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TitleNews

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American Land Title Association

Navigating the Fiscal Cliff, Lender Demands and the CFPB

ALTA's
Business Strategies
CONFERENCE

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Oklahoma City, Oklahoma

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ALTA CONFERENCES

March 13	2013 Agents Forum *Oklahoma City, OK*
March 13-15	2013 Business Strategies Conference *Oklahoma City, OK*
May 6 - 8	2013 Federal Conference *Washington, DC*
October 9-12	2013 Annual Convention *Palm Beach, FL*

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Inauguration a Time to Celebrate, Plan for the Future

No matter your political affiliation, the presidential inauguration is an incredible patriotic experience. An estimated 1.8 million people attended the 2009 presidential inauguration of Barack Obama, a record-breaking number for any event in the nation's capital.

The theme for President Obama's 2013 inauguration is "Faith in America's Future." January's ceremony will commemorate the United States' perseverance and unity, marking the 150th anniversary of the Emancipation Proclamation and the placement of the Statue of Freedom atop the Capitol Dome in 1863.

As in 2009, many ALTA members will join ALTA staff in D.C. to share in the celebration. Jessica McEwen, ALTA's director of government affairs and staff liaison for ALTA's Title Insurance Political Action Committee, has done a wonderful job scheduling events for ALTA members attending the inauguration. The festivities and excitement of the day will be watched across the country, but only in Washington can you be a part of the celebration. We will attend the swearing-in ceremony, inaugural ball and parade, as well as other events. We'll provide a synopsis of all the activities in my Advocacy Update as well as *TitleNews Online.*

Following the oath of office, President Obama will give his inaugural address, setting out his vision for America and goals for the nation. With serious issues to address, this will be a key speech highlighting priorities for the next four years.

Whether it's for a country or a company, vision planning is an important process. The cover article in this edition provides a forecast of the 2013 real estate and mortgage market and what some members are doing to prepare. It also includes an informative section on why title companies must develop a strategic plan to ensure success. It may seem awkward and difficult to find time at first, but with practice, you will be able to move your business in the right direction.

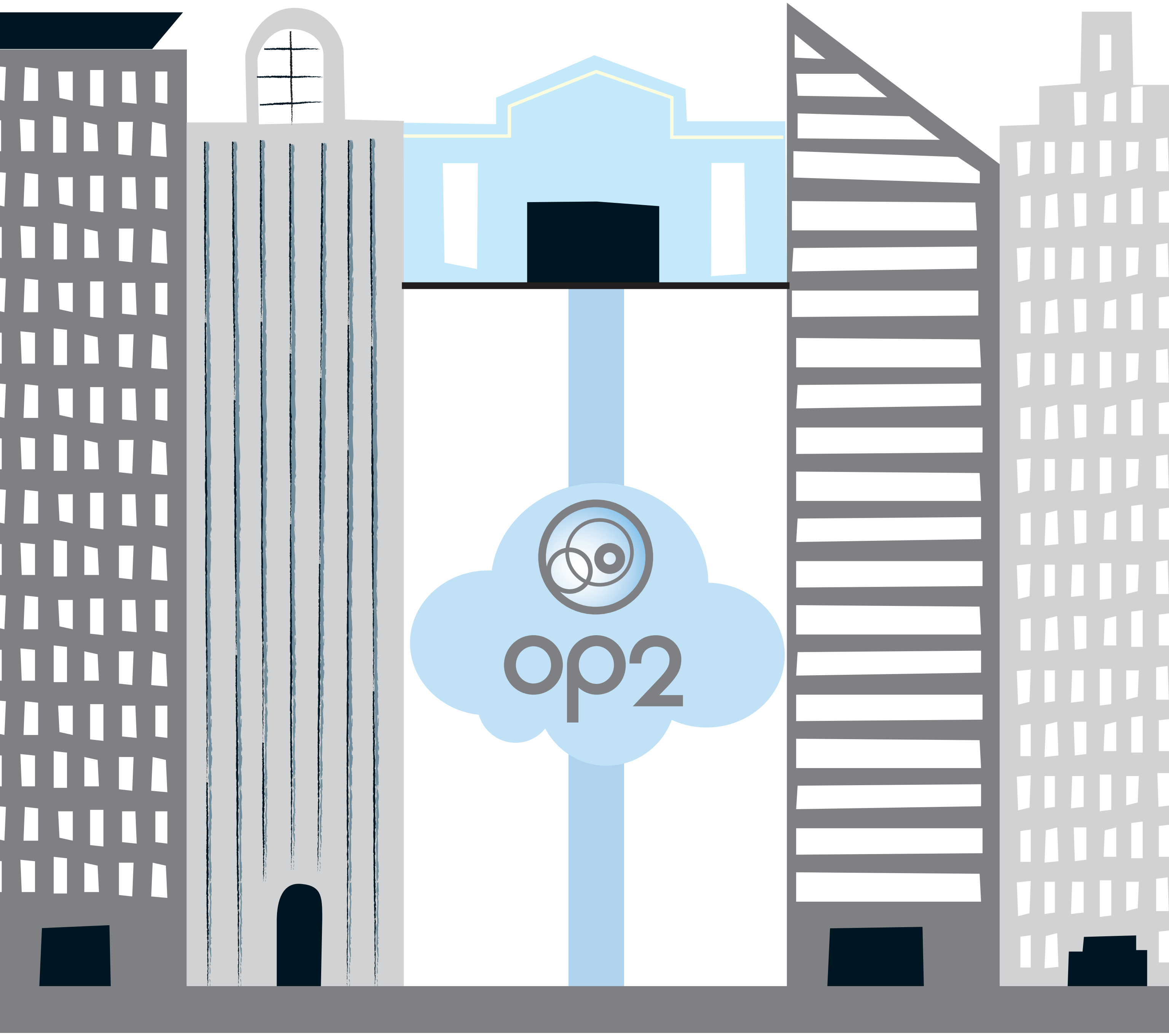
At ALTA, we also take time to develop a plan for the coming year. Our entire staff recently sat down to focus our plan on ways to constantly improve our deliverables to membership. From improving our meetings, education opportunities, lobbying efforts and communications to members to refining our message explaining the value of title insurance, we are dedicated to providing tools to differentiate members in the marketplace.

A key component of our 2013 goals is the implementation of our Title Insurance and Settlement Company Best Practices, which is a set of voluntary policies and procedures to help members illustrate the industry's professionalism and best practices to consumers and clients, helping to ensure a positive and compliant real estate settlement experience. ALTA's Board of Governors and Executive Committees have worked tirelessly to develop this tool and help guide membership on best practices to protect consumers, promote quality service, provide for ongoing employee training, and meet legal and market requirements.

Happy New Year!

Michelle L Korsmo

— Michelle Korsmo, ALTA chief executive officer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Title Premium Volume Increases 28 Percent in Third Quarter

Title insurance premium volume continued a string of quarterly improvement as premiums increased nearly 28 percent during the third quarter of 2012 compared to the same period a year ago.

According to ALTA's 2012 Third-Quarter Market Share Analysis, the title insurance industry generated $3 billion in title insurance premiums during the third quarter of 2012 compared to $2.4 billion during the third quarter of 2011. Through nine months, the title industry has generated $8.1 billion in premiums, up from $6.9 billion through nine months in 2011.

In all, 48 states and the District of Columbia reported premium increases. The states generating the most title insurance premiums during the third quarter of 2012 were California ($440.7 million, up 31.3 percent compared to the third quarter of 2011), Texas ($382.2 million, up 26.1 percent), Florida ($242 million, up 30.6 percent), New York ($213.9 million, up 15.8 percent) and Pennsylvania ($130.1 million, up 44.6 percent).

Many other states reported significant increases in title insurance premium volume during the latest quarter compared to the third quarter of 2011, including North Dakota (94 percent), Louisiana (53 percent), North Carolina (51 percent), Idaho (51 percent), Nebraska (45 percent) and Pennsylvania (45 percent).

In terms of market share, the Fidelity Family of title insurance underwriters captured 33.7 percent of the market during the third quarter of 2012, while the First American Family garnered 26.1 percent, the Old Republic Family had 13.7 percent and the Stewart Family recorded 13.6 percent. Meanwhile, regional underwriters held 13 percent of the market during the third quarter of 2012, up from 11.9 percent market share during the same period a year ago.

ALTA expects to release its fourth-quarter 2012 and year-end Market Share Analysis around March 20.

Recently Approved ALTA Forms, Endorsements Published as Final

ALTA forms and endorsements recently approved by the ALTA Board of Governors have passed through the comment period and have been published as final.

The following forms can be found in the Recently Approved Forms - Final Publication section of the ALTA website (*www.alta.org/forms*):

- *ALTA Endorsement 37-06 Assignment of Rents or Leases (12-3-12)*
- *ALTA Endorsement 38-06 Mortgage Tax (12-3-12)*
- *ALTA Short Form Residential Loan Policy (12-3-12)*
- *ALTA Limited Pre-Foreclosure Policy (12-3-12)*
- *ALTA Limited Pre-Foreclosure Policy - Date-Down Endorsement (12-3-12)*

If you have questions or concerns, contact Kelly Romeo, the staff liaison to the ALTA Forms Committee, at *kromeo@alta.org*.

ALTA Opposes Raising Guarantee Fees to Fund STEM Visa Program

Ahead of a vote in the House on H.R. 6429, the STEM Jobs Act of 2012, ALTA joined the National Association of Realtors and the Mortgage Bankers Association in sending a letter to Congress opposing the diversion of the Government Sponsored Entities guarantee fees (g-fees) to pay for a new visa program for science, technology, engineering and mathematics (STEM) workers.

In the letter to Speaker of the House John Boehner and Minority Leader Nancy Pelosi, the coalition argued that "a g-fee increase can be a part of reforms that reduce the federal government's, thus the taxpayer's, exposure to the housing finance sector, increase the risk-taking role of private capital, and thereby benefit consumers." While the STEM Jobs Act passed the House, it is still awaiting action in the Senate.

Massachusetts AG Lauds Value of Title Insurance in CFPB Letter

In a letter to the Consumer Financial Protection Bureau (CFPB), the Massachusetts attorney general stressed the importance of title insurance while sharing concerns about the Bureau's proposed regulations to combine the overlapping federal disclosure forms required by RESPA and TILA.

Martha Coakley, Massachusetts' attorney general, indicated in her letter that the CFPB should avoid using terms such as "optional" to denote title insurance on the proposed mortgage disclosures. According to Coakley emphasizing that the purchase of an owner's title insurance policy is not required will discourage borrowers from investing in a policy to protect themselves.

Coakley added that without a solid explanation of what an owner's policy is and its potential benefits, "a borrower may believe that title insurance is an extraneous expense that is an unnecessary burden at a time when the borrower is already spending large amounts of money to obtain the property."

ALTA shared the same concern in its Nov. 6 letter to the CFPB as well.

"By incorrectly disclosing the costs of title insurance, the Bureau is doing consumers a disservice that will make it more difficult for them to understand the costs of their transaction," ALTA said in its letter. "Using a modifier such as 'optional' will prejudice consumers against making financial decisions that are in their best interest."

Download ALTA Webinar on Strategic Planning

In case you missed our December Title Topics webinar on strategic planning, you can download the timely presentation at *www.alta.org/titletopics*.

Rusty Solomon, chief executive officer of Mandrien Consulting Group, offered tips on how to develop a solid business plan. Attendees learned the purpose behind strategic planning, how to formulate a plan, what to focus on and how to execute.

ALTA Presents at NAIC on Best Practices, Addresses Agent Vetting

Justin Ailes, ALTA's vice president of government and regulatory affairs, gave a presentation on ALTA's Title Insurance and Settlement Company Best Practices during the National Association of Insurance Commissioners' (NAIC) fall meeting in November in D.C.

Ailes provided the regulators with an executive summary of the best practices, introduced background on what led to their development and invited state regulators to be a part of the process and offer input. The presentation highlighted that the industry is trying to be more transparent about the efforts it takes to protect customers' money and personal and financial information.

The presentation received a good response from members of the Title Insurance Task Force and Title Insurance Market Conduct and Mortgage Fraud Working Group. State regulators indicated that they appreciated the industry's attempt to provide title and settlement agents, lenders, regulators and the public with a benchmark for the practices the industry uses to ensure a positive and compliant real estate settlement experience.

At the end of the presentation, some regulators brought up the issue of settlement agent vetting companies. Ailes shared concerns expressed by ALTA members about the costs and the need of these services, given the comprehensive application that agents complete when being signed up with an underwriter. Following the presentation, a representative from Wells Fargo noted the lender's desire to work with the industry as a whole (through ALTA) on the best practices. He also explained the company's decision not to sign up with a vetting agency because of the additional cost to agents without reducing their regulatory burden. If you have any questions about the NAIC meeting, contact Ailes at *jailes@alta.org*.

ALTA will continue to monitor NAIC activities and provide updates to membership.

Several Lenders Postpone Vetting Requirement

ALTA has learned several lenders have postponed requiring that title and settlement companies obtain certification from third-party vetting companies by Jan. 1, 2013, in order to continue receiving business from them.

Among the lenders changing course are First Tennessee Warehouse Group, Texas Capital Bank, Amerisave Mortgage Corp. and Generation Mortgage Co. The lenders indicated that the third-party vendor they were using was not able to vet a sufficient number of settlement agents to support the change in process.

In the meantime, the lenders indicated they would continue to utilize their in-house settlement agent vetting process.

In a letter to its customers, First Tennessee Warehouse Group indicated that until further notice it would continue to fund loans for transactions that were being handled by internally vetted settlement agents. Bob Garrett, executive vice president of First Tennessee, said the lender believes vetting is "prudent and required, and we intend to incorporate a vetting requirement into our warehouse lending program in the near future." His letter indicated a 90-day notice would be provided before the vetting program is re-established.

Donald Martin, senior vice president of Texas Capital Bank, said that eliminating risk is important and that the lender is interested in working with stakeholders to determine the best way to protect all parties.

ALTA CEO Michelle Korsmo previously emphasized that the deadline was arbitrary and lenders did not plan to lose business or have deals fall through because a settlement agent wasn't signed up with a vetting company.

Despite the delay in implementing the vetting requirement, the letters reconfirm lenders' desire to know more about the companies they work with.

"That is why it continues to be our priority to implement ALTA's Title Insurance and Settlement Company Best Practices and ensure that title professionals have the tools necessary to meet their clients' needs," Korsmo said. "

Title Action Network Urges Action to Save Mortgage Interest Deduction

In December, ALTA issued a grassroots action alert to members of the Title Action Network regarding the need to preserve the mortgage interest deduction (MID).

The alert encouraged members of the network to share concerns about any fiscal cliff solution that involves modification or elimination of the mortgage interest deduction. President Obama indicated in December the MID could be at risk.

"The housing industry is a major component in our fragile economic recovery and any modification of the mortgage interest deduction will have negative impacts," the grassroots letter said. "As our economy continues to recover, it is important to retain the jobs our industry is creating. Changes to the mortgage interest deduction would halt job growth and not allow us to preserve jobs during this nascent recovery. Additionally, the mortgage interest deduction helps homebuyers get into their first home. We must be careful before making changes that will deter homeownership."

To join the Network and take action, go to *www.titleactionnetwork.com*.

ALTA Urges Caution on Basel III Ahead of House Financial Services Hearing

In a joint letter with the Mortgage Bankers Association, Property Casualty Insurers Association of America and U.S. Chamber of Commerce, ALTA informed members of the House Financial Services Committee of the unintended consequences of Basel III on non-financial businesses.

The letter highlighted the concern that these new international capital requirements will unnecessarily limit the ability of consumers and businesses to obtain loans. While the new capital requirements were supposed to go into effect Jan. 1, implementation was delayed due to lending group concerns.

Navigating the Fiscal Cliff, Lender Demands and the CFPB

2013 Provides Plenty of Obstacles, but Title Professionals Can Use ALTA's Best Practices, Strategic Planning as Foundation for Success

The last few months of 2012 brought a wave of positive news for the U.S. housing and mortgage markets. Home sales and construction were up. Home value growth turned positive. Interest rates remained at record lows. This was an about-face from a year ago, when some analysts worried that the looming "shadow inventory" would keep the housing sector mired in an economic depression. New threats to business, however, have emerged. With nearly $600 billion in simultaneous tax hikes and spending cuts set to take effect in January, economists have been warning of the devastating consequences the so-called "fiscal cliff" could cause if Congress fails to come to a budget agreement before the end of the year. >>

By Jeremy Yohe

ALTA members across the country expressed concern about the fiscal cliff and the impact it would have on the housing market. With so many unknowns, Richard Welshons of DCA Title in Minnesota said it's difficult to decide what could be the biggest threat in 2013. Increased demands from lenders and the CFPB's proposed mortgage disclosures and regulations are high on the minds of many, but the fiscal cliff could be the most pressing issue. (As *TitleNews* was going to print, Congress passed and President Obama signed legislation designed to avert the so-fiscal cliff.)

"The real estate market appears to be slowly recovering and the implications of going over the fiscal cliff could not only hinder a real estate recovery, but it could throw the country back into a full-fledged recession," Welshons said. If the fiscal cliff is averted, he expects growth in 2013, primarily in the residential sector and new construction.

Frank W. Busch III, chief executive officer of Arizona-based Thomas Title & Escrow, makes it a priority to think of ways to grow market share, however, the macroeconomic shocks that could derail an economic recovery have forced attention elsewhere.

"If Europe takes a turn for the worse, or if the U.S. can't get itself on the right fiscal path, then many industries—including real estate and financial services—could suffer," Busch said. "Unfortunately, as frustrating as these events are to me and many in our industry, we don't have any control over these events and we just need to prepare for these types of potential shocks."

Looking to capitalize on an expected increase in commercial and residential activity, Thomas Title recently expanded into Texas and expects to add a variety of positions to its staff in 2013.

"I think the refi boom will slow significantly though 2013," Busch said. "But commercial work is our niche and we see that area being strong."

Located in Jackson, Wyo., Jackson Hole Title & Escrow serves many wealthy clients panicked by the fiscal cliff, capital gains increases and the pending sunset of favorable inheritance tax rates. Additionally, according to Nancy Hughes, who manages Jackson Hole Title, many Californians are rushing to establish residency in Wyoming, which does not have a state income tax. California recently raised the rate on top wage earners.

"In 22 years of owning and running this business, I've never experienced year-end pressure on this scale," Hughes said.

As an independent agent, Hughes must think of ways to remain viable and competitive without sacrificing integrity or quality. While local clients appreciate Jackson Hole Title's expertise and quality of work, that percentage of its customer base is shrinking as more orders are generated through national and regional processing centers.

"I'd be nuts not to have concerns about regulatory changes, vetting, centralized disbursements and customer's technology expectation. How does an independent compete against opponents launching iPhone apps?" Hughes said. "But our world is changing and the agent who doesn't evolve may very well die. So rather than whining about the loss of the 'good old days,' I'll be rolling up my sleeves in 2013 and exploring new partnerships, affiliations and ways of doing business, because evolution sounds a lot better than going out of business."

Welshons agreed with Hughes that title agents will need to become more efficient and improve communication with lenders—especially with new mortgage disclosures being developed by the CFPB.

"We'll have to improve our tools and technology in ways that will offer our lender clients a way to streamline our combined processes," Welshons said.

With business projected to be similar to 2012, Vincent J. Cassidy, president of Florida-based Majesty Title Services, plans to expand with his clients as they expand their physical footprint into other states and open offices in zip codes with favorable demographics within an hour of Majesty Title's office.

"I expect the positive pace we have enjoyed in 2012 to continue into 2013 due to an improving housing market and the Fed's commitment to maintain low rates," Cassidy said. "Willing buyer and willing seller transactions will grow as a percentage of our transactions. While short sale transactions will continue, we expect the amount of transactions as a percentage of what we close will decline. I expect refinances to remain on pace with 2012 as home appraisals stabilize."

The fiscal cliff and hopes of continued economic recovery are main industry concerns, but there's another piece to the puzzle that will draw attention as well. Due to the fall out of the financial crisis, lenders are seeking to mitigate their settlement, regulatory/enforcement and reputational risk. This means title and settlement agents' relationships with lenders are likely to change in 2013.

Revised 12/7/2012

Major Economic Indicators

Indicator	2011				2012				2013				Annual Totals						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008	2009	2010	2011	2012	2013	2014
Real GDP (%)	0.1	2.5	1.3	4.1	2.0	1.3	2.7	1.2	1.5	2.8	3.2	3.5	-3.3	-0.1	2.4	2.0	1.8	2.8	3.5
Consumer Prices (%) a.	4.5	4.4	3.1	1.3	2.5	0.8	2.3	2.5	1.5	2.0	2.0	2.0	1.6	1.5	1.2	3.3	2.0	1.9	2.0
Unemployment Rate (%) b.	9.0	9.0	9.1	8.7	8.3	8.2	8.1	7.8	7.7	7.6	7.5	7.4	5.8	9.3	9.6	9.0	8.1	7.6	7.1
30-Year Fixed Mtg. Rate (%) b.	4.9	4.7	4.3	4.0	3.9	3.8	3.6	3.4	3.4	3.5	3.6	3.7	6.0	5.0	4.7	4.5	3.7	3.6	4.1
1-Year Treas. Indexed ARM Rate (%) b.	3.3	3.1	2.9	2.9	2.8	2.8	2.7	2.6	2.7	2.7	2.8	2.8	5.2	4.7	3.8	3.0	2.7	2.8	3.6
10-Year Const. Mat. Treas. Rate (%) b.	3.5	3.2	2.4	2.1	2.0	1.8	1.6	1.7	1.7	1.8	1.9	2.0	3.7	3.3	3.2	2.8	1.8	1.9	2.4
1-Year Const. Mat. Treas. Rate (%) b.	0.3	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	1.8	0.5	0.3	0.2	0.2	0.3	0.5

Housing and Mortgage Markets

Indicator	2011				2012				2013				Annual Totals						
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2008	2009	2010	2011	2012	2013	2014
Housing Starts c.	0.58	0.57	0.61	0.68	0.72	0.74	0.78	0.82	0.85	0.90	0.95	1.00	0.91	0.55	0.59	0.61	0.77	0.93	1.20
Total Home Sales d.	4.63	4.48	4.55	4.69	4.92	4.90	5.03	5.15	5.20	5.30	5.50	5.60	4.59	4.72	4.51	4.57	5.00	5.40	5.80
FMHPI House Price Appreciation (%) e.	-1.3	1.5	-1.8	-2.4	0.6	4.9	1.3	-1.5	0.6	3.3	0.0	-1.4	-11.7	-2.3	-5.5	-3.9	5.3	2.5	3.0
S&P/Case-Shiller® Home Price Index (%) f.	-4.0	4.1	0.1	-3.8	-1.6	7.1	2.2	-2.0	0.0	3.5	1.0	-2.0	-18.4	-2.5	-3.8	-3.7	5.6	2.5	3.0
1-4 Family Mortgage Originations g.																			
Conventional	$269	$226	$311	$400	$367	$377	$450	$426	$377	$385	$318	$280	$1,310	$1,549	$1,300	$1,208	$1,620	$1,360	$1,000
FHA & VA	$77	$70	$73	$74	$83	$93	$100	$104	$83	$95	$92	$70	$290	$451	$377	$292	$380	$340	$250
Total	$346	$296	$384	$474	$450	$470	$550	$530	$460	$480	$410	$350	$1,600	$2,000	$1,677	$1,500	$2,000	$1,700	$1,250
ARM Share (%) h.	8	11	12	14	12	11	8	8	10	11	12	13	7	3	5	11	10	12	15
Refinancing Share - Applications (%) i.	69	70	78	81	81	77	82	80	75	65	60	50	48	70	76	75	80	63	40
Refinancing Share - Originations (%) j.	69	51	61	73	75	71	76	76	70	65	55	50	50	68	67	64	75	60	40
Residential Mortgage Debt (%) k.	-3.0	-2.4	-2.0	-1.8	-3.1	-1.9	-2.8	-2.0	-1.0	0.0	0.0	1.0	-0.5	-1.6	-4.1	-2.3	-2.5	0.0	2.5

Best Practices

Because regulators are demanding that lenders take strong precautions to ensure consumer protection, lending institutions need to know more about the settlement providers with whom they do business. To help title and settlement agents continue to meet client and lender needs, ALTA has developed a set of Title Insurance and Settlement Company Best Practices.

"Many of these practices are likely an integral part of our members' day-to-day business," said Frank Pellegrini, ALTA's president. "Title and settlement agents need to communicate with lender clients and understand their needs. Most importantly, policies and procedures need to be documented, showing how the integrity of the transaction is protected."

Erika Meinhardt, president of Fidelity National Title Group's national agency operations, believes applying ALTA's best practices will be an important step toward title and settlement agents' ability to thrive in the evolving industry.

"Title agents will continue to fill an important role in the real estate closing process," she added. "Lenders have expressed a clear desire to preserve customer choice in the closing process—this will help to ensure an ongoing role for the independent agent. However, it's also clear that lenders desire to concentrate their business among fewer providers in order to limit their potential liability. Agents who will ultimately remain at the table and continue to be successful into the future must be informed, stay ahead of the curve and get involved."

Home Prices

The indices indicate that from the second quarter of 2012 to the same quarter in 2013, home prices will increase 0.3 percent and will continue to increase as the year progresses. Fiserv projects that housing prices will grow annually at a rate of 3.3 percent from mid-2012 through Q2 2017.

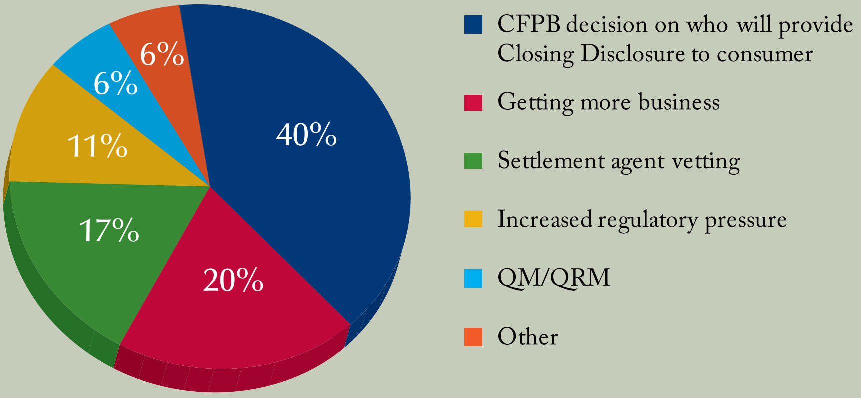
"The real estate market in the spring and summer of 2012 was the strongest since the peak of the bubble. There is now strong evidence for a slow, sustainable recovery on both the supply side and the demand side," said David Stiff, Fiserv's chief economist. "On the demand side, existing home sales increased to their highest levels since 2007, save for the sale spikes caused by the home buyer tax credit. At the same time, supply is decreasing. In many markets, limited inventories are holding back sales activity as potential buyers are unable to find properties to purchase, pushing up home prices as buyers compete for a dwindling supply of homes for sale."

The housing sector isn't in the clear just yet. Analysts expect sales activity and price appreciation to stall because of the impending fiscal cliff. Fiserv expects that the battle to avert going over the fiscal cliff will restrain the housing market. The company's analysts anticipate that next summer's market will likely be weaker than this year's.

"In some markets, investor demand for housing will start to fade before first-time and trade-up buyer demand has ramped up enough to take its place. This will be most evident in markets with large foreclosure

Online Poll Results

ALTA conducted an online poll in November asking "What concerns you the most looking ahead to 2013?" Here are the results:



Note: Total does not equal 100 percent as more than one option could be selected.

inventories," Stiff added. "Currently, investors are snapping up foreclosed properties almost as quickly as they are being listed for sale, but the pool of investors is limited and, as prices rise, the potential returns on residential real estate diminish. Consequently, projects a small, short-term price decline for many markets that recently experienced double-digit appreciation."

Mortgage Interest Deduction

Limiting the mortgage interest deduction has become part of the discussion as President Obama and Congress try to reach a deal to reduce the budget deficit. It's believed any significant reductions in this long-established tax benefit would trigger declines in home values. Under some circumstances, they could be well into the double digits—up to 15 percent, according to Lawrence Yun, chief economist of the National Association of Realtors. "That's how much we can expect values to fall as buyers discount the value of the deduction in their purchase offers," Yun said.

ALTA issued a grassroots action alert in December encouraging members of the Title Action Network to share concerns with members of Congress about the importance of the mortgage interest deduction.

"The housing industry is a major component in our fragile economic recovery and any modification of the mortgage interest deduction will have negative impacts," the grassroots letter said. "As our economy continues to recover, it is important to retain the jobs our industry is creating. Changes to the mortgage interest deduction would halt job growth and not allow us to preserve jobs during this nascent recovery. Additionally, the mortgage interest deduction helps homebuyers get into their first home. We must be careful before making changes that will deter homeownership."

Nearly 100 members of the Network informed 110 members of Congress about the importance of the MID. To join the Network and take action, go to *www.titleactionnetwork.com*.

Mortgage Market

The threat of the fiscal cliff and the aftermath of Hurricane Sandy caused Mortgage Bankers Association (MBA) economists to downgrade slightly their outlook for the first half of 2013. The MBA expects mortgage rates to stay below 4 percent through the middle of 2013 but increase gradually as the economy improves and finish around 4.4 percent in the fourth quarter of 2013. The mortgage originations forecast is now $1.7 trillion in 2012 and $1.3 trillion in 2013.

"The originations forecast is based on expectations of very modest increases in economic growth in 2013 relative to 2012, but growth nonetheless," wrote Michael Fratantoni, MBA's vice president of research and economics, and Joel Kan, the association's director of research and business development. "We expect gross domestic product to rise 1.9 percent in 2013 versus only 1.6 percent in 2012, about equal to the growth rate in 2011 but well below the 3.1 percent growth rate we saw in 2010. Growth will be driven by increases in residential fixed investment, consumer spending and business investment."

Things are looking at least somewhat better for the industry. Mortgages to finance a home purchase are expected to rise by 16 percent in 2013, compared with 2012, as the economy grows modestly and more owner-occupied home sales occur, as opposed to cash purchases by investors. Also helpful to driving home purchases are the 1.5 to 1.8 million private-sector jobs expected to be created next year, though the growth is below what would be needed for a "robust" home-sales market, according to Jay Brinkmann, the MBA's chief economist.

Single-family housing starts are expected to reach 586,000 in 2013, up from 527,000 in 2012, according to the forecast. The median existing-home price is expected to rise to $186,000 next year, from $179,400. While slow improvement, it's worth pointing out that the country has added 4.8 million renter households since the end of 2006, while losing 1.7 million owner households, according to the MBA. And that net household growth could spell home-buying demand in the future.

"People with jobs are moving on their own someplace," Brinkmann said. And while some of them might be renters now, "eventually we would expect some of that household formation to go into homeownership."

In the meantime, the Federal Reserve made a historic move in December announcing it would continue to stimulate growth until the unemployment rate falls to 6.5 percent or the inflation rate reaches 2.5 percent. The Fed said it did not expect unemployment to reach that benchmark until 2015. The Fed also said it will begin buying $45 billion in Treasury bonds a month, on top of the $40 billion a month it is already buying in mortgage bonds.

Luxury Market

Confidence in housing can be seen in the revival of the luxury housing market. According to CoreLogic, homes priced at more than $1 million accounted for 1.8 percent of all homes sold in the first half of 2012. This was the largest market share since June 2008. Digging into the numbers, sales of $1-million-plus homes are up more than 44 percent from one year ago.

Sales are being driven by the comeback of private-market "jumbo" mortgages—larger, higher-cost home

Key Market Projections for 2013

Purchase Originations: Purchases are expected to climb 16 percent to $585 billion in 2013, up from a revised estimate of $503 billion for 2012. Purchase originations in 2013 are expected to outperform each previous quarter of 2012. The increase in purchase volumes will be driven by continued modest growth in the economy, an increase in owner-occupied sales financed with mortgages as opposed to cash purchases by investors. This assumes that changes in the regulatory environment during 2013 are not unduly disruptive in terms of their constraints on available credit, and that FHA and/or Fannie Mae/Freddie Mac do not significantly tighten credit policies. FHA and other government programs accounted for 43 percent of purchase originations in 2011 and averaged about 38 percent of purchase applications in 2012.

Refinance Originations: Refinances are expected to fall to $785 billion in 2013, down from a revised estimate of $1.2 trillion in 2012. A long trail of refis is projected through the first half of 2013 followed by a rapid drop-off in the second half.

Existing Home Sales: Forecast to increase 8.7 percent to 5.05 million in 2013; a total of about 5.3 million are projected in 2014.

New Home sales: Expected to grow strongly to 575,000 in 2013 from an estimated 368,000 in 2012. Housing starts are forecast to reach 1.13 million in 2013, up from an estimated 776,000 in 2012.

Mortgage Rates: Expected to stay below 4 percent through the middle of 2013, principally due to the announced ongoing purchases of mortgage-backed securities by the Federal Reserve under its QE3 program.

Real GDP: The gross domestic product is projected to rise 2 percent in 2013 versus only 1.6 percent in 2012, about equal to the growth rate in 2011 but well below the 3.1 percent growth rate in 2010. The growth will be driven by a combination of the biggest annual increase in residential fixed investment since 1992, as well as small increases in consumer spending and business investment.

Unemployment: The unemployment rate is expected to remain around 8 percent until the middle of 2013, before falling to 7.8 percent by the end of 2013. The broader measures of unemployment that are most predictive of the demand for housing are likely to remain stubbornly high. Private-sector job growth is likely to remain in the range of 125,000 to 150,000 per month, and while this would result in an additional 1.5- to 1.8-million private-sector jobs created during 2013, that growth is well below what is needed need for a robust market in home sales, construction and purchase originations.

Consumer Expectations for the Housing Market in 2013

	Year Olds 18-34	Year Olds 35-44	Year Olds 45-54	Year Olds 55+
Home prices to rise	37%	43%	49%	55%
Home prices to fall	22%	15%	19%	18%
Mortgage rates to rise	32%	38%	41%	49%
Mortgage rates to fall	20%	12%	14%	13%

Source: Trulia

loans that aren't guaranteed by the federal government. Private-market jumbo loans accounted for about 15 percent of the total dollar amount of mortgages distributed by Bank of America Corp. At Wells Fargo & Co., private jumbo volume more than doubled in the first half of the year from the same period last year, according to Brad Blackwell, portfolio business manager for the bank's home-mortgage unit. Citigroup Inc. also reported increased jumbo lending.

In all, lenders doled out $38 billion in private jumbo mortgages during the second quarter of 2012, up 65 percent from a year earlier, according to data compiled by *Inside Mortgage Finance*. That is the highest quarterly dollar amount since the first quarter of 2008.

"There's no question that the increased availability of jumbo loans is stimulating home purchases on the high end," said Guy Cecala, publisher of *Inside Mortgage Finance.*

While tight credit remains a concern, the jumbo market seems to be an avenue for buyers to obtain financing. Capital Economics, in a recent research note, found that jumbo loans are going to borrowers with credit scores as low as 700, compared with 720 or higher previously, and that financing has generally reached $2 million from a previous upper limit of $1.5 million.

"If they are willing to make jumbo loans knowing they will carry the credit risk themselves, it's a sign of their confidence in the housing recovery," said Paul Diggle, a property economist at Capital Economics.

Meanwhile, Fannie Mae and Freddie Mac will continue to purchase loans up to a maximum of $417,000 in most areas in 2013, the same as last year's limit. In high-cost areas, the upper limit will remain at $625,500, the Federal Housing Finance Agency said. The limits for loans purchased by Fannie and Freddie will remain lower than the limits insured by the Federal Housing Administration for a second year. Congress last year raised the maximum size of mortgages backed by the FHA to $729,750, from $625,500 through 2013.

However, the FHA is considering raising credit score requirements and lowering loan limits as possible solutions to reducing risk at the agency. During a hearing Dec. 6 before the Senate Banking Committee, HUD Secretary Shaun Donovan said the FHA is looking at adjusting its required FICO score. Currently, mortgage applicants must have a minimum FICO of 580 to qualify for a FHA-insured loan with a 3.5 percent down payment. He added that he would like to go back to pre-2008 days when the maximum FHA loan limit was $363,000 as opposed to today's maximum loan limit of $729,750.

Anti-Flipping Waiver

In an effort to encourage renovation of foreclosed and abandoned properties, increase the availability of affordable homes and stabilize home prices, the FHA extended its temporary waiver of anti-flipping regulations through 2014.

Prior to the waiver, a mortgage was not eligible for FHA insurance if the contract of sale for the purchase of the property that secured the mortgage was executed within 90 days of the prior acquisition by the seller, and the seller did not come under any of the exemptions to this 90-day period specified in the regulation. The waiver is applicable to all single family properties being resold within the 90-day period after prior acquisition, and is not limited to foreclosed properties.

The waiver, which was set to expire at the end of 2012, was first issued in January 2010 and has been extended several times. The waiver contains strict conditions and guidelines to prevent the predatory practice of property flipping, in which properties are quickly resold at inflated prices to unsuspecting borrowers. The waiver continues to be limited to sales meeting the following conditions:

- All transactions must be arms-length, with no identity of interest between the buyer and seller or other parties participating in the sales transaction.
- In cases in which the sales price of the property is 20 percent or more above the seller's acquisition cost, the waiver will only apply if the lender meets specific conditions.

- The waiver is limited to forward mortgages, and does not apply to the Home Equity Conversion Mortgage (HECM) for purchase program.

Consumer Confidence

Consumers are beginning to feel more positive about homeownership than they were even six months ago, according to a recent survey by Trulia. In fact, one in four surveyed expressed an increased confidence and 31 percent of renters plan to purchase a home within the next two years. Millennials, consumers ages 18 to 34, are often the most skeptical, as they've grown up during the years of boom and bust. However, of the Millennials polled, 93 percent plan to buy a home at some point.

"Millennials have been shaken, not scared by the housing bust," said Jed Kolko, Trulia's chief economist. "Nearly all of them want to own a home someday if they're not homeowners already. But many of them think today's low prices and low mortgage rates will last."

In 2012, housing inventory was down 23 percent nationally year-over-year, and down 43 percent since 2010. This decrease in homes for sale has limited the options for would-be buyers. However, rising prices could trigger more sales, thereby increasing inventory, in 2013. Among current homeowners, 22 percent said they are at least somewhat likely to sell their home in the next year.

"2013 could be the year that inventory turns around, just as 2012 was the year that prices started recovering," said Kolko. "Homebuyers need inventory to choose from, and with fewer foreclosures on the market, new inventory will come from new construction or homeowners wanting to sell."

Take Control with Strategic Planning

Despite facing economic uncertainty and regulatory changes coming down the pike, title agents can prepare their operations by developing a solid strategic plan, according to Rusty Solomon, chief executive officer of Mandrien Consulting. At a minimum, the plan should address what your business does, who are your customers and what you do better than competitors. This involves deciding on what business lines to target, such as purchases, refinances, REO, short sales or commercial. Analyzing customer data can give a title agency an understanding of clients' loyalty, profitability and annual spending.

"This will help answer questions such as 'What are our customers buying from us?' 'How stable is that long-term buying relationship?'" Solomon said.

For a company to understand its competitive advantage, it must first examine its "essence of goodness," Solomon said, and understand why customers use them. Whether it is service, technology, pricing, thought leadership or something else, title agents must capitalize on their value proposition.

"When a title company can explain can its value proposition succinctly, strategic goals related to innovation and value creation can more easily be implemented," Solomon said. "By understanding the discipline of strategic planning and how to manage its execution, organizations begin improving upon their planning capabilities and systematically building their competitive advantage. In doing so, organizations will measurably improve performance and their long-term competitive position."

Even small operations with only a few employees must find time to perform strategic planning as well. Solomon recommends holding a weekend retreat to tackle some brainstorming. Although time is important and employees are stretched, it's a matter of desire and will and pushing through to develop a plan, according to Solomon.

"Rome wasn't built overnight. Classic strategic planning would dictate that you have at most five items to examine," Solomon said. This includes technology enhancements, shifts in business process, acquisition of talent and branding. "Take these five distinct areas and drill down on those to understand where your company stands and where it should be," Solomon added.

Acknowledging the impact Dodd-Frank could have on the market, Solomon said title agents should be focused on getting business because the regulations "will be meaningless if you don't have any orders."

"I would focus on a purchase protocol, making sure you are delivering pristine customer service," Solomon said. "How will your company be positioned in three years when interest rates are around 5 or 6 percent? When this happens, refi activity will dry up. Will you fire half of your staff and be happy with that? What will you do then? We are moving into a different market and every title agent should be asking themselves that question and develop a contingency plan." ■

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State Summary of Title Insurance Premiums
Comparative Market Share Analysis Nine Month 2012 vs. Nine Month 2011 Total Premium

		Premium Written		% Increase/ Decrease
	State	9/30/2012	9/30/2011	
1	California	1,204,170,921	962,621,468	25.1%
2	Texas	1,002,434,150	835,495,118	20.0%
3	Florida	637,774,011	530,427,282	20.2%
4	New York	581,516,409	518,279,464	12.2%
5	Pennsylvania	343,640,462	297,063,355	15.7%
6	Arizona	269,734,588	244,276,042	10.4%
7	New Jersey	253,193,185	226,509,223	11.8%
8	Ohio*	224,552,078	209,765,448	7.0%
9	Virginia	223,599,799	191,369,909	16.8%
10	Illinois	220,618,242	174,869,260	26.2%
11	Michigan	210,915,798	183,303,347	15.1%
12	Colorado	202,333,305	169,668,047	19.3%
13	Washington	192,339,605	161,987,853	18.7%
14	Massachusetts	175,478,386	147,553,894	18.9%
15	Maryland	147,372,722	130,658,846	12.8%
16	Georgia	146,397,008	114,175,488	28.2%
17	Oregon	145,778,913	114,428,404	27.4%
18	Utah	122,408,078	101,944,374	20.1%
19	Nevada	97,264,493	110,989,369	-12.4%
20	Louisiana	96,944,353	75,256,852	28.8%
21	Wisconsin	94,733,502	81,993,261	15.5%
22	Tennessee	91,289,685	76,907,620	18.7%
23	North Carolina	90,251,810	69,772,050	29.4%
24	Minnesota	86,556,236	80,918,863	7.0%
25	Connecticut	81,949,093	71,861,650	14.0%
26	Indiana	72,208,963	60,169,315	20.0%
27	Idaho	68,133,776	55,174,326	23.5%
28	South Carolina	67,084,203	57,262,587	17.2%
29	Alabama	57,197,942	47,623,656	20.1%
30	Hawaii	56,895,569	43,352,589	31.2%
31	New Mexico	55,679,231	47,216,242	17.9%
32	Oklahoma	46,862,822	38,550,234	21.6%
33	Kentucky	46,086,195	40,087,247	15.0%
34	Dist. Of Columbia	43,116,530	38,829,083	11.0%
35	Nebraska	39,757,645	32,673,697	21.7%
36	Arkansas	34,674,716	29,387,245	18.0%
37	Missouri	32,870,801	32,819,422	0.2%
38	Kansas	32,420,788	29,928,234	8.3%
39	Montana	32,141,312	27,823,406	15.5%
40	Delaware	27,401,802	24,154,194	13.4%
41	Mississippi*	25,647,820	21,464,246	19.5%
42	Alaska	25,466,627	25,805,799	-1.3%
43	New Hampshire	22,797,849	20,218,895	12.8%
44	Maine	20,566,820	17,790,338	15.6%
45	Rhode Island	17,431,318	14,947,866	16.6%
46	Wyoming	17,190,473	16,078,170	6.9%
47	South Dakota	13,890,350	12,465,473	11.4%
48	West Virginia	12,322,950	11,936,472	3.2%
49	Vermont	9,407,086	9,365,955	0.4%
50	North Dakota	8,542,126	6,084,550	40.4%
51	Iowa	7,886,790	7,196,298	9.6%
	Totals	8,087,769,927	6,901,953,730	17.2%

** One company in that state is estimated*

Source: ALTA

Title Agency Tips to Remain Attractive to Underwriters

Companies Must Employ Experienced Staff, Document Policies and Procedures to Survive in Today's Market

In today's market, title agents need to do more than just fill out applications to maintain existing agency relationships with underwriters—or to create new ones. To be successful in 2013 and beyond, agents should proactively provide underwriters and customers with tangible evidence of their routine exercise of best practices.

Eugene McCullough knows this firsthand. With more than 30 years of experience at the senior and executive level managing multi-state operations, he has developed strategic business plans, opened and closed offices and dealt with defalcations.

Sharing a "war story of all war stories," McCullough discussed how the act of one bad agent brought down Southern Title Insurance Corp., an 85-year-old underwriter working with more than 1,500 agents and attorneys.

"I have watched this industry change from a time when agents were intensely needed, to the present where underwriters have intense apprehension of agents," said McCullough, who is now with Title Experts and Management Services.

In December 2008, Southern Title pulled out of the Texas market and terminated contracts with its agents in the state, including American National Title. McCullough, who was president of Southern Title, said an attorney was running American National Title.. The agency remitted premiums on a regular basis and had no serious claims at that time. Unfortunately, the title agency management delegated significant responsibility to an unsupervised employee who handled about 15 commercial transactions but never paying off the old mortgages. This employee hid the fraud by making monthly payments on those mortgages that should have been paid off between 2006 and 2008.

"Underwriters are looking for answers, and if they don't see them, it's a red flag."

"He kept the balls in the air until March 2011," McCullough said. "We didn't find a problem in the escrow account because all the funds coming into the account were being fully disbursed, but to improper parties."

That's when claims starting coming in, eventually forcing Southern Title to be placed into receivership in December 2011.

McCullough said industry decisions to capture market share coupled with an unprecedented nine-year stretch of economic growth led to issues still being confronted today. Premium split adjustments aimed at attracting agents and waiving requirements if an agent was above a certain premium threshold played into problems on the agency side. Meanwhile, McCullough said underwriting standards deteriorated as "short cuts" such as no longer requiring surveys and adoption of short searches to speed up transactions became the norm.

In an effort to cut costs, and often with their underwriter's approval, agents started eliminating deep searches, crippling the concept of "risk identification," which is essential to underpinnings of title insurance. "Then we went from risk elimination to pure risk assumption," McCullough said. "As a result of these changes, there was a change in the agents' mindset. The attitude went from assisting the buyer, seller and lender to a belief that agents were just facilitating the transaction and their job was just a signature taker.

"The sins of the past have come home to roost and claims have come out of the woodwork," McCullough continued. "In the aftermath, underwriters have taken drastic steps. They've fired employees, canceled agents, changed premium splits and contracts. This leaves agents finding themselves behind the crosshairs of recoupment efforts."

So where does this leave the industry today? While agents worry more about where the next deal is going to come from, underwriters still need agents because of their local relationships.

"Underwriters view using agents as a risky business model," McCullough said. "It takes a lot of effort money and time to evaluate the integrity of an escrow account. But underwriters recognize that 50 percent of transactions in the marketplace are done through non-affiliated agents. Title agents are necessary to get to a significant portion of the market. But in the big picture, underwriters are still apprehensive about agents."

In order to assuage that trepidation, there are many things title agents can do to garner underwriters' trust. McCullough encouraged agents to showcase areas in which their business excels in order "to clearly identify your agency as one that stands out in the crowd in a positive way." Some examples might include the experience of your agency's staff, the quality of your reconciliation process, and the depth of your searches.

McCullough's first advice was to fill out the agency application completely and accurately.

ALTA Best Practices

ALTA developed its Title Insurance and Settlement Company Best Practices to help members highlight policies and procedures the industry exercises to protect lenders and consumers, while ensuring a positive and compliant real estate settlement experience. For more information about the best practices, go to *www.alta.org/bestpractices*.

"I've looked at thousands of agents and I see applications all the time that are not filled out completely," he said. "Underwriters are looking for answers, and if they don't see them, it's a red flag. It's frustrating to look at an application when remittance and claim information are contradictory."

Title agencies should share information about experienced employees. A list of employee certifications, length of employment and number of transactions they have handled are all examples of detailed information that is useful to underwriters.

"Unless you want to be painted with the same brush, you need to distinguish yourself," McCullough said.

For errors and omissions policies, McCullough would check to see if an agency has the appropriate coverage. Many times, closing agencies submit a policy that includes a disclaimer that excluded errors for handling funds. Many policies also exclude coverage for transactions with a particular bank. A minimum E&O policy also should be at least

Tips to Make Your Agency Attractive to Underwriters

- Record documents in a timely manner for every closing, document your history of doing so and then be sure to brag about your recordation practices—underwriters expect no less, but often find agents fail at this simple task.
- Report premiums on a timely basis and report every month. Properly calculate the premiums and if you have an accounts receivable, quickly figure out why and then immediately settle up.
- Have important information on companies to whom you outsource work, including their experience, E&O coverages and reputation in the community. McCullough said he sees some agents outsourcing core work services to people with which they have no prior relationship, who then try to insist that they should not be held responsible for the sloppy work that was produced by the unreliable third party. Outsourcing may define ultimate liability, but ultimate responsibility for all work remains with the agent.
- Establish a "deep-search" (30-60 years) standard for your agency and make your standard known to all internal and external searchers. Then use this as a way to demonstrate to your underwriters and your customers that your agency produces better searches and examinations.
- Maintain, and effectively manage, a premium account separate from your general account. Virtually every agency contract requires title premiums to be held in a fiduciary capacity, and that means separate from general operating funds. ("Read your contract," McCullough said.)
- Attend industry seminars and inform your underwriters about your attempts to stay abreast of current issues. If there's an industry specialist designation or industry certification you can achieve, do so and use these efforts to allow your underwriters to see how your agency is different than the rest of your competitors.

> "The industry still needs independent agents, but only those who employ experienced staff and are highly competent in handling the core services to survive in today's market."

$2 million to cover even routine residential transactions, McCullough said.

"If there's fidelity coverage available, that's a big plus," he added. "This covers employees and shows the underwriter you are protecting yourself and the underwriter."

While performing escrow reconciliations is important, that's only part of "escrow management" and just one part of the best practices that should be followed. McCullough suggested the important step is "managing" the accounts. Once, in an effort to assure him that an agent was having his escrow account professionally managed, he was handed 12 unopened envelopes containing the reconciler's comments on findings in their monthly reviews. Escrow reconciliation may be delegated, but only through timely reviews and the correction of identified issues can an account be claimed to be appropriately managed. Many title agents proudly state that they have reconciled their account, but then their reconciliation shows 20 pages of outstanding checks or deposits and numerous files with positive or negative trial balances. In those cases, "All the numbers tied out, but it wasn't managed," McCullough stated.

Credit reports also can shed light into the quality of a title agent and can have an impact on whether or not an underwriter will find them attractive. A credit report on employees who touch escrow accounts is beneficial as well. According to McCullough, this shows that if an employee can't manage his or her personal finances, items that matter to the title company or underwriter are secondary.

In the end, McCullough said, "If you have a hard time documenting that your staff, procedures or processes aren't significantly better than your competition, you might want to start looking for a different line of work. The days of just doing what other agents do are over. The industry still needs independent agents, but only those who employ experienced staff and are highly competent in handing the core services survive in today's market." ■

perseverance
has its rewards

Make Property Research Easy, Improve Customer Support and Increase Your Bottom Line

Title Companies Can Drive Business Development Efforts by Providing Valuable Property Information

BY THOMAS CRUSE

Title agents often think of property research as a time-consuming process involving multiple sources of information. Even more challenging is determining accurate valuations in a time of rampant foreclosures, defaults and short sales.

Yet as more counties embrace digital recording and new research tools hit the market, it is becoming easier to leverage automation and efficiently conduct property research. Once title agents understand how to counter some common misperceptions about property research, they can leverage best practices in quickly—and cost-effectively—identifying critical data for customers' property research needs. Additionally, a strong understanding of the trends in property research enables title agents to provide value-added services that can be a differentiator in the market. Property research can become a driver in business development efforts, and therefore impact the bottom line.

Common Misperceptions

Myth #1: Property research is always time consuming and requires multiple searches.

One of the most significant challenges involved in determining

Property Information	Typical Sources
Property Records	County Recorder
Tax Records	County Assessor
Legal Documents	Title Company
Property Maps (Plats)	Title Company
Property Value	Zillow, Appraiser
Recent Comparable Sales	MLS, Real Estate Agent
Business Locations	Online Search or BBB
School Reports	Online Search or Local School Boards
Demographic Reports	Census Bureau

Source: DataQuick

a clean title is tracing all of the property data across multiple sources.

Real estate data has been compiled for more than 30 years from public records. The real estate data compiled today is at the property and transaction or "loan level." This means specifics about loan and sales transactions (loan amount, sales date, price, lender name, loan type, etc.) are being keyed or collected from documents as they are recorded or as owners buy and/or finance property. This data is further matched with property-level county tax assessor records and then enriched, cleansed and standardized. Various layers of logic are applied to ensure consistency and high quality.

Until recently, gathering information meant physically walking to the various offices and poring through records printed on paper or stored on microfiche (a full title search).

In the past decades, more counties and states have moved to a digital archiving system, enabling title agents to sort and comb quickly through thousands of records using a computer. But the challenge still remained that the data was held by many different entities.

Today, the process is much simpler. As more data is available in a digital—and often online—format, title agents can now take advantage of programs that offer one-stop access to comprehensive property data at an affordable cost.

Myth #2: It isn't clear from public records when a property has moved into some form of "distress."

In today's market, the most significant factor affecting most housing markets is the default crisis and the glut of distressed properties. For title agents, knowing the current status of a property is critical to ensuring a clear line of ownership.

Making the job a little easier is that bank notices of default and trustee sale notices are now recorded by county offices. This information, like all other property data, is digitally archived, making it easier to track the status of homes that have gone through the foreclosure process.

Tracking short sales is more difficult, though. County recorder data does not indicate specifically when a sale is shorted. However, the data is available for title agents who use property analysis tools to cross-reference sales data with housing price indices (HPI) to determine whether a transaction was a short sale.

> As more data is available in a digital format, title agents can now take advantage of programs that offer one-stop access to comprehensive data at an affordable cost.

Best Practices for Property Search

The most effective approach to property research for your customer service team or individual title agents is to leverage a comprehensive web-based tool that contains all relevant property information in one location. This increases response time and customer satisfaction.

In addition to centralizing the search for property data, other best practices can be utilized to improve each customer service representatives' (CSR) capability to find property and ownership information and speed up research. These tools are so effective that many title agencies find a significant reduction in the time spent per request, ultimately reducing their overall spend. Prior to the advent of comprehensive solutions, property and ownership searches could take up to 50 minutes. With a comprehensive solution, search times drop to less than 10 minutes.

Best Practice: Sophisticated Search

Search tools are also more sophisticated—and easier to use—than ever before. Unlike the past approaches, which often required restricted search terms within a confusing phrasing format, searching for property data is now as easy as using Google.

The best property tools incorporate "find as you type" functionality, which provides all the available iterations of owner name or property address as the CSR enters the information. The increasing availability of high-quality web-based mapping tools, which are now often incorporated into comprehensive property research tools, also means that agents can locate properties by using an aerial map. Searches are no longer restricted to full address. Instead, a search can utilize partial information, such as a nearby intersection or subdivision name.

Map-based searching also increases accuracy, since agents can visualize the property to ensure it is the correct selection. Map search also helps CSRs evaluate the property by viewing the terrain, spotting vacant land or confirming property characteristics—such as commercial versus residential uses.

Best Practice: Concurrent Searches

A cutting-edge best practice is found in tools that provide concurrent access to your customer database and property research tools. Such features enable CSRs to search for property information while simultaneously identifying and working with customer and prospective customer information (either from customer relationship management or real estate association databases).

The advantages of using a concurrent approach are simple. When CSRs don't have to switch tools, questions can be answered faster. The CSR also has instant knowledge of customer status, enabling a tailored response and better service.

Concurrent access helps CSRs manage their workload more effectively, whether the requestor is on the phone or has emailed in a request. Best-practice tools offer an ability to put requests "on hold" when volume ticks upward, or even pass orders between CSRs, giving the customer service manager a means to reduce call and wait times.

A concurrent approach also improves accuracy. Since customers are typically looking for immediate answers on their property or a property they are considering purchasing, concurrent searching makes it possible to tie all of the search results from each customer together in the database.

This also improves turnaround time and response, increasing customer satisfaction. Using map-based searches, the CSR can visually tie the property to the customer making the request. The best tools even enable the ability to update customer information from within the property research tool without having to make the change in your CRM.

Best Practice: Comprehensive Customer Management

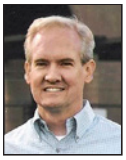
The best tools also help manage customer relationships with a suite of management and reporting tools. These tools enable title companies to optimize business development by gaining more insight into customer requests, tying these research requests to title insurance policies initiated.

Using today's top systems, customer service managers can better control customer relationships. As customer requests for property research increase, title companies often offer access to "serve yourself" tools, which takes the burden off the call center and provides a level of premium service for good customers. Customer service managers can quickly grant rights to self-service tools in real-time.

Another key to managing customer relationships is reporting. The top systems provide flexible reporting capabilities to track performance at all levels of the company, including tying customer calls for property research to title policy orders. Call centers can better manage the level of service provided to customers, varying service levels accordingly. One California-based title company, for example, "off-shores" requests from non- or infrequent customers, returning requested information in two days time. Customers who are frequent users and regularly order title policies move to the head of the line and are provided information in real time.

Property research no longer has to be the excruciating, time-consuming headache it once was. By leveraging tools that optimize response time and increase accuracy while reducing the time spent searching, title companies can expand the services they offer to customers.

Property research requests can even become a path toward new business development. Clearer reporting and stronger customer management tools improve the customer experience, keeping existing customers happy and increasing the ability to bring more business to your table. ■



Thomas Cruse is product manager for San Diego-based DataQuick, a provider of information solutions. For more information, go to *www.dataquick.com*.

Key Founder of Attorneys' Title Guaranty Fund Passes Away

Stanley Balbach Sr., a key founder of Illinois-based Attorneys' Title Guaranty Fund (ATG) and the inspiration for many attorney-affiliated title insurance funds across the nation, died Nov. 12 at the age of 92.

Illinois was one of the early states where attorneys organized a title insurance fund. Through Balbach's efforts, attorneys in several other states followed his lead. Balbach served on the company's Board of Directors from 1964 to 2004 and received its 40th Anniversary Founder's award.

Balbach believed that consumers deserved the benefit of legal counsel when engaging in the largest financial transaction of a lifetime, and that the process of examining and insuring title should be handled by a lawyer.

According to Hank Shulruff, senior vice president for ATG, Balbach felt that the advent and expansion of title insurance as a common method of title assurance should not replace the lawyer, but rather serve as a logical extension of the lawyer's traditional role as examiner.

"For Stan, his efforts had nothing to do with money," Shulruff said. "He was driven by the desire to make sure that Illinois consumers were protected when buying and selling a home. And he worked tirelessly in pursuit of that goal. As a result of Balbach's vision and dedication, and the resulting success of Attorneys' Title Guaranty Fund, lawyers are involved as title agents in the vast majority of residential real estate transactions in Illinois."

ATG provides products, services and tools to help attorneys serve clients more effectively. In addition to Illinois, the company operates in Indiana, Michigan and Wisconsin. It has 2,000 members with annual revenues of $40 million. ATG has six subsidiary companies.

Brokerage Unveils New Professional Liability Product for Title Agents

The Professional Liability Division of Program Brokerage Corporation (PBC), a wholesale brokerage based in New York, announced a new product designed for title insurance agents.

The company said the offering was created to provide protection for professional liability claims brought against title insurance agents. Some coverage highlights include personal injury extension, automatic coverage for independent contractors, employed lawyers extension and broad definition of claim. The product is underwritten by ProSight Specialty Insurance Co., a carrier rated "A" Excellent (AM Best), and is available on a surplus lines basis. It features a minimum premium of $2,000 and limits of liability up to $3 million.

ALTA Member Company Named Among Top Workplaces

ALTA member company Title Source has been recognized as one of The Detroit Free Press Top Workplaces, where it placed third out of the Top 100.

The Top Workplaces are determined based solely on team members' feedback. The survey is conducted by WorkplaceDynamics, a research firm on organizational health and employee engagement. WorkplaceDynamics conducts regional Top Workplaces programs with more than 30 major publishing partners and recognizes a national list of Top Workplaces.

"We are thrilled to be recognized as a Detroit Free Press Top Workplace," said Jeff Eisenshtadt, president and CEO of Michigan-based Title Source. "We doubled our business over the last year and our team members have validated that the right mix of culture, environment and empowerment equal a winning formula for a Top Workplace."

Florida Approves Reduced Cost Policy for Modifications

The Florida Office of Insurance Regulation (FOIR) has approved several title insurers' requests to offer an alternative title insurance product for loan modifications at a reduced cost to lenders.

The new product, called a Mortgage Priority Guarantee (MPG) policy, is used when lenders amend an existing mortgage loan agreement in order to help a homeowner remain in his or her home and prevent a foreclosure of the property, according to Florida Insurance Commissioner Kevin McCarty. The commissioner thanked the industry for taking the initiative to provide the product.

According to the (FOIR), the lender can utilize the MPG policy to protect the mortgage lien's priority at a minimal flat cost of $125. The MPG coverage is more restrictive than a traditional loan policy. It only assures the validity, enforceability or priority of a lender's existing mortgage is not altered by the underlying mortgage's modification. The policy does not insure or make assurances or guarantees regarding the status of ownership or title. The process for issuing such a policy is simpler and less involved, resulting in significantly less expense than the issuance of a traditional policy.

To date, the FOIR has approved three companies to sell this form of insurance in Florida, including Old Republic National Title Insurance Co., Westcor Land Title Insurance Co. and WFG National Title Insurance Co.

DataQuick Completes Acquisition of Rels Title

DataQuick has completed its acquisition of ATI Title Companies, dba Rels Title. The transaction was first announced Sept. 6.

"The addition of Rels Title significantly expands our ability to deliver high-quality title solutions to the lending community," said John Walsh, president of DataQuick. "We also expect to be able to deliver a greater array of related solutions to existing Rels Title customers."

Leslie Foster, president of Rels Title, will join DataQuick and continue to lead title operations which will remain headquartered in Minnetonka, Minn.

Simplifile and Erxchange Partner to Expand E-recording Nationwide

Simplifile, a provider of electronic recording services, announced a partnership agreement with Erxchange, an electronic recording solution, to extend the Simplifile e-recording network into 31 new counties previously only available through Erxchange.

The newly formed partnership also enables Erxchange customers to submit documents into the Simplifile e-recording network of more than 790 recording jurisdictions nationwide.

Three new counties are accessible through the Simplifile network—Cook County, Ill., Hidalgo County, Texas, and Bell County, Texas — and the remaining 28 counties will become available in the coming weeks and months.

North American Title Receives Oregon License

North American Title Insurance Company (NATIC) received the certificate of authority from the Oregon Insurance Division which grants them the ability to insure real estate titles in Oregon.

With the addition of Oregon, NATIC now does business in 30 states, bringing the company closer to accomplishing its growth strategy of reaching all major metropolitan areas of the United States. Applications are currently pending approval in Indiana and Idaho while the company is in the process of submitting applications in several other states. In November, the company received its license to operate in Washington State.

"Entering the Oregon market brings us one step closer to achieving our expansion goals in the Pacific Northwest," said Emilio Fernandez, president of NATIC. "Now we will focus on other key states in the area.

Submit Your News

If you have news about your company, your employees or yourself, send an email to Jeremy Yohe, ALTA's director of communications, at *jyohe@alta.org* and we may consider it for TitleNews.

SoftPro Launches Transaction Management System Application

SoftPro unveiled its transaction management smartphone and tablet application that will provide agents and customers real-time access to open order information. SoftPro Live, which the company announced during ALTA's Annual Convention, is compatible with iOS, Android, Windows, Blackberry and tablets.

The application allows users to upload contact information, documents and the status of order tasks for orders. This gives SoftPro's users the ability to provide their customers with 24/7 access to orders and important notifications about their transactions. Users can control what information each party to the transaction can access.

WFG Acquires California-based Title Agency

Williston Financial Group, the parent company of WFG National Title Insurance Co. and WFG Title Insurance Co., has acquired ITC Holdings, Inc., the parent company of Investors Title Co. in California. Investors Title is a California-licensed title agency operating in six counties in southern California.

WFG also recently opened a commercial retail office in Irvine, Calif., and a direct operation in Campbell, Calif. The WFG family is licensed to provide title insurance in 41 states nationwide.

With the acquisition, WFG increases its national footprint with an established presence in the southern California market. Current Investors Title CEO Jeff Fox will manage the Orange, San Diego, San Bernardino and Riverside county offices. Current Investors Title President Chris White will manage the company's locations in Los Angeles, Ventura and Santa Barbara counties.

"By teaming with an established and reputable operation already in place, we have hit the ground running and grown our presence in a critical market," said WFG President and CEO Patrick Stone.

Could You Be Doing Title Work for Walmart-Originated Loans?

One in three consumers would consider getting a mortgage from Walmart, according to an online study of 618 U.S. consumers conducted by Carlisle & Gallagher Consulting Group.

Carlisle & Gallagher surveyed consumers to learn about their views toward home ownership, how recent changes in the mortgage industry impacted their application experience, what factors are most important in the mortgage application process and whether consumers would be willing to consider an alternate mortgage provider.

"Consumer attitude is driven by three things, price, service and trust," said Doug Hautop, senior manager and lending practice lead for Carlisle & Gallagher. "Institutions looking to gain market share must target customer values instead of traditional asset segmentation."

The study found that 80 percent of those surveyed would consider a mortgage from a non-bank, including 48 percent who would consider a mortgage from PayPal.

While the study found consumer satisfaction with primary banks ranked high (81 percent), they also determined that continued frustrations with current mortgage processes could drive consumers to alternative home loan providers. The main consumer complaints from the survey include:

- High cost of getting a loan
- issues regarding consumers' current mortgages
- slow execution of mortgage process
- poor communication
- inability to track the status of mortgage application
- untrustworthy advice

Retailers have shown interest in becoming banks in the past. In the 1980s, Sears tried a "socks and stocks" strategy that included acquiring the Dean Witter brokerage firm. Walmart Stores previously sought a banking charter for almost a decade before finally abandoning the quest in 2007.

In late 2010, Costco began offering mortgages provided by small lenders.

ALTA Policy Forms Expert Calls Time in Industry 'Gratifying'

Joe Bonita Officially Retires after 44 Years in the Land Title Industry, Including 22 years on ALTA's Forms Committee

Not wanting to practice trial law after graduation from DePaul University College of Law, Joe Bonita joined Chicago Title Insurance Co. in 1968 as a title examiner. Little did he know his decision to become a lawyer would lead to a lifelong career in the title insurance industry. After 44 years with several underwriters and serving on ALTA's Forms Committee for more than 20 years, Bonita decided to call it a career at the end of December.

"I'm 70 years old and it's just time," Bonita said. "While challenging, my time in the industry was gratifying, and I really enjoyed my time on the Forms Committee. There's a social good in what the industry provides and it gave me pride knowing what I did helped home buyers as well as lenders and commercial purchasers have confidence that they got what they bargained for in their real estate transactions."

After five years with Chicago Title, the company transferred Bonita to Denver where he was named division counsel for the Rocky Mountain Division. That title was broadened to regional counsel. However, in 1983 the company consolidated offices and Bonita joined Ticor Title Insurance Co. In the summer of 1987, he relocated to Ticor's chief underwriting counsel's office in Los Angeles. Two years later, he became chief underwriter. In 1991, Chicago Title acquired Ticor Title and Bonita returned to Chicago to be the company's chief underwriting counsel a year later. Fidelity National Financial acquired Chicago Title in 1999, and Bonita served as Fidelity's chief underwriter until 2001. Since then, he's served as a consultant to Fidelity.

In 1997, Bonita testified on behalf of ALTA before the House Judiciary Subcommittee. His testimony proved to be successful for the industry as Congress passed legislation clarifying bankruptcy law. However, Bonita's industry knowledge and indelible contributions were of the most significant benefit to ALTA's Forms Committee, of which he's been a member since 1990 and served as chair from 1993 to 2002. Bonita noted the development and adoption of the leasehold endorsements in 2001 as one of his accomplishments while serving as the Forms Committee chair. ALTA adopted its leasehold and leasehold loan policy forms in 1975, "but they were nearly useless to commercial tenants because of their limitations," Bonita said.

"By standardizing and making commercial leasehold insurance viable, we were able to bring in a new area of business for the industry," he added. "I always thought talking to our customers was really worthwhile, so we worked with the attorneys representing commercial tenants and their lenders at the American College of Real Estate Lawyers (ACREL), and we learned what they needed."

With Bonita's consultancy with Fidelity ending in December 2012, his time on the Forms Committee also concludes. It will be the many

Joe and Nancy Bonita

friendships he's developed over the years that he will miss the most.

"Many times business relationships don't last after retirement, and I will miss them," said Bonita, who is admitted to the bar in Illinois and Colorado and has been a member of ACREL. "This was a big part of my life for a long time."

Edmond Browne Jr., general counsel for CATIC, entered the title insurance industry 20 years ago when he was named ALTA's general counsel in 1992. Joining the Forms Committee many years ago, he considered Bonita a mentor.

"He was always available to help explain the many nuances of the title business that I didn't understand at the time but were second nature to him," Browne said. "He has served the industry in almost too many capacities to mention whether it be leading the Forms Committee or representing the industry and his company at bar association meetings and professional development programs. Always on the move, his many contributions and lively conversation at the Forms Committee dinners will be sorely missed."

This photo was taken by Joe during a trip to Kenya in July.

Jim Russick, counsel for Old Republic National Title Insurance Co., lauded Bonita's down-to-earth approach to various problems and issues the Forms Committee addressed.

"His common sense, his knowledge, his experience and his friendship will be greatly missed by all of us who had the extraordinary honor to work with Joe," Russick said.

Jerry Gorman, senior vice president of Attorneys' Title Guaranty Fund Inc., called Bonita one of the most intriguing people he's met while being involved with ALTA. Both avid readers, they have shared "good reads" from obscure Scandinavian mysteries to "The Devil in the White City" due to their mutual affection for Chicago.

"Joe always impressed everyone on the ALTA Forms Committee with his knowledge of the policy and endorsement forms and the national case law that correctly or incorrectly interpreted the various provisions," Gorman said. "Joe would often drill down to fine tune the language to make sure the language was not only precise, but legally sound and consistent with other policy and endorsement provisions. Virtually every ALTA form currently in use has Joe's intelligent touch in it."

Stepping away from the industry gives Bonita more time for two of his passions. He's travelled extensively from Antarctica to the Serengeti ecosystem, which is a region in Africa north of Tanzania. He's also an accomplished photographer. Next year, Bonita and his wife, Nancy, plan to take a cruise along the Dalmatian Coast of southern Croatia and the countries to the south en route to Athens.

"We woke up one morning and decided we aren't getting any younger," Bonita said. ■

This photo was taken by Joe off the Antarctic Peninsula in January.

New Members

ALABAMA
Brian Monroe
Monroe Title, LLC
Huntsville

Robin Reynolds
Tallapoosa Title Research, LLC
Dadeville

COLORADO
Free Range Realty LLC
Arvada

CONNECTICUT
Angell Title Service LLC
Bridgewater

Frederick A. Dlugokecki
Naugatuck

F. Joseph Paradiso
Paradiso & Muska Law Office, LLC
Stafford Springs

FLORIDA
Donna Wood
ACR Title Group, LLLP
Largo

Stephen F. Baker
Winter Haven

Douglas L Baxter
Baxter Title Corporation
Largo

Janet Negron
Executive Title Group, Inc.
Orlando

John Foster
Foster & Fuchs, P.A.
Jupiter

Harry Binnie
Founders Title
Margate

Tom DeMint
Greenleaf Title
St Petersburg

Jeffrey Fishman
Investors Title & Settlement Services Inc.
Tampa

Peter Chontos
Members Title Services, Inc.
Plantation

Ronald Cika
Nexstar Title And Escrow, LLC
Plantation

FLORIDA
Stephen Bolles
Republic Commercial Title Company of Florida, LLC
Tallahassee

Randall Thornton
Thornton, Randall N., Attorney At Law
Lake Panasoffkee

GEORGIA
Lisa L. Leverette
Douglas

Glen E. Stinson
Dallas

IDAHO
Daryl J. Fauth
Blaine County Title Associates
Ketchum

ILLINOIS
Fred Roediger
Heritage Title Company Of Mchenry, Inc.
Crystal Lake

INDIANA
Diane L Johnson
Dreibelbiss Title Company
Fort Wayne

Krieg DeVault, LLP
Mishawaka

LOUISIANA
Gregory Callihan
Central Title & Closing Company
Baton Rouge

Fred Rogers
Rogers, Hearne & Carter, A.P.L.C.
Shreveport

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Law Office of Donald H. Angus, Jr., LLC
Medford

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Nancy L Gusman
Brick House Title, LLC
Silver Spring

MAINE
Richard Currier
Currier & Trask, P.A.
Presque Isle

MICHIGAN
Owen Lee
Title Partners, LLC
Plymouth

MISSOURI
Daniel Clark
Choice Escrow & Land Title, LLC
Springfield

MISSISSIPPI
Travis Haynes
Haynes Law Firm, PLLC
Ellisville

NEW JERSEY
Sam Carlisi
Suburban Lawyers Service, Inc.
Somerville

NEW MEXICO
Mr. Rex Kirksey
First Title Services, Inc.
Tucumcari

NEW YORK
Fern Epstein
Horizon Land Services, LLC
New York

Kevin Gallagher
KTG Abstract Corp
Hicksville

Warren Gallagher
Philip O'Hara Nassau Associates, Inc.
Hicksville

NORTH CAROLINA
Mr Jaime Kosofsky
Brady & Kosofsky
Matthews

OHIO
Janene Steed
All Star Land Title Agency Incorporated
Rocky River

Deborah Prosser
Geauga Title Insurance Agency, Inc.
Chardon

Dennis O'Brien
Lakeside Title & Escrow Agency, Inc.
Independence

Jeffrey V. Laurito, Esq.
Dayton

Michael Marsh
Marsh Title Agency
Bowling Green

OHIO

James Stein
Minnesota Insured Title Agency, Inc.
Akron

Dennis Schulze
Schulze, Howard & Cox, DBA Midland Title Agency
Marysville

Mark Sheets
Sheets, Mark E., Esq.
Gallipolis

Patrick T. John
Trans County Title Agency LLC
Dublin

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Bellefonte

Ann Cianflone
HHK, P.A., LLC
Scranton

Barbara Griest
Trident Land Transfer Company
Devon

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Chesapeake

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Aspen Title Agency, Inc.
Lexington

Jennifer L. Saman
Central Title & Escrow, Inc.
Annandale

Mike G. Sweeney
Chesapeake Title Insurance, LLC
Chesapeake

Mary Atkins
Home Etc
Mechanicsville

VIRGINIA

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Alexandria

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New Century Title & Settlement Agency, Inc.
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op2
Plano

Title Professionals Prove Value as Sandy Impacts Closings

Living and working in Colorado, I was far removed from the devastation Hurricane Sandy left behind in late October. However, many of our ALTA members were impacted. As chair of ALTA's Abstracters and Agents Section Executive Committee, the welfare of agents, attorneys and abstracters across the country is always on my mind.

In all, the storm and its remnants left more than eight million people without power as 19 states were impacted. Sandy caused a swath of massive property damage and forcing governments and businesses to close for days. Final damages of the storm could exceed $60 billion.

Despite the life-altering destruction, professionals in the land title insurance industry without fail prepared for the storm and helped their communities and each other in Sandy's aftermath. It was the end of the month. Deals needed completed.

Tracking the path of the hurricane, many agents such as Elissa and Al Santoro prepared their title agency in New Jersey for the worst-case scenario. They worked quickly to reschedule as many closings as possible before the hurricane made landfall. To help out their consumer, one deal was closed in a restaurant, while another in a borrower's home. Former ALTA President Anne Anastasi said her employees used candlelight, battery-powered calculators and pencils to keep orders churning in Pennsylvania. Despite not having power for several days, her company only missed four hours of office time

Meanwhile, in Washington, D.C., Randy Rothstein worked diligently the weekend prior to the storm, rescheduling closings and making contingency plans for his title agency. Despite the chaos, his company closed 10 deals the day before the hurricane hit the coast.

While these are only a few examples of how the industry responded to one of the worst storms ever to hit the region, I'm sure there are countless more. In addition, it was great to hear about title agents making their offices available to competitors so deals could be finished. State land title associations got involved and helped out where possible. ALTA also provided resources to agents needing help.

I continue to be so impressed by the professionalism and preparedness of ALTA members. The resiliency of title and settlement agents during this disaster illustrates the essential role we play in ensuring efficient and compliant real estate transactions. The Consumer Financial Protection Bureau may want to take these actions into consideration as it contemplates increasing lenders' responsibilities at the closing table. Our value proved tremendous in the face of adversity.

—Diane Evans, chair of ALTA's Abstracters and Agents Section Executive Committee