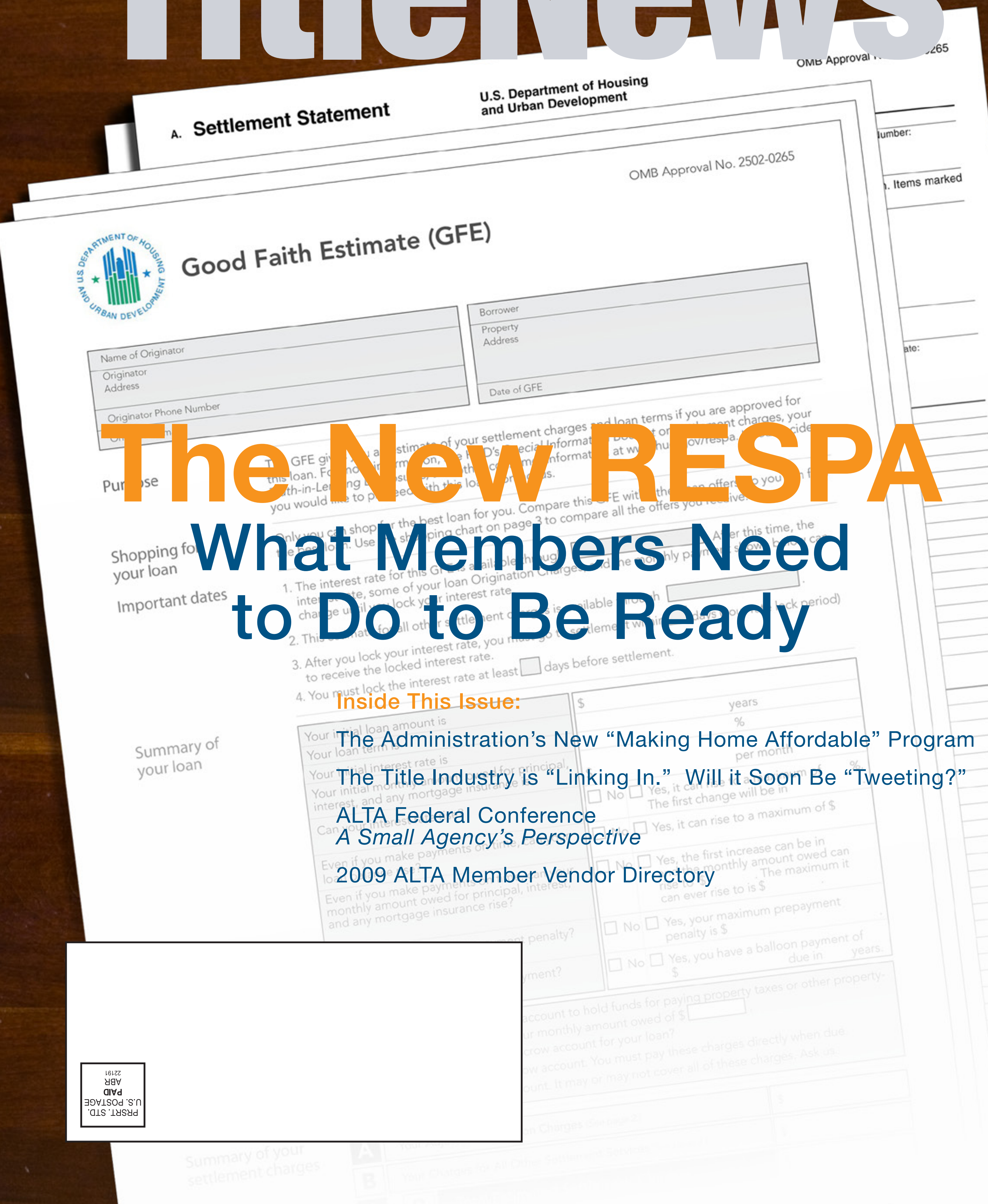
May/June 2009

TitleNews

Official Publication of the American Land Title Association



The New RESPA

What Members Need to Do to Be Ready

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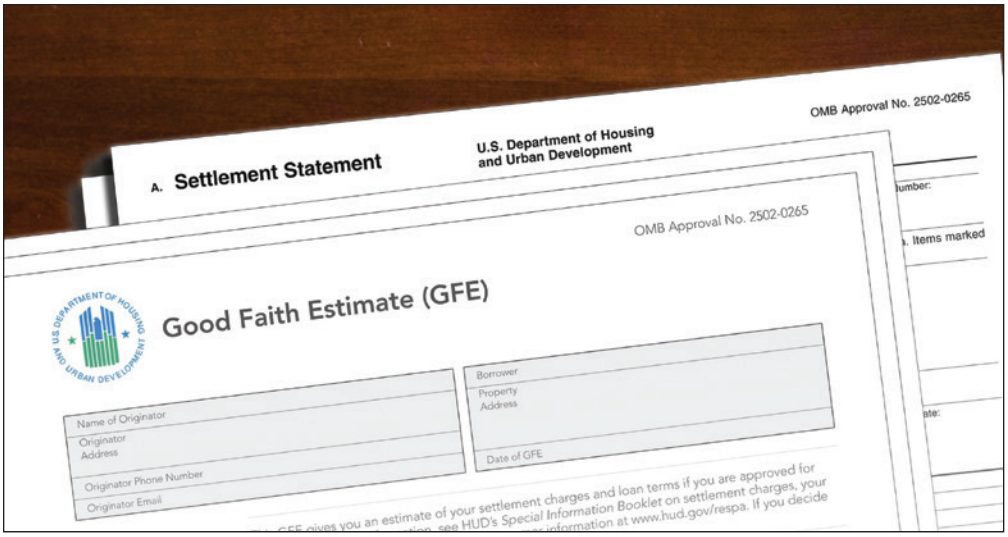

Features

Departments

calendar

ALTA EVENTS

October 21 - 24	2009 Annual Convention The Breakers Palm Beach, FL

STATE CONVENTIONS

May 14 - 17	South Carolina (Palmetto)
May 17 - 19	California
May 31 - June 3	New Jersey
June 4 - 7	Pennsylvania
June 5 - 7	Virginia
June 7 - 9	Wyoming
June 11 - 12	South Dakota
June 17 - 19	Texas
June 18 - 21	New England (CT, ME, MA, NH, RI, VT)
June 20 - 22	Arkansas
July 9 - 10	Illinois
July 16 - 18	Utah
July 18 - 21	Michigan
August 5 - 7	Montana
August 9 - 11	Tri State (WA,ID,OR)
August 12 - 14	Kansas
August 13 - 15	Minnesota
August 23 - 26	New York
September 10 - 11	Arizona
September 10 - 11	Wisconsin
September 10 - 12	North Dakota
September 10 - 13	Maryland
September 13 - 15	Ohio
September 16 - 18	Colorado
September 17 - 20	Dixie Land (AL, GA, MS)
September 17 - 19	North Carolina
September 24- 26	Missouri
September 24 - 25	Nebraska
November 5 - 7	Florida
December 2 - 4	Louisiana

TitleNews

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from the publisher's desk

Dear Reader,

By definition, an association brings together the disparate talents and perspectives of an industry to solve common problems. Our cover story reports on the work of ALTA's RESPA Implementation Taskforce, a group of talented individuals representing different sectors of the title industry who have devoted an enormous amount of time to identifying, discussing, cataloging and answering every conceivable question about how to close a loan under the new RESPA regulations. The Taskforce's goal is to work with HUD to provide guidance and best practices that you can rely on to comply in common sense ways with the new regulation. While the work of the Taskforce is on-going, we shed some light on its progress in anticipation of reviewing its final work in the near future. We owe the Taskforce members a debt of gratitude for their time and effort.

In this issue, we also explain the Obama Administration's new "*Making Home Affordable*" program, which is designed to refinance $75 billion worth of high LTV loans through Fannie Mae and Freddie Mac. The program, along with on-going intervention on the part of the Federal Reserve to keep interest rates low, is fueling a boom in refinancing that led the Mortgage Bankers Association to recently increase its forecast of mortgage originations in 2009 by over $800 billion. MBA now expects originations to total $2.78 trillion this year, which would make 2009 the fourth highest originations year on record, behind only 2002, 2003, 2005. Housing prices are still projected to fall into 2010 as foreclosures continue to flood the market, but this price rationalization is finally starting to breathe signs of life into the purchase market in some parts of the country.

I recently attended a meeting of trade association leaders where one CEO spoke about his experimental foray into the online world. He spent a year learning to twitter, text and befriend people on various social sites. His goal was to get a better understanding of how the new online world is reshaping communications, relationships, business and society itself. He summed up his experience by saying that, "our generation goes online while the next generation lives online." Learn what you need to know about this brave new world in a great article on the use of "social media" and how title companies are using these new communities to market their businesses.

Old Republic CEO Rande Yeager gets *"The Last Word"* in this issue, and it's worth reading as he reminds us of what makes this country strong. Indeed, we are blessed to live a country whose entrepreneurial spirit, inherent fairness, hope and self-sufficiency can only lead to a better tomorrow. Enjoy the magazine!

Sincerely,

Kurt Pfotenhauer

– Kurt Pfotenhauer

Support Your State Leadership

One of the joys of traveling to state conventions is the opportunity . . . and honor . . . to participate in the installation of state association leaders. I am always encouraged by the commitment these dedicated individuals make to our industry.

Every state land title association has a president, board of directors and committee chairs charged with the role of leadership. It is their watch . . . their responsibility . . . to safeguard the industry from those who, for whatever misinformed reason, might weaken its foundations.

It is an honor to be called to leadership by your peers, but it is also a sacrifice. Family and business interests must take a back seat to the larger duty to the industry. Sometimes, industry opponents throw stones at the leaders hoping, by association, to discredit the industry . . . or vice versa.

But still, at every state association meeting I attend, someone willingly takes the oath of office as an industry leader.

Recently, I began not only administering an oath of office to the new officers, but also to the assembled audience. The point being . . . we are all responsible for the success of the association. We each have a "duty" to perform. As ironic as it sounds . . . being a good follower, in some ways, is actually the strongest form of leadership! When we vote to elect a leader, we should be affirming our willingness to follow.

Even for the most talented individuals, leadership is time consuming and difficult. Carefully considering multiple viewpoints and competing business interests while crafting good industry policy can be exhausting, but the results can be rewarding . . . and potentially game changing for our entire industry!

Good leaders . . . and good followers . . . when operating as a unit, create a powerful voice.

Almost every week between now and October, a state association will hold its annual convention. Most of the time, the annual convention will have a ceremony to install officers. And just as the officers affirm their responsibilities to the industry, the convention is the perfect time for each of us to renew our commitment as well.

Every state association needs your attendance . . . and support . . . at their meetings.

And every leader in every state association needs to see your hand and voice raised in affirmation and support of their leadership responsibility.

All in favor, say I do.

– Mike Pryor

The Value of ALTA Membership

Each year and for many years when the time for ALTA membership renewal came, I was asked to explain the benefit. I can honestly say that I struggled with the answer. The problem was that I couldn't quite put my finger on how my company directly benefitted other than ALTA, on behalf of the industry, struggled with HUD over the years and we had our name listed in the directory. I could read about ALTA's efforts from time to time in the trade publication "*Title News,*" but there was still a disconnect.

ALTA has had a make-over! Over the past eighteen months or so, I haven't been asked the question of what they do. That was answered by ALTA through the regular emails we receive and share with our office. Kurt Pfotenhauer, CEO of ALTA, sends the weekly "***Advocacy Update***." Justin Ailes, director of Government Affairs (State), sends the "***Grassroots Update***." The ALTA staff sends the "***ALTA News You Can Use***," which contains industry-related articles from across the country and is essentially our industry e-Newspaper. Now we know what they do.

Greg Aschoff and I attended this year's Federal Conference March 2-4, 2009. The first day of meetings began with the State Land Title Association President's Meeting. Mike Pryor, president of ALTA, started us off with the prerequisite around-the-table introductions. Then he asked what purpose our associations serve. More often than not, the responses were education or professional development.

The next question was whether we've been affected by, or have considered the affect of, outside parties meeting the educational needs of our respective memberships. If other organizations are filling that need, taking away the benefit that state associations provide, then why are we (as an association) in existence or how can we exist in the future?

The answer: Advocacy. That's the purpose of ALTA and it should be the purpose of our state associations. Yes, absolutely educate, instill professional ethical standards, monitor your local legislation, but, above all, advocate for the industry.

ALTA's Federal Conference this year provided tremendous value. Not only did it serve to put things in perspective, it also showed me that the people in Washington are just people (albeit with big jobs). And maybe not all of them, but certainly some of them, actually do listen to the people who put them in office. That's why lobbying works. That's why ALTA works.

MEMBER
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TM

Debbie Scott
President-Elect
Nebraska Land Title Association

leaders from the states

Texas Land Title Association Salutes Outgoing President Celia Flowers

Celia Flowers has served on the TLTA board of directors since 2004. During her tenure as president, she helped the association navigate through a challenging legislative session, a rule hearing at the Texas Department of Insurance, and a rate setting hearing before the State Office of Administrative Hearings. She also led the association's advocacy efforts on RESPA reform.

As a leader, Flowers successfully harnessed the collective talent of the association membership to work on the many critical issues facing the industry.

Flowers is President of the East Texas Title Companies in Tyler, with offices in 12 counties.

She is a board certified attorney in oil and gas, real estate and civil trial law.

Land Title Association of Colorado President Richard Jones Keeps Members Engaged

Despite the challenges facing the title industry, 2008-09 LTAC President Richard Jones has helped keep the association vibrant and effective. Under his leadership, the association has taken a number of steps to keep members engaged as it weathers this economic storm, including a dues refund program for those who submit dues in a timely fashion. During his tenure on the board, he helped develop a reserves policy that has put the association in a position to continue operating in these down times.

Jones has served on LTAC's Legislative and Consumer Outreach committees and has been active in representing and promoting LTAC's interests in the Colorado Legislature. He has been an active member of the title insurance industry since 1984, and currently serves as vice president and South Central Division underwriting counsel for Old Republic National Title Insurance Company.

It's All About Loving It!

This is how Joanne Payne feels about the Land Title Industry. That's a good thing since she is the President of the Virginia Land Title Association (VLTA) and has been on its board for 6 years. Joanne is also Vice President and Agency Representative for Chicago Title Insurance Company where she has built her career in the title industry since 1990.

In her current role as Agency Representative, she oversees the set up and appointment of new agencies with her company and, because of her extensive knowledge of the industry as well as being a licensed title insurance agent, she is able to help those new agencies start their businesses on the right foot, remain within the company's guidelines and strive to maintain the standards and ethics of our profession.

As President of the VLTA, she has committed her time, experience and creative contributions to further the educational and legislative goals of the association which in turn profits the entire profession throughout the state of Virginia. Joanne is dedicated, knows how to motivate her peers and easily recognizes talent in others. Her energy and enthusiasm is contagious!

ALTA Releases 2008 Title Industry Financial Results

CONTINUING REAL ESTATE SLUMP TAKES ITS TOLL ON THE TITLE INDUSTRY

The continued slowing of real estate sales and refinances, a continuing reduction of title insurance transactions and revenues, and a continuing rise in loss and loss adjustment expenses took a significant toll on the title insurance industry in 2008. The industry posted a 2008 operating loss of $710.3 million, compared to an operating loss of $87.8 million for 2007.

This reduction in operating gain, combined with a 46 percent decrease in net investment gain, was somewhat offset by a significant reduction of income taxes and resulted in a Net Loss for 2008 of $434.2 million, as compared to Net Income of $315.1 million for 2007.

Despite these struggles, the industry remains in a strong financial position with Admitted Assets of almost $9 billion, including more than $7 billion in Cash and Invested Assets. Also, Statutory Reserves were in excess of $5.3 billion and Statutory Surplus was over $2.0 billion.

The 4th Quarter of 2008 marked the 11th consecutive quarter in which title premiums written declined from the prior year's equivalent quarter, indicating that poor markets not only continued through 2008, but were still worsening through year end.

Furthermore, each successive quarter's decline was greater than the previous quarter. In 2007, the 3rd Quarter declined more than 15 percent over the previous quarter, and the 4th Quarter decline was 22 percent over the 3rd Quarter. In 2008, the 1st Quarter declined 26 percent from the previous quarter, the 2nd Quarter declined almost 28 percent, the 3rd Quarter more than 30 percent, and the 4th Quarter declined over 34 percent.

On a state-by-state basis, 28 states plus the District of Columbia were down over 30 percent in the 4th Quarter of 2008 from the prior year's equivalent quarter. Only six states showed increases, with North Dakota, Arkansas and South Dakota up 53, 37 and 24 percent, respectively; and Alaska, Vermont and Iowa up less than 15 percent. The four largest states in terms of written premiums, California, Texas, Florida and New York, were down 23, 34, 46 and 47 percent, respectively. The fifth largest state, New Jersey, was down 30 percent; the seventh largest, Pennsylvania, down 40 percent; and the eighth largest, Virginia, was down 31 percent.

Title Insurance Industry Market Share and Statistical Analysis compilations for the 4th Quarter and the full year, 2008 are now available on the ALTA web site at *www.alta.org/industry/financial.cfm*.

From the Capital

The Obama Administration announced sweeping changes to oversight of financial institutions and products with the creation of a systemic risk regulator that would establish requirements for capital and risk taking by large financial institutions (regardless of their primary regulator) and oversee money-market mutual funds, derivatives markets, large hedge funds and large insurance companies (such as life and P&C lines). The proposal would also give the federal government the means to liquidate failed non-bank institutions. Although all signs point to the Federal Reserve, it is still unclear which federal agency will be assigned the role of systematic risk taker.

"P-PIP" is what banking insiders are calling the Treasury Department's Public-Private Investment Program to incentivize the private sector to remove toxic assets from bank balance sheets, a necessary step to restoring confidence in the credit markets. Based on the explanatory documents that accompanied the Treasury's program announcement, there is still some confusion over exactly how and if the program will work.

The Office of the Comptroller of the Currency and the Office of Thrift Supervision released a study finding that, while loan modifications that result in lower payments are increasing, nearly half of all loan workouts still result in the same or higher payments. Modifications can result in higher monthly payments because lenders frequently add past-due amounts to the loan, driving monthly payments higher. The re-default rate was 26 percent in the first three quarters of 2008 when monthly payments were cut by more than 10 percent, compared with about 50 percent when the payment increased or remained the same, according to the study.

Congresswoman Melissa Bean (D-IL) and Rep. Ed Royce (R-CA) introduced H.R.1880, The National Insurance Consumer Protection Act. In the last Congress, this legislation was referred to as the "optional federal charter bill." The draft includes language to establish a system of regulation and supervision for insurers, insurance agencies, and insurance producers chartered or licensed under Federal law as well as language which effectively carves out the title industry. ALTA worked closely with Congresswoman Bean and Congressman Royce to explain the uniqueness of title insurance and secure this exemption from the bill. Its inclusion is good news for our continued effort to preserve state regulation of the title industry.

Lawmakers are grappling with the possibility that the FHA may need a bailout for the first time in its 75-year history. The FHA reserve fund fell to approximately 3 percent of its mortgage portfolio in FY08, down from 6.4 percent in the previous year. Rising defaults are the cause as roughly 7.5 percent of FHA loans were seriously delinquent at the end of February. By law, FHA reserves must remain above 2 percent.

ALTA met with staff members of the House Small Business Committee to solicit their help in getting the FHA to answer its January letter regarding FHA's directing of title insurance on the sale of its REO properties. As the Obama Administration continues to slowly staff up HUD with new political leadership, ALTA will continue to keep the issue in front of them.

Small Agents And Abstracters Discuss RESPA Reform

The 2009 Small Agents and Abstracters Forum was held March 21-22 in Indianapolis. Mary Schuster of RamQuest, who is a member of ALTA's RESPA Implementation Taskforce, presented a comprehensive overview of the new RESPA rule and facilitated a lively interactive discussion with attendees.

Kim Rutherford of Hardin County Abstract Company in Elizabethtown, IL, said, "As the smallest agent in attendance (myself and one employee), the speakers addressed the issues that I have been having with RESPA . . . still no answers to a lot of those issues, but at least I know that ALTA is addressing the problems."

ALTA's Small Agents and Abstracters Forum provides an unparalleled opportunity to meet with peers and freely exchange ideas, experience, and opinions on issues that affect small businesses today. This year's Forum was the largest to date, with 53 attendees from 17 states.

"We typically introduce a topic and then go around the room so that everyone has an opportunity share what they're doing in that particular area," said Mike Nichols, secretary of ALTA's Abstracters & Title Insurance Agents Section and president of The Jones Abstract &Title Company. "The exchange of ideas has tremendous benefit and I always come away invigorated. Many of the people who attended this year were back for the second, third of fourth time."

TIPAC Exceeds First Quarter Goal

As the dust settles from 2008, the TIPAC Board of Trustees' 2009 fundraising campaign is well underway. This year's goal is $250,000. It will be quite a challenge, but certainly a challenge worth pursuing for the advancement of the title industry. At the end of the first quarter we have already raised $80,000 or 30% of our goal.

The TIPAC Board of Trustees will be contacting every ALTA member by phone or in person, so be ready to step up and support your industry!

Get the Most Out of Your ALTA Membership - Serve on a Committee

The old saying "the more you put into something, the more you get out of it" really does apply to ALTA membership. Members frequently cite their active participation on ALTA volunteer committees as the place they've learned the most, and where they have had the opportunity to help shape the future of the title industry—not to mention the life-long friendships they have developed through their participation.

If you have a special area of expertise (real property records, international development or industry technology, for example), or if you have a special area of interest (such as membership, government affairs, public relations, research, or employee and professional education, to name a few), there is a committee on which you can volunteer to serve.

The ALTA President-Elect makes all committee appointments in the late summer for a term beginning after the Annual Convention in October.

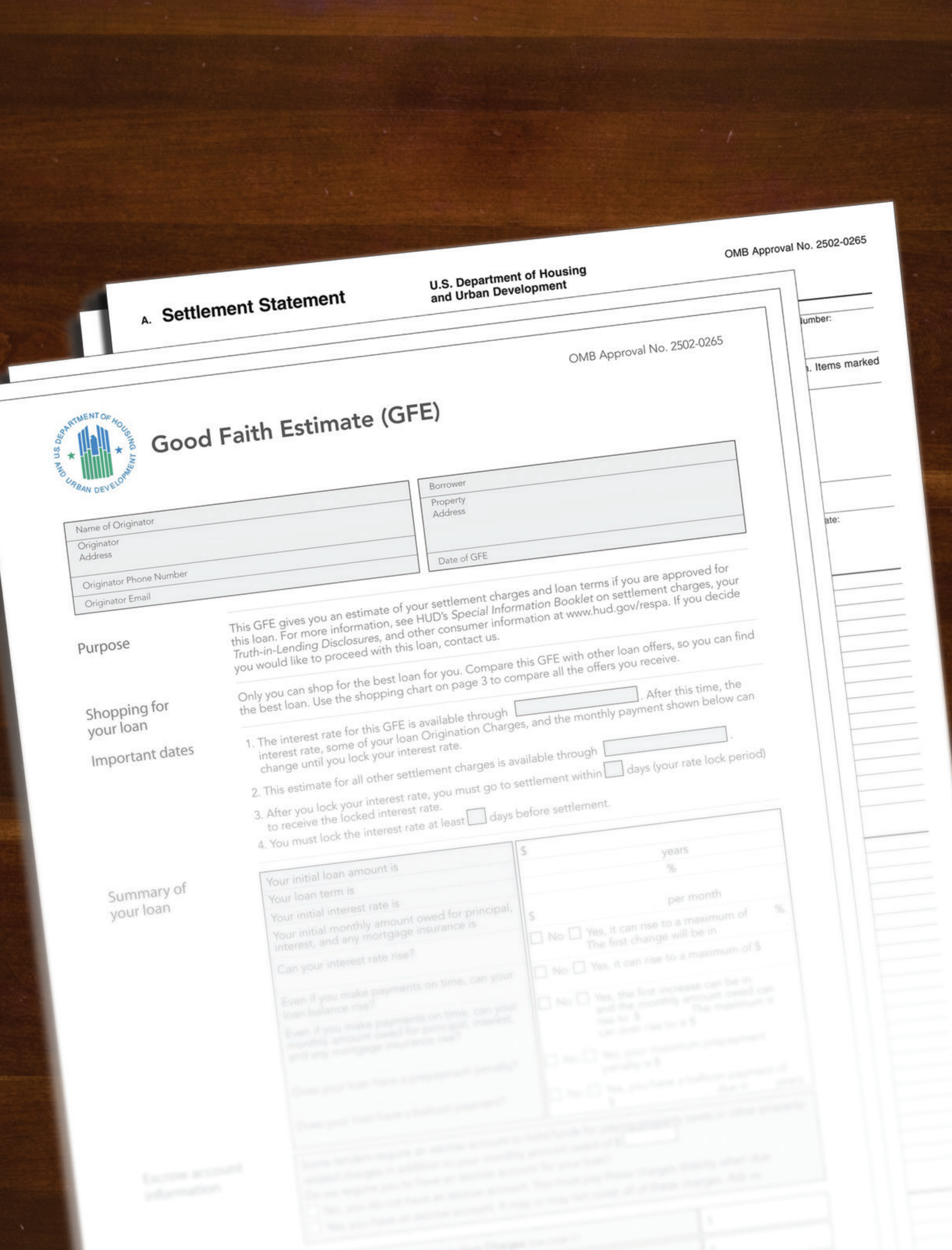
Please contact Taylor Morris at (202) 296-3671 or *tmorris@alta.org* if you have questions or would like to volunteer. You can see all of the committees and their responsibilities on the ALTA web site at *www.alta.org/about/commserv.cfm*. The deadline to submit your name is July 1st, 2009.

THE NEW RESPA

What Members Need to Do to be Ready

The new RESPA represents a significant change in the way real estate transactions are conducted. Roles will change. Business processes and procedures need to be re-engineered. New software platforms are required. ALTA has taken the lead to help define the new reality and develop best practice standards for the title industry. >>

by Michelle Sweet



OMB Approval No. 2502-0265
U.S. Department of Housing
and Urban Development
A. Settlement Statement
OMB Approval No. 2502-0265
Good Faith Estimate (GFE)
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Name of Originator
Originator Address
Originator Phone Number
Originator Email
Borrower
Property Address
Date of GFE
Purpose
This GFE gives you an estimate of your settlement charges and loan terms if you are approved for this loan. For more information, see HUD's Special Information Booklet on settlement charges, your Truth-in-Lending Disclosures, and other consumer information at www.hud.gov/respa. If you decide you would like to proceed with this loan, contact us.
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Only you can shop for the best loan for you. Compare this GFE with other loan offers, so you can find the best loan. Use the shopping chart on page 3 to compare all the offers you receive.
Important dates
1. The interest rate for this GFE is available through . After this time, the interest rate, some of your loan Origination Charges, and the monthly payment shown below can change until you lock your interest rate.
2. This estimate for all other settlement charges is available through .
3. After you lock your interest rate, you must go to settlement within days (your rate lock period) to receive the locked interest rate.
4. You must lock the interest rate at least days before settlement.
Summary of your loan
Your initial loan amount is
Your loan term is
Your initial interest rate is
Your initial monthly amount owed for principal, interest, and any mortgage insurance is
Can your interest rate rise?
$
years
%
per month
$
No
Yes, it can rise to a maximum of
%

When the U.S. Department of Housing and Urban Development (HUD) issued its final rule modifying the Real Estate Settlement Procedures Act (RESPA) last November, ALTA didn't miss a beat.

Quickly shifting from an advocacy role during the rulemaking process to leading the charge on implementation, ALTA pulled together a team of seasoned industry veterans to conduct a detailed, 'deep in the weeds' analysis of the 341-page rule.

"What became quickly apparent was that there were more questions than answers," said ALTA CEO Kurt Pfotenhauer. "The rule has a number of ambiguities, particularly when you attempt to apply it to different operational and market-specific scenarios."

Amidst the confusion, one thing was certain—that clearer definitions and guidance were urgently needed.

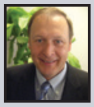
"Compliance with any rule requires clear definition," said ALTA President Mike Pryor. "The danger of an ill-defined rule with non-uniform applications is chaos and regulatory unenforceability."

In January, ALTA appointed the RESPA Implementation Taskforce and charged it with identifying the key issues, seeking clarity and guidance from HUD, and developing best practice standards for the title industry.

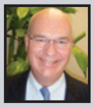
The Taskforce has been meeting several hours a week for the last three months and has engaged HUD for guidance and agreement. The final product of the Taskforce will be developed for ALTA members to use as written guidance on using the new HUD-1 and GFE.

RESPA Implementation Taskforce

Chair:

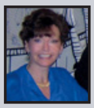


Dan Wold
General Counsel
Old Republic Title Insurance Company



Gene Aalseth
Vice President & Associate Senior Underwriter
First American Title Insurance Company

Chris Christensen
Attorney
PeirsonPatterson, LLP



Pam Day
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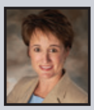
Day Title Services



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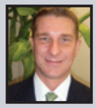
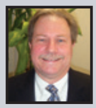
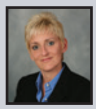


Wes Lasseigne
Vice President & General Counsel
Lenders Title Company



Don Partington
Chief Counsel
Fidelity National Title Group



Mary Schuster
Director of Operations
Ramquest

RESPA Implementation Taskforce

The RESPA Implementation Taskforce is comprised of a cross-section of members representing different disciplines and perspectives, including underwriters, large and small agents, attorneys and software developers. Dan Wold, general counsel for Old Republic Title Insurance Company, serves as chairman.

"We're well beyond philosophical discussions about what should or shouldn't have been in the final rule," said Wold. "What our members need now is a practical, nuts and bolts approach to implementation, and we want them to rest assured that ALTA has things well in hand."

Taskforce member Mary Schuster, director of operations for Ramquest, has served as the lightning rod for members' questions and concerns, making sure that all of their issues are on the table. The Taskforce has undertaken the painstaking process of analyzing and interpreting the corresponding sections of the rule.

"On a broad scale, members want to know how the new responsibilities placed on lenders will equate into new models of work flow," said Schuster. "At the granular level, they're asking how the new page three of the HUD-1 should be handled appropriately in purchase transactions, and how to correctly

ALTA's Business Strategies CONFERENCE

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The Wise Agent

Please View more ALTA Member companies that can help your title operation succeed in this issue's Tech Corner

Overview of Key Changes in the New RESPA Rule

New GFE and HUD-1/1A Forms

- The GFE has been shortened from four pages to three.
- The HUD-1 now has references on each line to the corresponding area of the GFE.
- The HUD-1 has a new third page that includes a chart comparing the amounts listed for particular settlement costs on the GFE. Lenders are required to provide all information needed to complete the comparison chart.
- Everyone must use the new GFE and HUD-1 forms by January 1, 2010, however, some lenders may be early adopters. If the new GFE is used, the new HUD-1 must be used.

Average Pricing

Settlement service providers can utilize average costs for services such as credit reports and courier fees. There is a three-year recordkeeping requirement, and the total average costs over the utilized time period must not exceed the total paid for those services. Excluded from average cost pricing are services based on the value of a property or loan, including any type of insurance.

Ineligible Fees

Fees based on loan amount or property values
Transfer Tax
Interest
Escrow Reserves
Insurance premiums (including title)
Provider's own internal charges

Eligible Fees

All other fees including third-party fees

Calculations based on specific class of transactions

During a specific time period (not less than 30 days, not more than six months)
For a specific geographical area
Charge may not exceed average calculation
Charge may not exceed the total price paid to third-party provider
Originator must retain all documentation determining accuracy of pricing method for at least three years

There are three categories of tolerances from the GFE to the HUD-1:

Zero Tolerance

(fees that cannot change)
Origination fee
Points (or credited YSP to offset origination fee)
Adjusted origination charges
Transfer taxes

10% Tolerance

(fees that cannot change more than 10% aggregate)
Required services (if lender recommended providers are chosen)
Title services and lender's title insurance (if lender recommended providers are chosen)
Owner's title insurance (if lender recommended providers are chosen)
Government recording fees

No Tolerance Limit

(fees that can change with no tolerance limit)
Required services (if selected by the borrower)
Title services and lender's title insurance (if selected by the borrower)
Owner's title insurance (if selected by the borrower)
Initial escrow deposit
Daily interest charges
Homeowners's insurance

Required Use

The intent of Required Use is to allow bona fide discounts and disallow any discounts predicated on preferred service providers. It declares as illegal any economic incentives or disincentives used to improperly influence a consumer's choices. In other words, a discount of fees or services shouldn't be predicated on the selection of a specific provider.

However, there is an exemption to the Required Use provision for AfBAs if:

- The combination of services is optional AND
- The lower price is not made up elsewhere in the transaction

(Homebuilders and their affiliates are excluded from the AfBA exemption pending the outcome of a lawsuit filed in January 2009. HUD has delayed the effective date of Required Use until July 16, 2009 and reopened public comment on this issue.)

group fees for title and settlement services in the 1100s section."

Schuster says the Taskforce will also seek HUD's guidance on potential conflicts between the new guidelines and the laws in certain states. In Kansas, for example, state law prohibits the borrower from receiving funds post closing. However, the 30-day Right-to-Cure provision in the new RESPA rule requires lenders to provide a refund to borrowers for charges exceeding the tolerance limits of the GFE.

Common Member Questions

Following are examples of common member questions:

Example 1: Average charge
What is permissible practice when a settlement service provider utilizes an average charge for a group of qualifying transactions?

Example 2: Average charge
In conjunction with Example 1, what is acceptable practice when language in the final rule appears to condition its use?

Example 3: Disclosure of attorney's fees on the HUD-1
What are the proper lines and manner (outside or inside a column) for disclosure of attorney's fees arising at or around the closing of a real estate or mortgage transaction? (Specifically as they apply to attorney's fees related to title services rendered, services required by the lender, and those incurred by a party seeking to have separate legal representation at the settlement.)

Example 4: Questions surrounding the 1100 series of the HUD-1
What is the proper way to disclose different common factual situations encountered in the settlement of mortgage and real estate transactions in the 1100 series of the HUD-1? (This includes, but is not limited to, discussions relating to what items should be separately disclosed, those that should be included in 1101, and the handling and disclosure of shared charges.)

> "At the end of the day, we all want to arrive at the same destination—where there is more transparency in the real estate transaction process and greater certainty for consumers."

An Ongoing Process

The Taskforce held the first of a series of meetings with senior HUD representatives last month, which Wold says was very productive.

"At the end of the day, we all want to arrive at the same destination—where there is more transparency in the real estate transaction process with greater certainty for consumers," said Wold. "Our goal is to reach consensus on the best way to get there. By partnering with HUD to eliminate ambiguities in the rule and better define its application under various real-world scenarios, we can provide our members with the tools and information they need to comply with not just the letter of the rule, but the spirit as well."

The Taskforce is also working with other industry groups, such as the Mortgage Bankers Association, on common issues and goals to ensure a smooth transition. Although adoption of the new GFE and HUD-1 forms is not required until January 1, 2010, some lenders may be early adopters, which will necessitate the need for title and settlement agents to follow suit in those transactions.

"The title industry will continue to play a vital role in the real estate transaction process," said Wold. "Our affiliation with one another, as well as our partner industries and HUD, affords us the opportunity to change thoughtfully and intentionally, and to take a proactive and educated approach to reform."

ALTA members are encouraged to contact the Taskforce with questions, issues or concerns at *respacomments@alta.org*. We will continue to provide up-to-date information to our members through Title News, News You Can Use, and the RESPA section of the web site at *www.alta.org*.

Michelle Sweet is Editor-in-Chief of Title News.

The following represents specific guidance sought from HUD.

NEW HUD-1

Showing seller fees appropriately.

Generally, are roll up lines intended only on the borrower's side for GFE comparison purposes or do roll up lines also apply to seller charges?

More specifically, regarding charges that are customarily or contractually the responsibility of the seller (not costs that the seller is paying on behalf of the buyer), should the seller's portion of a shared expense appear on the individual line item inside the seller's column or roll up into the seller's total column? (Pertains to charges for sellers in sections 1100, 1200 & 1300.)

Business Case: The buyer customarily pays for recording of the deed and mortgage. The seller pays for the release recording fee. The buyer pays for the County Deed Tax Stamp and the Seller Pays for the State Deed Tax Stamp. Should the seller's charges be shown:

A) on lines 1202 and 1205, or
B) as a roll up and shown in the seller's column in lines 1201 and 1203?

Example A

1200. Government Recording and Transfer Charges					
1201. Government recording charges			(from GFE #7)	50.00	
1202. Deed $ 25	Mortgage $25	Releases $ 15			15.00
1203. Transfer taxes			(from GFE #8)	684.00	
1204. City/County tax/stamps	Deed $ 684	Mortgage $			
1205. State tax/stamps	Deed $ 684	Mortgage $			684.00
1206.					

Example B

1200. Government Recording and Transfer Charges					
1201. Government recording charges			(from GFE #7)	50.00	15.00
1202. Deed $ 25	Mortgage $25	Releases $ 15			
1203. Transfer taxes			(from GFE #8)	684.00	684.00
1204. City/County tax/stamps	Deed $ 684	Mortgage $			
1205. State tax/stamps	Deed $ 684	Mortgage $			
1206.					

1100 Section

In this example from HUD, was the total amount to the borrower for all title and closing fees $1,650 or $925?

1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	$925.00	
1102. Settlement or closing fee	$			
1103. Owner's title insurance		(from GFE #5)	$725.00	
1104. Lender's title insurance	$175.00			
1105. Lender's title policy limit $ 300,000				
1106. Owner's title policy limit $ 300,000				
1107. Agent's portion of the total title insurance premium	$720.00			
1108. Underwriter's portion of the total title insurance premium	$180.00			

Line 1102

Does the previous example assume there is no closing fee or is it included in the $925 amount on line 1101? The instructions for completing the HUD-1 indicate that the settlement fee is to be recorded on line 1102. We know that it should be placed outside the column if a 3rd party provider is involved. If the provider is the same as the title agent, should the amount of the closing fee:

A) appear inside the column of 1102,

B) appear outside the column on line 1102 with the amount rolled up into 1101, or

C) not shown on line 1102 at all, and only be included in the 1101 amount?

1100 Section Continued

In the 1100 section, based on an assumption that the standard Board of Realtors purchase contract provides for the following with respect to closing and title fees:

- Buyer and Seller each pay 50% of Closing Fees
- Buyer and Seller each pay 50% of Owner's Title Premium & Services
- Buyer pays 100% of Lenders Title Premium

In this example, the title and settlement provider is the same. Fees in dollar amounts are:

- A total closing fee of $200
- Owner's Policy Premium of $840
- Lender's Policy Premium of $75
- Title Services Totaling $44

Should that be shown on the HUD-1 as:

Example A

1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	197	22
1102. Settlement or closing fee	$ 200			100
1103. Owner's title insurance		(from GFE #5)	420	420
1104. Lender's title insurance	$ 75			

Example B

1100. Title Charges				
1101. Title services and lender's title insurance		(from GFE #4)	197	122
1102. Settlement or closing fee	$ 200			
1103. Owner's title insurance		(from GFE #5)	420	420
1104. Lender's title insurance	$ 75			

Line 1301 and GFE#6 Line Item Fee Placement

The instructions for completing the HUD-1 state that amounts in the 1300s "must be listed in either the borrower's or seller's column." It does not describe line 1301 as a total showing inside the column or allow for the itemizations of those amounts outside the columns.

The HUD-1 form itself (as well as HUD's PowerPoint) indicates that it is a roll up line and should balance to GFE Line 6.

- Is line 1301 a roll up line of Required Services that the borrower can shop for?
- Should individual line item itemizations of the fees totaled in 1301 be shown outside the columns?

1300. Additional Settlement Charges			
1301. Required services that you can shop for	(from GFE #6)	$270.00	
1302. Survey to Measure-It	$ 225.00		
1303. Pest Inspection to Rid-A-Bug	$ 45.00		
1304.			
1305.			

Borrower Loan Term Confidentiality

Page three of the new HUD-1 contains sensitive information regarding the buyer's loan terms. HUD guidance is sought for lenders and settlement agents on how to appropriately handle and present page three in a purchase transaction.

Buyer-Only and Seller-Only HUD-1s

In some markets, it is customary to produce a Seller's Side Only HUD-1 and a Buyer's Side Only HUD-1 (redacting the amounts in the column of the other party). Given the way some fees are now itemized outside the columns on page two, and given that some of the fees outside the column pertain to both buyer and seller, how should these fees be fully disclosed to the appropriate party without over-disclosing the fees of the other party?

Payees

Regarding page two of the HUD-1, the instructions do not indicate which lines should disclose a payee and which should not.

Buyer Fees Paid by Other Party Designation

How should parties paying fees on behalf of the buyer (other than the seller) be identified on page one?

The final rule states that if a loan originator (other than for no-cost loans), real estate agent, other settlement service provider or other person pays for a charge that was included on the GFE, the charge should be listed in the borrower's column on page two of the HUD-1, with an offsetting credit reported on page one "identifying the party paying the charge."

- What is the proper way to identify the party?
- Is there an appropriate uniform short hand? (e.g. Pd By L, Pd By R, Pd By Other)

Lines 204 – 209

Instructions for completing the HUD-1 state that if the borrower is using a second mortgage or note to finance part of the purchase price, the settlement services agent should insert the principal amount of the second loan with a brief explanation on lines 204-209. At the ALTA Federal Conference, when asked about second loan fees, the HUD panel stated that second mortgage loans should have their own HUD-1 or HUD-1A.

HUD clarification is needed in this instance: On the first mortgage HUD-1, the amount that should be shown in line 204 should be the net proceeds amount of the second loan. (If the gross loan proceeds of the second loan were reflected on the first loan's HUD-1, it would over-credit the borrower).

Competitive Marketplace Question

Appendix C to Part 3500 - Instructions for Completing Good Faith Estimate (GFE) Form

68254 under "Your Charges for All Other Settlement Services" at the end of the first paragraph in this section:

"Where a loan originator permits a borrower to shop for third party settlement services, the loan originator must provide the borrower with a written list of settlement services providers at the time of the GFE, on a separate sheet of paper."

If a borrower is never prohibited from comparison shopping for title and settlement providers, should lenders provide a written list of title and settlement providers with each GFE?

The Administration's New "Making Home Affordable" Program

On March 4, 2009 the Obama Administration announced the Making Home Affordable program, encompassing the new U.S. Department of the Treasury guidelines to enable servicers to begin modifications of eligible mortgages under the Homeowner Affordability and Stability Plan.

BY MICHELLE SWEET

Just as the American Recovery and Reinvestment Act works to save or create several million new jobs, and the Financial Stability Plan works to get credit flowing, the Making Home Affordable program supports recovery in the housing market.

According to the Treasury Department, as many as 6 million families are expected to face foreclosure in the next several years, while millions more struggle to stay current on their payments. The new program includes three key components:

- A refinance program for home owners with loans owned or guaranteed by Fannie Mae or Freddie Mac.
- Increased funding to Fannie Mae and Freddie Mac to restore confidence in the mortgage market.
- A $75 billion loan modification program for "at risk" homeowners.

Home Affordable Refinance Program

The Home Affordable Refinance Program provides access to low-cost refinancing for homeowners with Fannie Mae and Freddie Mac owned or guaranteed loans. The program helps homeowners who are ineligible to take advantage of lower interest rates because they owe more than 80 percent of the value of their homes, a situation that is becoming more prevalent due to declining home values. The program is estimated to help up to 4 to 5 million homeowners.

Increased Funding for GSEs

Using funds already authorized by Congress in 2008, the Treasury Department increased its funding commitment to Fannie Mae and Freddie Mac to strengthen their ability to provide affordable mortgages and restore confidence in the mortgage market. The funding commitment includes:

- Increase the Preferred Stock Purchase Agreements from $100 billion to $200 billion each.
- Increase the size of the retained mortgage portfolios by $50 billion, to $900 billion, along with corresponding increases in the allowable debt outstanding.

Home Affordable Modification Program

The $75 billion Home Affordable Modification Program is estimated to reach as many as 4 million at-risk homeowners who are already behind in their mortgage payments or who are current but at risk of imminent default.

Under the program, Treasury will partner with financial institutions to reduce homeowners' monthly mortgage payments. The program requires that lenders first reduce monthly mortgage payments to a level no greater than 38 percent of income. The program will then match further reductions in monthly payments dollar for dollar, from 38 percent down to 31 percent.

To reach the target affordability level, interest payments will first be reduced to as low as 2 percent. If at that rate the debt-to-income level is still greater than 31 percent, lenders will then extend the term or amortization period up to 40 years, and finally forbear principal at no interest, until the payment is reduced to the 31 percent target. Treasury will share the costs of reducing the payment from 38 percent DTI to 31 percent DTI dollar for dollar.

Lenders can also bring down monthly payments to these affordability targets through reducing the amount of mortgage principal. The program will provide a partial share of the costs of principal reduction, up to the amount the lender would have received for an interest rate reduction, as long as the lender reaches the target affordability rate of 31 percent DTI.

The modified loan payments must be kept in place for five years and the loan rate capped for the life of the loan. After five years, the rate can be gradually stepped up by 1 percent per year to the conforming loan survey rate in place at the time of the modification.

"Common sense restrictions" include only owner-occupied homes and no mortgages larger than the FHFA conforming limit of $729,750.

Incentives

For Mortgage Holders and Servicers

Servicers will receive an up-front fee of $1,000 for each eligible modification that meets Treasury guidelines. Servicers will also receive "pay-for-success" fees of $1000 each year for three years, subject to a de minimis threshold, as long as the borrower is successful at staying in the program.

Because loan modifications are more likely to succeed if they are made before a borrower misses a payment, the plan will include an incentive payment of $1,500 to mortgage holders and $500 for servicers for modifications made while a borrower at risk of imminent default is still current on their payments.

To discourage lenders from opting to foreclose rather than modify the loan out of fear of further declines in housing prices, Treasury has earmarked $10 billion as compensation to partially offset losses. The payments are structured as a simple cash payment on eligible loans, linked to declines in the home price index.

For Borrowers

To provide an extra incentive for borrowers to keep paying on time under the modified loan, the initiative will provide a monthly pay-for-performance success payment that applies directly to reducing the principal balance on the mortgage loan. As long as borrowers stay current on their payments, they can receive up to $1,000 each year for five years, subject to a de minimis threshold.

Stewart Announces End-To-End Solution For Servicers

Stewart Lender Services, a wholly owned subsidiary of Stewart Title Company, announced in March, 2009 the release of a suite of specialized services designed to assist mortgage servicers with loan modifications and refinances in compliance with the new Treasury guidelines for the Making Home Affordable Program.

"The new Making Home Affordable program provides financial incentives to lenders to help mitigate their losses from the epidemic of home foreclosures," said Jason Nadeau, president and CEO of Stewart Lender Services. "Lenders are now incentivized to proactively reach out to troubled homeowners to modify or refinance their loan and lower their monthly payments to keep them from defaulting. But keeping pace with the millions of loans projected to go into default in the next several years is daunting at best."

Stewart is one of the first to develop an end-to-end solution, which includes decisioning software based on a lender's profile of loans and loan products. The solution includes direct outreach to borrowers who are more than 30 days delinquent on their mortgage payments, and analysis to determine their eligibility for a specific loan modification or refinance program.

"One of the major challenges is contacting troubled borrowers, many of whom have stopped answering their phone and opening their mail."

Once communication with the borrower is established and their specific circumstances ascertained, Stewart collects their financial data and determines their qualifications for a specific modified loan product. Stewart handles all document preparation, title insurance, notary-based or electronic closings and centralized funding.

"Stewart's approach to assisting its lender customers is to tailor solutions to meet the needs of individual servicers and their particular loan programs," said Nadeau. "Through the use of scalable and customized solutions, servicers will be able to meet the aggressive demands of the new government programs."

ALTA has held meetings with both Fannie Mae and Freddie Mac to explain the industry's value and products.

Second Liens

While eligible loan modifications will not require any participation by second lien holders, the program will include additional incentives to extinguish second liens on loans modified under the program in order to reduce the overall indebtedness of the borrower and improve loan performance. Servicers will be eligible to receive compensation when they contact second lien holders and extinguish valid junior liens (according to a schedule to be specified by the Treasury Department, depending in part on combined loan-to-value). Servicers will be reimbursed for the release according to the specified schedule, and will also receive an extra $250 for obtaining a release of a valid second lien.

Tracking Success

Fannie Mae and Freddie Mac will be responsible – subject to Treasury's oversight and the Federal Housing Finance Agency's conservatorship – for monitoring compliance by servicers. Every servicer participating in the program will be required to report standardized loan-level data on modifications, borrower and property characteristics, and outcomes. The data will be pooled to enable the government and private sector to measure success and make changes where needed. Treasury will meet quarterly with the FDIC, the Federal Reserve, the Department of Housing and Urban Development and the Federal Housing Finance Agency to ensure that the program is on track to meeting its goals.

Clear and Consistent Guidelines

Working with the FDIC, other federal banking and credit union regulators, the FHA and the Federal Housing Finance Agency, the Administration announced guidelines for sustainable mortgage modifications that may be used by all federal agencies and the private sector. The guidelines include detailed protocols for loss mitigation and will serve as standard industry practice.

All financial institutions receiving Financial Stability Plan financial assistance going forward will be required to implement loan modification plans consistent with Treasury Guidelines.

Implications for the Title Industry

It is still unclear what impact this new program will have on the title industry. It appears that servicers were given fairly wide discretion on how to implement the program with regard to title. ALTA has held meetings with both Fannie Mae and Freddie Mac to explain the industry's value and products.

Fannie Mae guidelines, released on March 4, 2009, stipulate that all transactions within the program must comply with state laws. The products the title industry is able to offer through these programs must have prior approval by a state regulator.

The guidelines also include the requirement that servicers make certain a loan retains first lien position, and says they may rely on a title endorsement product to achieve that. The guidelines also stipulate that a modification must be recorded and requires a title endorsement if over $20k is capitalized. Fannie says it will reimburse servicers for title and recording fees.

There is still a question over how to help borrowers who have more than one home loan. The ALTA Forms Committee is working with Fannie Mae and Freddie Mac on a new Resubordination Agreement to try to solve the problem. The purpose of the Resubordination Agreement is to ensure that junior liens remain junior in position after a modification or refinance transaction.

There is still much that is unknown or unclear in terms of the title industry's role. ALTA will continue to stay at the forefront and keep members apprised of the latest developments.

Michelle Sweet is Editor-in-Chief of Title News.

The Title Industry is "Linking In." Will it Soon Be "Tweeting?"

Settlement services professionals are discovering that social media is not just for kids

BY BRIAN RIEGER

A quiet revolution is sweeping the title industry. Lost against the backdrop of the mortgage meltdown, regulatory overhaul and market consolidation is a smaller, but decidedly significant change in the way professionals are staying in touch.

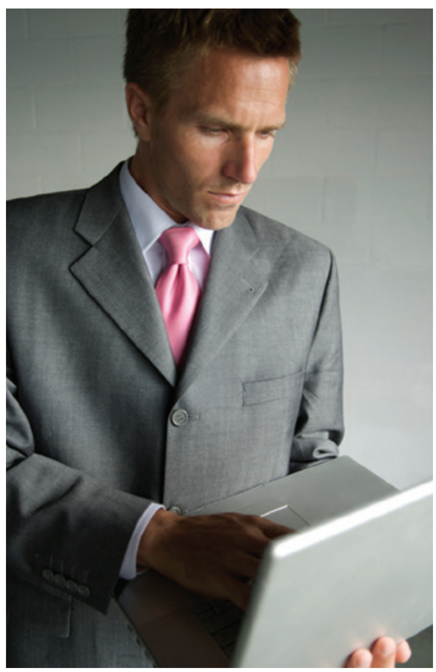
In fact, it can be said that more title pros are becoming "linked in." As in *www.linkedin.com*, one of several Web sites referred to as "social media" or "Web 2.0." As more names change companies, and more companies change names, title professionals are finding that the social media can cost-effectively meet a variety of needs.

It should come as no surprise that social media usage is now crossing the adoption threshold in the title industry. Few would argue that the title business is, and always has been, relationship-oriented. But with budgets dwindling, turnover increasing and markets changing, enterprising users are finding that recruiting, relationship-building and even marketing can be enhanced at the keyboard rather than at the cost of a fax, letter or flight.

Executives are Staying in Touch . . . From Their Laptops

Like many title executives, Chuck Cain was "suspicious" of sites like LinkedIn®. The longtime manager with LandAmerica Financial Group had concerns about his privacy. Cain revisited his stance as the underwriting giant disintegrated in 2008. Today, Cain is President at Alliance Solutions, LLC and of counsel with Sterbcow Law Group, LLC. Like many experienced executives facing similar circumstances, Cain has used his network of contacts to support his own venture. And he has used sites like LinkedIn to grow his business. "With the amount of turnover taking place in the industry, sites like LinkedIn have helped me to stay on top of where my contacts are going," says Cain." It keeps me updated with past business contacts, and creates networking opportunities with other small businesses that may share natural connections or interests with my own."

Timm Kalep is a vice president and Ohio state agency manager at Fidelity National Title Group. A year ago, he knew little, if anything, about LinkedIn or social media. "I really didn't get involved until a business contact invited me to join," says Kalep. Now, he is one of the more active members of the LinkedIn title community. "For me, it's an educational tool. The interest-specific groups and discussions, such as the title professionals and mortgage professionals sections, provide another source of business information and help keep me current." Kalep also extols the virtues of the business networking function of the site. "A



relationship on LinkedIn adds a whole new dimension to the process," he says. "You still have to have the face-to-face element, but this is a whole new way to communicate with business partners, prospects and contacts."

In an industry where professionals at all levels are changing jobs and employers rapidly, and where new businesses are springing up all the time, many are finding that sites like LinkedIn help them to find their network and build new relationships.

There's More to Social Media Than Networking.

Barbara Miller, president and chief operating officer for TSS Software Corporation, was also a bit wary of LinkedIn before she joined in late 2008. "I was a bit concerned that it might be a time-waster," she admits. However, once aboard, Miller discovered that the site actually enhanced her communications with customers. Using the industry group and industry discussion features, Miller is finding that it is easier to receive (and solicit) feedback from TSS users, which she has always considered to be critical. "It really keeps me in front of my customers, and my customers in front of me, which I enjoy," she says.

Mick Goldstein, EVP, Business Development for Realty Data Corp., is quickly recognized when he enters a 'conference ballroom.' Long one of the industry's pre-eminent networkers, Goldstein has been building relationships in multiple market segments for decades.

So it is no surprise that Goldstein estimates he has "north of 1300" contacts on LinkedIn today. "It really allows me to keep in touch with my network, especially with people moving around as they are." But Goldstein believes there's more to the site than simple networking. "Somebody who might be doing warehouse delivery today may be put in charge of originations tomorrow," says Goldstein. "A friend, vendor or partner today could easily become a customer in tomorrow's market. If I'm able to forward the resume of a distant contact, and he ends up in a new position, our relationship has just been enhanced."

It is clear that title professionals have gravitated to LinkedIn and other social media to maintain top-of-mind awareness with business contacts and prospects, especially during a period of volatile turnover. The versatility of this channel is also highly attractive. But like a telephone, computer or fax machine, a social media site is no more than a tool to be used for information sharing and communication. The most successful users agree that the access one gains through social media is entirely dependent upon how they use it.

Are you LinkedIn?

Perhaps the best thing about LinkedIn is that most of its benefits can be realized for free. But little will be gained if the user puts inadequate time into it. Once one establishes a profile, he or she can set about "inviting" other people to become "connected" to him or her. Once connected, the user is able to access more information about the contact, including other names in the new contact's network, the contact's current status and detailed profile.

The basis of a site like LinkedIn is the user's ability to add connections.

Join ALTA® on LinkedIn

ALTA recently launched the "American Land Title Association" Group on LinkedIn. The ALTA Group is dedicated to connecting professionals in the Land Title Industry with their peers to network and discuss issues vital to the title industry.

How to Join

Apply to the American Land Title Association LinkedIn group. If you don't have a LinkedIn account, you'll be asked to create one.

To find the group, select "Search Groups" in the Search field, type "ALTA"
Find the ALTA Listing, select "Join This Group"
On the next screen select your preferences, and then click "Join Group"

When you do that, your group membership request will be pending until we validate it, usually within a day or two.

You'll receive an email once your membership request is approved.

Afterwards, the ALTA Logo will appear in your profile under the "My Groups" link.

Any time the user's profile changes (new job, new project), status changes (e.g. "Working on an exciting new product launch") or number of connections increases (e.g. "John Smith is now connected to Joe Jones"), each member of his network is notified via a homepage dashboard. In other words, each user gains some access to his or her network's networks.

The site also boasts a variety of professional groups, which are free to join, and often require no application process. Once in a group, users may participate in discussions about industry matters, or even start discussions of their own. Currently, there are several groups dedicated to title interests, including an ALTA group, a title and settlement services professionals group and a mortgage professionals group.

With these rudimentary tools, there are many ways to take advantage of LinkedIn.

1. Update your profile—and keep it updated.

The value of LinkedIn is derived from current information and networking. Whether job hunting, customer-hunting or seeking to network, be sure to post as relevant and current a profile as possible. Your profile should read like a condensed summary of your resume, and it should be arranged to reflect what you hope to achieve from the site. If you seek to catch up with old colleagues, list as much of your employment history as you can. If you seek to build a business, emphasize your points of differentiation (and the value proposition of your new endeavor).

2. Dedicate a little time to building your network.

One of the top sales and marketing benefits to a site like LinkedIn is the "top-of-mind" awareness built with prospects and contacts through such features as status and group discussions. While in the past a good development effort required individual phone calls, notes and e-mails, one can now stay on the mind of a good prospect in a fraction of the time, and at no cost, just by changing his or her status or contributing to a group discussion. Of course only contacts will see a status change, and only group members will see one's contribution to a discussion. If a user has three contacts through the site, then three people will learn about what he or she is working on through LinkedIn.

3. Use your connections to grow.

From your homepage, you will see the people connecting to those already in your network (although you won't be able to access all of their data unless directly connected). You may be surprised how many connections you add in this fashion.

4. Go ahead and do some marketing, but do NOT pitch.

The value of a site such as LinkedIn comes from its informational and networking elements. Many executives visit the site to renew or maintain long-standing relationships or get current on industry viewpoints and concerns. However, when one simply adjusts his or her status to a sales pitch (e.g. "John Smith is looking to solve widget-makers' challenges") or, worse, makes a "discussion" forum into a pitch ("John Smith can improve lenders' operational efficiencies by 40%"), that user runs the risk of chasing off the very prospect he or she seeks to win. The same title executives using the site for networking admitted their own concerns about raw pitching on the site. "It is getting a bit pitch-heavy," notes Goldstein. "Several of the top executives I know will not use social media because they feel that everyone just wants to sell to them." Goldstein suggests, however, that one way to avoid this is to carefully screen the invitations you accept. "If the invitation doesn't come from a trusted person, don't accept it."

Currently, there are several groups dedicated to title interests, including an ALTA group.

So how would one pitch on LinkedIn without pitching? With a softer approach, more akin to public or media relations (even conference speaking). Instead of using a discussion forum to pitch your product, chime in on a relevant conversation, or start one. By establishing and discussing a credible challenge or need for a product, the posting user is more credible, and the other users are more likely to stick around for the remainder of the conversation. Instead of pitching an REO product, ask about creative default management strategies in a discussion. As long as all users can derive value from the conversations, the prospects will still be within reach, and the participants will connect the discussion to your expertise.

Similarly, don't just update your "status" with a pitch. Rather than posting a line such as "seeking small title companies looking for cost effective fax machine repairs," try something like "just added another client with five fax machines." People will get the message that you and/or your product are good if you are authentically busy.

And the best advice for deriving benefits from a site like LinkedIn? Use it. A stale profile won't win you many new contacts. Learn the search functions. Get involved with the group discussions. And above all, before posting, put yourself in the shoes of the user you want to read your posts. Will they derive value from the post even if they don't have an interest in your product?

Facebook®

Similar in nature to LinkedIn, Facebook is being used by some title companies to keep in touch with realtors and realty prospects. Just as with LinkedIn, the power of Facebook is derived from the breadth and depth of one's network. The site is a bit more consumer-friendly and a bit less B2B. Several title executives admit that they use Facebook, but more often for personal connections or non-business endeavors. As a word of caution, if you are using Facebook, remember that, more often than not, things on the Web are not as secure or private as you might be lulled into believing. If you don't want a prospect, colleague or employee to know about it, don't post it to your Facebook account.

What Exactly is a Twitter®?

Much of the buzz in the public relations industry has been focused on *www.twitter.com*. Also a networking-based site, Twitter is more of a public discussion forum. On Twitter, one connects with "followers." The user's home page shows the latest updates from anyone that user is "following." Although the user has a simple profile, there are few true "groups," and the "discussion" is always limited to the user and his or her followers. The user can block unwanted followers, maintaining some level of privacy.

With Twitter, the home page of the user is, basically, a continuous chat. The catch? Users post updates, or "Tweets" of a maximum of 140 characters, or one sentence. So what, if any, business purpose could a line of 140 characters serve?

Those using Twitter use it primarily to make event and public relations announcements, enhance business relationships and share resources (through links, discussions and questions). If you are planning to get involved, here are a few tips.

5. Make sure your "tweets" deliver information of interest and value. Because posts are limited, it's tougher to pitch. In addition, if a user doesn't want to be pitched, he or she will stop following you. So the "tweeter" needs to offer value to keep his or her "followers."
6. "Tweets" should be updated reasonably often. There is no need to update 15 times a day. However, just like a corporate Web site's news release section, you need to generate some activity to derive any value. Even a few "Tweets" a week can bring results. If you don't have time to generate something incredible, links to relevant and useful articles or blogs will suffice.
7. Be authentic. This should go without saying. But if you plan to use Twitter to promote an upcoming user group or product launch, keep it simple, and keep it honest.
8. Twitter is for more than words. Upload photos or videos from your conference attendance or users group. Many times, an image is a thousand times more powerful than the best ad copy. If your booth is generating tremendous amounts of traffic, or has a truly unique element, share it.

Social media offer an intriguing and cost-effective option for title professionals faced with tight budgets and uncertain futures. Such sites also offer new businesses an effective way to "tell their stories." But it is critical to remember that LinkedIn, Twitter and Facebook are not best used as marketplaces or "Craig's List®" style advertising forums. Instead, a public relations approach should rule the day. Invest some time and thought into your approach, and get to work on your network.

Brian Rieger is principal of True Impact Communications and serves as a trusted strategic advisor to title and settlement services companies of all sizes. His consultancy delivers a versatile array of cost-effective PR, marketing and advertising services designed for the title industry. Before founding True Impact, Brian spent five years with October Research Corporation, establishing its seminars unit as well as building its spin-off marketing agency, NorthPointe Communications. For more information, go to *www.trueimpactcommunications.com*, or call 330-348-1678.

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Helping Families Through the Ronald McDonald House Charities

For the last 13 years, Old Republic Title of St. Louis has been involved with the Ronald McDonald House Charities of St. Louis. Besides being the closing and disbursing agent for the purchase and construction of several Houses in the greater St. Louis area, employees have an ongoing relationship with the organization—from direct employee donations to preparing and serving meals. For the past few years, the proceeds from their annual golf tournament and bingo championship have gone to benefit Ronald McDonald House Charities.

The Ronald McDonald House provides relief for families by creating for them a warm, home-like environment while their children are undergoing treatment at nearby hospitals. There are two Ronald McDonald Houses in the St. Louis area, serving families of children being treated at the St. Louis Children's Hospital and the Cardinal Glennon Children's Hospital. A third house is being built near St. John's Mercy Hospital.

Old Republic Title employees pictured above are: Annie Tubbe, Closer/West County Office; Lisa McCarthy, Escrow Manager/Closer, Clayton Office; Terry Gischer, Abstractor/Production Office; Nancy Spehr, VP Marketing/West & Clayton Offices; Stephanie Epstein, Order Entry/Production Office; Barbara Brennan, Escrow Manager/Closer, West County Office; and Stacey Armentrout, Assistant Closer/West County Office.

"For our employees who have volunteered at the House, seeing those sick children get up for 'battle' day after day is inspiring because they rarely seem to lose hope," said Nancy Spehr, vice president of marketing for Old Republic's West County and Clayton offices and a longtime volunteer with the Ronald McDonald House Charities. "There are times when it seems unbearable to go on, but most families say they take it one day at a time and try to stay positive. This kind of attitude in the face of so much adversity can serve as a reminder to the rest of us to appreciate the people in our lives and the moments that we share."

"Supporting the Community That Supports Us"

The Yavapai Title Agency in Prescott, Arizona, has been giving back to the community since the company opened its doors in 1963. The agency's motto is: "We believe in supporting the community that supports us."

Hundreds of charities, school events and civic clubs have benefitted from the agency's financial contributions as well as volunteer time for projects like Habitat for Humanity. In addition, space is made available in one of their office buildings where non-profit groups can meet at no charge.

The agency also believes in protecting the community's heritage and is a major benefactor of the Sharlot Hall Museum and the Smoki Museum. The museums are valuable resources of information for not only local citizens and tourists, but for the countless school-aged children who visit them on school field trips.

"My husband was on the Little League team we sponsor from 1976-1980. Who would have known that thirty years later I'd be working for the company that sponsored his baseball team?" said Kaylene Vlastelich, marketing executive and escrow consultant for Yavapai Title Agency. "We believe in giving back to our hometown community in numerous ways. In doing so, we're bound to support each person in our community through the charity or cause they believe in."

Escrow Officer Kristina Hannan of Thomas Title & Escrow whips up pancakes for Homebase youth residents.

Arizona Agent Finds 'Homebase' in Community

Thomas Title & Escrow in Scottsdale, Arizona has a place in the community they call home – HomeBase Youth Services that is. HomeBase is an Arizona-based, non-profit organization that offers housing and support to homeless youth ages 21 and younger. Each quarter, Thomas Title & Escrow President Frank W. Busch III and his staff visit the HomeBase campus in Central Phoenix to prepare and serve Saturday morning "Rise and Shine" breakfast to the young residents.

"Our goal is to provide our youth with necessary life skills for becoming self-sufficient, successful young adults," says HomeBase President and CEO Martha Ostrom. "Frank and his team do more than volunteer their time and money; our youth always come away inspired after interacting with them."

Thomas Title & Escrow was named Outstanding Agent in 2007 by First American Title Insurance Company.

Parker Kennedy Accepts Orange County Titan Award from California State University

On behalf of First American Corp., Chairman and CEO Parker Kennedy accepted the prestigious Orange County Titan Award on February 28, 2009 from California State University, Fullerton. The Titan Award is presented each year to an individual or organization that has made a positive difference in Orange County.

In addition to its long-time support of Cal State Fullerton, First American supports a number of Orange County-based nonprofit organizations including Goodwill of Orange County, Human Options, Hoag Hospital Foundation, Bowers Museum, the Pacific Chorale and the Boys and Girls Club of Santa Ana.

Has Your Company Given Back to the Community?

Title News would like to hear from members who have helped out in their community. Please send an e-mail to ssullivan@alta.org, and we will follow up.

ALTA Members Descend On Capitol Hill

The most influential meeting of the year, ALTA's Federal Conference was held March 2-4, 2009 in Washington, D.C. The conference is the catalyst for many important discussions between title industry professionals and government officials who create, execute, and enforce the legislative, regulatory, and political issues affecting the title industry.

ALTA's Lobby Day on March 4 was the industry's biggest showing on Capitol Hill to date. ALTA members held more than 130 meetings with members of Congress and their staffs to explain how the title industry protects homeowners and the mortgage finance process. One participant volunteered that, "I never understood why this was important until I came here."

Attendees also heard from a panel of House Financial Services Committee senior staff and Senate policy staff about the Republican and Democratic perspectives on how the financial services industry should be regulated, including title insurance.

ALTA hosted a reception for Representatives and staff and heard from Sen. Jim DeMint of South Carolina and Rep. Ed Royce from California. TIPAC donors attended an intimate dinner with Rep. Melissa Bean from Illinois and Rep. Joe Donnelly from Indiana.

Federal Conference attendees also heard the White House's perspective on current issues impacting the industry from Assistant to the President Michael Barr, who is key architect of the President's plans to stabilize the housing markets. On the final day of the conference, the Administration released guidance for the Making Home Affordable program.

Insurance regulators from Utah, Colorado and Missouri explained their desire to collect detailed financial information from title agents and underwriters and offered insight into the kind of information they will seek through a national data call.

Finally, HUD representatives discussed the new RESPA rule and how closing providers should fill out the new HUD-1 settlement statement. Please read the impressions of HUD's presentation from Vickie Gipson of Citiwide Title & Escrow Services, LLC in Washington, DC.

If you missed the HUD presentation at the Federal Conference or need a refresher course, now you can go to *www.alta.org/respa* to view a recorded version of HUD's presentation.

Justin Ailes is the Director of Government Affairs (State) at the American Land Title Association. You can email Justin at *jailes@alta.org* or call him directly at 202-296-3671 Ext. 215.

ALTA Federal Conference

A Small Agency's Perspective

BY VICKIE GIPSON

As a small title agency attendee of the ALTA® 2009 Federal Conference & Lobby Day, I have been asked to share my impressions. The Conference focused, in large part, on the recent changes to the Real Estate Settlement Procedures Act (RESPA) and the growing national economic crisis that has devastated real estate-related industries, including the land title industry.

At the outset, I must applaud ALTA for hosting this timely event. The annual Federal Conference creates a unique opportunity for title industry professionals to have direct contact with the very government regulators, administrators and legislators who make decisions that significantly impact the day-to-day operations of the land title industry. Hopefully, this year's exchange has put a definitive face on the land title industry and its related concerns in a manner that might not have happened without such direct engagement.

Bart Shapiro, Laura Gipe and Ivy Jackson from HUD listen to a question about RESPA

The Federal Conference provided an opportunity to learn more from the experts and the Department of Housing and Urban Development (HUD) RESPA Panel was one of the most important sessions. Everyone was eager to hear from the representatives of HUD's Office of RESPA and Interstate Land Sales, which included Ivy Jackson, director; Barton Shapiro, deputy director; and Laura Turner Gipe, compliance specialist.

I would like to personally thank the speakers for their participation in the conference. They faced a sea of frustration evidenced by sharp questions attacking the most controversial problems anticipated by the new changes to RESPA and the declining economy.

As one of those frustrated audience participants, it is perhaps prudent to note that the following observations are made purely from the perspective of a small title agency overwhelmed by the harsh economic realities of a prolonged recession. Real questions remain regarding whether the timing of these changes may need to be revisited; whether some of the changes limit competition within the title insurance industry; whether some changes create too great a burden on title companies; and whether the changes are being fairly applied across the board to lenders, real estate agents and title companies. The last thing that any business owner wants or needs during economic times reminiscent of the Great Depression is a substantial change in how their industry operates.

The HUD representatives provided a detailed analysis of the changes in the new HUD-1 settlement statement, which will be used in partnership with the new GFE (Good Faith Estimate). They compared the old and new HUD-1s and pointed out how the new GFE is designed to help consumers understand the costs associated with the loan transaction. The goal appears to be increasing accountability for lenders by establishing consequences for undisclosed, last-minute changes in settlement costs.

A small title agency's ability to compete under this new regulatory backdrop is questionable, as evidenced by concerns expressed during the Federal Conference regarding who will bear the actual financial burden of curing tolerance violations. Technically, it appears that under the new RESPA rule any costs that exceed the zero tolerance or ten percent tolerance categories would be the financial responsibility of the lender. However, what stops a lender, through a wink and a nod, from passing this financial burden on to title agencies as a requirement to keep the lender's business? There was some discussion of whether such an informal proposition would be a "thing of value" and, as such, a RESPA violation. The reality is that there are many agreements, formal and informal, that never see the light of day or reach the level of scrutiny needed to enforce RESPA. As a practical concern, this potential manipulation is very real.

Old Republic's Ron Blitenthal asks a question about the use of Average Charge during the RESPA panel

> The problem really lies in the fundamental lack of understanding of how and what services are provided by the title industry; (and) the basic difference between title insurance and other lines of insurance coverage . . .

Attempts have been made for more than two decades to change RESPA and it seems that HUD tried to get as much in as possible when it became clear that the Bush Administration was pushing for a final rule. Although the new RESPA changes were formulated with the laudable intent that they would reduce costs to consumers, they in fact increase workload and potential liability for title agents. Who will pay for this additional work? Are agents expected to absorb the costs associated with these new time-consuming functions?

The problem really lies in the fundamental lack of understanding of how and what services are provided by the title industry; the basic difference between title insurance and other lines of insurance coverage; and the amount of liability carried by the individual title agent in handling each settlement transaction. This misconception is routinely seen at settlements when cash is tight and a transaction may not close. The first person asked to cut their fees at the settlement table is the title agent, who often bears the most liability if something is not handled correctly, yet often makes less than either the lender or the real estate agent.

We may not all agree on how to increase borrower or consumer protections, but everyone probably can agree that, especially in light of the high foreclosure rate, greater consumer protections are needed. The ALTA Federal Conference and similar ALTA programs provide a unique opportunity for industry professionals to learn more about what is happening in the title industry and allows participants a forum for their concerns to reach the people who are directly impacting our industry. For this reason, ALTA conferences are important educational opportunities that everyone in the title industry should try to attend.

Vickie Gipson is the Owner of Citiwide Title & Escrow Services, LLC in Washington, DC

2009 ALTA Member Vendor Directory

Did you know that there are dozens of ALTA member companies that can help your title operation succeed? Learn more about some of the products and services designed to meet your professional needs on the ALTA Web site.

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870-856-1234
www.ultima.com

US Land Title LLC
A Georgia Limited Liability Company
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Oregon Land Title Association
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In Memoriam Michael Paul Reisetter

Michael Paul Reisetter, a longtime TIPAC board member, passed away on Thursday, March 19, 2009, at Centennial Cottage, Sioux Falls, South Dakota.

Reisetter was president of Dakota Abstract and Title Company, which he founded in 1980. He stepped down as president this year and his son, Joshua, took over the helm. He continued to work for the company up until just weeks before his passing.

Reisetter is remembered as serving ALTA in many capacities during his career. He was TIPAC board member emeritus, TIAC chairman, and served on numerous committees including Research, Government Affairs, Membership & Organization. He also was an active participant in ALTA's Federal Conference and Annual Convention meetings. He was always a calm and guiding presence who worked behind the scenes to provide many quiet solutions and directions which benefited the entire industry.

In his home state, Reisetter served two terms as president of the South Dakota Land Title Association. He was secretary treasurer of the Friends of Brookings Baseball for 12 years; a member of the Elks and Rotary clubs; board member of the Brookings Area Development Corporation; and a member of First Lutheran Church, where he served on the church council and taught Sunday school.

Reisetter graduated from Luther College in Decorah, Iowa, in 1965 with a bachelor's degree in classical languages. He went on to attend Luther Theological Seminary in St. Paul, Minnesota. He served as assistant pastor at Faith Lutheran Church in Coon Rapids, Minnesota from 1969 to 1973.

Member News

ROBERT GALPERIN JOINS ALLIANT NATIONAL TITLE

Robert Galperin, Esq. joined Colorado-based Alliant National Title Insurance Company (formerly Agents Title Insurance Company) as vice president and Texas underwriting counsel, and will assist independent agents with their closing and examination needs. Galperin has 25 years' experience in the title insurance business, with expertise in handling multi-state claims and underwriting of routine, complex and high-liability title and lending transactions.

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Strength Emerging

Is it the perfect storm? A $3.8 trillion mortgage market in 2003 has been reduced to $1.7 trillion in 2008. The existing housing inventory stands at 3.6 million units. Five-point-four million mortgages are delinquent. Meanwhile, giants of the mortgage lending industry have been swept under as the government has taken over the GSEs. Mortgage instruments have been reduced to scrap paper. Unemployment stands at 8.1 percent nationally and depressed areas much higher. Automotive manufacturing icons are begging for billions. Trillions of dollars in government stimulus payments and acid asset purchases will ultimately be charged back to the taxpayers. Need I go on?

Nowadays, everyone has their hand out and even if they don't the government wants to paste it with green. Friends of mine in the banking business talk about government pressure to take federal payments. I met a man at a hotdog stand in Florida who told me his daughter runs a state jobs program. The federal government sent her millions of dollars in aid. When she told the Feds that they didn't need the money, they responded that they didn't care. The orders were to "disburse quickly!" It appears that we have elected a Congress and Administration that is hell bent on spending us into oblivion while absolving us of all responsibility for our poor judgment. Is this any way to learn?

Ninety-two percent of Americans that have mortgages are making their payments on time. Better than 92 percent of employable Americans have jobs. We are generous and forgiving people. Americans care about the health and welfare of others. Regardless of what our current Administration says, we have the greatest healthcare system in the world. Our military is unsurpassed and protects the freedoms that generations have fought to secure. While not perfect, our judicial system maintains our rights with greater certainty than any other system in the world. We place a premium on education. Innovation and creativity are alive and well in the United States. Opportunities abound. Why are these things true?

Because the vast majority of the citizens of the United States can accept responsibility for their own actions. They don't need the government's absolution. Our country enjoys the highest standard of living in the world. Why? The free enterprise system. Ronald Reagan proved the resiliency of our capitalist system after years of poor administration. The early 80s proved to be difficult for most industries. The title industry was no exception. Many of us remember 17 and 18 percent interest rates, the FTC and the Savings and Loan debacle. But guess what? We're still here. Guess what else? No policyholder ever suffered a loss because of an insolvent title insurer. Our industry has stepped up time and time again to rescue one of our own. It happened this year and I would bet it will happen again. Why?

Our industry, our companies and our people accept their responsibilities. Sometimes we have to take our medicine. That comes with the territory. In America, we have the right to fail, to pick ourselves up, dust ourselves off and try it again. We keep trying until we get it right. Kudos to the companies that have faltered and made corrections. Their endeavors have provided the strength that we currently need to persevere. Through each of these cycles, we learn something of value. We learn from our mistakes. I am confident that through the current calamity we will emerge a stronger industry and people.

Rande Yeager
President & CEO
Old Republic National Title Insurance Company

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