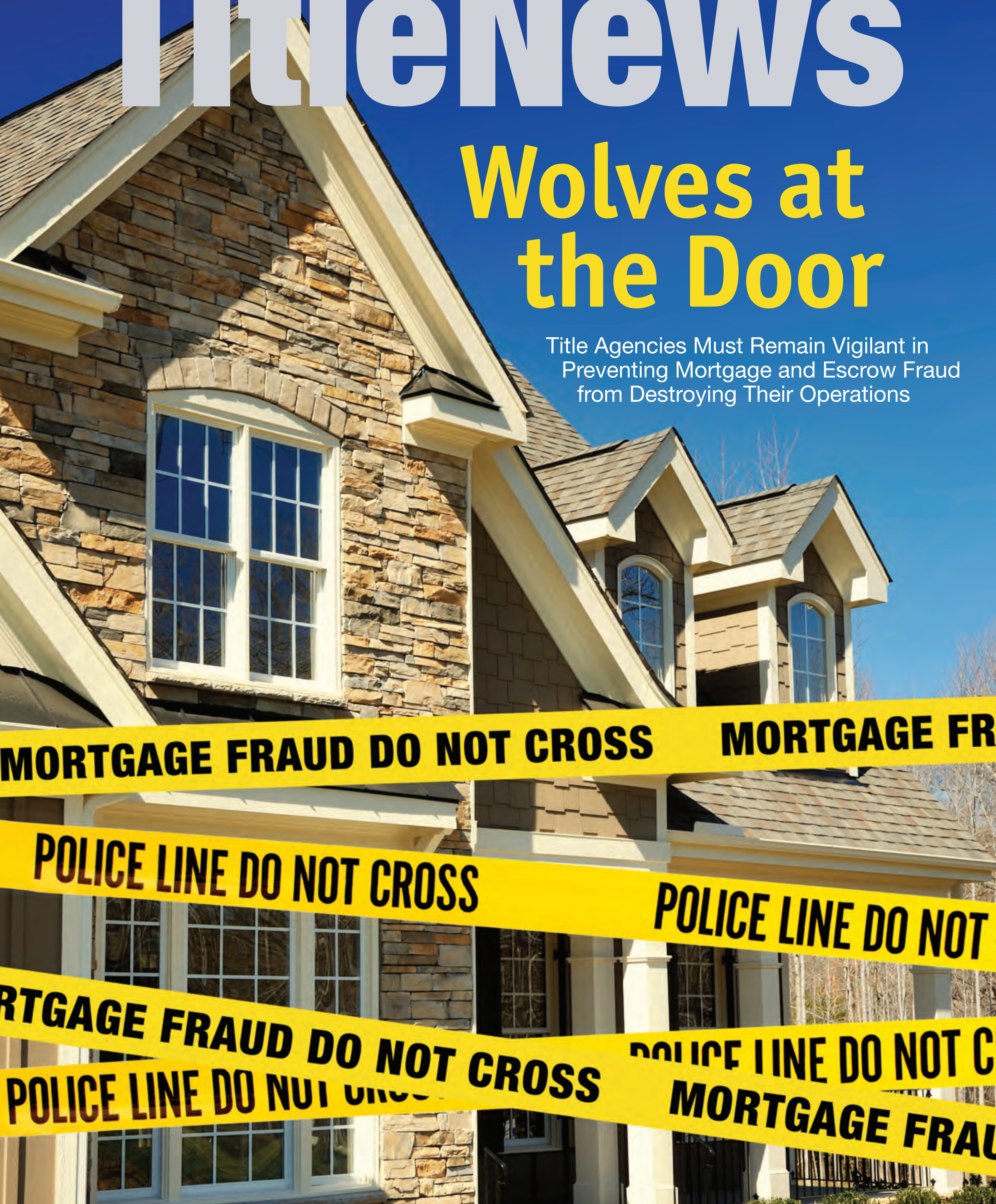
September 2010

TitleNews

Official Publication of the
American Land Title Association

Wolves at the Door

Title Agencies Must Remain Vigilant in Preventing Mortgage and Escrow Fraud from Destroying Their Operations



contents

TitleNews • Volume 89, Number 9

calendar

ALTA EVENTS

September 26 - 28	2010 Annual Accountants Meeting Hotel Monaco | Portland, OR
October 13-16	2010 Annual Convention *Manchester Grand Hyatt San Diego, CA*

STATE CONVENTIONS

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

TitleNews

PUBLISHER
Kurt Pfotenhauer

EDITOR IN CHIEF
Jeremy Yohe

DESIGN/ELECTRONIC PRODUCTION MANAGER
Shawn Sullivan

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.

Reprints: Apply to the editor for permission to reprint any part of the magazine. Articles reprinted with permission must carry the following credit line: "Reprinted from *TitleNews*, the monthly magazine of the American Land Title Association."

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

Let the Real Jockeying Begin

Shortly after President Obama signed the landmark Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the lobby fight quickly shifted from Congress to regulators. Coming in at hefty 2,315 pages, experts estimate that about 75 percent of the new law's provisions will require clarification through an additional rulemaking process by regulators.

Some key deadlines will need to be met to establish the new bureaucracy, and Administration officials have already been laying the groundwork to implement parts of the new law but especially the new Consumer Financial Protection Bureau (CFPB), which will hire numerous new federal employees to serve as attorneys, compliance examiners, analysts, economists, statisticians and others. The short list of whom President Obama might pick to head the CFPB includes Harvard law professor Elizabeth Warren, but also Treasury Assistant Secretary Michael Barr and Deputy Assistant Attorney General Eugene Kimmelman.

U.S. Secretary Tim Geithner is serving as acting director of the CFPB until a director is named. Geithner has a deadline of Sept. 19 to designate a "transfer date" when key legal and regulatory authorities (including RESPA and TILA) to the new consumer bureau. In effect, that will be the date the bureau, with initial funding projected at $500 million a year, springs to life with a staff and full set of teeth. By law it must be no earlier than next Jan. 17 and no later than Jan. 21, 2012.

Among the significant changes contained in the bill is a provision which imposes civil penalties for violating any of the 10 consumer financial laws (including RESPA). Three tiers may be assessed for each day during which a violation occurs: first, not to exceed $5,000; second, a reckless violation, not to exceed $25,000; and third, a knowing violation, not to exceed $1 million. There are many factors that the CFPB must consider when issuing a violation, so it's more imperative regulatory agencies offer clear guidance to industry on the rules of the road. ALTA will continue to press for clearer guidance in RESPA.

We are hearing that one of the early projects expected from the bureau will be a rewrite and streamlining of the existing home purchase disclosures and a tie-in with a revised truth-in-lending disclosure, possibly all wrapped up in a single plain-language package. We will be working with the bureau to share industry concerns while keeping a focus on creating better transparency of the homebuying process for consumers.

Kurt Pfotenhauer
Chief Executive Officer, ALTA

You want a bank with a deep understanding of your business. A Title Industry banking expert ranked as one of the nation's top ten banks for Cash Management Service Providers by Ernst & Young. A strong financial partner, led by knowledgeable relationship managers who can streamline your operations with customized services like a competitive deposit availability schedule and one of the latest wire transfer deadlines in the industry. For over 50 years, Union Bank® has maintained a consistent track record of helping Title Industry professionals succeed in today's world.

To put our Title Industry expertise to work for you, call us today.

Title Industry & Title 1031 Exchange:

John J. Murphy
Vice President & Manager
877-225-5979

Sonya Aldama
Vice President &
Senior Relationship Manager
877-225-5979

Erin Wagner
Vice President &
Senior Relationship Manager
877-225-5979

Brad Kirk
Vice President &
Senior Relationship Manager
877-225-5979

Kenny Hanks
Vice President &
Senior Relationship Manager
877-225-5979

Julia Sherouse
Assistant Relationship Manager
877-225-5979

Member FDIC
Union Bank is a proud member of the Mitsubishi UFJ Financial Group (MUFG), one of the world's largest financial organizations. unionbank.com

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

UnionBank®
Invest in you®

2010-11 Nominations for ALTA Board and Executive Committees

Below is the list of nominations for the ALTA Board of Governors, as well as the Abstracters and Title Insurance Agents Executive Committee and the Title Insurance Underwriters Executive Committee. Nominations will be voted on during the 2010 Annual Convention, being held Oct. 13-16 in San Diego.

BOARD OF GOVERNORS

President: Anne L. Anastasi (*Hatboro, PA*)

President-Elect: Christopher Abbinante (*Jacksonville, FL*)

Treasurer: John M. Hollenbeck (*Santa Ana, CA*)

Chair of Finance Committee: J. Herschel Beard (*Madill, OK*)

Agents Section Chair: Frank Pellegrini (*Oak Park, IL*)

Agents Section Rep: Diane Evans (*Denver, CO*)

Agents Section Rep: Jack Rattikin III (*Fort Worth, TX*)

Underwriters Section Chair: Rob Chapman (*Minneapolis, MN*)

Underwriters Section Rep: Peter J. Birnbaum (*Chicago, IL*)

Underwriters Section Rep: Michael B. Skalka (*Houston, TX*)

Immediate Past President: Mark E. Winter (*Washington, D.C.*)

TITLE INSURANCE UNDERWRITERS EXECUTIVE COMMITTEE

Chair: Rob Chapman (*Minneapolis, MN*)

Vice-Chair: Richard J. Patterson (*Rocky Hill, CT*)

Three-year term: Steven Day (*Jacksonville, FL*)

Three-year term: Peter J. Birnbaum (*Chicago, IL*)

Three-year term: Richard J. Patterson (*Rocky Hill, CT*)

Three-year term: Steven Day (*Jacksonville, FL*)

Two-year term: Rob Chapman (*Minneapolis, MN*)

Two-year term: John Hollenbeck (*Santa Anna, CA*)

Two-year term: Michael B. Skalka (*Houston, TX*)

One-year term: Mark A. Bilbrey (*Houston, TX*)

One-year term: Mary O'Donnell (*Winter Park, FL*)

One-year term: Theodore C. Rogers (*Baltimore, MD*)

ABSTRACTERS AND TITLE INSURANCE AGENTS EXECUTIVE COMMITTEE

Chair: Frank Pellegrini (*Oak Park, IL*)

Vice-Chair: Jack Rattikin III (*Fort Worth, TX*)

Secretary: Joshua M. Reisetter (*Brookings, SD*)

Three-year term: J. Herschel Beard (*Madill, OK*)

Three-year term: Diane Evans (*Denver, CO*)

Three-year term: Daniel D. Mennenoh (*Galena, IL*)

Two-year term: Celia C. Flowers (*Tyler, TX*)

Two-year term: R. Norwood Gay, III (*Orlando, FL*)

Two-year term: Mike Nichols (*Indianapolis, IN*)

One-year term: Jack Rattikin III (*Fort Worth, TX*)

One-year term: Joshua M. Reisetter (*Brookings, SD*)

One-year term: Alfred D. Santoro, Jr. (*Parsippany, NJ*)

HUD Updates Settlement Cost Booklet

HUD has provided a revised version of the Settlement Cost Booklet under the federal Real Estate Settlement Procedures Act.

It appears that only minor changes were made, according to the D.C.-based law firm Patton Boggs. The Booklet still reflects a December 2009 revision date. There is now a Spanish version available as well.

In the discussion regarding a survey on page 20, HUD added the following statement: "Even if not required by your lender, information provided by a current property survey, such as the true property lines and any encroachments, can alert you to any problems with the property."

Page 38 includes updated contact information for a consumer to obtain a foreclosure prevention toolkit from the Federal Deposit Insurance Corp.

ALTA Asks For Clarifications Regarding Federal Clean Energy Program

While ALTA supports efforts to reduce energy consumption and limit greenhouse gas emissions, several questions need answered regarding the Property Assessed Clean Energy (PACE) program in order to prevent closing delays or canceled real estate transactions.

ALTA sent a letter to the Federal Housing Finance Agency asking for clarification about the process by which a PACE lien is created, and how it is administered and satisfied to repay the obligation. Without knowing additional information regarding PACE liens, consumers will not be able to be properly informed they have clear title to their property and creditors will be unaware of their lien priority.

In addition, ALTA said concerns exist whether PACE financing is defined as a loan or a tax assessment. If it's considered a loan, repayment is secured by a tax lien against the property. The Real Estate Settlement Procedures Act (RESPA) requires that all loans secured by a lien against real property must be conducted in accordance with RESPA, including the issuance of a GFE and HUD-1. ALTA also seeks clarification if PACE liens must be recorded in the local public records and how ownership of the property is determined. A property owner must have title in order to grant a lien against the property, but guidelines for the PACE programs are unclear in how to prove ownership.

"Without establishing standards for determining title to property, PACE loans run the risk of significant losses due to fraud," said Kurt Pfotenhauer, chief executive officer of ALTA. "In addition to harming PACE participants, it also damages local property records, and results in increased costs of underwriting, claims, escrow services and compliance for the land title industry."

HUD Releases RESPA Roundup Document

HUD released its first edition of RESPA Roundup, which provides information the limited shopping list, loan terms and service that was listed on the GFE was not purchased.

LIMITED SHOPPING LIST

HUD advises that when an originator requires that a consumer select a provider of a particular service from a limited list of providers created by the originator, then the charge must be disclosed in Block 3 of the good faith estimate (GFE). Block 3 is the block for services required by the loan originator and for which the originator will select the provider of each service. HUD equates the requirement that a borrower select a service provider from a limited list of providers with an originator making the selection of the provider. According to the D.C.-based law firm Patton Boggs, HUD contrasts this situation to cases in which a government loan program requires a borrower to select a service provider from a government approved list — in which case the charge is disclosed in Block 6 of the GFE. HUD advises that the "answer is different because limitations placed on a borrower by a government loan program are fundamentally different from limitations placed on a borrower by a loan originator … ."

LOAN TERMS

HUD advises that in both the GFE and the HUD-1, the loan term stated in the note, and not the amortization period, should be entered as the loan term in the "Your loan term is" line in the "Summary of your loan" box on page 1 of the GFE and on the HUD-1 on page 3. For example, if a loan has a five year term to maturity and payments on the loan are based on a 30-year amortization period, the five year term is disclosed as the loan term, according to Patton Boggs.

SERVICE IN GFE NOT USED

HUD advises that if the consumer does not purchase a service that is included in the GFE, such as owner's title, there should be no entry for the service on page two of the HUD-1, and the estimate of the charge should not appear in the tolerance comparison charts on page three of the HUD-1.

ALTA Responds to Consumer Federation of America's Misunderstanding of Title Insurance

ALTA issued a response about the value of title insurance in reaction to a release issued by the Consumer Federation of America in July. The CFA alleged that title insurance is overpriced. Here's a portion of ALTA's response:

"Organizations such as Consumer Federation of America exist to protect consumers, yet the association's leadership clearly hasn't done their research and has put out bad advice about title insurance. Lenders insist on title insurance to protect themselves, and consumers should protect themselves too. There are unforeseen defects in title, and homeowners especially don't want to be left out in the cold.

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. A great deal of work goes into the production of a title insurance policy. For a one-time fee, homeowners are protected against undiscovered liens on their home or challenges to ownership for as long as they or their heirs own the property.

A recent example in Texas highlights the importance of title insurance and the protection it provides homebuyers. Earlier this year, Texas-based homebuilder Casa Linda sold residential properties encumbered by different liens, including liens for delinquent property taxes; liens of a third-party lender; or mechanic's lien for labor or materials used to improve the property.

Purchasers were not warned about the undisclosed liens because Casa Linda did not require homebuyers to purchase title insurance. Thus, the developer could sell the properties without homebuyers – particularly inexperienced, first-time homebuyers – realizing that their new houses were subject to undisclosed liens. When Casa Linda Homes subsequently failed to pay its undisclosed debt, the creditors who were owed money then instituted foreclosure proceedings or filed lawsuits against the homebuyers."

FHA Policy Changes Decrease Seller Concessions, Increase FICO Requirements

The Federal Housing Administration (FHA) unveiled three policy changes aimed at strengthening the FHA's capital reserves, FHA Commissioner David Stevens announced.

In addition to earlier steps taken to manage its risks and to boost reserves, FHA is proposing to update the combination of credit and downpayment requirements for new borrowers; reduce seller concessions from 6 to 3 percent; and tighten underwriting standards for manually underwritten mortgage loans.

The policy changes include:

- Updating the combination of credit and down payment requirements for new borrowers. New borrowers seeking FHA-insured financing will be required to have a minimum FICO score of 580 to qualify for FHA's flagship 3.5 percent down payment program. New borrowers with credit scores of less than a 580 will be required to make a cash investment of at least 10 percent. Borrowers with credit scores of less than 500 will no longer qualify for an FHA-insured mortgage.
- Reducing allowable seller concessions from 6 to 3 percent. Allowing sellers to contribute up to 6 percent of the home's sales price to offset a buyer's costs exposes the FHA to excess risk by potentially driving up the cost of the home beyond its appraised value. Reducing seller concessions to three percent will bring FHA into conformity with industry standards.
- Tightening underwriting standards for manually underwritten loans. When using compensating factors in the underwriting process, lenders will be required to consider those factors which are the best predictive indicators of loan performance, such as the borrower's credit history, loan-to-value (LTV) percentage, debt-to income ratio, and cash reserves.

Your Door to FHA HOMEOWNERSHIP

Wolves at the Door

Title Agencies Must Remain Vigilant in Preventing Mortgage and Escrow Fraud from Destroying Their Operations.

As if worrying about the poor economic conditions and whether orders will continue coming in the door wasn't enough, title agents must increasingly protect their operations from the looming possibility of mortgage and escrow fraud.

When the market is down and lending is tight, perpetrators gravitate to loan origination schemes involving fraudulent/manufactured documents. When the market is up, they gravitate toward inflated appraisals and equity skimming schemes. No matter the market, collusion among insiders, employees and consumers is highly effective in times of recession "because everyone has something to gain in times of desperation, according to the Mortgage Asset Research Institute. >>

By Jeremy Yohe


MORTGAGE FRAUD DO NOT CROSS
POLICE LINE DO NOT CROSS
FRAUD DO NOT CROSS

Not only must title agents be aware of older, modified schemes, including property flipping, builder bailouts, short sales, debt eliminations, and foreclosure rescues, perpetrators are developing new methods, including credit enhancements, property thefts, and loan modifications in response to tighter lending practices. Beyond being watchful of traditional schemes, title agents also must stay informed about sophisticated cybercrime that raids computer systems.

All of this potential fraud requires title agents to have internal procedures and best practices in place to prevent a potentially devastating loss to the agency.

"As the economy worsens, you have situations where you have many types of criminals and associates in your organization who turn to criminal activity," said Pat Vaden, CEO of Stewart Transaction Solutions. "It's become a growing concern and serious issue in our industry, and we have to put processes into place to protect ourselves. We think it won't happen to us, but it's all around."

Virus Attacks Escrow Accounts

Illustrating the evolution of cybercrime, a title agent in northern Virginia recently was unable to log onto their online banking during the course of a few days. During that time, three unauthorized wires went out of the agent's escrow account to banks in New York and then immediately overseas to Russia.

The agent suffered a loss of more than $200,000 and had to fund the escrow account for the shortage. A ZeuS botnet virus infected either the bank's or the title agent's computer system and enabled the theft to occur. The malware is very hard to detect and traditional anti-virus products do not afford full protection.

"It's a pervasive problem but the problem really exists because many title agents, especially small agents, do not use dual controls and best practices for initiating wire transfers," said Dick Reass, president of Reliant Title.

Dual controls require one person to initiate the transfer and another to approve. Reass said agents should use dual controls with a wire RSA token to provide better security. An RSA token is a random number generator that is used to reduce wire fraud.

"At a minimum, title agents must adopt best practices in order to 'harden' their online banking process," Reass said. "It is really a bigger imposition to lose $200,000 or more. In the end, the title agent will lose their business."

In April, a Missouri title agent lost $400,000 after being hit by the ZeuS botnet. While the title agency's system didn't prevent the initial transfer from occurring, the agent was alerted of the transfer and was able to notify the bank before the botnet returned to drain the account further. Reass said the alert prevented a subsequent loss in excess of $800,000.

"ZeuS and other botnet variants have taken over hundreds of thousands of desktops and sometimes servers," Reass said. "Once the ZeuS botnet has infected your computer, it sends instructions to the criminals waiting to access your account using the collected credentials. Cyber-criminals masquerade as the agent to execute wire transfers to on/off-shore banks. Even the use of an RSA token will not prevent a successful cyber attack."

Persistent Problem

While mortgage fraud and escrow fraud are often intertwined, there are many things agents can do to be proactive in detecting fraud and to minimize exposure to defalcations. According to the Federal Bureau of Investigation's 2009 Mortgage Fraud Report, mortgage fraud suspicious activity reports referred to law enforcement increased 5 percent to 67,190 during fiscal year 2009. It's estimated that $14 billion in fraudulent loans were originated in 2009.

"Education programs have been around for a while, but because of all the potential losses and losses that are coming, the industry is implementing several new things that help agents and our industry fight this growing problem," Vaden said.

David Townsend, CEO of Agents National Title Insurance Co., said fraud can be detected at the time of a new transaction where a fraudulent document may be discovered in the existing title chain, such as a forged deed from a prior owner or a forged satisfaction of a prior lien. However, the closing table is where the majority of fraud issues may be detected and where an administrator needs to look for common misrepresentations and red flags.

At closing, fraud generally occurs when a signature is forged, a fraudulent document is presented, the HUD-1 statement is intentionally doctored, or a party intentionally withholds or misrepresents information to another party.

Title and escrow employees should be trained to watch for these red flags, including unusual changes to the parties or the scope of the transaction, parties not complying with the lender's closing instructions, the HUD-1 statement not accurately reflecting the transaction, undisclosed changes to the contract of sale, an indication that a party misrepresented information to the lender, or that handwriting was inconsistent on different documents.

"When you are looking at deeds in the chain, when it's transferred from one LLC to another, an agent should see if the signature was forged," Townsend said. "You may notice a difference, which will lead you to ask another question and possibly uncover a fraudulent deal."

"When you are looking at deeds in the chain, when it's transferred from one LLC to another, an agent should see if the signature was forged."

Working With Agents to Reduce Fraud

To help catch fraudsters, Vaden said Stewart issues bulletins of bad actors in the marketplace. Whether it's a Realtor, broker, lender or other buyer/seller party, the company queries a database when an order is taken to see if the parties that are involved were the same ones Stewart has had problems with before. Stewart recently rolled out its AgencySecure program to help its agents reduce title claims, escrow theft and mortgage fraud. The program provides access to all Stewart agency technology and services and offers title agencies the ability to better manage potential claims resulting from poor quality search work and helps prevent escrow theft and mortgage fraud. AgencySecure also provides automatic, three-way bank reconciliation; detects suspicious activities; provides best practice alerts; and proactively monitors files continuously for fraudulent activities.

"Knowing what is happening in the marketplace and implementing safeguards will diminish an agent's vulnerability to escrow theft and fraud," Vaden said. "We've asked agents to develop a fraud plan in their company that implements best practices around protecting themselves against internal and external threats."

Safety Precautions Needed

Title related agency theft and fraud can occur when trusted employees take advantage of the company by stealing money or committing other forms of fraud. However, there are a number of safety measures any title agency can take to guard its assets, Vaden added.

Brent Scheer, CFO of Agents National Title Insurance Co., said banks perform daily reconciliations on cash drawers and ATM machines. Title agents, however, typically only reconcile monthly and this opens up risks. Based on a study by Phoenix-Hecht, nearly 80 percent of commercial accounts are reconciled monthly. Anecdotally, sometimes those reconciliations aren't reviewed until 60 days from the date of the bank statement, Scheer said.

"Three-way reconciliation and review is the most effective way to mitigate risk of embezzlement, fraud, book errors, and bank errors," Scheer said. "This is the only way to prove the book and bank agree and each file has been properly received and disbursed."

An additional best practice is enforcing vacations. Not only will enforcing vacations lead to happier associates, but it also may alert you to fraud. If an associate is committing fraud, they may be reluctant to take a vacation for fear that they will be caught during their absence. By enforcing time off, you make it more difficult for an associate to cover up fraudulent practices.

"We had one fraud in our company where one person got delayed on their vacation," according to Vaden. "While they were gone, a delinquent notice of payment came in and the office manager opened it. If the employee had come back on time, they would have dealt with it, but because they weren't there, the manger started to question that particular file and discovered there was a large defalcation. In this instance it was a family member."

In putting together a plan for your company, it's suggested title agencies develop a procedure for hiring the right employees and performing background checks, especially those

Fraud Sessions at ALTA Annual Convention

ALTA will provide four informative sessions on mortgage and escrow fraud during its 2010 Annual Convention, being held Oct. 13-16 in San Diego. Here's a look at the sessions:

Combating Current Real Estate Fraud Trends

This session will discuss the latest trends in real estate fraud and how title insurance insurers/companies are attempting to combat and avoid unknowing participation in such schemes. Speakers include: Richard Carlston, Miller Starr Regalia; Scott Gicking, Federal Bureau of Investigation; Paul Perez, Fidelity National Financial; Kathy Cooke, Freddie Mac; and Mark Budzinski, Old Republic.

Escrow Standards: The Imperative for Change

Sit in on this eye-opening informative presentation as Dick Reass of Reliant Title helps agents learn how and why massive changes in escrow accounting standards are being considered, and what you need to do to protect your businesses and our industry.

Wave the Red Flag: Fraud - Issues at the Closing

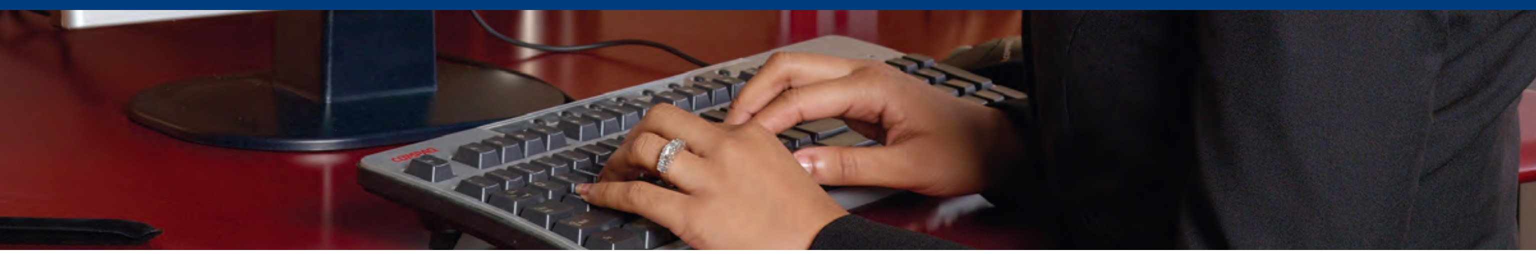
Join this interactive session and spot "red flag" issues while watching a short skit, after which the panel will address numerous potential fraud areas from RESPA and other Federal regulations, to bankruptcy and foreclosure, defalcations and claims within agencies and much more. Speakers include: Eric M. Schneider, First Class Title; Roberta Schneider, Fidelity National Title Group; Herschel Beard, Marshall County Abstract Co.; Polly Epting, Coffey County Land Title Co.; Tommy Bastian, Barrett Daffin Frappier Turner & Engel; and Natalie Lancaster, Stewart Title Guaranty.

Minimize and Catch Fraud AND Distinguish Your Business With Tools From ALTA

It's clear that fraud prevention is beneficial to your business and helpful during audits – but what are the best practices that you can put in place easily? This session answers that question by giving you solid solutions that you can easily incorporate and distinguish your operation from the competition. Speakers include Sandra Bell, First American Title; Kevin Gauer, Old Republic; Mark Littlejohn, Stewart Title; Josh Reisetter, Brookings County Abstract; Greg Kosin, Greater Illinois Title; and Alfred Santoro Jr., Esquire Title Services.

To register for the Annual Convention, go to *www.alta.org*

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

dealing with inventory or money. Title agents should call references and validate credentials because too often employers do not take advantage of a quick look into an employee's past. Starting with new employee orientation and meetings, Vaden said title agency owners and managers should implement a fraud policy in their office.

"Doing so will ensure that employees know from day one that fraudulent activities and stealing will not be tolerated," he said.

Unfortunately, all fraud cannot be controlled by smart hiring and business policies. Often scammers try to attack a company by posing as another business or associate of a vendor or party to a transaction. Staying vigilant and being aware of common scams is a great way to reduce your risk of being victimized by fraudulent activities.

"It is commonplace to work with multiple parties on a transaction that are remote or long distance," Vaden said. "Title agents should be sure their staff verifies they are dealing with a legitimate business and/or representative. Banks, credit card and insurance companies are diligent in identifying us when we are in need of service, but title agents sometimes fail to ask appropriate questions to verify appropriate parties."

Vaden said Stewart encountered a few instances where scam artists called in and pretended to be a bank employee and needed a pin number and password on an account to correct a wire.

"Believe it or not, employees will give it to them. Agencies need a policy that says under no circumstance should this information be given out," he said.

As an additional protection, agents should buy adequate fidelity insurance. Most of the time, it is very affordable, according to Vaden. Errors and Omissions Insurance coverage does not protect against employee dishonesty or other theft, so agents should acquire the appropriate level of insurance. Agents tend to only purchase a $50,000 policy, when they could obtain a half million policy for a few hundred dollars more.

"The parachute to have on your back is a fidelity bond, especially if you have multiple offices," Sheer said. "They are pretty cost efficient and can often times be added onto a general liability policy."

It is a good practice to have an outside entity reconcile escrow accounts. This can help prevent employees from forcing balances and covering fraudulent activity. It is a good business practice to rotate employee assignments. When roles are arbitrarily changed it makes it harder for an employee to commit fraud without being caught. Vaden suggested allowing managers to act as a line of defense against fraud.

"By making it a requirement that all expenditures are first approved by managers, you can deter fraudulent purchases made on behalf of the agency," he said. "It is important to have checks and balances in place to avoid stealing and embezzling. For example, the person writing the checks should never be the same person balancing the books. Include spot checks of title search reports vs.

"The parachute to have on your back is a fidelity bond, especially if you have multiple offices. These are pretty cost efficient and can often times be added onto a general liability policy."

commitment preparations vs. policy issuance."

Simple procedures and internal controls that can be implemented to prevent fraud include segregation of duties of closers, processors, accounting staff, and others involved in the escrow transaction to ensure proper checks and balances are in place.

Cara Detring, president of Preferred Land Title Co., said title agency owners and managers should perform surprise desk audits because you "might find bank statements."

"You should be leery of those who volunteer to handle accounting functions," she said.

Ideally, key parts of the transaction including deposits, disbursements, reconciliation and review are separated among different people who can review and question validity of the transaction as it occurs to prevent loss or errors, according to Scheer.

"If you have someone doing all the closings for the same client, rotate them out for a couple of weeks," Townsend said. "Maybe they have gotten in a habit of doing something that could result in mortgage or escrow fraud. These are customers not friends. Sometimes customers ask you to do things you shouldn't be doing."

Another essential process for agents to implement is positive pay, which is a service that matches the account number, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by the company.

Scheer said a key ingredient to preventing escrow fraud is knowing your office. Title agents should review order volume, closing volume and revenue on a monthly basis. For agents with multiple offices, it's vital to perform the financial position for each office to properly evaluate the overall operation. As a tip, Scheer suggests agents use QuickBooks "class" to segregate office locations for reporting financials. It's also important to know exactly the banking accounts you have open and ensure you know your banker to prevent "ghost" accounts.

"We have agents all the time that say I never suspect anyone in my company doing this," Townsend said. "What if you have an employee that is under 90 days in your company, and they have access to checks in your company, they don't have health coverage, and something happens where they have to pay for medical coverage? They must make a choice between medical coverage for their child or borrowing from the escrow account. Bad things can cause good people to make poor decisions. This could be someone who worked for you for 20 years if they are put in a bad enough position."

Responding to Negative Defalcation Media Reports

ALTA has created a model letter to the editor (LTE) titled "Title Insurance Professionals Take Pride in Safeguarding Consumers' Money" to help members respond quickly to negative media coverage regarding defalcations. If an article or news story about defalcations surfaces in your local media, members are encouraged to submit the LTE to highlight the efforts the title insurance industry takes to safeguard escrow money. It's best to submit a letter to the editor in reaction to an article within a day or so after the article appears. The LTE can be found on ALTA's web site or by emailing Jeremy Yohe at *jyohe@alta.org*.

Each newspaper has its own policy regarding letters to the editor, so please review their requirements. Typically, letters must be kept to 250 words or fewer. You may need to adapt the letter to be applicable to your jurisdiction. Letters should also include your full name, address and daytime telephone number. You also should include your title and company name.

Most newspapers accept letters to the editor via e-mail or fax. You can find information on how to submit a letter to the editor and find a newspaper's requirements by going under the "Opinion" section of their web site.

Again, this is just a template to help you respond to defalcation reports in your area. The letter to the editor can be, and should be, modified to address the specifics of your market. If submitting by mail, you can copy the text onto your company's letterhead. If submitting electronically, copy and paste the text into the body of your e-mail. Please remember to modify the text with your personal information. ALTA also asks that when you submit a response, you send a copy to us as well.

Emerging Fraud Trends Title Agents Should Know About

The current housing market, while showing modest signs of improving, continues to suffer from high inventories, sluggish sales, and a high foreclosure rate. It remains an attractive environment for mortgage fraud perpetrators who discover methods to circumvent loopholes and gaps in the mortgage lending market whether the market is up or down. Here's a look at some emerging schemes, according to the Federal Bureau of Investigation.

Economic Stimulus: First Time Home Buyer (FTHB) Tax Credit Fraud

The schemes used to exploit the homebuyer credit program include applicants with income that exceeds program requirements, individuals who have owned a home more than five years, and individuals applying for the program before finalizing the purchase of a home. The FBI anticipates that fraud strategies will primarily include the following two deceptions: using people under the age of 18 to claim the tax credit, thereby allowing subsequent transfer of ownership to a family member who qualifies for the credit; and using non-resident aliens or illegal immigrants to apply to the homebuyer credit program. 160 schemes related to this economic stimulus tax credit have been uncovered, and it is investigating over 100,000 possible fraudulent filers in Buffalo, New York.

Commercial Real Estate Loan Fraud

Perpetrators, including loan officers, real estate developers, appraisers and apartment management companies, are increasingly submitting fraudulent documents that misrepresent their assets and property values to qualify for loans to buy or retain property. When the loans are funded, the perpetrators often cease payment of their mortgages, resulting in foreclosure. According to open-source reporting, CRE loans are expected to produce more than $100 billion in losses by the end of 2010. Preliminary analysis indicates that the commercial markets exhibiting the most significant signs of distress are in areas where there is also a significant mortgage fraud problem. These areas include the New York metropolitan area, Miami, Los Angeles and Orange County, Chicago, Boston, Dallas, Fort Worth, Houston, the District of Columbia, Atlanta and Baltimore.

Foreclosure Rescue Schemes — Loan Modification Fraud

The growing number of homeowners needing loss mitigation assistance has overwhelmed mortgage servicers and led to the explosion of third-party loan modification companies claiming to offer assistance to homeowners struggling to avoid foreclosure. Perpetrators of loan modification scams follow the same pattern as predatory lenders by targeting vulnerable homeowners, including minorities, non-English speakers, seniors, and residents of low-income neighborhoods. Perpetrators solicit homeowners with mail flyers offering to help them stop the foreclosure process on their homes. This type of scheme is also conducted in conjunction with the filing of a bankruptcy petition to stall the foreclosure process to garner more advance fees for the perpetrator.

Home Valuation Code of Conduct Fraud

Lenders are circumventing the Home Valuation Code of Conduct (HVCC) by using other non-commission employees to order appraisals. The HVCC agreement between the FHFA and the New York Attorney General's Office was intended to govern the way appraisals were ordered for all single-family mortgage loans (excluding government-insured loans such as FHA and VA) sold to Fannie Mae and Freddie Mac. In the fashion of a true arms-length transaction, all appraisals are to be ordered through a third-party appraisal management company to eliminate collusion between the appraiser and those who earn an income from loan closings.

Flopping, Short Sales, and Broker Price Opinions

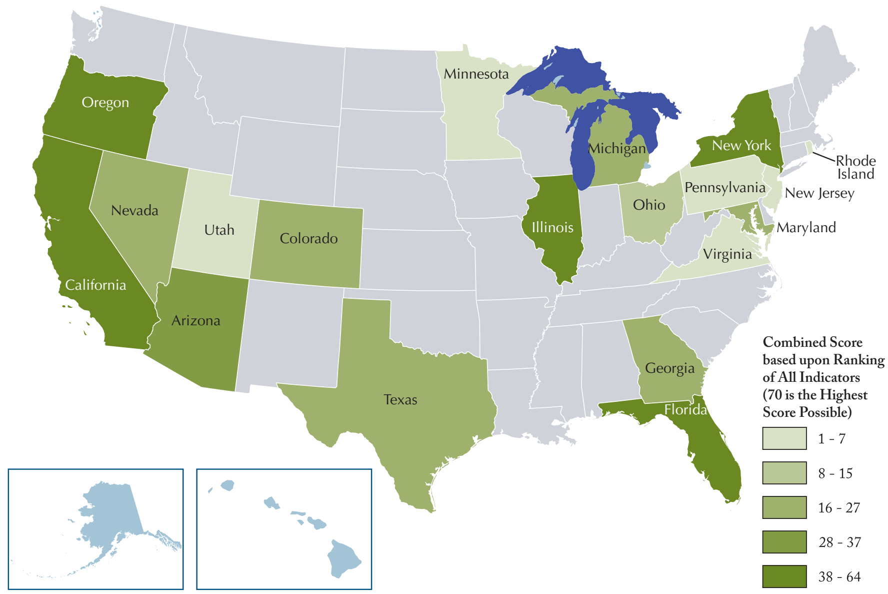
Perpetrators are conducting short sale property flipping schemes using distressed properties of homeowners who are unemployed or facing foreclosure. The perpetrators collude with appraisers or real estate agents to undervalue the property using an appraisal or a broker price opinion to further manipulate the price down (the flop) to increase their profit margin when they later flip the property. They negotiate a short sale with the bank or lender, purchase the property at the reduced price and flip it to a pre-selected buyer at a much higher price.

- In closing short sales, title agents must read the closing instructions to see if there are limitations in the time period before a house can be transferred after the original sale. While the initial sale could be a legitimate transaction, if the property is resold before meeting a specified timeframe by the lender, the agent could face a CPL claim.

Property Theft Targeting Bank-Owned Properties

Perpetrators are targeting bank-owned properties by filing a false warranty deed using a false rental/lease agreement and collecting advance fees from an unauthorized tenant. The perpetrator arranges to rent out the bank-owned property to an unsuspecting renter. If the renter is confronted by a realtor or law enforcement, the perpetrator has advised the renter to produce a lease agreement previously provided to them. During the course of this scheme, the perpetrator places "no trespassing" signs on the properties and often changes the locks. With access to the appropriate software and knowledge of required real estate documents, a perpetrator can create fictitious documents such as a deed of trust, have the deed notarized, pay a nominal fee, and present or mail the deed to the recorder. The deed will then be recorded transferring title of all legal rights to the property.

Top Mortgage Fraud States (By Multiple Indicators), 2009



Information from the FBI, HUD-OIG, FinCEN, MARI, Fannie Mae, RealtyTrac, Inc., and Interthinx indicate that the top mortgage fraud states for 2009 were California, Florida, Illinois, Michigan, Arizona, Georgia, New York, Ohio, Texas, the District of Columbia, Maryland, Colorado, New Jersey, Nevada, Minnesota, Oregon, Pennsylvania, Rhode Island, Utah, and Virginia.
Source: FBI

Additional Concerns: FHA 90-Day Property Flip Waiver

The HUD FHA 90-day property flip rule designed to prevent illegal property flips of FHA-insured properties was waived by HUD through Jan. 31, 2011 for all sellers to move a stagnant real estate market and remove property off the books and records of banks. Regulators and law enforcement officials continue to oppose this waiver as it contributes to an ever-increasing pool of potentially fraudulent property flipping schemes as it does not require the seller to have title to the property for a minimum of 90 days.

Gulf Coast Title Agents Endure Another Obstacle With Oil Spill

Even though the oil spill disaster in the Gulf of Mexico threatens billions of dollars of real estate transactions and development, title and settlement service agents continue to embrace a "we will get through it" attitude as they struggle to ride out the economic downturn and slow-moving recovery.

From Louisiana to Florida, continuing fear about the oil spill's impact is stalling real-estate deals, causing potential buyers to walk away from deals, forcing owners of languishing hotels to worry they will be unable to keep up with mortgage payments and new threats of a surge in loan defaults.

While deals that were already in contract were finalized, several title agents report new deals are at a near standstill in Mississippi, Alabama and the panhandle of Florida.

"A lot of the sales in this area come from people out of state, from Atlanta, Nashville and New Orleans," said Richard Bailey, senior vice president and agency services manager for Stewart Title Guaranty in Mobile, Ala. "All of the Gulf Coast sales have just stopped on the coast."

While it's difficult to quantify just how much the oil spill has impacted real estate transactions, Bailey said title agents who do business in the region have experienced a 50 percent decrease in business from the coast.

"I don't know what else title agents can do at this point," Bailey said. "Title agencies are already running as lean as they can, but they will regroup and make further cuts. This is all new again. I think people were thinking we were seeing an upturn, but it's like a blanket was thrown on the market."

Jay Odom, president of First Mobile Title in Mobile, Ala., said uncertainty remained until the well was capped and the spill stopped.

"It was more of a fear of not being able to measure how much was pouring into the ocean," he said. "But we are hanging in there."

Although BP fixed a leak on a cap designed to plug the spill, uncertainty over the damage to the economy already is causing some potential home buyers to put off plans, said Arthur Sterbcow, a real estate broker and analyst in New Orleans. Before the spill, he had been forecasting a drop of 1 to 4 percent in the median price of homes in that metropolitan area this year. Now, he expects a drop of 5 to 15 percent.

Meanwhile, a report issued by CoreLogic estimated the oil spill could result in $3 billion in lost property value over the next five years. There are more than 71,000 homes impacted, primarily in the Panhandle region of Florida plus Alabama and Mississippi, according to the report. Beach-front homes in Gulfport, Miss., are expected to be hit the hardest, with an average loss per home of $56,000, followed by Mobile, Ala., ($45,000) and Pensacola, Fla. ($40,000).

Overall, the Pensacola area is expected to absorb the largest amount of the lost home value ($1.6 billion), with Gulfport, Miss., coming in second ($1.2 billion).

"The loss in these markets could be particularly high," said Mark Fleming, CoreLogic's chief economist.

In comparison, Bethesda, Md.-based CoStar Group predicted the Gulf Coast's shore-area property values will decrease by 10 percent for at least three years. The group made its forecast for property prices

Potential impact of the Oil Spill on Coastal Real Estate

County	CBSA	#Properties	Avg. Distance	Avg. Loss	Total Loss (mm)
Bay	Panama City-Lynn Haven-Panama City Beach, FL	54,701	341	$43,219	$2,364
Brevard	Palm Bay-Melbourne-Titusville, FL	66,327	402	$48,240	$3,200
Broward	Miami-Fort Lauderdale-Pompano Beach, FL	19,203	507	$55,031	$1,057
Collier	Naples-Marco Island, FL	14,262	407	$44,877	$640
Duval	Jacksonville, FL	10,573	382	$46,593	$493
Escambia	Pensacola-Ferry Pass-Brent, FL	39,368	318	$39,882	$1,570
Harrison	Gulfport-Biloxi, MS	21,221	516	$56,469	$1,198
Hillsborough	Tampa-St. Petersburg-Clearwater, FL	32,475	456	$50,200	$1,630
Lee	Cape Coral-Fort Myers, FL	49,429	419	$47,251	$2,336
Miami-Dade	Miami-Fort Lauderdale-Pompano Beach, FL	32,194	419	$48,935	$1,575
Mobile	Mobile, AL	10,520	396	$44,662	$470
Monroe	Key West, FL	79,399	235	$35,603	$2,827
Palm Beach	Miami-Fort Lauderdale-Pompano Beach, FL	41,619	494	$54,029	$2,249
Pinellas	Tampa-St. Petersburg-Clearwater, FL	86,968	396	$45,702	$3,975
Volusia	Deltona-Daytona Beach-Ormond Beach, FL	45,699	338	$45,866	$2,096
Total		**603,958**			**$27,679**

Source: CoreLogic

assuming a 10 percent loss based on previous disasters, such as oil spills, hurricanes and the 1979 Three Mile Island nuclear accident in Pennsylvania, Miller explained. His estimate relied on recent sales data for property within 200 feet of the Gulf waterfront and spanning 600 miles from Venice, La., to Clearwater, Fla. Losses may total $4.3 billion along the 600-mile (966-kilometer) stretch from the Louisiana bayous to Clearwater, Fla., the property-information service estimates.

Oil washing ashore will further harm property values in an area where Moody's Economy.com estimates prices fell as much as 34 percent from the peak of the U.S. residential real estate market in 2006.

The median U.S. home price was $173,100 in April, down 25 percent from July 2006, according to the National Association of Realtors. Florida real estate is among the hardest hit markets, with one in every 184 households in the foreclosure pipeline, according to RealtyTrac Inc.

The oil spill is expected to only exacerbate problems for troubled Florida borrowers and increase default rates, according to Fitch Ratings.

A recently completed study by Fitch shows half of all securitized non-agency mortgage loans in Florida are 60 days or more delinquent. Also among the study's more notable findings, Florida already ranks the worst among all states in mortgage delinquencies across all product types, explained Managing Director Roelof Slump.

"Additionally, Florida contains a disproportionate amount of non-prime loans, with 85 percent of loans being categorized as Alt-A or subprime," he said. "Such products have become associated with weaker performance in general. This is especially meaningful in Florida where severe home price declines have impacted most areas of the state."

The 60-plus day delinquency rate for Florida has been heavily influenced by the significant home price declines already seen to date, along with the worsening rate of unemployment. On an aggregate basis, 81 percent of all loans in the state are "underwater", and the average mark-to-market loan-to-value ratio of Florida loans is 138 percent.

"Nearly 40 percent of all Florida borrowers owe more than 150 percent of the value of their homes," Slump said. "Although half of all borrowers in the state are current on their mortgage payments, they owe 120 percent of their home values. Given the significant negative equity, further economic stress brought on by the Gulf oil spill and declines in the tourism and fishing industries would be likely to further increase default rates."

BP has established a process for individuals and businesses to file claims to cover losses and/or damage. The company agreed to establish a $20 billion escrow fund that will go toward damages and claims arising from the Gulf oil spill.

Bailey said one of Stewart's agents filed a claim with BP for reduction of income, but was told he needed to come back each month to provide proof in the reduction.

"One of my agents that I spoke with indicated that it appeared the condo market was turning around as there was movement from foreign investors, including Japanese and German, buying groups of condos," he said. "All that momentum went back to zero when the oil spill happened. This agent was very much depending on resurgent condo and resort properties. Now, he's down to title searches and short sales."

In an effort to help businesses impacted by the oil spill, the Federal Deposit Insurance Corp. and several other federal financial institution regulatory agencies and state supervisors, are encouraging financial institutions to work with their customers and consider measures to assist borrowers affected by this situation and its subsequent impact on local communities.

> "I don't know what else title agents can do at this point. Title agencies are already running as lean as they can, but they will regroup and make further cuts."

Because substantial business disruption and damage to businesses along the Gulf Coast Region have occurred, the regulators encourage institutions to consider alternatives for consumers who can demonstrate they are affected by the disaster. Such alternatives may include:

- Temporarily waiving late payment charges, ATM fees, and penalties for early withdrawal of savings;
- Expediting lending decisions when possible, consistent with safety and soundness;
- Extending or restructuring borrower debt obligations in anticipation of the receipt of funds based on claims the borrower may have filed with BP; and
- Easing credit terms or fees for loans to certain borrowers, consistent with prudent banking practice.

Moody's Analytics, a research firm, estimates that payroll employment along the Gulf, from Florida to Texas, in the fourth quarter will be 16,500 jobs lower than it would have been without the spill. That estimate, which excludes self-employed fishermen and others who don't show up on company payrolls, reflects some temporary jobs gained from cleanup work but more lost in businesses related to tourism, seafood production and oil and gas. The estimate assumed that the oil leak would be plugged by mid-August and the moratorium on oil drilling in deep waters will remain in place until December.

One title insurance underwriter executive said the spill is forcing many shops and restaurants to close in the Gulf Coast. Eric N. Smith, associate director of the Tulane Energy Institute in New Orleans, thinks job losses will be far greater, a total of 50,000 by year end, including 10,000 oil-rig jobs. If oil companies worried about the drilling ban or new rules redeploy their rigs to Africa or Latin America, they likely won't bring those rigs back for years, he said. The majority of these are well-paying jobs around $80,000 a year.

"The drilling industry employs some of the best-paying jobs in Texas, Louisiana and Mississippi," Bailey said. "The loss of those jobs will have a trickle-down effect on second- and third-tier jobs as well."

Indiana Supreme Court Rules Title Agents Liable for Failing to Uncover Missing Defect

Indiana title agents can be held liable for negligence in failing to uncover a defect during a title search, according to an opinion issued by the Indiana Supreme Court.

In *U.S. Bank, N.A. v. Integrity Land Title Corp.*, Case No. 17S03-1002-CV-120, Indiana Supreme Court, Texcorp (the predecessor of U.S. Bank) contracted with Integrity Land Title in 2006 to perform a title search and issue a commitment and policy in the amount of $123,090.00 in early 2006.

The title agent's principal, Southern National Title Insurance Corp., issued a loan policy to Texcorp. The judgment lien holder filed suit to foreclose its lien in August 2006. U.S. Bank filed a third-party claim against Integrity and Southern alleging negligent misrepresentation. The judgment lien holder was adjudged the first and best lien. Southern later went insolvent leaving the title agent to defend against the bank. The title agent countered that it had no contractual privity with the bank under the policy. The lower courts granted summary judgment in favor of the title agent on the privity grounds. The bank appealed.

The Indiana Supreme Court ruled that the title agent had a duty to communicate the state of title accurately when issuing its preliminary commitment because the bank was in the foreseeable class of persons that would be affected by the information and would rely upon its contents. Where the advisor – in this case, a title agent – has superior knowledge and expertise, was in the business of supplying title information, and was compensated for the information it provided to the advisee, there will be liability.

Title agents in Indiana may be liable for the contents of their title commitments to anyone who might reasonably or justifiably rely upon the information therein contained where there is no privity of contract with the party relying upon the information.

"This decision represents uncharted waters for Indiana title agents and we really won't know the impact for some time," said Jeff Bosse, president of the Indiana Land Title Association. "We have spoken with state counsel in states where this type of tort liability exists and they have advised us that they do not see the increased liability come into play very often."

Bosse said the state counsels also indicated business practices have not been altered as a result of similar decisions. States cited in the opinion include Alaska, Arizona, Florida, Kansas, Montana and Nebraska.

INDIANA LAND TITLE ASSOCIATION

Since 1907

"Professionals Serving the Real Estate Industry"

NextAce Expands Automated Title Software

Title automation and business process optimization (BPO) company NextAce announced an expansion of its automated title software and services with the release of NextAce Connects, a virtual examination platform that provides instant access to all title orders. NextAce Connects manages all orders, regardless of their associated production system through a single interface that provides flexibility across a wide geography, including multiple data providers, tax resources, image suppliers, abstractor networks, production systems, fulfillment centers (including offshore), and delivery platforms and methods. The platform is currently integrated with over three dozen production systems including SoftPro, RamQuest, Impact, iClose, AIM and Resware.

Washington State Enacts New Rate Filing Regulations; Requires Data Collection from Agents

The Washington State Department of Insurance has adopted new regulations requiring the filing and prior approval of title insurance rates beginning in 2012.

According to Insurance Commissioner Mike Kreidler, the new regulations have six purposes:

1. *Establish the information required for the filing of rates for title insurance;*
2. *Establish standards for title insurance rate filings;*
3. *Identify statistics that title insurance agents must collect and report to the title insurers that have appointed them, in order that the insurers can file accurate and appropriate expense data to support their rate filings;*
4. *Identify title insurance statistics that title insurers and title insurance agents must collect and report to the Commissioner in order for the Commissioner to determine whether the title insurance rates comply with regulations;*
5. *Establish a date by which title insurers must file every manual of rules and rates, rating plan, rate schedule, minimum rate, class rate, and rating rule, and every modification of any of these filings under the regulations; and*
6. *Require title insurers to file rates and forms through the System for Electronic Rate and Form Filing*

According to the regulations, on and after Jan. 1, 2012, all rates used in Washington must be filed and approved under the new regulations. Title insurers must submit the rate filings to the commissioner by Sept. 1, 2011, for rates to be effective on Jan. 1, 2012. Rates filed under old regulations must not be used for commitments issued on or after Jan. 1, 2012. The regulations also require title insurance agents to report premium, policy count and expense data annually to its insurer by April 1.

When filing rates, title insurers must provide data to support the proposed rate and provide information so the commissioner can determine if the proposed rates comply. If data is not available, the regulation states that title insurers must provide supporting documentation that describes its process for developing the proposed rates and demonstrates that they meet the requirements. If data from other states is used, the title insurer must explain why the data is similar to what would be expected in Washington.

If a title insurer proposes rates that are identical to rates of another insurer, the rate filing must include supporting information that demonstrates that the title insurer's proposed rates meet the requirements.

"It is not sufficient simply to state that the proposed rates are identical to those of another title insurer or that the rates are being filed for competitive purposes," the regulation states.

Under the regulation, a title insurer's provision for underwriting profit must be consistent with its cost of capital. The rate filing must demonstrate that expected underwriting profit, plus expected investment income on reserves and surplus, minus expected federal income taxes corresponds to an appropriate target after-tax rate of return on the title insurer's equity or net worth.

All premium rates filed under the new regulations must include all costs related to the title insurance transaction.

The new regulations also spell out situations where rates would be considered discriminatory. This includes:

- Rating rules that provide for a waiver of the cancellation fee or reduction of the cancellation fee, after a commitment has been issued, to an amount that is less than the expected average cost for the title insurer and its agents to issue a commitment in the defined geographical area covered by the rating rules;
- Negotiation or bidding of price;
- Rating rules that do not have a definite charge for every bracket of coverage;
- Discounts not provided to all qualifying risks;
- Rating plans in which policies generating higher premiums subsidize smaller policies or from one geographical area subsidize those from another geographical area;
- A title insurer's application of more than one rate schedule to similarly situated risks in a county or other defined geographical area. For example, according to the regulations, it is unfairly discriminatory for a title insurer to use different rate schedules for business produced by different title insurance agents in a specific rating territory.

A piece of the regulation also addresses referral fees and marketing expenses. Title insurers and agents must charge and collect for the costs of providing certain listed information, services, and other items of value that title insurers and their agents give to persons who are in a position to refer or influence the referral of title insurance business.

Fidelity to Sell Title Plants to Settle FTC Charges

Fidelity National Financial will sell several title plants and related assets in the Portland, Oregon, and Detroit, Mich., metropolitan areas, and in four other Oregon counties to settle Federal Trade Commission charges that its 2008 acquisition of three LandAmerica Financial subsidiaries was anticompetitive.

After Fidelity acquired the LandAmerica companies, the FTC looked at control of data within particular counties.

"The counties where we worked on an agreement with them to dispose of title plants were redundant title plants," said Bill Foley, FNF's chairman."We have gone through this year-and-a-half process of trying to arrive at a conclusion with the FTC, and we finally have it. It really is a non-event for us."

According to the FTC, Fidelity's acquisition of the LandAmerica assets was anticompetitive in several local markets for the provision of title insurance information services by title plants. Fidelity reported the disposition of the title plants were redundant to what the company already owned in those markets.

Fidelity cleared all regulatory hurdles two years ago when it acquired Commonwealth Land Title, Lawyers Title and United Capital Title after LandAmerica filed bankruptcy. The deal was approved by the Nebraska Department of Insurance, and no objections were filed by the FTC during the 30-day waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Westcor Announces New England Agency Operations

Westcor Land Title Insurance Co. announced an expansion of its footprint into the New England market. Chris Strynar, a longtime veteran of the title industry in the Northeast, will lead the team as the regional manager. Harold Clarke will serve as senior underwriter for New England. Westcor is licensed in 27 states, with licenses pending in all remaining states.

TSS Software Unveils Cloud Computing Solution

TSS Software Corp. announced the launch of TitleSphere, a 100 percent Web-based solution for use by title agents, mortgage lenders and closing attorneys nationwide. This announcement marks the release of TitleSphere's inaugural solution, which includes complete Good Faith Estimate and HUD-1 preparation, alongside document, contact, and calendar management. Additional benefits include flexible and affordable subscription-based pricing, reduced IT and network operating costs, high-level data security and storage, real-time updates and technical support.

RedVision Expands into Utah

RedVision, a national provider of real property research solutions, has announced its expansion into Utah. Covering more than 85 percent of the state's population, RedVision will be fully operational in the counties of Davis, Salt Lake, Summit, Tooele, Utah, Weber, Wasatch and Washington. RedVision has structured its Utah operations after the model it has successfully implemented in nine other states. The hiring of Utah State Manager Jim Johnson is a testament to RedVision's core belief of teaming experts with technology.

Regional Underwriter Adds Indiana Manager

Agents National Title Insurance Co. and Sue Reddy announced a new relationship focused on serving title insurance agents in Indiana. Reddy has been hired as the Indiana area manager and risk management representative focused on supporting the independent title agents as well as prospecting new title agency relationships. Reddy has 35 years of title insurance experience, 25 of which has been dedicated to agency work. She previously worked with Conestoga Title Insurance Co. and has been involved over the years with various Indiana Land Title Association committees.

Fidelity Releases Q2 Earnings

Fidelity National Title Group reported pre-tax earnings of $122.1 million with a pre-tax margin of 9.6 percent during the first quarter of 2010, the company reported July 22.

This compared to earnings of $133.3 million and pre-tax margin of 9.2 percent during the same period a year ago.

Results held steady for Fidelity despite a 31 percent decline in closed orders compared to the second quarter of 2009. Overall, Fidelity opened 551,100 orders during the second quarter of 2010, compared to 745,800 opened orders during second-quarter 2009. The company closed 361,900 orders during the latest quarter, versus 524,100 closed orders during the same period last year.

The company generated $897.4 million in title premiums during the second quarter of 2010. Fidelity's direct offices produced $344.6 million of the premiums, compared to $552.8 million through its agency channel. Resale transactions were 54 percent of closed orders during the second quarter versus 34 percent in last year's second quarter.

First American Distributes Q2 Results

Reporting earnings for the first time since splitting into separate companies, First American Financial's (FAF) title insurance and services segment reported pretax income of $62 million.

First American opened 410,000 direct orders during the quarter, compared to 566,300 during the same period a year ago. The company reported it closed 309,000 orders during the second quarter of 2010, while closing 438,100 orders during the same period in 2009.

In order to free up additional capital, the company will merge First American Title Insurance Co. of New York into its main brand, First American Title Insurance Co. The company hopes to finalize the merger by the end of the year.

The loss provision during the second quarter was 5.8 percent of title premiums, escrow and other related fees, compared with 6.5 percent in the second quarter of 2009.

The company reported the current rate reflects an expected claims rate of 4.8 percent for policy year 2010

Stewart Details Earnings from Latest Period

Improvements to its direct operations, reduced operating costs and monetization of internally developed software helped Stewart Information Services post earnings of $18 million during the second quarter of 2010.

A $28.4 million decrease in charges attributable to title losses also helped the company improve from a loss of $16.1 million in the prior year quarter.

While Stewart believes that title claims are trending downward, claims payments in the second quarter relating to prior year claims continued at elevated levels. Title losses and related claims for the second quarter of 2010 were 9.3 percent of title revenues as compared to 16.4 percent for the second quarter of 2009. Previously canceled agents accounted for more than 27 percent of cash claim payments in the quarter.

Total revenues rose 2.5 percent in the second quarter of 2010 compared to the same period in 2009, and operating revenues increased 1.3 percent.

Old Republic Reports Second-Quarter Results

Old Republic's Title Group reported a $4 million profit during the second quarter of 2010, but remained in moderately negative territory for the first half of the year as claim and operating expenses outpaced revenue growth, the company reported July 22.

Old Republic reported claim costs rose at a somewhat quicker pace than premiums and fees as the company added moderately to reserve provisions in consideration of recent claim emergence trends. Growth in production and general operating expenses reflected the greater costs associated with the much higher level of premiums and fees.

Old Republic's direct offices opened 92,326 orders during the quarter, while closing 67,830. This compares to 98,225 opened orders and 73,717 closed orders during the second quarter of 2009.

Net premiums and fees reflected accelerating growth as the title group continued to gain market share from industry dislocations and consolidation.

Stewart Exec Admitted to United States Supreme Court Bar

David Martyn, vice president, associate senior underwriter and manager of the Stewart National Title Services office in Detroit, has been sworn in to practice before the U.S. Supreme Court. In addition to being admitted to the U.S. Supreme Court Bar, Martyn was previously admitted to practice before the 11th U.S. Circuit Court of Appeals and U.S. District Courts for the Middle and Northern Districts of Georgia. Martyn is a member of the State Bar of Michigan and the State Bar of Georgia. He received his Bachelor of Arts degree from Cleveland State University and his Juris Doctorate from Emory University.

First American Bolsters Commercial Division

First American Title Insurance Co. announced that Kevin Twellman and Nick Verde have joined the company's National Commercial Services Division in St. Louis as part of the business development team.

As escrow and title officer, Twellman's responsibilities will include closing complex local and national transactions, facilitating multi-site and multi-state projects, and providing expertise on tax credit transactions and construction loans. He spent more than 13 years with another national title underwriter where he served as assistant vice president and manager of construction disbursing services from 1997 to 2003, and as vice president and manager of commercial services for the last six years. Twellman was responsible for underwriting and closing the Busch Stadium project.

Verde, who has been named national account manager, will oversee the division's existing client relationships, as well as develop local and national commercial real estate business with new clients in Missouri. His experience includes serving as general counsel at CreveCor Mortgage from 2002 to 2006 and at an area title agency from 1997 to 2002. Prior to that, Verde served as associate counsel and manager in the St. Louis office of a national title insurance underwriter for five years.

Fidelity Appoints Chief Operating Officer

Fidelity National Financial (FNF), a provider of title insurance and mortgage services, has appointed George Scanlon as chief operating officer.

Scanlon assumes responsibility for the finance, treasury, investor relations and corporate functions, as well as FNF's, specialty insurance business. He joins FNF from Fidelity National Information Services, where he served as corporate executive vice president, finance since October 2009 and executive vice president and chief financial officer from July 2008 to September 2009.

CATIC Names Industry Relations Manager

Connecticut-based CATIC recently appointed Louis Chinappi as industry relations manager, effective June 1. His responsibilities include fostering and managing relationships with lenders, Realtors and builders throughout Massachusetts. Chinappi will also assist in recruiting new title insurance agents and in promoting the role of the attorney in the real estate transaction.

Prior to joining CATIC, Chinappi spent 15 years at Stoneham Cooperative Bank, where he managed the mortgage lending department. He also has 12 years' experience working in the title insurance industry.

Chinappi is a graduate of Salem State College, in Salem, Mass., with both an undergraduate degree and a Master in Business Administration.

Regional Underwriter Adds Indiana Manager

Agents National Title Insurance Co. announced a new relationship focused on serving title insurance agents in Indiana.

Sue Reddy has been hired as the Indiana area manager and risk management representative focused on supporting the independent title agents as well as prospecting new title agency relationships.

Reddy has 35 years of title insurance experience, 25 of which has been dedicated to agency work. She previously worked with Conestoga Title Insurance Co. and has been involved with various Indiana Land Title Association committees.

New Mexico Title Agent Shows Every Voice Counts on Capitol Hill

Small title agents may not always feel their voice matters, but James Owensby is a perfect example of how independent agents can prove to be influential and pivotal in industry advocacy efforts

Owensby, a small, independent title agent from Hobbs, N.M., traveled to Washington, D.C. with his wife who was in town for a work-related conference. The vice president for Elliott & Waldron Title & Abstract Co. met with three U.S. representatives from New Mexico to lobby on behalf of ALTA and the title insurance industry urging support for an extension of the tax credit closing deadline, extension of the national flood insurance program and to consider co-sponsoring the Borrowers Right to Inspect Closing Documents Act (HR 4229).

"Smaller agents in small towns have better access to meet their congressmen or senators," Owensby said. "But even in bigger cities, title agents need to do what it takes to meet these people because they are ultimately making decisions that we have to live by."

Shortly after the visit, Congress approved legislation to extend the closing deadline for the tax credit until Sept. 30, while reauthorizing the national flood insurance program through the same date. While Owensby's visit may not have been the ultimate reason why these initiatives moved forward, it proved every voice counts and is why ALTA wants to capitalize on relationships other title agents may have with legislators. He said the representatives were very receptive to the ALTA-supported HR 4229 because of its consumer protection aspect.

"If the Borrower's Right to Inspect legislation was passed eight years ago, we may not be in as big of a mess as we are in now," he said.

Getting in front of legislators is vital to industry survival and relies on every-sized agent – small, medium or large – to get out and educate legislators and consumers about what we do.

"We are under constant attack and under the microscope," said Owensby, a 14-year industry veteran. "We could end up with laws that send the industry downhill unless we open up the doors of communication and invite people to our shops and educate them on what we do and how difficult it can be."

> "I was a little intimidated making my first visit to Capitol Hill, but you have to put that behind you and remember that you are doing this to protect your future."

ALTA has created a soup-to-nuts program that will guide agents through the process of inviting a legislator to tour your office and sit in on a closing to learn more about the industry. You can learn more here, *www.alta.org/advocacy/policymaker*.

While the Elliott & Waldron Title & Abstract only operates in Lea County, it has become a well-respected operation in the state. Representing the New Mexico Land Title Association, Owensby is on a panel that is helping to select the state's next superintendent of insurance. On a local level, Owensby said anytime a question arises during a commissioner's meetings or with the city regarding land ownership or title issues, officials may call and ask the title company for advice.

"They know what we do and provide and services we offer," he said. "They come to us because we have educated them, and they come to us to help resolve issues."

Owensby keeps in contact with his local, state and federal legislators on a regular basis and suggests other agents do the same.

"There aren't many legislators that understand our industry," he said. "The most important way for us to guarantee our survival is to keep in contact with the people who make our laws. If someone doesn't know anything about your business, they will automatically think you are charging too much."

Owensby said title agents should get involved in their communities to get exposure and build relationships. He said it helps to get a foot in the door by attending fundraisers. Whether it's at the local level or on Capitol Hill, the industry's message must be shared. Owensby said support from ALTA makes the meeting easy to schedule and smooth to perform.

"I was a little intimidated making my first visit to Capitol Hill, but you have to put that behind you and remember that you are doing this to protect your future," Owensby said. "When you start putting it into perspective, you are talking to another person. They are no different than you. All you are doing is telling them what you do and the important services you provide and the people you employ. All of the intimidation will go away. It was great to have ALTA's Director of Government Affairs Justin Ailes with me to assist in talking points and literature for our representatives."

If you have a relationship with an U.S. senator or representative, let us know. This can help with our advocacy efforts. To share relationships you may have with legislators at the federal level, contact Justin Ailes at *jailes@alta.org*.

Check out the 2010 ALTA Annual Convention Brochure

Whether you are coming for the first-class education opportunity to gather business strategies and earn CE credits, to network and develop new partnerships, or to simply enjoy the sights and sounds of San Diego, you will want to check out the 2010 ALTA Annual Convention brochure.

The 20-page brochure provides everything you need to know about the Annual Convention, which is being held Oct. 13-16 in San Diego. Don't let your competition get a leg up on you – check out the brochure and see what you can learn.

What's included in the brochure:

- Daily schedule of week-long activities
- Details on General Sessions
- Schedule of Professional Development Tracks
- Special events and tours, including the Michael F. Wille Memorial TIPAC Golf Tournament
- Vendor sessions and sponsors
- Special limited-time discounts
- Hotel and travel information

Visit *www.alta.org* for up-to-date schedule, speaker confirmations, and to book your hotel room online.

TIPAC contributors

DIAMOND
$5,000

Christopher Abbinante
Fidelity National Title Group

Anne Anastasi
Genesis Abstract Inc.

Mark Bilbrey
Old Republic National Title Insurance Co.

Terry Bryan
First American Title Insurance Co.

Diane Evans
Land Title Guarantee Company

Pam Day
Day Title Services

Dennis Gilmore
First American Title Insurance Co.

Parker Kennedy
First American Title Insurance Co.

Frank Pellegrini
Prairie Title Services, Inc.

Kurt Pfotenhauer
American Land Title Association

Michael Pryor
Lenders Title Company

Mark Winter
Stewart Title Guaranty Co.

EMERALD
$2,500 - $4,999

J. Herschel Beard
Marshall County Abstract Co.

Mike Conway
First American Title Insurance Co.

John Freyer
Land Title Guarantee Company

Thomas Hartman
First American Title Insurance Co.

John Hollenbeck
First American Title Insurance Co.

Steven Napolitano
First American Title Insurance Co.

Joshua Reisetter
Dakota Abstract & Title Co.

Paul and Connie Sawtell
Dominion Title Corp.

William Vollbracht
Land Title Guarantee Company

PLATINUM
$1,000 - $2,499

Marty Askins
Stephens County Abstract Company

Karen Brown
Bonne Central Title Co.

William Burding
Orange Coast Title Company Inc

Richard Cannan
Security First Title Affiliates

Chip Carmer
First American Title Insurance Co.

Curt Caspersen
First American Title Insurance Co.

Rob Chapman
Old Republic National Title Insurance Co.

Cara Detring
Preferred Land Title Company

Roger Floerchinger
Yukon Tile Co. Inc.

Jeff Green
Knight Barry Title

Peter Griffiths
Land Title Guarantee Company

Blake Hanby
Waco Title

Craig Haskins
Knight Barry Title

Carolyn Hoyer-Abbinante
Wisconsin Title

Todd Jones
First American Title Insurance Co.

Michelle Korsmo
American Land Title Association

John Korsmo
Kormso Consulting

Gregory Kosin
Greater Illinois Title Company

Kay Keller
Trail County Abstract and Title

John LaJoie
First American Title Insurance Co.

Sherri Landauer
Lakeside Title Co.

Roy Lassiter
Westcor

Randy Lee
Stewart Title Guaranty Co.

Chris Leavell
First American Title Insurance Co.

John McGrath
First American Title Insurance Co.

Malcolm Morris
Stewart Title Guaranty Co.

R. Keith Newlon
Pioneer Title Agency

Charles Nichols
Abstract & Guaranty Co.

Mary O'Donnell
Westcor

Richard Patterson
CATIC

TITLE INDUSTRY
POLITICAL ACTION
COMMITTEE

Brian Pitman
Independence Title

Jack Rattikin III
Rattikin Title Company

Brenda Rawlins
First American Title Insurance Co.

Richard Rennell
Resource Title Agency, Inc.

John Robichaux
Ironclad Title, L.L.C.

Alfred Santoro
Esquire Title Services, LLC

Phil Sholar
First American Title Insurance Co.

Kirk Sterling
Old Republic National Title Insurance Co.

David Townsend
Agents National Title Insurance Co.

Sally Tyler
First American Title Insurance Co.

John Voso
Old Republic National Title Insurance Co.

Marilyn Wille
The Title Company, Inc.

Tony Winczewski
Commercial Partners Title, LLC

Rande Yeager
Old Republic National Title Insurance Co.

GOLD
$500-$999

Kenneth Aalseth
First American Title Insurance Co.

Andrew Adkins
American Abstract and Title Co.

Bob Adkins
American Abstract and Title Co.

Justin Ailes
American Land Title Association

Dennis Anderson
First Dakota Title

W. Kent Barney
Barney Abstract & Title Co.

Doug Bello
D. Bello Associates

TIPAC contributors

Peter Birnbaum
Attorneys' Title Guaranty Fund, Inc.

Chris Bramwell
First American Title Insurance Co.

Shonna Cardello
White Rose Settlement Services

David Carlino
First American Title Insurance Co.

Jules Carville
Carville Law Office

Wayne Condict
First American Title Insurance Co.

James Czapiga
First American Title Insurance Co.

Steven Day
Fidelity National Title Group

Nancy Farrell
Venture Title Agency, Inc.

Thomas Gates
First American Title Insurance Co.

Joseph Ghilardi
First American Title Insurance Co.

Wendy Gibbons
Stewart Title Guaranty Co.

Larry Godec
First American Title Insurance Co.

Mark Greek
First American Title Insurance Co.

J. Brian Hamilton
Land Title Guarantee Company

Paul Hammann
First American Title Insurance Co.

Beverly Jones
Grand River Abstract Co.

Amy Kaspar
Kasparnet, Inc.

Linda Larson
Old Republic National Title Insurance Co.

Burton Levinson
Burton S. Levinson PC

Deborah Lewis
Taylor Abstract and Title Co.

Michael Lorber
Nova Title Agency Inc.

Ted Lovec
American Title and Escrow

Kenneth Mackay
First American Title Insurance Co.

Katherine Menzies
First American Title Insurance Co.

Michael Mills
First American Title Insurance Co.

James Penn
First American Title

Robert Ptolemy
Colorado Land Title Company

Andree Ranft
First American Title Insurance Co.

Bryan Rosenberg
First American Title Insurance Co.

Mark Rutherford
First American Title Insurance Co.

Mary Schuster
RamQuest

Deborah Scroggins
First American Title Insurance Co.

Esther Semlak
Burnet Title

Donna Stevenson
Northwest Title

J. Scott Stevenson
Northwest Title

Skip Straus
Straus & Eisler P.A.

Casey Tomten
The Title Company, Inc.

Darryl Turner
The Darryl Turner Corporation

Herbert Walton
Old Republic National Title Insurance Co.

Philip Webb
First American Title Insurance Co.

Evan Zanic
First American Title Insurance Co.

SILVER
$250-$499

Ralph Anderson
A. M. Anderson Abstract Co.

Jeffrey Bates
D. Bello Associates

David Baum
Chicago Title Insurance Company

Paul Bender
Chicago Title Insurance Co.

Dennis Bila
Corporate Settlement Solution

Catherine Blakely
Southern Abstract Co.

Jeff Bluhm
Old Republic National Title Insurance Co.

James Bondurant
Tennessee Valley Title Insurance Co.

Michael Brandner
Gowey Abstract & Title Company

Edmond Browne
CATIC

Alan Bryant
Old Republic National Title Insurance Co.

Robert Burgess
Chicago Title Insurance Co.

Karen Burnette
FirsTitle & Abstract Service, Inc

Thomas Campbell
First American Title Insurance Co.

Patrick Connor
Old Republic National Title Insurance Co.

Larry Crooks
KasparNet

Armil Curran
Curran's Abstract & Title Company, Inc.

John Dahl
First American Title Insurance Co.

Larry Deal
First American Title Insurance Co.

Chuck Dyer
Edwards Title

Luther Estes
Southwest Title Company, Inc.

Beau Fast
Lenders Title Company

Nat Finkelstein
Finkelstein & Horovitz PC

John Freyer Jr,
Land Title Guarantee Company

Alison Gareffa
Kasparnet, Inc.

Sue Geigle
Professional Title Solutions Inc.

David Gerner
Gerner & Kearns Co. L.P.A.

Celia Goode-Haddock
University Title Co.

Ella Gower
Miller Starr Regalia

Charles Hayden
Old Republic National Title Insurance Co.

William Hoffman
Linowes and Blocher LLP

Guy Jackson
Chambers County Abstract Co.

Kenneth Jannen
First American Title Insurance Co.

Karen Johner
The Mandan Title Company

Mark Josephson
Sweet Water Title Co.

Michael Kearns
Gerner & Kearns Co,. L.P.A.

Matt Kendall
Waco Title Co.

Brian Kramer
Tripp & Todd Title Company

Michael Koors
First American Title Insurance Co.

Wesley Lasseigne
Lenders Title Company

John Lehman
John Lehman Searches LLC

Maxwell Link
First American Title Insurance Co.

Greg Mason
Edina Realty Title Inc.

Sally McCash
O'Malley, Miles, Nylen & Gilmore PA

Guy McDill
Lenders Title Company

Timothy McDonnell
Old Republic National Title Insurance Co.

Donald McFadden
McFadden & Freeburg Co.

Glenda Mittasch
Powers Abstract Co., Inc.

Matt Morris
Stewart Title Guaranty Co.

Michael Mullenix
Mount Ida Abstract & Title Co., Inc.

Michael Murphy
First American Title Insurance Co.

Glenn Nichols
Abstract & Guaranty Co.

Jeffrey Noble
Old Republic National Title Insurance Co.

Donald Ogden
First American Title Insurance Co.

Susan Pelham
Westcor

Richard Reass
Reliant Title

Jay Reed
First American Title Insurance Co.

Bart Riley
First American Title Insurance Co.

Marvin Ripp
First American Title Insurance Co.

Larry Roberts
Land Title and Escrow

W. Gary Robison
Land Title Guarantee Company

Kelly Romeo
American Land Title Association

Elissa Santoro
Esquire Title Services, LLC

Michael Schefstad
Westcor

James Sibley
Title Data, Inc.

Michael Sikora
Sikora Law LLC

Mitch Steeves
First American Title Insurance Co.

Dwain Stufflebeam
First American Title Holding Co.

Hayden St. John
Lawyers Title of Topeka

David Welshons
DCA Title

Richard Welshons
DCA Title

Dale Wilde
Consolidated Abstract Co.

John Wiles
Wiles Abstract & Title Company

Deborah Wiley
First American Title Insurance Co.

TIPAC Draws Closer to 2010 Goal

With eight months down and four to go, the Title Insurance Political Action Committee (TIPAC) continues pushing toward our goal of raising $250,000. As of the second week of August, we stood at $196,875.00 with 351 contributors. The PAC has also enjoyed a dozen $5,000 contributors this year, a new record year to date.

We are pushing through the convention season with three to five conventions a month through November. The conventions are netting the PAC approximately $4,000 in contributions per event. This alone can assist us in topping the $250,000 goal. Many associations bring in a much larger contribution number.

The association is proud to have signed up over 1,200 new members that we are allowed to ask for permission to solicit. With membership over 3,500 we have just tipped the iceberg of contributors.

The Texas Land Title Association's annual convention was held in Lake Tahoe this year. I was invited to address the attendees as well as the Texas land Title state PAC board meeting. Both were incredible events. With TLTA President Mark Greek leading the charge, the state PAC exceeded their goal of $100,000 with the fiscal year ending on June 30, 2010. The morning meeting started with just $83,000 on the tote board. Hands were raised and before the afternoon session concluded, the membership had brought the total to $94,000. It was accomplished with $1,000 contributions from the audience. At dinner that evening, Mark and the association had received enough contributions to tip the tote board over the $100,000 mark.

Their PAC board was attended by 30 members and these folks were down to business, immediately under the helm of Bert Massey. His humor and stature had the group engaged from the start. When they discussed soft dollars a hand was raised with a $1,000 contribution and in a matter of moments they brought Leslie Midgley, executive vice president and CEO of TLTA, and her staff for the invite and insight.

As a reminder, TIPAC may only solicit voluntary contributions from the executive and administrative personnel, stockholders, and family members of these two groups who have given TIPAC prior approval to solicit. Corporate approval is necessary before TIPAC can conduct a solicitation.

Your questions can be directed to Justin Ailes at 800-787-2582, *jailes@alta.org* or to myself at 216-408-8866, *jvoso@oldrepublictitle.com*.

John Voso Jr.
TIPAC-Chair
Old Republic National Title Insurance-Fund Services Division