

August 2010

Official Publication of the
American Land Title Association

TitleNews

Adapting to the Post-RESPA World

ALTA's RESPA Task Force and HUD Offer Guidance to
Help Industry get Acclimated to New Regulations



Many providers offer multiple options and it can be hard to piece them all together into a single, workable solution. So while **THERE** are good aspects found in each, **IS** any perfect for your business? If **ONLY** you could cut & paste to get **ONE** complete system. You need a **TOTAL** package, a comprehensive **SOLUTION** that gives you capability and **IN**corporates your vision. And it's in **THESE** times of change we, as an **INDUSTRY**, turn to leadership, to a superior business partner that can deliver much more than just mere technology — a provider that delivers the industry's Total Solution.

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July 17 - 19	Large Agents Meeting Hotel Monaco Portland, OR
October 13-16	2010 Annual Convention Manchester Grand Hyatt San Diego, CA

STATE CONVENTIONS

August 12 - 14	Kansas
August 15 - 18	New York
August 19 - 21	Minnesota
September 9 - 12	Dixie Land (AL, GA, MS)
September 9 - 11	North Dakota
September 12 - 14	Ohio
September 15 - 16	Nebraska
September 15 - 17	Colorado
September 16 - 17	Missouri
September 16 - 18	North Carolina
September 16 - 18	Indiana
September 22 - 24	Maryland
November 3 - 5	Florida
December 1 - 2	Louisiana

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TitleNews is published monthly by the American Land Title Association, Washington, DC 20036. U.S. and Canadian subscription rates are \$30 a year (member rate); \$100 a year (nonmember rate). For subscription information, call 1-800-787-ALTA.

Send address changes to *TitleNews*, American Land Title Association, 1828 L Street, N.W., Suite 705, Washington, DC 20036.

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

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Agenda Packed Full This Summer

I was on a recent Title Insurance Political Action Committee Trustee conference call and was asked to give an update on efforts that ALTA is engaged in on Capitol Hill. Until I paused and took a second, I didn't really how busy we've been this year.

Here's just a quick snapshot of the various efforts we have been engaged with and continue to focus on:

- worked to limit the authority of the financial reform legislation on the title insurance industry;
- helping efforts to ban private transfer fees (also known as Wall Street Resale Fees);
- urged Congress to extend the June 30 closing deadline for homebuyers eligible for the \$8,000 federal income tax credit to Sept. 30;
- pushed Congress to reauthorize the National Flood Insurance Program;
- working with the NAIC Title Statistical Plan Working Group on the development of the title agent data
- pressing the Federal Housing Finance Agency for clarifications regarding Property Assessed Clean Energy (PACE) program; and
- working to get support for the Borrowers Right to Inspect legislation;



ALTA has been successful on all of these fronts due to membership support, but the greatest legislative victory for ALTA members is clearly our efforts urging Congress to agree upon language in the Restoring American Financial Stability Act of 2010 (HR 4173) that clarifies title insurance is not covered by the Consumer Financial Protection Bureau (CFPB) as it was under the original Administration proposal.


Without this language, the CFPB, which will be housed in the Federal Reserve, would have had broad authority to examine and enforce regulations of title insurance. As was always the plan, RESPA oversight will still move from HUD to the new CFPB. The regulation gives the new agency the ability to revisit RESPA reform in order to harmonize RESPA and TILA disclosures. A key change contained in the regulation is a provision that imposes civil penalties ranging up to \$1 million for violating any of the consumer financial laws, including RESPA.

The pending move of HUD to the CFPB has added to a lack of action from HUD regarding guidance on the new RESPA rule, causing consternation from title and settlement agents, closers and lenders. When the CFPB gets running, this will be a topic inside those walls.

So, while we have enjoyed some successes, much more remains to be settled. As a reminder, don't miss my weekly Advocacy Updates for more timely information.

A handwritten signature in black ink that reads "Kurt Pfothauer". The signature is written in a cursive, flowing style.

– Kurt Pfothauer



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Source: 2009 Ernst & Young Cash Management Survey, based on fee-equivalent revenue.



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ALTA Reports First-Quarter Title Insurance Premiums

ALTA reported title insurance premiums written during the first quarter of 2010 increased 4.3 percent when compared to the same period a year ago.

According to ALTA's preliminary Market Share Analysis, the title insurance industry generated \$2.07 billion in title insurance premiums during the first quarter of 2010, up from \$1.98 billion during the same period last year.

"While the housing market is still in the sickbed, its vital signs are stabilizing," said Kurt Pfothenauer, chief executive officer of ALTA.

Overall, 30 states experienced increases in title insurance premiums written when compared to first-quarter 2009. States with the largest increases in title

insurance premiums during the first quarter of 2010 compared to the same period a year ago were Iowa, Maine, Nebraska and Minnesota. Washington, D.C., reported a 57 percent increase in title insurance premiums generated from the same period a year ago.

Compared to the first quarter of 2009, operating income increased \$61 million (2.7%), operating expense decreased by \$24 million (1.1%), net investment gain increased by \$75 million (331%) and income taxes decreased by \$34 million.

ALTA expects to release its second-quarter Market Share Analysis around Sept. 1.

First-Quarter Market Share Analysis: Top 10 States

State	Premium Written 3/31/2010	% Increase/ 3/31/2009	Decrease
California	301,052,447	314,131,933	-4.2%
Texas	201,457,514	217,521,549	-7.4%
Florida	150,343,802	163,182,803	-7.9%
New York	140,131,683	123,125,556	13.8%
Pennsylvania	87,995,068	84,588,507	4.0%
Arizona	83,104,091	70,701,918	17.5%
New Jersey	76,243,583	65,409,337	16.6%
Virginia	68,787,672	53,276,725	29.1%
Ohio	65,839,399	55,456,184	18.7%
Michigan	59,824,726	56,455,444	6.0%

For more industry financial data, go to www.alta.org/industry/financial.cfm

Flood Insurance Extension Approved

Legislation to temporarily reauthorize the federal flood insurance program until Sept. 30 was signed by President Obama in July. The program has lapsed three times this year causing delays in closings.

"The American Land Title Association applauds Congress for extending this vital program," said Mark Winter, president of ALTA. "However, the frequent lapses in the NFIP program are undermining homeowner and commercial property owner confidence. Given the fragile state of the real estate market, Congress should take proactive steps to enact a long-term extension."

Since the extension is retroactive, any new policy applications or renewals that were signed and submitted during the hiatus will be effective from the date of application or, in the case of waiting periods, the waiting period will start from the date of application.

Five and a half million taxpayers depend on the NFIP as their main source of protection against flooding, the most common natural disaster in the United States.

Without flood insurance, no federally related mortgage loans may be made in nearly 20,000 communities nationwide.

More than 1,350 closings per day were affected by the lapse in the NFIP, according to the Federal Emergency Management Agency (FEMA) and the National Association of Realtors (NAR). The reauthorization of the program came at a vital time as the hurricane season in the Atlantic Ocean started June 1. The 2010 Atlantic hurricane season will be even more active than feared, leading U.S. forecasters said as they predicted 10 hurricanes, five of them major, with a 76 percent chance that a major hurricane would hit the U.S. coastline.



ALTA Responds to Forbes Article

Forbes was at it again making another uneducated attack on the industry in an article posted online.

The article "Why Title Companies Hate Technology" is filled with inaccuracies and goes on to say that "if you want to know who owns a piece of land," just grab a folder. The ALTA quickly posted a response to the article within hours of its posting. Many other industry professionals also

responded attempting to educate the author. Here is a snippet of ALTA's response to the article:

"Let's be clear about the cost for title insurance. For a one-time fee, a title agent examines the history of a property contained in public records, where they find issues that must be corrected in one out of every three title searches. This time-consuming work is needed to ensure clear ownership to a property."

ALTA Issues Statement in Response to Possible Scam

The American Land Title Association issued a press release in response to an organization's investigation into the title insurance industry.

Americas Watchdog, through its National Mortgage Complaint Center, falsely claimed the title insurance industry is overcharging consumers for several fees. These allegations gave ALTA an opportunity to explain the value of title insurance and warn consumers about groups such as these. It's interesting to note that Americas Watchdog charges consumers more than \$550 to review mortgage documents.

ALTA pointed out that those who question the cost of title insurance lack understanding of the many detailed steps needed to produce a title insurance policy and the value of the consequent protection offered to homebuyers, lenders and investors.

"This is just one more scam to fleece consumers by overcharging them with a service they don't need," said Kurt Pfothenhauer, chief executive officer of ALTA.

ALTA urges homebuyers, regulators and legislators to check out its consumer web site, www.homeclosing101.org, to learn more about title insurance.

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San Diego, California • Manchester Grand Hyatt • October 13 – 16, 2010



Come Learn, Network and Relax

Whether you are a title agent, escrow officer, attorney, operations manager, owner or underwriter, ALTA's 2010 Annual Convention schedule has something for everyone.

Learning Opportunities:

- Regulatory and Compliance Professional Development Sessions
- Business Acumen Professional Development Sessions
- Industry Standards Professional Development Sessions
- Marketing and Management Professional Development Sessions
- Roundtable Discussions

Networking Opportunities:

- First-Time Convention Attendee and New Member Mixer
- Ice-Breaker Reception and Grand Opening of Exhibit Showcase
- Reception and Closing Dinner on the USS Midway

Relaxation Opportunities:

- Rimmed with 70 miles of beaches
- Famed for the best climate in the United States
- You can enjoy coastal, mountain and desert environments all in the space of one day

Entertainment Opportunities:

- A San Diego City Tour to help you get acclimated
- A VIP tour of the famed San Diego Zoo
- A fun tour riding Segways past the USS Midway and up through Balboa Park
- An America's Cup sailing adventure on actual IACC racing boats

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Adapting to the Post-RESPA World

ALTA's RESPA Task Force and HUD Offer Guidance to Help Industry get Acclimated to New Regulations

As implementation of the massive mortgage reform regulation has been hashed out over the past several months, the industry soldiered on, closing transactions with the new RESPA regulations that went into effect at the beginning of the year. While the adjustment continues to be painful, it has not been fatal. The title and settlement services industry has not experienced a meltdown like the one endured by the lending industry precisely because title professionals took a proactive approach to ready their operations and update technology to handle the new forms. This ensured the transition would not be quite as excruciating as anticipated.

“Pushing toward 2011, the industry must remain vigilant and keep an ongoing dialogue with regulators and lending partners to ensure a positive transition during the post-RESPA world,” said Dan Wold, chairman of ALTA's RESPA Implementation Task Force (Task Force). “We know this won't be an easy process, but we are positioned to be a confident and well-informed industry partner to help our customers decipher the differences and get deals finalized.” >>



Aided by the Task Force's hands-on effort in working with HUD to provide guidance to the new regulations, title and settlement agents were able to avoid the complete train wreck many expected. From how to cure tolerance violations and disclosure of certain fees to provider lists and the morphing of the HUD-1 into a consumer disclosure document, the Task Force addressed and helped resolve numerous concerns voiced by the ALTA membership.

"We know members of the title and settlement industry continue to face challenges implementing the new RESPA rule," said Don Partington, also a member of the Task Force. "The reform basically put us back at square one in terms of deciphering the HUD-1 and has opened the door to inconsistency. Despite Task Force efforts to glean as much guidance from HUD as possible, title and settlement agents across the country remain frustrated as the new regulations have been subject to vastly different interpretations by lenders, forcing many in our industry to implement ever-changing processes to close deals."

This reality of implementation as a moving target has resulted in major ongoing concerns, specifically about the inconvenience and expense of re-engineering processes and reprogramming software platforms to handle the multiple interpretations, according to Task Force member Mary Schuster.

"HUD may have not intended for this to happen, but the various practices adopted by lenders have created chaos in the marketplace and forced title companies to shoulder the extra expense to accommodate the various interpretations," she said. "As

How to File a Complaint

To file a complaint with HUD, title and settlement agents may call 1-202-708-0502 or send complaints/comments to:

Director, Office of RESPA
and Interstate Land Sales US
Department of Housing and Urban
Development
Room 9154
451 7th Street, SW
Washington, DC 20410

Complaints also may be e-mailed to HUD at hsg-respa@hud.gov. HUD reminds title and settlement agents to remember, as a general rule of thumb, to not put anything in the e-mail you don't want to see on the front page of your local newspaper.

the dust settles, we will continue to work with HUD in hopes of trying to resolve the outstanding issues."

HUD-1 Not a Disbursement Document

One of the most dramatic changes to the settlement statement is that the HUD-1 has evolved from a disbursement worksheet to a consumer disclosure document.

In order to provide a breakdown of the fees that add up to line 1101, HUD has no problem with an addendum to the HUD-1 or HUD-1A as long as the "administrative and service fees" are not detailed.

"We get a lot of questions saying 'why isn't my specific charge shown?'" said Andrew Fay, compliance specialist for the Office of RESPA.

"Essentially, all the charges are shown, but some are rolled up."

Lenders are encouraged to use worksheets appropriately, as additional information for the borrower as to total funds needed at settlement, seller credits, total monthly payment, etc. The GFE form is not an appropriate form to use for pre-approvals. Lenders may not refuse to accept information from the consumer to avoid issuing a GFE. The GFE should be issued as soon as possible, according to Payne.

David Friend, compliance specialist for the Office of RESPA, said the GFE does not need to be provided to the settlement agent, just the information contained in it. The information must be presented to the settlement agent in a usable format and the settlement agent should not have to read the note to determine the terms of the loan. According to ALTA'S Task Force, it is suggested title and settlement agents look at the terms in the note and compare them prior to settlement.

ALTA's RESPA Task Force published a Uniform Supplemental HUD-1/1-A Instructions to help lender customers provide title and settlement agents with the information needed to prepare the new HUD-1. The Task Force recently updated the instructions into an editable PDF format.

"By including this information in a standardized format that can be keyed in directly from a computer, these instructions greatly reduce the burden on lenders and settlement agents related to preparation and approval of final HUD-1/1A documents," said Mark Winter, president of ALTA.

Policing the Data

Reiterating what HUD has said in the past, Fay offered four tips to title and settlement agents on how to deal with inaccurate or confusing instructions from lenders.

- Title and settlement agents should communicate with the lender in writing, educating the lender as to the statute and the FAQs from HUD.
- Title and settlement agents should document their files with their questions/comments and the lender’s responses.
- Title and settlement agents should follow the lender’s written instructions as long as it is not fraudulent.
- When lenders continue to misinterpret the rules, HUD urges title and settlement agents to contact HUD. The department said it is adamant about protecting the identity of anyone who reports violations.

HUD officials have said the key thing to know is that the settlement agent does not need to validate the lender’s compliance to the GFE and to the HUD tolerance chart.

“It’s the lender’s responsibility to accurately give the information to the settlement agent,” said HUD Deputy Assistant Secretary Vicki Bott. “The settlement agent is not required to validate that the lender did it accurately.”

When the new RESPA rule was implemented, HUD said it would exercise restraint in enforcing new regulatory requirements for the first four months. That time has passed and HUD officials indicated they have increased enforcement.

“We are pivoting to increasing enforcement activity, and we expect

to see a bit more activity in the future,” Fay said.

He added that title companies and settlement providers may guarantee their fees on the GFE, but may not make up differences of other fees to avoid tolerance violations.

“That’s a kickback,” Fay said. “We want to make sure that title shops understand that there may be some pressure from lenders saying ‘If you want to get business from us, you need to fix this problem.’ Title shops need to call us if they are getting pressure to make up the differences.”

Curing Tolerance Violations

Many ALTA members voiced concern over lenders’ handling of tolerance violations. An amendment to HUD’s FAQs left the industry with two methods to cure tolerance violations. The first involves an adjustment to the out of tolerance charge on page 2 and another method which involves a credit for the cure amount in lines 204-209 on page 1 of the HUD-1. (See HUD’s FAQ – Sections 4 and 5 – Right to cure and tolerance violations – Questions 9 & 12 respectively.) Listing the tolerance cures in lines 204-209 on page 1 was the suggestion of the Task Force.

Members of the Task Force believe that putting the tolerance cure amounts in a single location on page 1 of the HUD-1 would be easier to program for and to review than showing adjusted charges in several

locations on page 2. Customers, settlement agents, lenders, auditors and others will all review the HUD-1 to determine if the proper charges and tolerance cures have been made and, in the Task Force’s opinion, question 12 simplifies these tasks.

While HUD has indicated that questions 9 and 12 are alternatives, some lenders believe question 9 applies to the “Charges that Cannot Increase” tolerance category and that question 12 applies to the “Charges That in Total Cannot Increase More Than 10%” tolerance category. Adopting such an approach would be even more confusing since some of the cure amounts would appear on page 1 and others would appear on page 2.

The second sentence of the answer to question 12 indicates that: “If the tolerance cure is applied to the overall tolerance category “Charges That in Total Cannot Increase More Than 10%,” the tolerance cure credit may be listed as a ‘lump sum’ amount on a blank line in Lines 204 thru 209 with a description of the tolerance category cure.” Therefore charges in this tolerance category can be set forth separately or listed as a lump sum. The Task Force would recommend showing these items as a “lump sum” in order to simplify the comparison with page 3. Tolerance cure amounts for the “Charges That Cannot Increase” tolerance category would have to be itemized separately

200. Amount Paid by or in Behalf of Borrower	
201. Deposit or earnest money	
202. Principal amount of new loan(s)	
203. Existing loan(s) taken subject to	
204. Cure for “10% Tolerance Category”	\$180.00

A The example above illustrates a \$180 tolerance cure for the 10% tolerance category:

1200. Government Recording and Transfer Charges			
1201. Government recording charges			(from GFE #7)
1202. Deed \$	Mortgage \$		Release \$
1203. Transfer taxes			(from GFE #8) 800.00
1204. City/County tax/stamps	Deed \$ 1000.00	Mortgage \$	
1205. State tax/stamps	Deed \$	Mortgage \$	
1206. Transfer Taxes	\$200 P.O.C. (lender) to meet tolerance		

A The example above illustrates how a cure for \$200.00 of transfer tax charges should be listed.

for lines 801, 802 and 1203 if any of those items are out of tolerance.

The Task force previously asked HUD to eliminate question 9 completely and also asked HUD to remove from question 12 the requirement that a credit for the cure be shown on page 3, HUD did eliminate the requirement that the tolerance cure appear on page 3 from both questions, but has not eliminated question 9. The Task Force remains steadfast in its concern and intends to renew its request that HUD remove question 9. Absent an elimination of question 9, settlement agents need to be able to show tolerance cures using either of the alternatives because some lenders will want the cure shown following the guidance in question 9 and others will want the cure shown following the guidance in question 12.

The Task Force recommended the use of the alternative described in question 12 whenever possible to simplify and standardize the method of showing tolerance cures. Otherwise, title and settlement agents may see situations in which a P.O.C. lender for a tolerance cure is not reflective of what actually happened at closing if, for example, the settlement agent pays the transfer taxes from funds at closing. That would not actually be a tolerance cure. Situations that involve funds for the cure happening through closing cannot be shown as a tolerance cure,

rather, it can only be shown on page 1 as a lender deposit.

Zero tolerance situations would be complicated if the cure must be shown in the 800 section since 801, 802, and 803 all feed into each other. HUD's idea of offering this as an alternative to showing the tolerance cure on page 1 will create confusion in the marketplace and lead to inconsistent interpretation of the Rule. Further, it will create confusion in an audit or if/when the loan is being sold on the secondary market.

Here's a look at questions 9 and 12:

9) Q: How is a potential tolerance violation that is corrected by the lender shown on the HUD-1?

A: The settlement agent must prepare a revised HUD-1 that states the actual charges paid by the borrower and seller. If the lender pays for a portion of a charge to cure a potential tolerance violation, the amounts for the charge shown on page 2 of the HUD-1 must be corrected to show the actual amount charged to the borrower. The settlement agent should include on a blank line in the applicable series a notation that the lender has made a P.O.C. payment of a specified amount to correct a potential tolerance violation. After the revised HUD-1 has been prepared by the settlement agent, the settlement agent must provide the revised

HUD-1 to the borrower, the lender, and the seller as appropriate.

12) Q: May a credit for a tolerance cure be listed on page 1 of the HUD-1?

A: The cure for a potential tolerance violation may be listed as a credit to the borrower on page 1 of the HUD-1 with a description of the service(s) the credit is applied to. If the tolerance cure is applied to the overall tolerance category "Charges That in Total Cannot Increase More Than 10%," the tolerance cure credit may be listed as a "lump sum" amount on a blank line in Lines 204 thru 209 with a description of the tolerance category cure.

Thorny Issue of Transfer Taxes

The inclusion of transfer fees within the zero-tolerance bucket has caused a great amount of concern in the industry as there are many situations across the country where this could result in tolerance violations. HUD attempted to address this pervasive concern in an update to its New RESPA Rule FAQs. In its guidance, HUD defined "transfer taxes" as taxes that are "charged by state and local governments on mortgages and home sales based upon the loan amount or sales price and on the property address." In its second FAQ in the GFE-Block 8 section, HUD probed deeper and clarified how transfer taxes should be disclosed. It states: "The amount the

borrower is likely to pay for transfer taxes is disclosed in Block 8 of the GFE. In some areas this amount, as a matter of practice, is governed by state or local laws. If state or local law is unclear or does not specifically attribute transfer tax to a seller or a borrower, the amount to be disclosed on the GFE is governed by common practice or experience in the locality of the property.”

This FAQ further noted: “If the seller is paying a portion of the transfer tax that was not disclosed on the GFE [as a borrower charge], then that portion should be listed in the seller’s column in the 1200 series [of the HUD-1].” [Parentheticals added].

ALTA’s Task Force said this guidance should resolve the smoldering debate on the correct way to disclose transfer taxes, and should reduce, if not eliminate entirely, the instances where a lender disclosure error on the GFE triggers a significant tolerance violation curative obligation to the borrower.

So, lenders and settlement service providers may now look to settled “common practice” in a locality to guide them on how much of the transfer tax obligation should be listed as a borrower obligation in the GFE, where the split of that obligation is not addressed by state or local law. If the jurisdiction, for example, by custom and practice splits the transfer tax obligation 50/50, the GFE should show half of the tax in Block 8 of the GFE; and half of the transfer tax obligation should be in the seller’s column in the 1200 series, with the other half on the borrower’s side.

Where the parties enter into an agreement that modifies the statutory (or common practice split), HUD

ALTA Annual Convention Offers Two Star-Studded Panels to Help You Take Advantage of RESPA Reform and Generate More Business

Make RESPA Reform Work for You

Two detailed sessions at the 2010 ALTA Annual Convention, which will be held Oct. 13-16 at the Manchester Grand Hyatt in San Diego, will be devoted to RESPA Reform providing information on how title companies can take advantage of the regulatory changes and grow business.

RESPA-Compliant Tools

First, a panel will help attendees understand how the new RESPA rules apply to title and escrow companies and offer up an array of RESPA compliant tools that are available to generate more business for your operation. The panel will provide insight on how the title industry can leverage the Internet to assist lenders in complying with RESPA, while marketing their brands more effectively and profitably.

Scheduled Speakers Include:

Paul Mass, president, Closing Corp.

Barton Shapiro, HUD’s director of the Office of RESPA and Interstate Land Sales

Don Partington, executive vice president, Fidelity National Title Group.

Richard Roof, senior vice president, Ellie Mae

Case Study for Success

Second, attendees will hear a case study on how one title agency identified and maximized opportunities stemming from RESPA reform to help grow market share and increase profitability. This session will take an in-depth look at the title company’s RESPA Reform journey, including the vision, the partnership, the tactics and the execution that ended in success. Learn how your business can apply this model to capitalize on regulatory reform opportunities.

Scheduled Speakers Include:

Mary Schuster, member of ALTA RESPA Implementation Task Force and director of regulatory and legislative affairs, RamQuest, Inc.

Don Booher, president, Colorado Escrow & Title

Heather Birkholz, agency systems consultant, ET Investments

Register today at www.alta.org/meetings/annual

Note: Speakers are subject to change.

has informally concurred that such a deviation would constitute a “changed circumstance” permitting the issuance of a modified GFE (so long as the contractual split was not known at the time the initial GFE was issued).

Disclosure of Survey Fees

The disclosures of survey fees also provided a great example of the complex nature of determining where to place charges on the new HUD-1 form. ALTA’s Task Force suggests settlement agents refer to FAQ No. 9 in the General HUD-1 section of HUD’s FAQ document for guidance.

According to HUD, placement of the survey fee on the new GFE and HUD-1 form is determined by the requesting party:

- Lender requested
 - If the loan originator required a survey as a condition of the loan and selected the settlement service provider, the charge for the survey must be listed in GFE Block 3 and on a blank line in the 800 series in the Borrower’s column;
 - If the loan originator required a survey as a condition of the loan and the Borrower selected the settlement service provider, the charge for the survey must be listed in GFE Block 6, and as part of the total in Line 1301 of the HUD-1 with itemization as appropriate;
- Title Company Requested
 - If a survey was required by the title insurer to issue a lender’s or owner’s title insurance policy, the charge for the survey is part of the charge in GFE Block 4, and in HUD -1 Line 1101 with further itemization on Line 1109 or below if performed by a third party.

- Borrower Requested
 - If the Borrower elected to obtain a survey that was neither required by the loan originator nor required to issue a lender’s or owner’s title insurance policy, then the charge is listed in the Borrower’s column on a blank line in the 1300 series. No listing occurs on the GFE.

Owner’s Title Insurance

While the new regulation provides clear guidance to how the Owner’s Title Insurance Policy should be disclosed on the GFE, various state laws regarding the definition of premium has created some confusion.

According to HUD, the Owner’s Title Insurance Policy must be quoted to the Borrower in Block 5 of the GFE on all purchase transactions, regardless of who is paying for the Owner’s Policy. If the Owner’s Policy is paid for by the Seller, it must still be shown as a charge to the Borrower on the GFE Block 5, listed as a charge to the Borrower on the HUD-1 in Line 1103, and then accounted for on page 1 of the HUD-1 as a debit to the Seller for the amount of the premium in the 500 section with an offsetting credit to the Borrower in the 200 section.

Although the concept appears simple, ALTA’s Task Force said state laws throw a monkey wrench into this. In certain parts of the country, the seller normally pays the cost of an Owner’s Title Insurance Policy. In some states, premium is defined as the underwriter’s fee and the portion that is retained by the agent in order to issue a policy. All other costs are considered title services, including search or examination and other work necessary to issue a title policy. According to the Task Force, these

fees should not be quoted in GFE Block 5; rather they should appear as part of GFE Block 4 and charged to the Borrower as part of the total of line 1101. It is important to check state law and also seek counsel for additional clarification on how each state defines title premium.

HUD provides additional guidance on the Owner’s Policy in its FAQ’s dated April 2, 2010, page 32, Question 6:

Q: Where do I put the charge for the title commitment on the GFE?

A: The term “title services” is defined to include any service involved in the preparation and issuance of the title insurance policies. See 24 CFR 3500.2. On the GFE, the charge for title services is part of the total charge in Block 4 of the GFE.

The RESPA Rule, page 68240, Section 3500.2, defines title services as follows: “Any service involved in the provision of title insurance (lender’s or owner’s policy), including but not limited to: title examination and evaluation; preparation and issuance of title commitment; clearance of underwriting objections; preparation and issuance of a title insurance policy or policies; and the processing and administrative services required to perform these functions. The term also includes the services of conducting a settlement.”

Provider List vs. Approved Provider List

Many industry questions swirled around disclosure of fees, but the introduction of a “Provider List” has stirred other inquiries among industry participants. Is the new “Provider List” the same as the old “Approved Provider List” that some loan originators used? Are the lists

different? Do the old “Approved Provider Lists” exist anymore and do they work the same way?

According to ALTA’s Task Force, the singular difference between the two lists is that the new Provider List is created by the new rule, whereas the old Approved Provider List is not and never was a creature of statute or regulation. The delivery of a Provider List to a prospective borrower is required by the Rule.

The Approved Provider List developed over the years in the industry remains in use, serving the same function and in the same form as before. It typically includes a large number of providers. The Approved Provider List exists independently of the Provider List created by the Rule.

There are several approaches to the organization, information, and function of the Provider List. A typical Provider List is short and identifies a limited number of settlement services. For example, a loan originator may identify only one or two settlement providers for each type of settlement service such as tax, survey, pest inspection, property inspection, or title or closing agents. Larger numbers of providers are usually included on an Approved Provider List. According to the Task Force, a trend is emerging for the loan originator to give the Provider List only to the borrower and not provide it to the title or closing agent.

Interestingly, there is also a developing trend among a limited number of loan originators to require a title agent to go through an application or approval process to be included on their Provider List. This process may be similar to the procedure developed in the industry for a title or closing agent to qualify to be included on a loan originator’s

Approved Provider List, the Task Force said.

Perhaps this is an indication that the Approved Provider List may eventually merge into the Provider List and disappear. The one consistent pattern observed with the Provider List is that loan originators are taking a conservative approach and limiting the number of settlement service providers on it.

■ “Title shops need to call us if they are getting pressure from lenders to make up the differences.”

At present, it appears that the Approved Provider List remains in use and the Provider List is a work in progress, changing form and content as understanding of the Rule itself changes and spreads, according to the Task Force.

Revised GFE Not a Changed Circumstance

There have also been questions whether a revised GFE resulted in a change in circumstance. According to HUD, a revised GFE after the lender has received a “final” HUD-1 from the settlement agent is not a change in circumstances that is permitted.

“HUD is increasing enforcement in this area as it is an area of concern,” said Teresa Payne, associate deputy assistant secretary of regulatory affairs and manufactured housing, during the Virginia Land Title Association’s Annual Convention. “The GFE may be revised once the interest rate is

locked to reflect the terms chosen by the borrower.”

Examples of changed circumstances include:

- borrowers deciding to use a POA, not disclosed at the time the GFE is issued;
- title search showing the assessed value is higher than the purchase price so transfer taxes will change;

- lenders being provided with information from a third party that is inaccurate (if the lender made an error in under-computing the transfer tax on the GFE, no change is allowed; if the lender obtained the information from a third party, such as a settlement agent or a title agent, then the GFE may be revised. 24 CFR §3500.2 definition of “changed circumstances.”)

Conclusion

With the varied interpretations by lenders and often confusing guidance provided by HUD, title and settlement agents must develop better communication channels with clients to work through issues. For now, the industry will soldier on as the rule is now. ALTA and its Task Force await the opportunity to provide further input to any new rules promulgated by the Consumer Financial Protection Bureau in order to prevent any seismic shifts to the industry.

Title Agents Feverishly Closed Deals Unsure if Tax Credit Deadline would be Extended

ALTA applauds legislators realizing the need to extend closing cut off for homebuyer tax credit

While it remained in limbo whether a bill extending the deadline for closing tax credit eligible transactions would be passed, title agents and closers across the country took many steps to complete as many deals as possible by the deadline, which was ultimately extended.

Hours before it was set to expire, the Senate approved late June 30 an extension to the June 30 closing deadline for the homebuyer tax credit. The move gives would-be buyers who had signed a purchase agreement by April 30 more time to close on those deals and receive the credit that is worth up to \$8,000. Once signed by the President Obama, the new deadline will be Sept. 30. There will be no gap between June 30 and the date the president signs the bill into law. ALTA worked closely with legislators to extend the closing deadline.

“The American Land Title Association is delighted Congress realized the importance of extending the closing deadline so homebuyers that met the requirements could still obtain the tax credit,” said Mark Winter, president of ALTA. “The real estate settlement industry performed gallantly leading up to the

“If I didn’t get the deal closed, the woman wouldn’t get the tax credit. If I can’t offer service, what can I do?”

deadline to get as many transactions closed as possible without knowing for certain an extension would be approved.”

It was predicted that 25 to 30 percent of the buyers who made the deadline for signing a contract

wouldn’t be able to close by June 30. That meant about 180,000 home purchases would have missed out on the credit. Most of the deals that will take longer than 60 days to close are those involving short sales or foreclosures, but with such a backlog of mortgage applications even others could be impacted. Without knowing the deadline would be extended, many agents worked feverishly to get deals closed.

“There just aren’t enough hours in the day to accommodate for the number of homebuyers hoping to close before the deadline,” said Nikki Smith, marketing director for D.C.-based Federal Title & Escrow Co. “Every day feels like the last day of the month, which is when we are busiest. Our team of attorneys and settlement agents were in back-to-back-to-back closings all day.”

Not knowing if the deadline would

be extended, Pam Daley-Jennings, vice president of Lima, Ohio-based First Lima Title Agency, made a trip to a local hospital on June 29 to help one of her clients close by the deadline.

“If I didn’t get the deal closed, the woman wouldn’t get the tax credit,” Daley-Jennings said. “If I can’t offer service, what can I do?”

Daley-Jennings said that in her area alone, she knew of four new-builds, two short sales and a handful of other transactions that would benefit from the extension.

“This saved the day for many people,” she said.

Karen Burnette said Oklahoma-based First Title and Abstract Services took a proactive approach after the April 30 contract deadline by identifying the files and making every effort to close the deals prior to June 30.

“Our intent was to ‘save’ June 30 for our ‘other’ customers who had written contracts with June 30

closing dates,” she said. “We do have a few files still stringing in on the tax credit, but that is because the lenders were not ready to close them. Personally, I have visited with our local lenders and they are not having any problem meeting the June 30 deadline. It is my understanding that in certain areas where the large national lenders are involved, there is a log jam. They cannot get the files out of underwriting, closing, etc. I think in Oklahoma, we are on target to meet the deadline.”

Ohio-based Resource Title Agency also took a proactive approach to dealing with the deadline, as its number of closings quadrupled from May to June.

“We opened the channels of communication, setting up deals as

far ahead as possible, communicating frequently with our clients and advising homebuyers to respond as quickly as possible to lender requests for documents,” said Diane Edmiston, global director of operations for Resource Title.

She said lenders were having a difficult time meeting the deadline because of the sheer volume of transactions. Resource Title was receiving quite a few packages later than expected “in spite of our efforts to get out in front,” Edmiston said.

Smith said beyond dealing with the volume, a major hurdle to getting deals closed by the deadline were the many new government regulations, particularly changes to the Truth in Lending Act.

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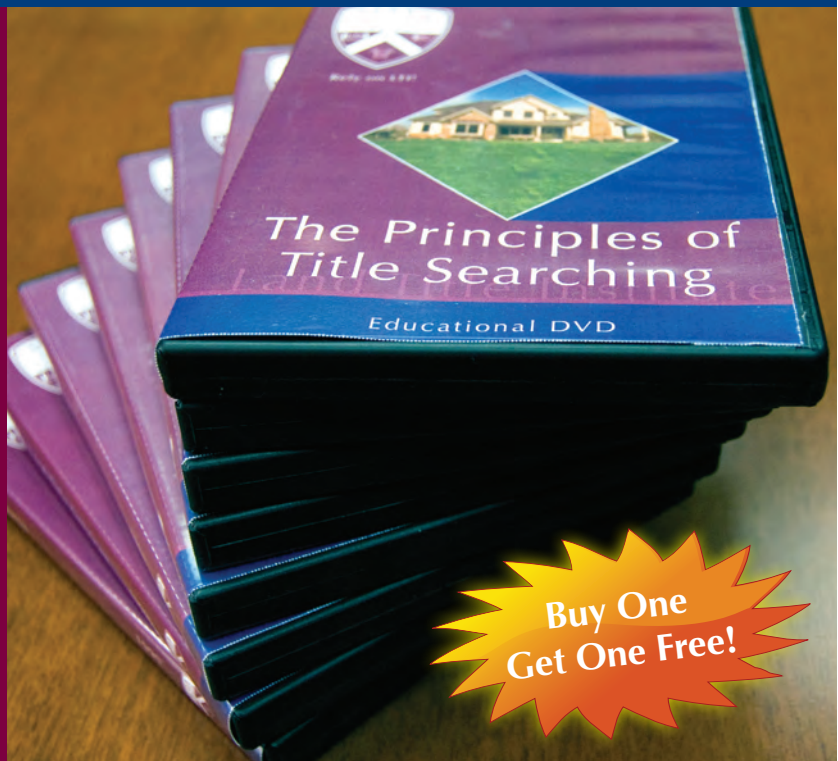
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How to Claim the Tax Credit

The Homebuyer Assistance and Improvement Act of 2010 extended the purchase date requirement for homebuyers who entered into a binding contract before May 1, 2010, to purchase a home before July 1, 2010. Under the Act, these homebuyers may claim the credit if their purchase date for the home is before Oct. 1, 2010.

This tax law change requires the following corrections to the Form 5405 and instructions.

- On page 1 of Form 5405, line C should read: "If the date purchased is after April 30, 2010, and before Oct. 1, 2010, did you enter into a binding contract before May 1, 2010, to purchase the home before July 1, 2010?"
- On page 1 of the instructions under What's New, the second sentence of item 1 should read: "You can also claim a credit for a home purchased after April 30, 2010, and before Oct. 1, 2010, if you entered into a binding contract before May 1, 2010, to purchase the home before July 1, 2010."
- On page 1 of the instructions under First-time homebuyer, item 1b should read: "After April 30, 2010, and before Oct. 1, 2010, and you entered into a binding contract before May 1, 2010, to purchase the property before July 1, 2010."
- On page 1 of the instructions under Long-time resident of the same main home, item 2b should read: "After April 30, 2010, and before October 1, 2010, and you entered into a binding contract before May 1, 2010, to purchase the property before July 1, 2010."

Instructions for Form 5405

Due to increased compliance checks by the IRS, failure to submit documentation will slow down the issuance of any applicable refund. Homebuyers should complete IRS Form 5405 to determine their tax credit amount, and then claim this amount on line 67 of the 1040 income tax form for 2009 returns (line 69 of the 1040 income tax form for 2008 returns). Please note that although the Form is titled "First-Time Homebuyer Credit," this is the correct form for claiming both the \$8,000 first-time homebuyer tax credit and \$6,500 repeat buyer tax credit.

Homebuyers must attach a copy of their HUD-1 settlement form to Form 5405 as proof of the completed home purchase. In cases where a HUD-1 form is not used, such as for construction of some new homes, homebuyers should attach a copy of the certificate of occupancy in lieu of the HUD-1. If the transaction involved the purchase of a mobile home, the homebuyer should attach a copy of the executed retail sales contract showing all parties' names and signatures, the property address, the purchase price and date of purchase. Homebuyers should be sure to read the instructions for the revised IRS Form 5405 to be sure they meet the new program requirements.

For more information, go to www.irs.gov.

"A seemingly minor miscue can trigger a major closing delay," she said. "Among changes to TILA, which went into effect in August 2009, is a new requirement for lenders to provide early disclosure of the Good Faith Estimate and wait a minimum of seven days between disclosure and closing. If the APR percentage quoted on the initial disclosure varies by more than .125 percent, it means having to wait an additional three business days before the deal can go to closing."

James Owensby, vice president of Elliott & Waldron Title & Abstract Co. in Hobbs, N.M., said his office received a surge in requests to close compared to the previous month.

"Our dedicated escrow officers will work to make sure the customers are taken care of provided we receive packages," he said. "In a small community and title company like ours, each of our escrow officers does more than just closings. They clear title, prepare packages and assist customers that walk in or call. We did hire summer help to assist in general office duties so that our escrow officers could concentrate on closings and probably will not replace the summer help as orders have declined in the past month and I expect that is directly related to the tax credit.

Owensby said one of his lender clients had 87 transactions in New Mexico that it was attempting to close by Wednesday. Three of the deals were in Hobbs, but the title company had yet to receive any packages.

"Being in a smaller city I don't believe there will be a significant number of deals that won't close," he said.

Federal Reserve Reports Modest Improvement in Real Estate Market

Real estate activity continued to improve modestly in all 12 of the Federal Reserve districts, according to the latest Beige Book. Most districts noted an increase in home sales and construction prior to the April 30 deadline for the homebuyer tax credit, with contacts in many of these districts also indicating a corresponding slowing in activity in May. Tight credit, the elevated inventory of homes available for sale, and the “shadow inventory” of foreclosed properties on banks’ balance sheets held back residential

development in the New York, Cleveland, Atlanta and Chicago districts. Commercial real estate activity generally remained weak as office, industrial, and retail vacancy rates continued to drift upward in many districts putting downward pressure on rents. Here’s a synopsis for each of the districts:

Boston

Residential real estate markets in New England experienced large gains in April compared to a year earlier. Contacts attributed much of the improvement to the impending

expiration of the homebuyer tax credits. Home sales increased sharply year-over-year across the region, ranging from a 26 percent increase in Rhode Island to a 63 percent increase in Maine. Condo sales increased between 39 percent and 64 percent in April compared to a year ago. The median price of homes also showed modest improvement in all markets. The median price of condos in the region also increased modestly year-over-year in April, except in Rhode Island, where it fell 15 percent.

New York

Housing markets have been steady to somewhat firmer since the last report, with the gains largely attributed to the soon-to-expire home-buyer tax credit spurring demand at the lower end. Realtors across New York State report that sales activity was roughly 20 percent higher in April than a year earlier and prices were up about 8 percent on average. An authority on New Jersey’s housing industry also reported a moderate pickup in sales activity this quarter, particularly at the lower end of the market – again, largely attributed to the homebuyer tax credit. In other segments of northern New Jersey’s market, prices are essentially flat, and price trends are not as robust as builders and developers had expected, as a large “shadow inventory” of existing homes is said to be weighing down the market. There is concern that conditions will weaken again in the third quarter, without the



support of the homebuyer tax credit. Housing affordability remains a major issue. Activity in Manhattan's co-op and condo market has leveled off, following a modest pickup in the first quarter. The pace of new contract signings has retreated a bit in recent weeks, while prices have held steady at about 20-30 percent below their peak. There remains a large supply of units on the markets, though one contact notes that the inventory of competitively priced units is fairly lean. While the homebuyer tax credit has had little impact on Manhattan's high-priced market, it has reportedly had a positive effect elsewhere in New York City, where prices are considerably more moderate.

Philadelphia

Contacts in residential real estate markets reported increases in sales of new and existing homes from March to April as well as year-over-year gains for both months, but the sales pace slowed in May. The March-

April results were fueled by the federal income tax credit for home purchases, according to contacts, and they expect the monthly sales rate to taper off. They expect some sales momentum for existing homes as recent homebuyers sell their current residences, but slower sales after that. Many contacts believe "we stole sales from the future," as one real estate agent said. Although builders reduced inventories of built homes in the past few months, they do not expect construction activity to pick up this summer. For both new and existing homes, contacts reported little change in prices compared with a year ago.

Cleveland

In general, new home sales improved slightly during the past eight weeks and on a year-over-year basis. Contacts told the Federal Reserve that the move-up and third-time home-buyer categories are gaining momentum, while activity by entry-level buyers is lessening. Homebuilders are not expecting a turnaround in the housing market this year, and they are concerned about the effect of foreclosures and real estate owned properties on housing inventories. Builders also reported that their current spec inventory is in line with market demand. Little change was noted in the list prices of new homes, and reports indicate an overall rise in construction material costs, especially for lumber. Skeleton crews remain the norm for general contractors and subcontractors.

Richmond

Residential real estate markets across the District continued to strengthen. While most of the gains were in

the low-to-mid price range, activity inched up for higher priced homes in several areas. Properties in the mid-to-upper price range sold very quickly in the D.C., area, with the best sellers in the \$800k-\$1.1M range. The inventory of unsold homes there was at its lowest level in eighteen months. Several agents reported getting multiple offers on properties. Concern that interest rates would rise once the homebuyer tax credit expired had pushed some people to purchase homes. House prices held steady across much of the District, but they increased somewhat over the last 30 days in Fredericksburg, Va., where a shortage of inventory and multiple contracts were noted.

Atlanta

District homebuilders reported that new home sales growth softened, but remained positive on a year-over-year basis. Most of the weaker reports came from contacts in Florida who noted a relatively sharp slowing in sales growth. The pace of construction activity weakened as well and was described as being roughly even with a year earlier. Realtors indicated another modest improvement in existing home sales in April compared with a year earlier. However, on a month-over-month basis, responses from contacts showed that sales softened slightly. Realtors reported that high-end home sales exceeded their year-earlier level for the first time since early 2006. Inventory levels were described as similar to a year earlier, and home prices stabilized. The outlook for sales over the next several months remained positive but was a little less upbeat than recent reports.



Chicago

Construction activity improved slightly from the previous reporting period. Residential building benefitted to some degree from the homebuyer tax credit that expired in April, but contacts noted that activity pulled back in May. They expect construction in 2010 as a whole to be just slightly better than in 2009. New residential development remained minimal. Contacts indicated tight credit combined with the overhang of existing unimproved and distressed lots are likely to deter development for an extended period. Single-family home prices held steady, but downward pricing pressure continued to be strong for condominiums.

St. Louis

Home sales increased in many areas of the Eighth District. Compared with the same period in 2009, April 2010 year-to-date home sales were up 25 percent in Louisville, 19 percent in Little Rock, and 9 percent in St. Louis. Home sales declined 2 percent in Memphis over the same period. Several contacts noted, however, that part of the increase was likely the result of the expiring home buyer tax credit. Residential construction continued to improve throughout the District. April 2010 year-to-date single-family housing permits increased in nearly all District metro areas compared with the same period in 2009. Permits increased 65 percent in Memphis, 56 percent in St. Louis, 39 percent in Little Rock, and 38 percent in Louisville.

Minneapolis

Residential construction continued to rebound. Housing permits in the Minneapolis-St. Paul area nearly doubled in value in May from the

previous year; April permits rose 20 percent in value in Sioux Falls. The number of permits issued in and around Bismarck, N.D., increased from a year earlier. An industry contact in northern Wisconsin noted that nearly every sector in his area was overbuilt. Residential real estate saw continued slow growth. April home prices increased in Minneapolis-St. Paul for the fourth consecutive month, the longest period of increasing prices since 2004. Brokers in Fargo, N.D., and Duluth, Minn., noted increased activity in April as home buyers took advantage of the federal tax credit before its expiration. Contacts around the District reported increased housing short sales for distressed properties.

Kansas City

Lower priced single-family homes sold well in April as buyers rushed to take advantage of tax credits. In contrast, sales of higher-priced homes slowed, contributing to a rise in home inventories. Real estate agents expected home sales to fall in the coming months due to expiring tax credits and weak job growth in some areas of the District. After rising in the last survey period, residential construction activity held steady. Mortgage lending activity rose with new home purchases, and loan refinancing volumes increased with lower mortgage rates.

Dallas

Housing demand continued to improve. Realtors reported positive gains in home sales as the homebuyer tax credit contributed greatly to a wave of buying. Builders increased starts due to tight new home inventories and improved sales

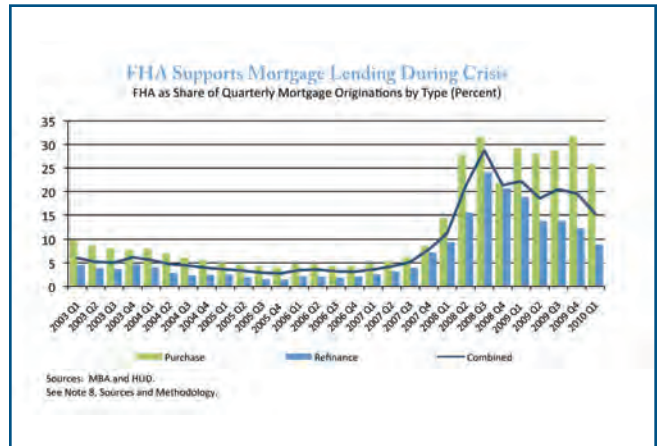
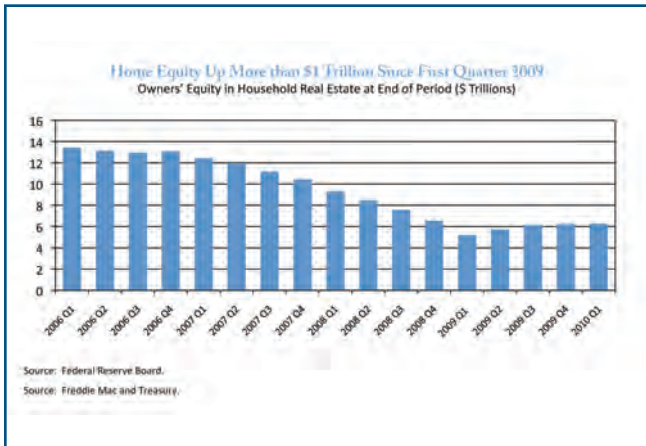
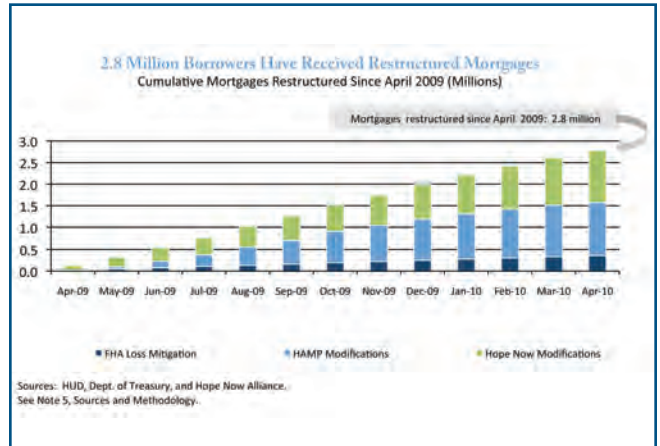
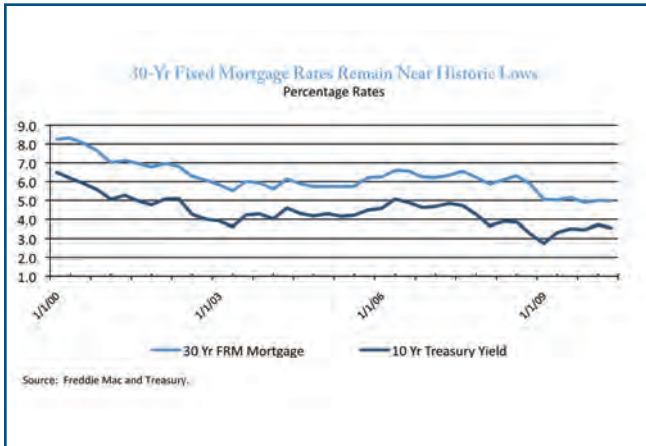
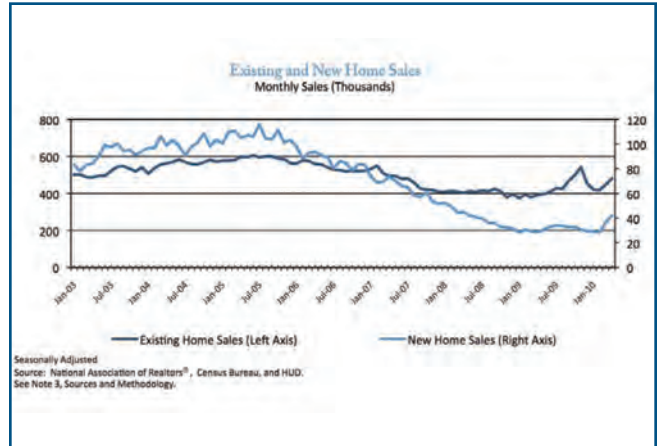
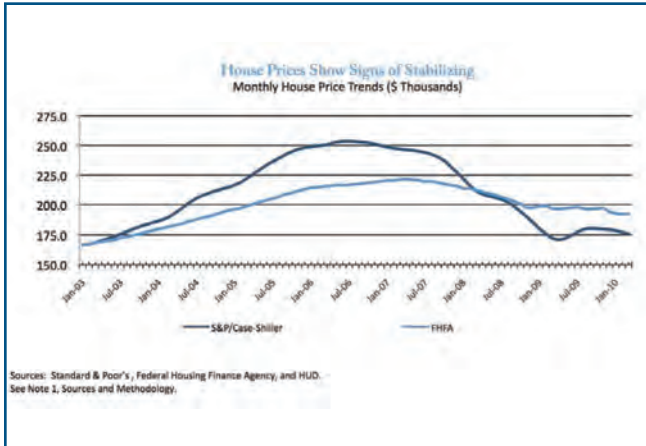
activity. Prices were steady to slightly higher, according to respondents. Still outlooks reflect uncertainty about the remainder of the year and many contacts expect flat demand in the second half.

San Francisco

Demand for housing in the District appeared to be little changed from the previous period, while demand for commercial real estate deteriorated a bit further. Home prices continued to edge up in some parts of the District, and although the pace of home sales remained mixed across areas, it appeared largely stable on net. However, contacts continued to note that the limited availability of nonconforming “jumbo” loans has restricted sales of higher-priced homes in some areas. Scattered reports pointed to some modest improvements in residential construction, most notably in the repair and remodel sector.



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Industry Issues:

What are the major issues impacting the industry in your state?

The corruption of the public records continues to be a significant obstacle, as well as the changing business model of lenders relying less on local independent title agents and using national affiliates and national title operations. Routinely, we are finding that titles are left with uncanceled mortgages and unresolved title problems that would have been disclosed with a proper search and cleared by a title agent more interested in protecting the integrity of the public records and the merchantability of title of their customer rather than solving them through the use of cross-indemnity treaties that only remotely, if at all, protect the customer.

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 it have?

We've had a very busy year so far. First, we created a political action committee (TitlePac). Second, we hosted a reception for the state legislature at which over half of the state Senate and half of the House of Representatives attended. Third, we revised and updated our organizational documents and in so doing, allowed for more participation in leadership selection by our membership. Fourth, our legislative committee drafted 11 pieces of legislation that were introduced in the current session. Eight of them have been enacted into law. The

most important piece of legislation was House Bill 807 that requires the title opinion of a Louisiana licensed attorney cover a search period of 30 years in the event of a sale, and 10 years or two good links, whichever is greater, in the event of a refinance. These opinions are required for a title insurance policy to be issued in Louisiana. Currently, we are researching how other states, either through regulation or legislation, have addressed the protection of the public records and the consumer. On Oct. 24, our association will host a summit that will include our members, regulators, representatives of the clerks' of court and mortgage lenders to discuss how we can protect the public records and assure that our customers not only have insurable title, but merchantable title.

What advice do you have for agents looking to compete in today's market? It's all about reputation and relationships. Is it better to know something or somebody? Is it better to know the law or the judge? At

some point in time you have to be able to deliver the goods, so in my opinion you have to develop a reputation of being a competent and conscientious title professional and you have to develop relationships. Never build a relationship by trashing the competition. First, be aware of the sources of your business and be appreciative by keeping in touch with these sources. Second, expand your business base not by asking someone for the business but asking them for just one closing – perhaps their next closing. Then do a bang up job and ask them for another. You get the idea.

How many members does LLTA have? Has membership held steady the past few years? What are you doing to grow membership and keep members engaged? We have approximately 350 members and the membership has increased slightly over the past few years. This June, our Board of Directors, might I say the best board of directors I have every worked with, held a meeting for the primary purpose of developing a plan to double our membership. Through the reduction of current members' dues, a significantly discounted new-membership dues structure and with the utilization of our underwriters-agent network and marketing departments, we will achieve our goal. We keep our members engaged through monthly newsletters, visits to local title associations, our annual meeting and spring conferences that offer CLE credits, and through our members participation in the initiatives of our association.

How are agents in your state responding to the RESPA reform and the new GFE/HUD-1 forms? What are the major issues you are seeing in your state? Last fall, our association held a seminar on RESPA and invited a nationally recognized speaker to conduct the seminar. We had over 400 participants and provided them the proverbial "leg up" in anticipation of the effective date of implementation of RESPA reform. I have not heard a lot of grumbling. The biggest problem is the high frequency of appraisals killing transactions and the associated fall out. The re-verification of credit has also deep-sixed a few transactions.

Explain the value ALTA provides to your state and why title agents should become engaged in supporting the national association as well as the state association?

Our association held a Title 101 training class with the Louisiana Department of Insurance in May. There were between 40 and 50 staff in attendance. The commissioner of

insurance thanked us for conducting the program. We went through the anatomy of a real estate transaction from soup to nuts. The department heads that were in attendance were also very appreciative. Jack Carville, our immediate past-president, was the organizer and moderator. I guess you could say we had "Jacks or better." We plan to offer this program to the Realtors at their state convention and perhaps to the mortgage bankers. Working jointly with ALTA, state associations can provide needed education on the value of title insurance. We plan to have a representative group of attendees at the ALTA Annual Convention and we plan to bring the troops to Washington at the next Federal Conference. At the last Federal Conference, we saw firsthand the effectiveness of ALTA CEO Kurt Pfothenauer and Justin Ailes, ALTA's governmental affairs director. They made it crystal clear that we have to pay attention and participate if we were to "have a seat at the table" and not be "on



▲ Jack Robichaux and the Louisiana delegation visit with their congressman's aide during the 2010 ALTA Federal Conference Lobby Day

the menu.” We’ve bought into that mantra and encourage other state associations to become more active in both ALTA and TIPAC. What we have been able to accomplish could not have been achieved without an engaged Board of Directors and a second to none executive director. As I frequently say: “I make my sausage one link at a time.” It’s my Board of Directors that provides the stuffing.

Get to Know Jack Robichaux:

What facet of your job do you find the most rewarding and why?

The most rewarding part of my job is being surrounded by a staff of self starters with positive attitudes that require a minimum amount of supervision. My staff is aware that it’s not about us, but about providing cheerful, competent and timely service to our customers. I look forward to working with them every day. When searching for new hires, attitude and good character are more important to me than finding someone with “experience.”

If you could have dinner with one person in history, who would that be and why?

That’s an easy one. That person would be our son, who is currently

servicing his second tour as a medivac helicopter pilot in the boonies of Afghanistan. We are blessed with seven children and we love them all, but he is the one in harm’s way and we would love most to have him back safely with his wife and four children and celebrate at Chucky Cheese. We thank him for his and his family’s sacrifice and all those who have kept our country free and safe.

What’s your favorite book or movie, and why?

Robert Morgan’s biography of Daniel Boone. It is a very readable book filled with stories of Daniel Boone’s exploits and his great character. Boone was a so-so surveyor, a poor businessman, but a person of great character and courage who loved his wife and children. Despite suffering many hardships and setbacks, he and his family stuck it out. It is a shame that we don’t have more Daniel Boones leading this country today.

If you weren’t in the title industry, what would you be doing?

Being in the title industry is what I do, it is not who I am. My wife and I got married while in law school and we had two children before I was licensed to practice law. I tell

everyone that I was a father before becoming a lawyer and it’s being a father and husband that I really enjoy the most. If I weren’t in the title industry I’d find something to support my family. Depending on the government for my needs is not my cup of tea.

Tell us about one thing that people in the industry would never guess about you?

Really, there are two things. First, I am a twin and weighed 4 pounds, two ounces at birth in 1944, and was brought home from the hospital six weeks later in a shoe box. Second, I have about a quarter acre vegetable garden and raise fresh vegetables, strawberries and melons as the season dictates. None of my crops are Round-up ready, so I grow enough for us and the bugs.

Submit Your Profile

If you would like to profile your state association and president, send an e-mail to Jeremy Yohe at jyohe@alta.org.

ALTA Member Benefit Can Help Your Company Save on Conference Call Expenses

The American Land Title Association has launched its latest member benefit program, The Member Conferencing Program from InterCall.

As the world’s largest conferencing services provider, InterCall can help businesses save time and money with world class

conferencing solutions from simple audio-conferencing to cutting edge web-conferencing platforms such as WebEx and Microsoft Live Meeting.

You will receive exclusive member pricing on both audio and web conferencing with rates as low as \$.05 per minute on toll free audio-conferencing. There are no contracts

to sign or minimum spending requirements, so sign up today. Call the Member Conferencing center at 1-800-514-2818 from 8 a.m. to 8 p.m. Eastern.

Emerging Underwriter Opens Headquarters in Oregon

Williston Financial Group and its wholly owned subsidiary, WFG National Title Insurance Co., opened their national headquarters in Lake Oswego, Ore.

WFG, which is backed by San Francisco-based private equity firm Golden Gate Capital, is currently licensed and operating in 33 states but expects to have offices or agents in over 40 states before the end of the year.

WFG President and CEO Patrick Stone asserted the company is dedicated to taking time and cost out of real estate transactions. Much of this will come from focusing on the client and its processes. By enabling client processes, WFG will increase closing rates. By minimizing corporate infrastructure, WFG will avoid operating a costly hierarchical organization. Finally, Stone notes that WFG will take a collaborative approach to expediting the real estate transaction, empowering agents and industry professionals

with information and technology.

In less than six months, WFG has already hired almost 200 employees nationally. Stone notes that the company plans to continue its aggressive growth nationally. WFG has made three significant acquisitions since the end of 2009, acquiring New Millennium Title Group and two companies from TransUnion, TransUnion National Title Insurance Co. and TransUnion Title Insurance Co. According to a report, Stone said the company has seven letters of intent pending to acquire other operations.

“We will be growing rapidly, as it is the most opportune time in the market’s history to make cost effective acquisitions,” he said. “Moreover, the real estate settlement services industry has become internally focused, creating a disconnect with clients forced to adjust to a challenging market dynamic.”

Mass. UPL Debate Heads to State Supreme Court

The debate over the unauthorized practice of law in Massachusetts took a new twist. A 2009 ruling in favor of National Real Estate Information Services Inc. (NREIS) in an unauthorized practice of law case brought by the Real Estate Bar Association for Massachusetts Inc. (REBA) has been vacated by the First Circuit Court of Appeals.

According to the June 21 order to vacate, the appeals court said it would let the Massachusetts Supreme Judicial Court decide what constitutes the practice of law in the state encompassing all the activities of conveying real estate and the issuance of title insurance, and whether

or not non-attorneys can conduct “witness” or “notary” closings. The appeals court said the district court construed the sparse state case law and declared the practices at issue did not constitute the unauthorized practice of law.

This decision will impact who can capture title insurance premiums in Massachusetts. Last year, \$198 million in title premiums were generated in the state.

In 2009, United States District Judge Joseph L. Tauro entered an order of summary judgment in favor of NREIS, enjoining REBA from enforcing its interpretation of the practice of law.

RamQuest Names Director of Internet Services

RamQuest Inc. promoted Brooks Yeager to director of internet services. In this position, Yeager will lead the development, sales and marketing efforts of Closing Market, RamQuest’s business-to-business, system-to-system network that allows participants to order, exchange, fulfill and market products

and services required in the real estate closing process. Yeager has served as RamQuest’s channel manager since joining the company in August 2008, where his focus has been on building connections with title underwriter affiliates. Yeager began his career in the title industry in 1992 with Old Republic Title.

Maryland Passes AfBA Legislation

Legislation that addresses affiliated business arrangements in Maryland went into effect July 1.

Senate Bill 1019, introduced by Sen. Delores Kelly, states that a person who has a connection with the settlement of real estate transactions involving land in Maryland may not pay or receive from another any consideration to solicit, obtain, retain, or arrange real estate settlement business.

A person who offers settlement services in connection with residential real estate transactions involving land in the state shall comply with the Real Estate

Settlement Procedures Act. According to the new legislation, a person who violates this section is guilty of a misdemeanor and on conviction is subject to imprisonment not exceeding six months or a fine not exceeding \$1,000, or both. Each violation of this section is a separate violation.

The bill says a person may not be considered in violation of the new law solely because that person is a participant in an affiliated business arrangement and receives consideration as a result of that participation as long as that person complies with RESPA.

Stewart Merges Three Underwriters

Stewart Title Guaranty Co.(STG), a wholly owned subsidiary of Stewart Information Services Corp. announced the merger of Arkansas Title Insurance Co. (ARTICO), National Land Title Insurance Co.(NLTIC) and Stewart Title Insurance Co. of Oregon (STICO) with Stewart Title Guaranty Co.

“With the merger of these three underwriting companies into our flagship

underwriter, STG, we are able to increase our operational efficiencies and greatly enhance the services to our customers,” said Mike Skalka, president of STG. “It strengthens our underwriting abilities and allows us to provide our customers with shared underwriting expertise and consistent business practices needed in today’s volatile market.”

stewart

Bills Introduced in Delaware to Consolidate Recordation System

Two bills introduced in Delaware by Rep. Dennis E. Williams would consolidate the three county recorders offices into one statewide recordation system. House Bill 465 is the first leg of a constitutional amendment to provide for the development of a statewide and integrated recordation system. At the present time, the three counties operate separate offices that handle the functions of the recorder of deeds. Each operates using its own requirements and procedures, each provides services only in its

respective county, and each is managed by a different elected official.

House Joint Resolution 12 recommends that the county recorder of deeds no longer be an elected office. It’s believed this would streamline the administration of functions, reduce government costs, save taxpayer dollars, and improve the efficiency of state and county government. The proposal would establish a working group to develop legislation to allow for the creation of a single statewide recordation system.

Florida-based Underwriter Launches National Agency Division

Westcor Land Title Insurance Co. launched a national agency division. The new division is dedicated to the expansion of independent title agents who write business in multiple states. The team will include Barbara Allen, division manager; Sara Hewitt, vice president of national accounts; Kimberly Sledd, national agency representative; and Chris Skinner, national corporate coordinator.

With 23 years of multi-state experience, Barbara Allen will lead the team

with Sara Hewitt, who has overseen the last five years of Westcor’s national expansion. Also joining the team are Kimberly Sledd, formerly of Fidelity National Title, who has six years of industry experience, and Chris Skinner, who has with five years of industry experience in title, information technology and agency.

Westcor is licensed in 26 states with 10 additional state licenses slated for approval this year.



new members

ALABAMA

William C. Wilkes
The Abstract & Title Company of Florence, Inc.
Florence

FLORIDA

Jennifer Rodriguez
Florida's Key Title & Escrow, Inc.
Miami

Joan M. Gross
Hagen & Hagen, P.A.
Fort Lauderdale

Olga Mena
Onyx Title & Escrow Services, Inc.
Doral

Roxanne Wood
TitleLogic, Inc.
Saint Petersburg

Leonard Vandermaast
United Title Affiliates, Inc.
Apollo Beach

GEORGIA

C. Robin Wyatt
C. Robin Wyatt, P.C.
Snellville

ILLINOIS

Robert C. Levels
Robert C. Levels
Chicago

MARYLAND

Pamela Weltmann
Streamline Title & Escrow Services, LLC
Rockville

MISSOURI

Glen B. Williams
Shannon County Title, LLC
Eminence

NORTH CAROLINA

Roberta B. Crawford
Titles Express, Inc.
Lexington

NEW JERSEY

Daniel May
Black River Title, LLC
Hackettstown

OHIO

Rebecca Lottridge
Skye Closings
Gahanna

Ward Coffman, III
Varsity Title Services, LLC
Zanesville

PENNSYLVANIA

MaryBeth DiNunzio
Greater Montgomery Settlement Services, LLC
Blue Bell

MaryBeth DiNunzio
Keystone Premier Settlement Services, LLC
Blue Bell

Mary C. Charon
Landsearch & Settlement, Inc.
Bethlehem

Leon Haller
Leon Haller Escrow Agent
Harrisburg

Pamela S. Wilson
Stourbridge Abstract
Honesdale

TEXAS

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Adams Abstract Company, Inc.
Robert Lee

Susan Allen
All Texas Title, Inc.
Sealy

Patricia Aaron
Atascosa Guaranty Titles, Inc.
Pleasanton

Celia Flowers
Attorney's Land & Title Company
Quitman

Keith Davis
Attorney's Title Co.
Wellington

Shirley Ward
Attorney's Title Co. of Henderson County
Athens

David Dickerson
Big Country Title Services, LLC
Abilene

Treva Bingham
Brown Abstract Company, Inc.
Gatesville

TEXAS CONT.

Donna Coones
C & S Title, Inc.
Porter

Gary Shahan
Centennial Title, LLC
Abilene

Chase Hagan
Commerce Title of America, LLC
Plano

Peter Simpson
Community Abstract & Title Company, Inc.
Copperas Cove

Shannon Ray
Delta County Title and Abstract Co.
Cooper

Michael J. Waters
Dismuke, Waters & Sweet, P.C.
Southlake

Don Roberts
Don Roberts Abst. & Title Co.
Quitman

William Theodore Schwarzbach
El Paso Title Company, Inc.
El Paso

Becky Altemus
Empire Title Company, Ltd.
Sugar Land

Beverly Mitrison
EndQuest
El Paso

David Anderson
Falls County Title Company, Inc.
Marlin

Bobby Reed
First Title Of Limestone County, Inc.
Groesbeck

Alan Fielder
Flowers-Mcdowell Abstract Company
Lockhart

Saam Geistmann
Four Star Title Co.
Ballinger

Celia Flowers
Free State Abstract & Title Company
Canton

Van Carter
Frost National Bank
San Antonio

George A. Dishman
Golden Triangle Title Services, Inc.
DbA Jefferson
Beaumont

TEXAS CONT.

Eugene McCracken
Guaranty Abstract Company
Graham

Rebecca Matthews
Guaranty Title Company Of Leon County
Centerville

Glenda Trlicek
Hallettsville Abstract & Title Company
Hallettsville

Jolanda Jones
Haskell Abstract & Title Company
Haskell

Terry Norman
Heart Of Texas Title Co., LLC
Brady

Ronnie Lappe
Heart-Land Title Company
Brownwood

Peggy Crowder
Hill County Title Company
Hillsboro

Tony Tooley
iiExperts, LLC.
Arlington

David Stevens
Inhouse Title Company
Conroe

Robert Jackson
Jackson Abstract & Title Company
Jasper

Missy Lewis
Jackson Title Company
Tyler

Celia Flowers
Jacksonville Title Company
Jacksonville

Mike Lang
Kendall County Abstract Co.
Boerne

Diane Green
Kerr County Abstract & Title Co.
Kerrville

Celia Flowers
Lake Country Title Company
Tyler

Dennis Wheeler
Lakewood Title LLC
Dallas

Gayle Myers
Lampasas County Abstract Company
Lampasas

TEXAS CONT.

Gayle Myers
Landmark Title Company Of Madison County
Madisonville

Diana Stevens
Mann & Stevens, P.C.
Houston

Celia Flowers
Marion County Title Company
Tyler

Johnny Actkinson
Muleshoe Abstract Company
Muleshoe

John Axt
Nebraska Upstream Solutions, Inc.
Spring

Renee Graham
Preston Title Incorporated
Plano

Ken Muckelroy
Professional Title Services, Inc.
Center

Robert Zearfoss
Randolph Brooks Title Company, LLC
Live Oak

Jeanette Slama
Realty Title And Abstract Company
Ennis

Delbert Cox
Refugio County Abstract Company
Refugio

Janice Dempster
Reliant Title Agency, LLC
Austin

Janice Dempster
Richmond Title Services, LP
Plano

Sheral Maloy
Rio Bravo Title, LLC
El Paso

Joe Acosta
San Antonio Title Company
San Antonio

Tammy Muckelroy
San Augustine County Abstract Company
San Augustine

Gerald Johnson
Security Abstract & Title Company Of Abilene
Abilene

Margaret Baucom
Security Preferred Title, LLC
Monahans

TEXAS CONT.

Sharon Spoon
Service Title Company
Tyler

Bob Field
Sierra Title Company, Inc.
El Paso

Neel Fulghum, III
Sierra Title of Cameron & Willacy Counties
Harlingen

Linda Shreeve
Sierra Title Of North Texas, Inc.
Flower Mound

Bill Lewis
Southwest Abstract Company, Inc.
del Rio

Cheryl Valdez
Southwest Land Title Co. Of Bee County
Beeville

Denise Moffitt
Stone Title Company, Inc.
Paris

Jackson Hanks
Texas First Title Company, LLC.
Palestine

Bonnie Arbuthnot
Texas Panhandle Title Company, Inc.
Dumas

Charles Brown
The Brown Law Firm
Dallas

John Cope
The Bush Firm, P.C.
Arlington

Ladelle Boyd
Throckmorton County Abstract, Inc.
Throckmorton

Christopher Till
Till, Inc.
Comanche

Sonya Duke
Toledo Bend Title
Hemphill

Elizabeth Holcombe
Trinity County Abstract
Groveton

Celia Flowers
Tyler Title Company
Tyler

Tracey Cavin
University Title Company
College Station

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Does Your Mother Know What You Do?

Remember when you heard someone ask a family member, “What does Diane (or insert your name here) do for a living?” More importantly, do you recall the response?

I’m pretty certain that it went something like this: “Oh, she’s in the title insurance business” or “she sells title insurance” or “she works for Land Title Guarantee Co.” But what comes next is what I’d really like you to recall – that blank stare – what I’ll call the LOOK!

Already the conversation moves on, to something more important, something far more interesting, far easier to discuss! I believe it is time to change. We are important. We can discuss what we do and make it interesting. And we can make it easy for people to understand.

For as long as I can remember, we have discussed and discussed how to tell our story. What are our message points? And who is our audience?

Let’s begin with the audience. In this time of economic challenge, with everyone looking to place blame, we have an audience waiting to hear about safety, security and the business of doing things right. Regulators, legislators, Realtors and lenders all must find business partners that do things right. No longer can any of them, nor us, afford to risk our professional and personal reputation by taking short cuts, doing substandard work or putting consumer funds at risk. But more importantly, consumers are demanding more accountability. They are asking questions that have not been asked before. What is title insurance? Why does it cost what it does? Is my money safe with them? The industry’s window of opportunity is wide open.

In the recent years, our president-elect, Anne Anastasi created and implemented one of the most outstanding outreach programs. Title 101 has been implemented and presented by Anne and many other title professionals across the nation. This program educates regulators and elected officials about what we do. As that audience continues to grow and understand the value of title insurance, our opportunities continue to expand. Our next audience should be the consumer and their agents. It is now time that we take Title 101 to that most important party, the buyer and sellers.



But you ask, what is our message? How do we prevent the LOOK? I believe it lies in making our message personal.

How many times have you or someone in your organization fielded a question from a proposed insured regarding a requirement or exception on their title commitment? Their question is important to them, but even more so, is the answer. In many of our companies, we have a talented individual or group that excels in answering consumers’ concerns. We need to spend some time listening to their responses. They, together with our other customer-focused employees, spend their working hours responding to consumers and delivering the message points. If we take those message points, refine them to address a larger audience, identify the steps performed to eliminate risk and avoid future claims, we’ve begun to tell our story.

That’s not enough. This message must be personal. As I look at any market or community across the nation, the title industry imprint is there. We provide the very basics for vacant land development. We assure that plats are correct, streets are built in the appropriate location and infrastructure easements are defined for the future. But we also insure the priority of the bonds for that new library or new hospital. We review and approve surveys that identify the descriptions of new parks that include walking and hiking trails for our communities. We even make certain that the fisherman has an easement to access his favorite fishing pond.

Now comes the easy part, delivering the message. We need to take the lessons learned from Anne and her team, take highlights from Past-President Mike Pryor's article, "I Sell Title Insurance" and elements of delivery from President Mark Winter's Personalized Policymaker Education Program. Take these into your community, into your market and tell our story.

Use the countless real life examples that each of you have in your market place. Any time an opportunity presents itself, tell this personal story to a civic group. Share our story by teaching high school and adult education classes. When it's personal and the consumer

sees what we do next door or downtown in their community, they begin nodding in understanding. They begin to understand the role that our industry has played for more than 100 years in making real estate transactions occur with the speed and efficiency necessary to drive this economy.

And yes, then my mother and yours too, can explain what we do!

Diane Evans
Member of ALTA Board of Governors
and Abstracters and Title Insurance Agents Section

new members continued

TEXAS CONT.

Celia Flowers
Upshur County Title Company
Brenham

Sharon French
Waddell Abstract Company, Inc.
Corsicana

Robert Brandt
Western Title Company
Lubbock

Susan Sims
Western Title Of Bandera, Inc.
Bandera

William Hill
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Houston

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Wilson County Abstract Company
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Yoakum County Abstract Company
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Start & Busch, LLC.
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Steven Lawrence Title Insurance
Expert Witness Services
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