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TitleNews

Official Publication of the
American Land Title Association

Creation of a National Title Agent Data Call


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TitleNews

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AMERICAN LAND TITLE ASSOCIATION

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from the editor's desk

Title Insurance Industry Full of Hall of Famers

Unless you are connected, you don't get many opportunities to meet a Major League Baseball hall of famer. So, when I heard that baseball icon Whitey Herzog would be speaking at the 2010 Business Strategies Conference, I got a bit excited.

Conference attendees enjoyed Herzog, best known for leading the St. Louis Cardinals to the 1982 World Series championship, share many baseball memories and offer anecdotes about his baseball career during the closing luncheon of the conference in St. Louis.

Herzog paid tribute to Casey Stengel, the legendary manager who won seven World Series and three other American League pennants with the Yankees. "I remember once Casey telling me that someday I would manage," he said. "He mentioned he saw leadership qualities in me."

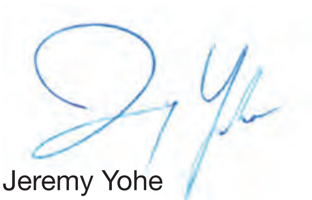
Herzog signed with the Yankees as a free agent in 1949 for $150 a month. In a spring training game in 1956, Mantle got sick, and instead of changing the lineup, Casey put Herzog in Mantel's third slot in the lineup. "There was no way I should hit third, but he didn't want to rewrite the lineup," Herzog said.

Facing Dodgers pitcher Carl Erskine, Casey called Herzog over and said, "Tra-la-la." Unsure what he meant, Herzog checked back, and Casey once again said "Tra-la-la." Still puzzled, Herzog went back to the batter's box looking for a curveball. He hit a line drive that the second baseman caught. Casey came running up to Herzog screaming "See what I mean, tra-la-la!" Herzog said he went back to the hotel wondering what he was talking about. "I finally figured out he was telling me to relax. He had his own language, and most of the time, it took you a day and a half to figure it out," Herzog said.

Herzog may have offered some of the best advice when he said, "You gotta hire for the right positions and when the pitcher throws the pitch, if you've got a good team on the field, they'll do well." Guidance everyone can use in their operations.

As player, coach, scout, manager, general manager, director of player development and executive vice president, Herzog served baseball in many capacities. Listening to Herzog talk about baseball made me think of the many dedicated professionals in the title insurance industry. Most of you, like Herzog in baseball, have handled multiple job functions throughout your careers.

While we were graced by a baseball icon sharing his stories, let's not forget that you all are hall of famers of the real estate transaction. You are the industry that works behind the scenes getting complicated deals closed every day. Share your story and let everyone know the valuable role you play in the mortgage process and overall health of the economy.



– Jeremy Yohe

American Land Title Association Reports Record Membership

ALTA reported that membership is at an all-time high and has increased more than 60 percent since 1999. ALTA's membership now stands at 3,429. Of all members, small agents comprise nearly 90 percent of association membership. Membership among small agents stands at 2,885, up from 2,732 last year.

"Despite the sluggish economy over the past three years, professionals in the title insurance industry understand the value of association membership," said Kurt Pfotenhauer, chief executive officer of ALTA, during the association's Business Strategies Conference in St. Louis. "It's with this increased support from our members that we strengthen the advocacy of the land title insurance industry that legislators, regulators and other policymakers have come to know and respect."

FHA to Accept E-Sigs on Third-Party Documents

The Federal Housing Administration announced plans to begin accepting electronic signatures on third-party documents originated and signed outside of the lender's control, such as real estate contracts.

This policy is in accordance with Electronic Signatures in Global and National Commerce Act and the Uniform Electronic Transactions Act, as applicable. It is effective immediately for FHA forward mortgages as well as Home Equity Conversion Mortgages (reverse mortgages).

"ALTA supports FHA's efforts to modernize its loan approval process by making electronic signature acceptable for its mortgage transactions," said Mark Winter, ALTA president."

N.M. Insurance Superintendent Resigns

New Mexico Insurance Superintendent Morris "Mo" Chavez tendered his resignation to the New Mexico Public Regulation Commission on May 4.

Chavez, who served as superintendent since October 2006, said he reached his decision after deliberating with his family. His letter did not cite specific reasons for resigning. In January, Chavez was placed on paid administrative leave pending investigation of what was described as a personal matter.

The commission moved quickly to appoint an interim replacement, elevating Deputy Superintendent Thomas Rushton to the post.

Last year, Chavez approved a 10.7 percent increase in title insurance rates and was expected tor rule on a proposed reduction of rates this year. New Mexico Attorney General Gary King has asked the insurance superintendent to reduce title insurance rates by 13.8 percent. Underwriters are seeking a rate increase of potentially 17 percent. The New Mexico Land Title Association is seeking an increase of potentially 4.6 percent and the Insurance Division staff seeks a decrease of 5.6 percent.

According to the National Association of Insurance Commissioners, Chavez's resignation will not impact the association's Title Insurance Task Force. Chavez served as chair of the task force. Rushton assumes the chair until a permanent replacement is selected. Alan Seely, chief property/casualty actuary for the New Mexico Insurance Division, has been conducting meetings and setting the agendas. He will continue to serve in this capacity.

Call for ALTA Committee Volunteers Closes July 2

We know your time is valuable and resources are spread thin during these difficult economic times, but it's more important than ever for ALTA members to continue participating on ALTA volunteer committees. The old saying "the more you put into something, the more you get out of it" really does apply to ALTA membership. With ALTA membership at an all-time high, we have a fabulous opportunity to continue cultivating supporting for our valued committees.

Members frequently site 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. Some committees travel, while others don't require you to leave your office. There truly is something for everyone.

If you have a special area of expertise (real property records, claims, 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. ALTA has 27 committees for you to consider.

The ALTA president-elect makes all committee appointments in the late summer for a term beginning after the Annual Convention in October. The deadline to submit your name is July 2.

"When individuals attempt to take on large tasks on their own, success can seem daunting," said Anne Anastasi, ALTA president-elect. "But when volunteers come together for a common good, we truly can make a significant difference. This industry is blessed with many talented and knowledgeable professionals. I urge everyone to offer your time to help strengthen our association and our industry."

It is easy to volunteer. All you need to do is contact Taylor Morris at 202-296-3671 or tmorris@alta.org. You can see all of the committees and their responsibilities on our Web site at *www.alta.org/about/commserv.cfm*.

Download ALTA's Membership Directory to Your Desktop

There are several ways to search for ALTA members. The first is a general search which lets you keyword search on last name, company, city, county, and zip code, as well as choose a state, or any combination of them. The second searches by state which you can then narrow by county.

You can also look up a state land title association, and search our Vendor Directory to find member companies to meet your business needs. Finally, you can find out which title companies have been purchased by other companies. For added convenience, you can access the membership directory from your desktop by downloading the digital directory icon, *www.alta.org/membership/icons.cfm*.

Fannie Says Not to Name MERS in Foreclosure Actions

Effective with foreclosures referred on or after May 1, 2010, MERS must not be named as a plaintiff in any foreclosure action, whether judicial or non-judicial, on a mortgage loan owned or securitized by Fannie Mae.

MERS is the mortgagee of record when either a mortgage names MERS as the original mortgagee and is recorded in the applicable land records, or a completed and recorded assignment names MERS as the mortgage assignee. Therefore, according to Announcement SVC-2010-05, when MERS is the mortgagee of record, the servicer must prepare a mortgage assignment from MERS to the servicer, and then bring the foreclosure in its own name, unless Fannie Mae specifically requires that the foreclosure be brought in the name of Fannie Mae. In that event, the assignment must be from MERS to Fannie Mae, in care of the servicer at the servicer's address for receipt of notices. In all cases, the assignment from MERS to the servicer or Fannie Mae must be recorded before the foreclosure begins.

Creation of a National Title Agent Data Call

The goal of ALTA members working with the NAIC Title Statistical Plan Working Group is to create a data call that is as simple as possible, while proving the industry's value proposition.

A little more than four years ago, the U.S. Government Accountability Office (GAO) released a report on the title insurance industry that provided commentary on loss ratios, data collection and statistical reporting. >>

by Jeremy Yohe

The GAO said it couldn't provide analysis of title insurance premiums because it did not receive the requested information from title companies. To analyze and understand the costs, the report said state regulators needed to collect information on title agents.

"Understanding title agents' costs and how these costs relate to title insurance premiums that consumers pay is important because title agents do or coordinate most of the work necessary for issuing title insurance policies, and they retain most of the premium," the report said. "Reasonable explanation for such differences could be informative of agency costs, while the absence of reasonable explanation could raise questions about the legitimacy of such costs."

Fast forward to today and the National Association of Insurance Commissioners (NAIC) has embraced the GAO request for a national data call. Recognizing the importance of providing industry input, the American Land Title Association created a group to work closely with the NAIC's Title Statistical Plan Working Group as it develops an agent data call.

Frank Pellegrini, chair of ALTA's Agents and Abstracters Section, has led the group of ALTA members advising the NAIC on a potential data call.

"The group has strongly encouraged data collection from title agents be on a 'go-forward' basis and that the reporting be simple and achievable," Pellegrini said.

He added that any plan should recognize that while agents in New Mexico and Texas have been reporting data for years, agents in other states should not be expected to report at the same level of detail. The group concluded the forms used in Texas and New Mexico are too burdensome for many in the industry. Those states use data collection from agents to promulgate title insurance rates. In order for reporting to be achievable, any type of data collection should be limited to a single page, according to Pellegrini. The NAIC Title Statistical Plan Working Group appears to agree.

Paula Sisneros, a member of the NAIC Title Statistical Plan Working Group, has indicated the purpose of the agent data call is to gather a better understanding of what's happening at the agent level. Sisneros, who is director of compliance and investigations for the Colorado Department of Regulatory Agencies, said the information the group is seeking falls into four buckets, including risk avoidance, business profit, business expense and loss. The group expects to examine, among other things, number of policies, number of canceled orders, amount of premium, premium split, salaries, rent, title plant costs, claims losses and deductibles to insurers. A draft of the data call created by the working group can be found on pages 14 and 15. The financial information section seeks income and expenses that are customarily reported on a tax return. ALTA said this should be done on a go-forward basis, and the NAIC should not expect agents to look backward to collect this information.

Sisneros said the NAIC wants to collect information that is meaningful to state regulators. ALTA members have stressed the working group consider the "sweat equity" that goes into providing assurance that a property is clear of title defects. Sisneros said this involves the risk avoidance nature of the industry, but needs help filling in the blanks.

"We do see value in the sweat equity that goes into producing a title policy and closing a transaction," Sisneros said. "I'm asking the industry to come up with some ways to quantify the work that goes into a policy. We don't want this to be onerous. What we are looking to collect is information that is already at your fingertips."

Whether or not a data call will be on a go-forward basis, Sisneros said the NAIC wants good accurate data. While the intent is to go forward, more data is better. Sisneros indicated there is no timeframe for the development of the agent call, but added the group wants to move quickly because other states are rolling out their own data calls.

"Perhaps without as much care and thoughtfulness in the process," she said.

Diane Evans, vice president regulatory/legislative affairs for Land

> ALTA has strongly encouraged data collection from title agents be on a "go-forward" basis and that the reporting be simple and achievable.

ALTA Needs Your Input

An ALTA title agent group led by Frank Pellegrini has been working with the NAIC on the data call for months, but Justin Ailes, ALTA director of government affairs, said the association needs more participation from ALTA membership.

"If members have an opinion we want to know so we can make sure we are giving good feedback and advocating on your behalf," he said.

Thoughts on the data call may be sent to Justin at jailes@alta.org.

Title Guarantee in Colorado, said title agents will have some initial costs in adjusting their systems and identifying the matters that will be asked on the data call. "But I don't think it has a consequence that is harmful to agents," she added.

Daniel Mennenoh, president of H. B. Wilkinson Title Co., said the initial data call draft is pretty straight forward and does not appear to be too onerous to agents.

"The current issues being discussed have to do with creating clear, concise definitions and instructions, which are necessary to have meaningful data," he said. "Agents may have to make adjustments in how certain data is kept, or may have to begin keeping specific data they may not be currently keeping. The good news is that the Working Group seems to be sensitive to only doing this on a prospective basis, rather than a retrospective basis which would be far more burdensome for agents."

Some question the unintended consequences of a data call, including the impact on rates and the threat of changes in the premium split. Sisneros said typically, Colorado does not get involved in contractual relationships with agent and underwriters.

"I see the premium split as a contract," she said. "We will look at the whole dollar amount, but we aren't in a position in Colorado to force some mandatory split or require change. That being said, we may, if we figure out the underwriter is overcharging, that the rate is excessive and the 10 percent they retain adequately covers the risk, then we may need to address the split."

"Rate making is not the focus of the group. The focus is to look at the industry as a whole with the goal of collecting data to understand what happens at the agent level and better support what title agents do on a daily basis," Sisneros continued.

States Issue Own Data Calls

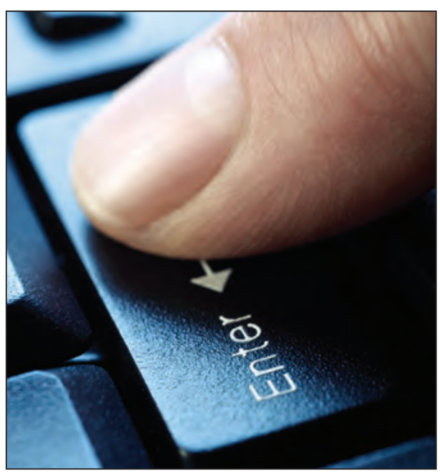
While the NAIC attempts to develop a model national title agent data call, New York and Pennsylvania both issued their own data calls earlier this year.

"ALTA members have invested a great amount of time and energy engaging with the NAIC to create a thoughtful data call that will be useful to regulators and educate stakeholders on the amount work title agents put into producing a title insurance policy that provides assurance to homeowners that their investment in a property is protected," said Kurt Pfotenhauer, chief executive officer of ALTA. "When data calls are issued without consulting industry participants, regulators miss the opportunity to work constructively with industry experts and run the risk of providing an inaccurate picture of the title industry."

The Pennsylvania Department of Insurance demanded financial data from nearly 500 selected title agents, roughly 20 percent of all licensed agents in the Commonwealth. Selected agents ranged from the largest to the smallest, geographically distributed across Pennsylvania. The department of insurance indicated the purpose of the study is to examine the expense component of title insurance rates with respect to title agents' activities and expenses.

The Pennsylvania Department of Insurance request for data and information consists of two spreadsheets. Each title agent receiving the request must complete both spreadsheets, according to the department. The first spreadsheet contains tables for reporting premium, exposure, expense and transactions data. The second spreadsheet generally contains yes/no or multiple choice questions about an agency's business operations.

The department said failure to respond to the request may result in revocation of an agent's license. The department also indicated



that in general, absent any specific exemptions that may apply, responses to this request may be considered public records under Pennsylvania's Right to Know Law.

Pennsylvania Land Title Institute President Len Shatz wrote a letter to the insurance department, including text of the members' emails, describing the concerns PLTA has with the data call.

The PLTA supports the idea of a data call as an opportunity to better inform the department of insurance, but believes the data call was poorly planned, executed and managed. In his letter, Shatz said there was not sufficient consultation with industry stakeholders and no testing of the proposed call.

"PLTA was shocked by the scope and complexity of the proposed data call, especially considering that agents had never been warned of the need to keep, maintain and report such data," Shatz said.

In April, the New York State Insurance Department surprisingly issued a data call requiring all title insurance underwriters operating in New York to collect income and expense data for 2009 from their independent agents.

Even though the state does not license title agents, the department's position is that it can collect the information through underwriters since they are licensed entities. This is the first time that independent title agents will have to submit financial data and plan to collect this data annually as part of the mandatory data call for underwriters, which already report annual financial data to the Title Insurance Rate Association (TIRSA). TIRSA collects the information on behalf of the insurance department. Agents are under pressure as the deadline to submit information for the data call is June 30. The insurance department wants title agents to break up the title insurance premium by underwriter.

The New York data call examines the expenses directly relating to the title insurance premium, not any other income the agent may earn. So if an agent has separate business or makes money on non-insurance products, it does not need to be included.

One issue surrounds attorney agents that have a title business ancillary to a law practice. Few attorney agents devote their resources exclusively to real estate and the overwhelming majority of law firms who issue title insurance policies are very small. Many, if not most, do not maintain data pertaining to the real estate aspects of their practices.

"While we recognize that it is important the regulators be able to collect data from all industry participants, we believe that it is equally important that the data that is requested be meaningful and appropriate," said Rich Patterson, president of Connecticut Attorneys Title Insurance Co. "Since the great majority of attorney title agents issue title insurance commitments and policies through their law firms, it is essential that the NAIC make clear that the data being requested as part of its data call, relates only to a law firm's title insurance activities and not to its non-title insurance activities. If we can develop an instrument that collects such data, we believe that everyone will be well served."

While attorney agents may not currently be able to comply with the most basic data call, such as providing the number of policies issued, revenue and guesstimate of labor costs, the ALTA group working with the NAIC believes the more data the better in proving the industry's worth.

Mennenoh said to gather meaningful data from title agents in each state, data should be collected from more rather than fewer agents.

"However, they do seem to understand that agent acceptance and participation will be greater if the form of the document is simple, clear and easy to complete," he said.

Pellegrini said that it could be hard for general-practice attorneys to decipher the percentage of salaries and other resources used to perform title work, but admits regulators make a good point that while one attorney may not have significant market share, collectively attorneys comprise a major segment of the industry.

"We have to understand it's going to be difficult for some to report meaningful data, such as attorneys, but we also have to understand that the regulators will need data from all aspects of the industry because the collective effect of information gathered from even small providers is significant," Pellegrini said.

Research Committee is investigating the best approach to study and assemble industry statistics on curative actions and risk elimination efforts. This is an ALTA initiative and not part of the NAIC project.

Pellegrini said the efforts to create a national data call highlights the fact that title insurance is a very local animal and to develop something that will have nationwide applicability will be a challenge. As an example, in some states you can't act as an escrow agent unless you also produce title work for the file. Any data call developed must account for countless regional differences.

"The data call needs to be sensitive to the difficulty in assembling the data and may need to provide models or formulas on how the data can be reported," he said. "We need to help the NAIC understand why the data may be skewed, but ALTA enjoys a wonderful opportunity to be a voice in the process, and we should take every advantage that we have to be a voice in the process. We don't want to lose sight that this is an opportunity to prove the value of title agents."

Evans agreed the industry varies greatly by jurisdiction, but also mentioned there is some element of search and exam in every area.

Data Call Draft

Check out a draft of the potential national agent data call developed by the NAIC Title Statistical Plan Working Group on pages 14 and 15.

"We have to show that we are worth the retention of the premium that we keep. We have to show we have expenses. If a data call is necessary, let's do it."

Proving the Industry's Value Proposition

Joe Petrelli, president of the Columbus, Ohio-based rating firm Demotech Inc., said that when regulators look at industry reporting, they are examining skewed data because the industry does not count curative efforts as loss adjustment expense.

"Title agents are fixing things and not getting any credit for it," he said. "It would be meaningful for regulators if they knew the amount of items that title agents fixed before issuing a policy."

Although the NAIC data call template may not address these matters directly, they are important in that they corroborate the value of the work of title agents. Recognizing this, ALTA's Agents/Abstracters

"In many jurisdictions agents will issue the commitment, so that clearly is conveying to the consumer what needs to be done in order to make sure the transaction can be insured," she said. "Agents need to start thinking about the tremendous valuable service they provide to homebuyers and lenders. This data call can show we have legitimate expense to accomplish that.

"We have to show that we are worth the retention of the premium that we keep. We have to show we have expenses. This is a real business to those of us who are doing it every day. We are proud to say 'Yes, we do a lot of fabulous work.' If a data call is necessary, let's do it," Evans added.

Going forward, ALTA will continue to press the NAIC to be clear on the purpose of each of their reporting requirements, which should also provide the opportunity to correct misperceptions that many regulators and others have about the value of the service that the title industry provides.

"Though the collection and reporting of agent data would be an enormous change for our industry, if done correctly, it is also an opportunity to silence some of our critics," Pfotenhauer said. "The collection of this data will go a long way in telling regulators, and ultimately our customers, the value our industry provides to the transfer of property."

TITLE INSURANCE AGENT STATISTICAL REPORT

Line			
	GENERAL INFORMATION		
1	Calendar year reporting		
2	State reporting for		
3	Name		
4	Federal tax ID/SSN		
5	Address		
5(a)			
5(b)			
5(c)			
6	Contact person		
7	Contact phone		
8	Contact e-mail		
	Agency Type		
9	Independent		
10	Affiliated (w/ underwriter)		
11	Underwriter direct		
12	Is reporting agent an Affiliated Business Arrangement (ownership shared with real estate brokerage, mortgage company, etc.)? (Y)es/(N)o		
13	State of domicile/residence		
14	Number of states conducting business in		
15	Percentage of business for this state		
16	Date commenced business		
17	License number (for this state)		
18	No. of employees (total)		
19	Licensed employees		
20	Unlicensed employees		
21	(Please provide a list of all employees as a separate attachment. Include employee name, license number (if applicable), and job title.)		

	RISK ASSUMPTION		
22	No. opened orders		
23	No. cancelled orders		
24	No. policies issued		
25	Total closings conducted		
26	No. courtesy closings/closings for 3rd parties		
27	Total full searches conducted		
28	No. full searches conducted for 3rd parties		
29	No. full searches purchased through 3rd party		
30	Total O&Es (property reports) produced		
31	No. O&Es produced for other companies		
32	No. O&Es produced through 3rd party		

Title Insurance Agent Statistical Report - Agent Instructions

The NAIC Title Statistical Plan Working Group has developed this draft form of a potential national agent data call. According to the NAIC, agents are to enter only state-specific information for the state in which they are reporting. The NAIC said to not provide aggregate data for all states in which an agent operates. Information must be submitted separately for each state an agent operates.

If an agent's general income includes data for more than one type of business (such as an attorney who produces a limited amount of title insurance business), the agent should figure the amount of title insurance they perform as a percentage of their business, and provide the appropriate estimations in the Expenses section. For example if title insurance is 25 percent of an agent's business, and the agent spent $12,000 on rent, utilities and equipment in the reporting year, enter $3,000 on line 46 ($12,000 x 25% = $3,000).

If search and examination is included in an agent's title insurance premiums, and the agent does not perform searches for any other entity, the agent's Total full searches will most likely be in between the amount of orders opened and the amount of policies issued. If an agent does perform searches for another entity or party, the total number of searches will most likely be above either of those numbers.

	INCOME		
33	Premium written		
34	Premium remitted to underwriter		
35	Closing/escrow income		
36	Title examination income		
37	Abstract/search income		
38	Investment income		
39	All other income		
40	Total income	$0.00	

	EXPENSES		
41	Salaries/wages (W-2)		
42	Contract labor (1099)		
43	Ownership shares or dividends		
44	Payroll taxes		
45	Benefits		
46	Rent, utilities, and repair		
47	Title plant maintenance/subscription expenses		
48	Abstract/search expenditures		
49	Computer/software		
50	Business insurance		
51	Business legal		
52	Accounting		
53	Licenses, taxes, and fees		
54	Marketing/sales		
55	Travel and lodging		
56	Education		
57	Bank charges		
58	Charge offs		
59	Miscellaneous expense		
60	Total expenses	$0.00	

	LOSS, LOSS MITIGATION, AND UNDERWRITING EXPENSES		
61	Unreimbursed title losses		
62	Closing/Escrow losses		
63	Abstract/search losses		
64	Loss-related legal expenses		
65	Deductibles paid		
66	E&O insurance premiums		
67	Fidelity/Surety bond premiums		
68	Total loss expenses	$0.00	
69	Net income before taxes	$0.00	
70	Income tax paid		
71	Net realized income	$0.00	

Business Strategies Conference Provides Gateway to Future Success

With the economy still teetering on uncertainty and the industry dealing with the new RESPA Rule, the conference provides attendees information and tactics to succeed.

Attendees at ALTA's 2010 Business Strategies Conference were treated to general sessions featuring presentations on leadership and the new RESPA rule, professional development sessions providing CE/CLE credits and information on the latest technology advances from vendors.

ALTA President Mark Winter opened the conference, which was held May 2-4 in St. Louis, with a brief speech portraying the many opportunities awaiting the title insurance industry.

"A crisis is a terrible thing to waste," Winter said. "Simply put, we are experiencing what I hope is the tail end of the most wrenching housing catastrophe since the Great Depression, but the economic fog seems to be lifting."

As the economy is rebuilt, Winter said, three items will impact the title insurance industry and title agents' business model:

- **Financial reform legislation:** including the creation of the Consumer Financial Protection Agency.
- **GSE Reform:** ALTA's Government Affairs Committee has designated an advisory group to analyze the ingredients of the future GSEs. Through that process, ALTA will form recommendations and use that on Capitol Hill to help shape and form the new GSEs. ALTA will demand the continued use of title insurance.
- **Implementation of RESPA:** Members of the insurance industry have become leaders in educating other market participants on RESPA reform.

"It caught my attention that we are an industry that cooperates with each other and shares our expertise," Winter said. "This enhances our industry and the participation makes a difference."

ALTA President Mark Winter delivers remarks during the opening reception.

Pat Stone opened the May 3 general session with a presentation on business strategy, telling attendees there is plenty of opportunity in the market.

Leadership

During the first-day general session, four industry veterans offered insight into leadership traits needed to survive this market.

Patrick Stone, who has more than 35 years of industry experience and is a former COO and president of Fidelity National Financial, said title agents need to employ common sense when planning strategy.

"The only thing that matters is what your client wants," said Stone, who is CEO of Williston Financial Group.

To further the leadership discussion, Stone then joined Rob Chapman of Old Republic National Title Insurance Co., Cara Detring of Preferred Land Title Co. and Frank Pellegrini of Prairie Title Co. on a panel rounding out the opening general session.

Stone said there is substantial opportunity to make investments in the title industry. He said there will be premium dollar growth in the next three to five years.

"Clients are looking for alternative ways of doing business to meet their needs," Stone said. "There's a tremendous opportunity to reinvent the industry, which will do nine to 10 billion in premiums this year. This is about where we were in 2001 and 2002 and those were pretty good years. There's a lot of opportunity here, just talk to your clients."

Honing in on the idea of taking advantage of opportunities, Detring said her company changed some of its strategy, evaluated its processes, invested in technology and broadened market area.

"We also zeroed in on events that might change the way lenders and real estate agents perceived how they were doing their job," she said. "The new RESPA rule impacts these groups and consumers in different ways. We put together training sessions for these groups. This was a perfect example of an opportunity."

Chapman advised title agents to take advantage of Internet tools and technology to create efficiencies and preserve the bottom line.

"Agents need to utilize technology and right-size their operations and change their process flow," he said.

Pellegrini said that leadership should not be confused with success. "History has given us great lessons of leaders who have failed," he said. "The true measure of leadership is unwavering actions of those rowing the boat. If the leader doesn't have commitment from those he is leading, the leader won't succeed."

The general session on May 4 was packed for an informative discussion of RESPA Implementation.

ALTA Past-President Mike Pryor (far-left) is honored with the Michael F. Wille TIPAC Award for Outstanding Achievement. The award was presented to Mike by Marilyn Wille and her son Casey.

RESPA Implementation Painful, Not Fatal

The senior regulatory counsel for the American Bankers Association joined members of ALTA's RESPA Implementation Task Force during to discuss how the lending and title industries are adjusting to the new regulations.

Rod Alba, senior regulatory counsel for the American Bankers Association, joined the panel featuring RESPA Task Force members Wes Lasseigne of Lenders Title Co., Chris Christensen of PeirsonPatterson LLP and Gene Aalseth of First American Title Insurance Co. Moderating the panel was Mary Schuster (also a member of the Task Force) of RamQuest Software.

"The new reform overturned 35 years of law, practice and judicial decisions. Make no mistake that every single line in the HUD-1 has been litigated," Alba said. "There are decisions by the courts and administration agencies and now it's all gone. We are getting the famous HUD FAQs that are hazy, contradictory and changing. For lenders, it has made them absolutely crazy. Lenders are still having a great deal of difficulty in compliance. But, we are all in this together and are committed to getting this right. We have to be looking to the future in how we can make this into the best process that we can."

Christensen, who offered perspective from lenders and the settlement side, said the new rule brought operational meltdown to lenders. He said the wholesale channel is shrinking due to the new regulation because of the liability on the wholesale channel for the GFE of the originator. Some wholesale lenders are taking 20 to 30 days to purchase loans, so it is causing delays in closing and funding. The retail side is experiencing the same issues. On the title side, Christensen is hearing similar problems, but not the total meltdown. He said title agencies are seeing a business shift.

"The new rule gives lenders more wiggle room to direct business to companies that reduce cost and risk," he said. "They do have more power in the transaction to direct orders. I'm hearing that bigger shops are telling their loan originators they can't pick title, but must role up to a national provider. "I'm also seeing more technology deployment with more lenders moving to a complete e-closing solution where they are integrated with title providers."

Aalseth said he expected a train wreck for the first year of RESPA reform, but said it has only been a bumpy ride on the settlement side. Many of the problems were based on assumptions because no one knew how the rule would play out.

"We are taking a brand new animal and trying to put it into our computer system," Aalseth said.

Lasseigne said the most frequent request his agency receives from lenders is to break out fees in line 801 and 1101. He said his agency has gone to a closing or settlement fee, and title insurance premium.

"We don't have anything to break out," he said. "But as far as the originator fees, they still have many subcomponents. Because they sell the mortgages on the secondary market, they typically want this on the settlement statement so they can send it to their investor."

Past President Honored

2009 ALTA President Mike Pryor received the Michael F. Wille TIPAC Award for Outstanding Achievement during the 2010 Business Strategies Conference.

"This award means a lot because Mike had a lot of passion," Pryor said. "He was bold and taught a lot of people how to approach lawmakers."

Introducing the award was John Voso, chairman of the Title Insurance

Political Action Committee. Presenting the award were Marilyn Wille, Mike's wife, and Casey, one of his sons.

"He would be honored to be associated with this award," Marilyn Wille said.

Mike Wille died in September 2006 when his twin-engine aircraft crashed in North Sioux City, S.D. after he left the Nebraska Land Title Association's annual convention in Northe Platte, Neb. He was to be installed as ALTA president during the 2006 Annual Convention.

Vendors Share Their Ware

Many exhibitors at the conference showcased the benefits of their products during vendor demo sessions prior to the opening of the event on May 2.

RynohLive, First American SMS, greenFolders, SoftPro, Stewart Title, ISGN and Ernst Publishing all took advantage of the opportunity to show how their products can aid the efficiency of a title operation.

"The vendor break-out sessions are an important component to the Business Strategies Conference because it gives attendees a chance to review the direction technology companies are taking in bringing new products and efficiencies to the industry," said Tim Conley, vice president of sales and marketing for SoftPro. "Technology has always provided the quickest way for a company to be able to maximize their resources and differentiate themselves in the marketplace. At LPS SoftPro our primary goal is to deliver our customers solutions that will increase productivity, reduce costs and allow them to capture more business. The vendor sessions allow us to showcase our efforts in these areas."

CEO Discusses ALTA Future

Restructuring membership dues, building stronger relationships with state associations, revamping conference content and membership benefits were all addressed as Kurt Pfotenhauer, chief executive officer of the American Land Title Association, provided an inside look at ALTA during a session Monday at the Business Strategies Conference.

"In the last two and a half years, we have changed a lot of internal processes," Pfotenhauer said. "We have a cohesive team and are constantly asking ourselves how we can improve our value to our membership."

Pfotenhauer said ALTA currently has 20 different revenue-based dues levels. The low-end annual membership dues are $460, while the high-end cap is $11,500. Membership is comprised of companies, as opposed to the National Association of Realtors where members join as individuals.

"Our goal is to grow membership and we are considering how to restructure our dues," Pfotenhauer said. "Membership for a trade association is important largely for the strength of advocacy."

Pfotenhauer said there are some effective state land title associations, while others lack effective advocacy. Associations are needed to lobby members of Congress, state house and state insurance regulators.

"One of our central missions is to help states become better at their advocacy," Pfotenhauer said. "Even the good ones benefit from the information that we have gathered to aid in their fight."

In the exhibit hall, conference attendees had a chance to review the latest products from vendors while enjoying St. Louis delicacies.

Baseball Hall of Famer Whitey Herzog delivers the closing luncheon keynote to a packed house of attendees.

Indiana Land Title Association

President: Jeff Bosse

Title: President of Bosse Title Co. and Regional Title Services.

Industry experience: 35 years

Education: Vanderbilt University, B.A. and Northwestern School of Law, J.D.

Can you give us a quick state-of-the association of the ILTA. How many members does the ILTA have? Has membership held steady the past few years? What are you doing to grow membership and keep members engaged?

The Indiana Land Title Association is off to a good start in 2010. We have had three events, a pre-licensing class in January, Lobby Day and our Super Seminar both in February, and we had a record attendance at all three events. Our Education Committee plans seminars virtually every month, usually in two cities and frequently we videotape our seminars and show them in different parts of the state. We have been very fortunate in attracting top-notch talent for our seminars. Anne Anastasi and Phil Schulman spoke at our February event and Mike Pryor and Mary Schuster spoke at our May Owners/Managers meeting. Ruth Dillingham, Bush Nielsen, and Darryl Turner are scheduled to appear later in the year. Also in May, we presented the Title Insurance 101 program to the department of insurance and the attorney general's office.

Our education seminars provide 55-60 percent of our annual revenues and the success of the educational programs allows the ILTA to be less dependent upon membership dues as a revenue stream than most state associations. As a result, we have been able to keep our dues low. Being insulated in the Midwest has helped us as well. Indiana does not experience the extreme highs and lows of other states, including the wild increase in housing prices in good times and the tremendous drop in housing price in bad times, wildly fluctuating business trends and overall employment trends. For example, we have suffered only a modest decline in membership from 297 members in 2007 to 282 members in 2009. To increase or sustain membership levels in 2010, we have taken a cue from the ALTA. Enlisting the aid of our underwriters, we have asked them to provide the names of their agents who are not members of our association and, thus, for the first time we are able to contact those difficult-to-identify non-members doing business in the state. We really appreciate the assistance the ALTA provides, especially its federal legislative activities and its educational programs. Additionally, the conventions, conferences and meetings provide a wealth of good ideas for improving operations in the title industry.

Has any recent legislation been enacted in your state impacting the industry? Are there any pending bills that loom on the horizon, and what impact could they have?

This year was the short session of our legislature and we did not propose any major, new legislation, so we primarily played defense. Last year, our members were successful in educating their individual legislators about the importance of adopting a "good funds" law. This year, an industry group made a major effort to "gut" the law and we worked hard and finally were successful in fending off this challenge. We also were successful in defeating a bill that would have allowed county recorders to refuse to record virtually any document handed to them and a proposal to remove from the statutes the requirement of mandatory continuing education for the renewal of title insurance licenses, as well as a bill which would have prohibited title agents from serving as escrow agents.

What are the major issues impacting the industry in your state?
The major issue impacting the title industry in Indiana today is trying to comply with new HUD-1. There has been so much confusion and conflicting information given out that it is difficult to comply with the requirements. Lenders don't understand the instructions and there have been numerous instances where a lender rejected a properly prepared settlement statement and required changes that were clearly wrong. Even underwriters are providing conflicting answers on this issue. Compounding the problem is that in parts of the state we use all-inclusive rates and in other parts of the state we itemize each service provided. Our association has taken take the lead in helping its members cope with the new rule. We have had several speakers, including the deputy director of our department of insurance speak at seminars about completing the new form. Other challenges we confront include dealing with a new state law, requiring settlement agents to report the names and license numbers of all the professionals involved in a transaction and also an unfavorable rate structure and, of course, the struggling economy.

What has been the biggest personal challenge for you during your career?
My greatest personal challenge has been building this business from scratch. I started with absolutely nothing and grew the business significantly. There were some lean years in the beginning, the middle and then again now, interspersed with some really great years. The challenge always has been and remains staying ahead of the education curve while offering your customers — all of them — the very best service by knowledgeable people. The ILTA provides the educational support and the collegial atmosphere promotes the best practices.

Tell us about one thing that people in the industry would never guess about you?
Something people in the industry don't know about me is that I am a history buff. Currently I am trying to write a biography about an ancestor of mine, an absolute rags-to-riches story. He came to the city with nothing and when he died at the age of 47, he was a millionaire serving on the boards of directors of almost 30 companies. He was elected mayor three times and became a major state political figure. He was also one of the three lay members of the Board of Directors of the national Lutheran Church, a founder of the Lutheran Layman's League and a president of the National Furniture Manufacturers Association, and who at times was accused of a little political chicanery. He started several businesses, including hotels, furniture factories and even his own bank and when one of the newspapers was critical of him, he bought the newspaper.

If you could have dinner with one person in history, who would that be and why?
If I could have dinner with any three historical figures, I would choose Jesus, my ancestor Ben Bosse and Alexander Hamilton. Hamilton, unlike all the other Founding Fathers was born out of wedlock to abject poverty on a Caribbean island. He was still able to become the architect of our country's economic stabilization and probably the principal advisor to George Washington, who's every action, set the precedent that future presidents would follow. Hamilton was also instrumental in the country's adoption of the Constitution, as the primary author of the Federalist Papers. His honorable public career was marred by a very public affair and engaged in strenuous battles against Thomas Jefferson, John Adams and, of course, Vice President Aaron Burr.

What facet of your job do you find the most rewarding and why?
The most rewarding part of my "real" job is working through problems, finding solutions that might otherwise hold up or prevent closings altogether. It is rewarding to be able to find a solution that actually pleases people.

What's your favorite beverage to help you unwind?
Pinot Grigio is my beverage of choice to help me unwind, and my wonderful wife usually has an open bottle ready when I return home in the evenings.

The Title Industry on Twitter: Now What?

There may be growing backlash against social media as executives become burned by time wasted with few business-based results.

BY BRIAN RIEGER

2010 hasn't just been the year of RESPA reform. By all accounts, it has been a year for the title and settlement services industry to take stock of what works … and what doesn't … across the board, including sales and marketing strategy. The market has changed. The governing regulatory framework has changed. And the ways in which title companies seek new business have changed.

The past two years have seen a steady stream of decision-makers and executives climbing onto the social media bandwagon. One could say that social media was adopted by the title industry from 2008 to 2010. After all, it promised to make cost-efficient one of the great strengths of the industry: networking. And best of all, it was (and remains) generally cost-free.

But not everyone with a LinkedIn profile or Facebook fan page has a success story to tell today. In fact, just as many would explain that they gave social media a try, but found few results. Phrases like "time waster" and "for the kids" seem to come up repeatedly when the disillusioned users explain their new view of social networking Web sites. Worst of all, many explain that they tried to "tweet" (use Twitter for social networking purposes) or participated in a LinkedIn discussion, with no sales results. And, to complicate matters, as frustrated users struggled to forge results with their LinkedIn or Facebook profiles, a veritable symphony of social media gurus, experts and evangelists have continued to insist that everyone should be on Twitter, regardless of goal, audience or strategy.

It appears that the title industry is on the verge of a social media backlash. Many executives, once receptive to the potential of Facebook, Twitter and LinkedIn, but burned by time wasted with few business-based results, now see these as the marketing equivalent of the hula hoop or wide-legged jeans: just another fad of little use to respectable businesses. Although that frustration is understandable, that backlash only threatens to stifle a golden-opportunity to make use of a cost-effective and potentially powerful medium for business growth.

All Aboard the Social Media Bandwagon!

LinkedIn and Facebook were (and remain) the obvious favorites for the early adopters in the industry. In the early days, participation was limited to setting up a profile, and, for some, updating one's status relatively frequently with good news about his or her business. In other words, some in the industry saw the potential for a broadcast mechanism that did not need to be rented or purchased in the social media sites.

By 2009, however, more than just the casual executive had joined the "movement." While some were prodded and pushed in, and others came to see what the fuss was about, it is clear that most were willing to accept that the industry was changing, and new methods of sales and marketing might be in order, too. Some filled out extensive profiles, others registered anonymously. Most, admittedly, were simply getting a taste of the medium, with only a hearty few jumping in with both feet.

By this time, LinkedIn discussion groups had been formed. Facebook Fan pages were being built. And a few savvy firms in the industry were brainstorming ways to make the best use out of social media. Many even flocked to Twitter, the latest darling of marketers across industry lines.

While one seeking a contact from the title industry might have struggled to locate that person in 2006 or 2007, very few remained absent as the subprime meltdown and subsequent recession raged.

Now what?

Most of the title professionals who climbed aboard the social media bandwagon are still there. At least, their profiles are. But increasingly, participation in industry forums, active Facebook fan pages and routine "Tweets" are on the decline.

One common response from industry executives, when asked why they aren't more active in the social media, is quite simply "I don't have time."

But there is clearly some disillusionment within the ranks as well. Some of this may arise from the tremendous amounts of hype and fanfare accompanying the social media over the past two years — and not just within the title industry. Indeed, one can't watch a news program, visit a sports Web site or make a purchase without being accosted by the solemn intonation to "Follow us on Twitter, Facebook and LinkedIn. Check us out on YouTube. Read about us on Digg." And one doesn't need to travel far on the Web before encountering yet another Web 2.0 "evangelist" screaming from the rooftops that everyone must be tweeting … or else! Perhaps the decline in involvement is really the silent answer from the title industry: "I tried that. It didn't work."

Are We Throwing Out the Baby with the Bathwater?

In theory, social media sites should be a natural fit for the title industry. Known for its fairly conservative ways, this is an industry in which face-to-face sales still rules the day, and marketing tends to be the "leave behind." By that standard, good social media habits mirror good sales habits. Instead of the unnatural and uncomfortable "hard pitch" of some marketing materials, the participant in a social media forum builds a relationship, segueing to the pitch at a more appropriate time.

This, however, has been a difficult transition for many within the industry. Perhaps that can be traced to the traditional delineation in the space between sales and marketing. Traditionally in the title industry, the favored path has been consultative sales and the leveraging of relationships. Everyday conversations ("How about those Bears?") have been the preface to the "sell." On the other hand, for the title industry, marketing has been the hard pitch: the flyer, the postcard, the sales letter. This has likely been shaped by the very nature of the channels being used to distribute marketing materials. Whether it comes in the form of advertising (postcard or on-line advertisement) or direct marketing (e-mail, sales letter), traditional marketing and advertising channels generally don't allow for the casual conversation and two-way dialogue that ease the transformation from relationship to pitch in sales. There's simply no room to do so. Accordingly, most marketing materials have been reserved for hard pitching: feature/benefit, and the like.

Perhaps this has been part of the disillusionment with social media. Many professionals, eager to take advantage of this free new medium, have used it as a broadcast tool (along the lines of traditional title marketing). LinkedIn status updates have been used solely for advertising messages. Discussion posts have been used to generate a one-way message the only response to which could be to buy or move on. Such approaches are certainly understandable, but also destined to fail.

Businesses successfully using social media sites such as Facebook and LinkedIn report that social media marketing has worked for them because they understand that the sites only work when used as conversational, rather than broadcast, forums. Results have come about in much the same fashion as the returns reaped from a productive trade conference — not always instant, and not based solely upon the ability to pitch the product. Instead, successful users have used Facebook, LinkedIn or Twitter in a more traditional sales and networking approach. By offering up statements and postings of value to anyone, they've won new sales and new relationships far more effectively than spelling out their own services. They've contributed to their social media communities from the perspective of "what will be interesting to the reader," rather than "what can the reader do for me?" As a result, they've achieved more.

> Most title professionals who climbed aboard the social media bandwagon are still there. But increasingly, participation is on the decline.

Believe it or not, social media is here to stay. We may not be using LinkedIn or Facebook in a few years, but we will be using their progeny, the next-generation sites. And it may not always be appropriate to use every forum. Like any marketing, sales or communications strategy, a social media strategy needs to be a planned, reasoned approach that applies the needs of the target market to the key message, effectively encouraging a certain behavior (e.g. to click on a Web site, to purchase the product, etc.). And, just like any other business strategy, the implementation of a social media marketing strategy must be consistently applied, over a reasonable period of time. Time and energy need to be expended for social media to work as a business tool. Many title professionals have learned these lessons, and seem to be enhancing their sales programs in incredibly creative, cost-efficient ways making use of social media. It is not yet time to toss social media into the dust bin of historical fads. Instead, it's time to take a good hard look at how to make better use of these tools.

Brian Rieger, a former litigator with nine years of public relations and marketing communications experience, is principal of True Impact Communications (*www.trueimpactcommunications.com*). His consulting firm currently provides marketing and public relations strategy for mortgage and settlement services businesses of all sizes. Brian has served the title and settlement services industry for seven years, providing strategic counsel for national underwriters, technology developers, title agencies and vendor management companies. He is a frequent industry speaker, having spoken at the ALTA Business Strategies Conference, TAVMA Annual Conference, Ohio Land Title Association Annual Convention and National Settlement Services Summit.

New FHA Regulations Could Impact Title Agents' Order Channel

The attempt to strengthen the FHA's financial soundness may force many loan correspondents and small mortgagees to exit the FHA loan market.

The U.S. Department of Housing and Urban Development (HUD) has finalized rules that significantly restrict small and medium-sized lenders from participating in the Federal Housing Administration's (FHA) mortgage insurance programs. While few can argue with the goal of strengthening the financial soundness of the FHA programs, the method of achieving this goal most certainly will limit the geographic access of FHA lending and wreak havoc on the ability of small businesses to provide FHA loans, according to the Washington, D.C-based law firm K&L Gates.

The two most significant changes in the final regulation eliminate the HUD approval requirement for loan correspondents and increase the net worth requirements for FHA-approved mortgagees. The final regulation also incorporates provisions of the Helping Families Save Their Homes Act (HFSHA) that HUD previously proposed and, for the first time, announced amendments to the regulation governing the principal/agent relationship between FHA-approved mortgagees.

As of May 20, HUD no longer approved new loan correspondent applicants. Loan correspondents with FHA approval as of May 20 will maintain approval through Dec. 31, 2010. HUD clarified in the Preamble to the final regulation that currently approved loan correspondents are eligible to apply for approval as a mortgagee, provided they meet the applicable criteria, including the new net worth requirements. For those loan correspondents that do not seek FHA approval as mortgagees, these entities can continue to originate FHA-insured loans as "third-party originators" or "TPOs," provided they are sponsored by, and work with, an FHA-approved mortgagee and meet certain eligibility criteria set forth in the final regulation.

Under the final regulation, HUD will rely on sponsoring mortgagees to ensure that TPOs from which they obtain FHA-insured loan applications are eligible to participate in FHA programs and adhere to FHA loan origination and processing requirements. HUD will hold lenders:

Responsible for monitoring the eligibility of its sponsored TPOs and their actions in originating FHA-insured loans; and

Liable to FHA for all FHA aspects of the FHA-insured loans underwritten by the FHA-approved mortgagee.

With regard to responsibility for TPOs, FHA-approved mortgagees that accept loan applications from a non-FHA-approved entity will have to determine and verify that the TPO is not subject to the sanctions or administrative actions that make an entity ineligible for participation in the origination of FHA-insured loans.

The final regulation also addresses how the elimination of loan correspondent approval will affect HUD's geographic restrictions on loan origination and underwriting.

In the final regulation, HUD imposes some significant restrictions on the activities of TPOs, including prohibiting these entities from closing FHA-insured loans in their own name and directly accessing FHA Connection.

According to K&L Gates, This prohibition effectively will put an end to the purchase of FHA-insured loans on a table-funded basis for those loan correspondents that do not seek to obtain mortgagee approval. The prohibition also will result in the third-party originators becoming mortgage brokers under applicable state law, as many states view the party identified on the note or security instrument as the 'lender' in the transaction."

In response to these issues, which were raised during the public comment period, HUD announced that it will further consider the prohibition on a TPO closing a loan in its own name. Nevertheless, unless HUD announces a change to this prohibition, currently FHA-approved loan correspondents that subsequently become TPOs will be prohibited from closing FHA-insured loans in their own name beginning Jan. 1, 2011. Currently approved loan correspondents may continue closing loans in their own name through Dec. 31, 2010.

In addition to eliminating the loan correspondent approval requirements, the final regulation increases the net worth requirement for FHA-approved mortgagees from $250,000 to up to $2.5 million. As proposed, the final regulation phases in the net worth increases over a three-year period for existing FHA-approved mortgagees, but requires all new applicants on or after June 21, 2010 to meet the new requirements. The net worth requirements apply to supervised, non-supervised, and, for the first time, investing mortgagees.

Implications

While the Department attempted to address concerns raised by FHA participants in comments to the proposed regulation, the final regulation leaves several important questions unanswered and raises new questions and considerations for both FHA-approved mortgagees who wish to maintain approval and those entities content with becoming non-FHA-approved TPOs.

According to K&L Gates, the most obvious implication of the final regulatory changes that eliminate loan correspondent approval will be FHA-approved mortgagees' increased responsibility and liability for non-approved TPOs. While the Department continues to take the position that the additional responsibility HUD will require of sponsoring FHA-approved mortgagees will be minimal, FHA-approved mortgagees are likely to disagree. Under the final regulation, as of Jan. 1, 2011, HUD will relinquish its jurisdiction over loan correspondents and hold FHA-approved mortgagees liable for all aspects of FHA-insured loans. FHA-approved entities that continue to accept FHA loan applications from TPOs will be responsible for ensuring that these entities are eligible to participate in FHA programs and must monitor the quality and performance of loans received from TPOs

"The final regulations significantly alter the current FHA approval structure, and FHA-approved mortgagees who pride themselves on maintaining sponsor/loan correspondent relationships with hundreds, or even thousands, of mortgage brokers may want to rethink monitoring the eligibility of these entities and taking on full responsibility and liability for the FHA-insured loans originated through these relationships," K&L Gates said.

The transfer to a mortgage broker operation for those small lenders and loan correspondents who currently close FHA-insured loans in their own name will also create considerable changes to these entities' revenue streams. K&L Gates said as lenders, these entities currently are not required to disclose back-end compensation; however, a TPO acting as a mortgage broker will be required to disclose such compensation separately, which will shift profits and may result in lower income streams. HUD notes that TPOs will still be entitled to income streams derived from servicing release premiums; however, as the final regulation will not permit TPOs to close loans in their own name as of Jan. 1, 2011, servicing release premiums will not be available to TPOs. Finally, the final regulation does not address the interplay between the final regulation and the Federal Reserve Board's proposed amendments to the regulations implementing the Truth in Lending Act (TILA), which would prohibit payments to mortgage brokers and a lender's loan officers based on a loan's interest rate or other terms. If the proposed changes to the TILA regulations become effective, TPOs will be prohibited from earning yield spread premiums or other compensation based on interest rate or loan terms.

"A significant number of currently FHA-approved loan correspondents and small mortgagees who cannot meet the net worth requirements may exit the FHA loan market," according to K&L Gates. "The final regulation may decrease the number of entities providing affordable mortgage credit to eligible borrowers and increase the costs associated with obtaining an FHA-insured loan from those approved entities that remain."

Joint-Owned VMC with KeyBank to Close

A vendor management company jointly owned by First American and KeyBank will close June 30.

The decision to close the VMC was made because its largest client, KeyBank, switched providers. KeyBank began sending its settlement work in December 2009 to PHH Mortgage Corp. PHH is a public company that provides "beginning to end solutions" for KeyBank's mortgage needs, such as loan origination, products, pricing, secondary marketing and servicing for all saleable loans, the bank said.

SecoLink President Patrick Ridley said the firm is laying off all 62 employees. The phased layoffs began March 12 and will continue through June 30.

SecoLink, founded in 1999 and operated by KeyBank under its current name since 2001, is based in Amherst, N.Y. The company handled back-end mortgage operations — including title insurance, appraisals, flood and closing services — for KeyBank, which owns 49 percent of the company. First American purchased a majority stake (50.1 percent) in the company in 2007.

Group Purchases Title Agency from First American

A group of employees and investors recently completed a buyout of a Waco, Texas-based title agency from First American Title Co.

The deal was finalized April 1, according to Penny Dulock, president of local operations. The company, now called First Title Co. of Waco LLC, has three offices and more than 20 employees.

The new owners include Dulock; operations managers Patricia Taylor, Loretta Janek and Karen Moore; and Susie Herbelin, who oversees accounting for the firm. One of the six investors, Terry Stevens, originally owned the title company with the law firm John Sheehy before selling to First American in 1998.

ClosingCorp Introduces New Services to Help Lenders Comply With RESPA Rules

Mortgage originators can now create more accurate Good Faith Estimates quickly and efficiently using the SmartGFE Service, a source for real estate closing costs and associated data in the marketplace. The new service from ClosingCorp offers a data solution for sections 4 through 8 on the 2010 GFE form, which is backed by the company's SmartGFE Compliance Guarantee.

The SmartGFE Service provides real-time fees from local and national vendors in nine categories such as title insurance, settlement services, closing attorneys, home inspections, pest inspections, appraisals, and more, as well as local taxes and recording fees calculated specifically for each transaction to help create GFEs that meet HUD's new mandated tolerance limits.

Iowa to License Closing Agents

Iowa amended the Mortgage Bankers and Brokers Act (MBBA) to require licensing for closing agents effective July 1, 2011. Under the MBBA, as amended, "closing agent" is defined as a person who provides real estate closing services, and who is other than the lender, seller, purchaser, or borrower with respect to a particular real estate transaction. The performance of notary functions is specifically excluded from the definition. Among those exempt from the requirement are attorneys who are licensed to practice law in Iowa. Also exempt are an attorney's employees or agents acting under the attorney's direction, provided the transaction is of the type where the attorney's conduct is regulated by the Iowa Supreme Court. A closing agent who is affiliated with an attorney is not exempt if the closing agent engages in transactions that do not meet this exemption.

People on the Move

Investors Title Insurance Announces Promotions

Investors Title Insurance Co. announced a number of key promotions. **Michael Aiken** has been promoted to senior vice president, compliance officer, and senior counsel – national markets; **Joanna Tillottson** has been promoted to senior vice president – agency and branch operations; and **Brandee Garren** has been promoted to vice president – underwriting and operations support.

Aiken began his career with the company in 1998 at which time he relocated to the Triangle area and accepted the position of staff attorney in the underwriting support group. He has acted in a number of capacities since then including as title attorney and compliance officer. In these roles, Aiken has supported the company's agency network with respect to underwriting and risk management functions and has served as the company's primary resource for federal compliance issues.

Tillottson joined the company as an underwriting support coordinator in 2003 and quickly rose to a leadership position as vice president – national markets operations. In her new role, Tillottson will oversee operations of the company's agency network operating in 26 states and the District of Columbia, and the company's branch offices.

Over her 14-year career with the company, Garren has performed as a team leader of the underwriting support group, training manager, operational representative for a number of market areas, and, more recently, as assistant vice president - underwriting and operations support. Garren will assume expanded leadership and management responsibilities within the underwriting support group which provides operations and underwriting support to the company's agency network.

Stewart Bolsters Commercial Operations

Stewart National Title Services has announced the appointment of **Renee Haglund Tierney** as vice president and manager of its Minneapolis, Minn., national commercial operations. In this position, Tierney will be responsible for growing Stewart's national commercial business, with a focus on expanding the company's market share in the mid-western region of the U.S. Tierney is a recognized leader in the title industry with more than 30 years of experience. Previously, she held a range of positions at the state, regional and national levels for both Stewart and Chicago Title Insurance Co., and most recently served as a management consultant.

Alliant National Adds Vice President and Missouri Agency Manager

Alliant National Title Insurance Co. announced that **Kyle Rank** has joined the company as vice president and Missouri agency manager. Rank is responsible for developing relationships with agents, and marketing and management of Alliant National's Missouri agency programs. His duties also include development of educational programs for agents and their customers, and licensing, underwriting and expansion into adjacent states. Rank has more than 17 years of executive legal management experience for several leading national underwriters and agencies. He served four years as president and co-owner of a multi-state agency that grew from inception to a $7 million gross revenue company.

RedVision Names VP of Operations

RedVision, a national provider of real property research and data solutions, announced that **Tom Allbee** has joined the company as vice president of operations. A financial services industry veteran, Allbee has 20 years of experience in senior management and operations roles. Prior to joining RedVision, Allbee was a managing director at UBS Investment Bank where he served as chief of staff to the chief operating officer and chief executive officer of UBS Securities LLC.

ALTA Membership Benefit Helps Title Agency Land New Commercial Business

ALTA's online Membership Directory proved highly beneficial for one Virginia-based title agency.

Reliant Title, located in Virginia Beach, Va., garnered significant commercial deals totaling nearly $2.5 million after two large national entities found the title agency on ALTA's online membership directory.

Matt Reass, director of marketing for Reliant Title, said in a month's time, Bridgestone Tires and a Fortune 500 defense contractor, both contacted Reliant after doing a search on ALTA's web site.

In October, Bridgestone had a Firestone tire shop in Norfolk, Va., that was buying out a landlord. Each side had legal counsel, but a title company was needed to facilitate the $2 million cash transaction.

"It went smoothly," Reass said. "The counsel for Bridgestone was up in Chicago. The sellers counsel was in Texas and we were the intermediary. We don't do a lot of commercial work, but it was a great opportunity to learn."

Shortly after that deal, Reliant received a call from the defense contractor, a global security company that provides products, and solutions in aerospace, electronics, information systems, shipbuilding and technical services to government and commercial customers.

The company had six installations in Hampton Roads that needed title work, including pulling deeds and plats. The contractor had been working with another examining company on the project, but was not pleased with the responsiveness.

"They interviewed four other title companies, but we go the job," Reass said. "In about a month and a half, we had to research archives that went back to the early 1800s."

Reass had to obtain around 250 documents, much of which dealt with land the government purchased or took by eminent domain.

"This was not the everyday run-of-the-mill real estate closings," Reass said.

Both projects were welcomed as they came when business was slowing for the title agency last winter. Both, according to Reass, were the direct result of being an ALTA member.

"Beyond all of ALTA's advocacy efforts on behalf of the industry, the association's membership directory has proven to be a valuable asset that has helped new clients discover our company," Reass said. "It's one of the bevy of benefits that ALTA provides its members."

To share how ALTA membership has benefited your operation, send an e-mail to Jeremy Yohe at jyohe@alta.org.

New Members

ALABAMA
Charles Trimmier, III
Cooperative Title Services, L.L.C.
Birmingham
Michael E. Brodowski
Huntsville

COLORADO
Paul Motz
Southwest Title Company
Alamosa

FLORIDA
Lana Dargai
Global Title Company
Bonita Springs
Jason Gullett
Gullett Title, Inc.
Palatka
Chris Black
Winged Foot Title, LLC
Fort Myers

GEORGIA
Jason Lingerfelt
Jason B. Lingerfelt, LLC
Kennesaw

MINNESOTA
Marv Karth
Executive Title Services, Inc.
West Saint Paul

MISSOURI
Michael Godat
Touchstone Title And Abstract
Chesterfield

NEW JERSEY
Jacob Elkes
Direct Title Corporation
Freehold
Sherry Bremerman
Empire Title & Abstract Agency, LLC
Yardville
Suzanne Heuneman
Phoenix Associates Title Agency, Inc.
Chester

NEW YORK
Jodi Brust
American Dream Abstract Inc.
East Patchogue
Ilan Bruhim
Everest Abstract Services, LLC
New York
Linda Haltman
Hallmark Abstract Services, LLC
Jericho
Clarence Castel
Rockwest Abstract, Ltd.
New City

OHIO
April Percy
Dynamic Title Agency, LLC
Medina

OHIO CONT.
Jeffrey Rulon
Professional Title Agency, Inc.
Hamilton

PENNSYLVANIA
Sandi Foxx-Jones
The Abstract Company
Philadelphia
Cindy Hawk
TR&A Abstract Company
Pittsburgh

SOUTH CAROLINA
D. Carlyle Rogers, Jr.
D. Carlyle Rogers, Jr., P.C.
Mt Pleasant

VIRGINIA
YuJong Chong
Metroway Settlement Group, LLC
Herndon

Associate Members

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John Simmons
Antilles Group, LLC
Orlando

MICHIGAN
Byron Gallagher
The Gallagher Law Firm, PLC
Lansing

Processing Services Company Acquires Title Agency for $1.5M

DJSP Enterprises, a provider of processing services for the mortgage and real estate industries in the United States, signed a definitive agreement to acquire Timios Inc., a national title insurance and settlement services company.

Timios, a licensed title insurance and escrow agent operating in 38 states, is headquartered in Westlake Village, Calif., with additional offices in Houston and Plano, Texas.

DJSP Enterprises will acquire Timios for $1.5 million in cash, 200,000 ordinary shares of DJSP Enterprises, and up to 100,000 ordinary shares of DJSP Enterprises to be earned upon achievement of defined performance metrics.

DJSP ENTERPRISES, INC.

Timios reportedly had revenue of $5.05 million for the last 12 months.

tipac contributors

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POLITICAL ACTION
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$5,000

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Anne Anastasi
Genesis Abstract Inc.

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Diane Evans
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Title Data, Inc.

Michael Sikora
Sikora Law LLC

Dale Wilde
Consolidated Abstract Co.

John Wiles
Wiles Abstract & Title Company

Deborah Wiley
First American Title Insurance Co.

ALTA: The Advantage for Small Agents

As a small title agent and managing an office of a few people, I've come to know how being a member of ALTA affords me opportunities and advantages in the marketplace that I could not get anywhere else.

Training is difficult in small offices, especially when you are the CEO, the main closer, and go-to-guy for answering difficult questions from callers. My time is limited to spend with new hires. That's when I turn to the Land Title Institute, ALTA's educational arm, to help me with programs and materials. A series of DVDs, online correspondence courses and other materials in a variety of delivery options is just what I need. All I have to do is put my company and state's spin on them. The new DVD presentation on RESPA Reform, which was created by ALTA's RESPA Implementation Task Force, was a huge jumpstart for my closing processor, and helped me educate my customers at the same time.

Marketing is almost out of the reach of small agents, but with ALTA's marketing kit, I'm able to produce some great ads, get good suggestions on marketing ideas and feel that I have my own ad agency working for me. And it's free with membership.

Moving into the technological age is easier than it sounds when you're a small agent in a small town. Where and how do you shop for the best software and hardware? I found that ALTA's Business Strategies Conference is the best place to see live demos of the latest products on the market. The vendors are knowledgeable and there is ample time to visit each one to make important decisions about what best suits my operation, and what I can afford.

Staying on top of the issues is critical to all of us, large or small. ALTA's Daily Clips and TitleNews Online are my pipeline to the news that is important to my operation. Kurt Pfotenhauer's Advocacy Update is an outstanding commentary on understanding issues confronting us and how ALTA is working to protect our industry.

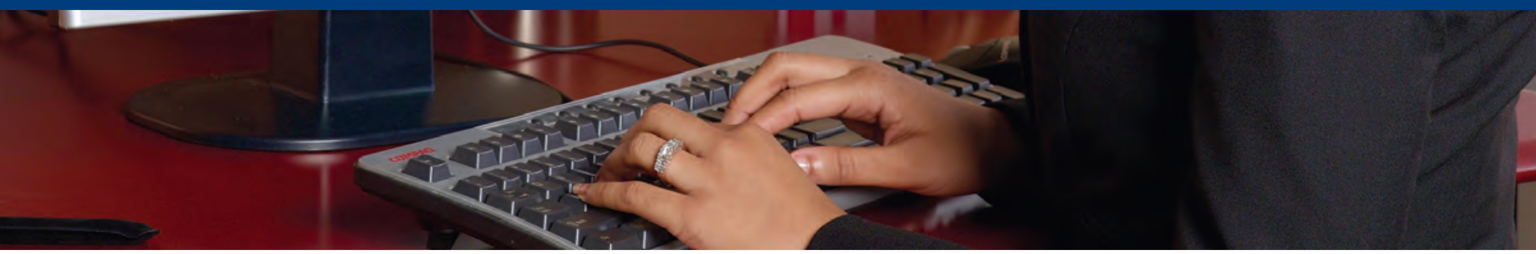
Speaking of advocacy, you probably have noticed how ALTA's focus has shifted more toward advocating our message in the halls of Congress and to the regulators who write the rules to enforce laws. As a small agent, this is the vital mission of our national association, and my membership gives me a voice in the capital every day through the work of ALTA's staff. Attending the annual Federal Conference in D.C. gives me the opportunity to meet policymakers and let them know how their decisions affect my small business every day.

Advocacy does not come cheap. It takes real money to make a difference in Washington. That's why I also support TIPAC, our political action committee. Last year, TIPAC surpassed our goal and raised more than $250,000. We are well on our way to exceeding that goal this year.

My membership in ALTA is vital to my survival as a small agent. I can't do everything myself to impact the outcomes, so I depend on our trade association to help me. I know I'm getting my money's worth from my dues. I believe in what I do every day helping others achieve their dreams of homeownership. I've got ALTA there working with me as a partner.

J. Herschel Beard
Abstracter/Agent Section Representative

Why is Stewart the right choice for title agencies?



We can help you maintain compliance and grow your business.

In today's market you need technology specifically designed to meet the needs of title agencies. Stewart provides technology you can count on to help reduce costs, claims and fraud; maintain RESPA compliance with the new HUD-1; improve productivity and communications; as well as enhance the customer experience. And, because we use the same technology in all our offices, you can be sure that this technology will constantly be updated and given the highest quality support. So once you have Stewart technology you can concentrate on your customers and not your computers.

To find out more about this technology and why Stewart is the right partner for you, visit us at the ALTA Business Strategies Conference, May 2-4, 2010, or contact your agency services manager through stewart.com/agencyservices.

stewart®

(866) 608-6657 stewart.com/agencyservices