

April 2013

Official Publication of the
American Land Title Association

TitleNews

Gloom to Boom: Market Recovery Stirs Expansion, Emergence of New Players in Title Industry

Companies of Various
Types and Sizes Looking
to Take Advantage of
Improved Housing
Market





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> contents

TitleNews • Volume 92, Number 4



10

COVER STORY

Gloom to Boom:
Market Recovery
Stirs Expansion,
Emergence of New
Players in Title
Industry

By Jeremy Yohe

Companies of Various
Types and Sizes Looking
to Take Advantage of
Improved Housing Market

Features

8

ALTA NEWS

ALTA Awards First National Title
Professional Designations

Five Members Received the National
Title Professional Designation During the
Business Strategies Conference

18

CONFERENCE PREVIEW

Federal Conference:
'Enhancing the Consumer
Experience

Industry Must Speak With One Voice
About Important Role It Plays in the Real
Estate Transaction

21

RUNNING YOUR BUSINESS

Mortgage Rules Could
Exclude Nearly Half of Recent
Originations

Impact of Qualified Mortgage and
Qualified Residential Mortgage Rules Not
Uniform Across the Country

26

INDUSTRY NEWS

Federal Regulators Propose
Social Media Guidance for
Financial Institutions

Guidance to Help Financial Institutions
Understand Potential Consumer
Compliance and Legal Risks Associated
With Social Media Use

Departments

5

From the Publisher's Desk

7

ALTA News

9

ALTA Social Media

25

Industry News

28

TIPAC Contributors

30

The Last Word

calendar

ALTA CONFERENCES

- May 6 - 8* | 2013 Federal Conference
Washington, DC
- October 9-12* | 2013 Annual Convention
Palm Beach, FL

BEST PRACTICES MEETINGS

- April 17-18* | Wisconsin
Madison, WI
- May 4-5* | Iowa
Altoona, IA
- June 6-9* | Wyoming
Evanston, WY

STATE MEETINGS

- April 28 - 30* | California
Half Moon Bay, CA
- May 2 - 4* | New Mexico
Santa Ana Pueblo, NM
- May 3 - 4* | Iowa
Altoona, IA
- June 2 - 4* | Pennsylvania
Cambridge, MD
- June 5 - 7* | South Dakota
Mitchell, SD
- June 6 - 7* | Virginia
Beach, VA
- June 9 - 11* | New Jersey
Baltimore, MD
- June 9 - 11* | Wyoming
Evanston, WY
- June 13 - 15* | Arkansas
Jonesboro, AR
- June 17 - 18* | DC
Baltimore, MD
- June 19 - 21* | Texas
Austin, TX
- June 20 - 23* | New England (CT, ME, MA, NH, RI, VT)
Cape Code, MA
- July 11 - 12* | Illinois
East Peoria, IL
- July 14 - 16* | Michigan
Thompsonville, MI
- August 7 - 10* | Kansas
Manhattan, KS

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TitleNews is published monthly by the American Land Title Association. United States and Canadian subscription rates are \$30 a year (member rate); \$100 a year (non-member rate). For subscription information, call 800-787-ALTA.

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

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

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Getting Social About Social Media

Statistics on social media usage is mind boggling. Facebook has more than 1 billion active users. If Facebook was a country, its population would be third largest behind China and India. There's a new LinkedIn member every two seconds. Seventy-two hours of video is uploaded to YouTube every minute. And I haven't even mentioned Twitter.

It's clear the Internet has become a dominant communication tool. Major companies have taken notice and are figuring out how to promote their business through these communications channels. According to a recent study by Weber Shandwick, CEO social engagement at some of the world's largest companies has almost doubled since 2010. As social media communications tools grow, businesses and business leaders are better understanding how to use these tools productively. It is becoming clear that many consumers expect to learn about companies on social media, as well as using these platforms as a way to communicate directly with the business about their purchases and customer service issues.

At ALTA, we use social media to share various messages, provide content for our members to use and drive membership for the Title Action Network, which is free to join and promotes the title industry's value.

It is important that you think about your social media presence and determine how best to be active and visible through these multichannel communications tools. To ensure that ALTA is helping our members take full advantage of social media tools, we hired Wayne Stanley as manager of external communications last fall. Wayne has helped us grow our social media presence substantially. The key has been to consistently post information. Wayne frequently tells us to "work out loud." This is great advice as you get started.

In February on our social media platforms, we highlighted the ways and reasons that we love the land title industry and all it does for the consumer real estate closing experience. At the end of the month, we posted a photo that said "Keep Calm and Love Title." The message resonated with our Facebook friends because of the hectic end-of-the-month frenzy to get deals closed. In March, we kicked off a Title Madness competition on Facebook featuring two trivia questions every Monday, Wednesday and Friday. This was a great way for us to interact with our members and remind our followers just how much detailed knowledge is required in this business. Make sure to "like" us on Facebook at www.facebook.com/altaonline to participate in future promotions and to get industry updates. As a way to share the growing use of social media and the great feedback from our followers, this month we are launching a monthly feature in *TitleNews* highlighting ALTA's social efforts. You can check it out and get a recap of what's happening on our social media sites on page 9.

Think of social media as "social business." It can make a company or business more visible and transparent. It brings together customers, employees and partners and makes them better connected. We hope to connect with you more in the social media realm, and also provide tools to help you develop your social media strategy.



- Michelle Korsmo, ALTA chief executive officer





**We have
great people
across the nation
ready to serve
you.**

It takes more than just superior financial strength and years of experience to create a great title company. It also takes great people that can serve you, be there for you, and help you through a difficult transaction or challenging market.

We've got those too.



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ALTA Board Approves Seven New, Four Revised Endorsements

ALTA's Board of Governors approved recommendations to adopt seven new endorsements, four revised endorsements and a revised Short Form Residential Limited Coverage Junior Loan Policy during a meeting on Feb. 21.

Here's a list of the new endorsements:

- *ALTA Endorsement 9.9-06 (Private Rights – Owner's Policy)*
- *ALTA Endorsement 9.10-06 (Restrictions, Encroachments, Minerals – Current Violations – Loan Policy)*
- *ALTA Endorsement 11.2-06 (Mortgage Modification with Additional Amount of Insurance)*
- *ALTA Endorsement 12.1-06 (Aggregation – State Limits – Loan)*
- *ALTA Endorsement 28.2-06 (Encroachments – Boundaries and Easements – Described Improvements)*
- *ALTA Endorsement 39-06 (Policy Authentication)*
- *ALTA Endorsement 40-06 (Tax Credit –*

Owner's Policy)

Here's a list of the revised endorsements:

- *ALTA Endorsement 9.6-06 (Private Rights – Loan Policy)*
- *ALTA Endorsement 12-06 (Aggregation – Loan)*
- *ALTA Endorsement 32.1-06 (Construction Loan – Loss of Priority – Direct Payment)*
- *ALTA Endorsement 32.2-06 (Construction Loan – Loss of Priority – Insured's Direct Payment)*

These forms bear a publication date of April 2 and may be downloaded for review at www.alta.org/forms.

Prior version(s) of revised forms were archived and decertified April 2.

The ALTA Forms Committee also announced a Technical Correction to the ALTA Facultative Reinsurance Agreement (6-17-06). To view the forms, go to www.alta.org/forms.



ALTA's Romeo Marks 20-Year Anniversary with Association

ALTA is proud to announce that Kelly Romeo, vice president, celebrated her 20th anniversary with the association on March 8.

Romeo, a certified association executive (CAE), oversees the education, technology, finance and administrative



departments at ALTA, as well as handling all things dealing with industry standards and practices. She continues to work with the Property Records Industry Association and the Mortgage Industry Standards Maintenance Organization on behalf of ALTA. Previously, Romeo served as ALTA's director of industry standards and practices.

"It is a pleasure to work alongside Kelly Romeo," said Michelle Korsmo, ALTA's chief executive officer. "She understands what it means to be a professional. Our

members, industry partners and coworkers frequently take the time to recognize the excellent work Kelly does and remark on how

she consistently creates a great experience for everyone she assists. Her knowledge of the land title industry, attention to detail and compassion for the ALTA membership have

been an essential part of ALTA achieving our goals and promoting the value of the land title industry."

Romeo, who joined ALTA in 1993, is the staff liaison for several ALTA committees. Prior to joining ALTA, she spent four years with the D.C.-based law firm Steptoe & Johnson. Romeo graduated from the North Carolina State University with a degree in political science and philosophy and attended the George Washington University School of Law. She received her CAE designation in 2000.

ALTA Awards First National Title Professional Designations

ALTA has awarded its first National Title Professional (NTP) designations to five members.

Receiving the designation were Anne Anastasi, CLTP, of Genesis Abstract in Hatboro, Pa.; Jeffrey Bosse of Bosse Title Corp. in Evansville, Ind.; Joseph Grabas, CTP, of Investors Title Agency in Edison, N.J.; Jim Stipanovich of Old Republic Title Insurance Co. in Independence, Ohio; and Philip Janny, CLTP, of Plunkett & Graver PC in Allentown, Pa.

"We are pleased to award our first National Title Professional designations to these



knowledgeable and dedicated professionals," said Frank Pellegrini, president of ALTA. "This designation is evidence of their exemplary dedication and integrity of ensuring safe and efficient transfer of property."

The designation has several elements, including industry and compliance prerequisites and training requirements. For more information or to apply for the NTP designation, please visit

www.alta.org/ntp.

ALTA Named to the House Small Business Working Group

In February, ALTA was asked to join the House Small Business Committee's inaugural Business Working Group. The group helps members of the committee keep an open line of communication with industry leaders and vice-versa. Group members agree to provide feedback from industry on issues before Congress that will affect small

business. Joining the group is particularly enticing because more than 65 percent of the title industry is comprised of small businesses.

In addition to joining the working group, ALTA also participated in a roundtable with the Small Business Administration's Office of Advocacy on financial services rulemakings.

Title Action Network Halfway to 2013 Membership Goal

The Title Action Network (TAN) saw record growth again in March adding more members and state association partners.

TAN now boasts more than 2,500 members and has 21 state association partners including California, Colorado, Dixie Land, Idaho, Indiana, Iowa, Kansas, Kentucky, Minnesota, Missouri, Montana, Nebraska, New England, New Mexico, New York, North Dakota, Oklahoma, Utah, Virginia, Wisconsin and Wyoming.

"We are very thankful to our new state association partners for helping drive TAN membership as we work toward our year-end goal of 5,000 TAN members," said Tim Evans, chair of the Title Action Network Steering Committee. "We are going to work hard during the month of April to ensure members in each of our partner states join TAN and become a voice for our industry."

TAN received a lot of praise and recognition during ALTA's Business Strategies Conference in Oklahoma City last month. More than 100 people signed up for TAN during the three-day conference

and many more received information on how to encourage

their colleagues to sign up for TAN. Additionally, TAN hosted a late-night event for membership with more than 50 people in attendance at the Bricktown Brewery in downtown Oklahoma City. We hope you come to ALTA's Federal Conference and Lobby Day for TAN's next event.

April Advocacy is the theme for TAN this month with a focus on tips and tricks to contact legislators and inform them about the land title industry. Additionally, TAN will start membership drives in companies and organizations around the country in April.

If your you, your company or state association would like to get involved with TAN, email ALTA's manager of external communications, Wayne Stanley, at wstanley@alta.org.

For more information about TAN, including how to sign up, go to www.titleactionnetwork.com.

TITLE ACTION NETWORK



Connecting With You Socially

Every day, ALTA members are looking at updates on Facebook, tweets from Twitter, pictures on Instagram, alerts from colleagues on LinkedIn and pinned recipes on Pinterest. We at ALTA want to connect with our members in the social spaces they utilize to ensure they see their member benefits each day. We also want to help our friends and followers connect with other ALTA members.

ALTA believes in working out loud. If we're thinking about changing a policy, we want your comments on Facebook.

ALTA is integrating social media tools into every piece of the Association including membership, communications, government affairs, meetings and education. In December 2012, we launched the ALTA Pinterest account to interact further with our members utilizing this unique pin board. (Do you have interesting pins? Let me know at

wstanley@alta.org.) Additionally, ALTA has developed a social media handout to encourage members and consumers to interact with our various social platforms.

At the 2013 Business Strategies Conference, ALTA hosted a professional development session to help educate members on ways they can use social media to grow their business and promote the title industry. Over the course of the year, ALTA will introduce multimedia components to our publications. We look forward to providing more opportunities for our members to learn and grow on social media.

We want our members to join our conversations and we want our social media presence to be the best for ALTA members. Join our friends on Facebook, tweet with our Twitter followers, connect with our LinkedIn group members and pin with us on Pinterest.

- Wayne Stanley is ALTA's manager of external communications. He can be reached at wstanley@alta.org.



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1 RETWEET 1 FAVORITE

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Social Media by the Numbers

-  1,010 Facebook Fans
-  2,219 Twitter Followers
-  5,028 LinkedIn Members

Gloom to Boom: Market Recovery Stirs Expansion, Emergence of New Players in Title Industry

Companies of Various Types
and Sizes Looking
to Take Advantage
of Improved Housing Market

While there's still a long way to go for a complete rebound, a steady string of improved data points signal the housing market is resurrecting itself. Low mortgage rates, increasing house prices and gradually improving consumer confidence will help support increased home sales as the industry moves into the spring homebuying season. With home sales projected to be up 8 to 10 percent from 2012 and housing starts expected to climb this year, there's a strong sense 2013 will be a bridge to recovery.

"History shows us not all economic recoveries are created equal and consumer confidence mirrors this fact," said Frank Nothaft, Freddie Mac vice president and chief economist. "With the spring homebuying season upon us, the recent highs in the stock market are a welcome signal of better times ahead. But it will be the gradually declining unemployment rate and steadily improving housing market that will deliver broad-based economic benefits for Americans and, in turn, support the overall recovery." >>

By Jeremy Yohe



Providing more good news, Zillow's Home Price Expectations Survey projects home values will rise 22 percent cumulatively by the end of 2017. The report surveyed a nationwide panel of 118 economists, real estate experts and investment and market strategists to get their thoughts on future home values and housing market policies.

On average, the panel forecasts price growth of 4.6 percent in 2013 and 4.2 percent in 2014. More

and home values continue to increase. The market improvement over the past year has benefitted the land title industry. In 2012, title insurance volume increased nearly 21 percent compared to 2011, to \$11.4 billion. Established title companies are looking to capitalize on this growth and capture market share, while new players are expanding current offerings by delving into the title insurance and settlement services space.

capitalize on a Michigan market that experienced a 22-percent increase in title insurance premium volume in 2012 compared to 2011.

"We're so proud to be further expanding our reach across Michigan with the addition of a Grand Rapids office, but even more so, we are thrilled to be acquiring an agency with as stellar a reputation as The Closing Agency," said Sherman, Best Home Title's president. "We enjoy a shared work ethic, growth strategy and experienced, professional teams that are committed to providing superior customer service."

Another Michigan-based title company expanded into Ohio as Attorneys Title Agency LLC acquired the assets of Talon Title Agency of Central Ohio Inc. The company will operate as Talon Title Agency in Central Ohio, while Joe Barone, former co-owner of Talon Title, will serve as president of the Ohio company. Talon Title has four offices and 40 employees.

First American Title Insurance Co. formed the Talon Title brand in 2003. The company became an independent agency in 2006 with First American remaining as its underwriter.

Attorneys Title President William Robinson Jr. said his company made the acquisition to diversify its geographic footprint. In 2012, Ohio experienced a 12-percent jump in title insurance premium volume compared to 2011.

As epicenter of the nation's natural gas and oil rush, business has boomed in North Dakota. Due to its location above oil-rich rock layers, Williston, N.D., boasts an unemployment rate of less than 1 percent. Just 27 homes were built in the city in 2003. Williston added around 3,000 units

Title insurance premium volume increased nearly 21 percent compared to 2011, to \$11.4 billion.

moderate growth is expected after that, with annual appreciation rates between 3.6 percent and 3.8 percent for 2015, 2016 and 2017, leading to an average annual growth of 4.1-percent for the next five years. According to Zillow, this is the first time the predicted average annual growth rate for the next five years has surpassed pre-bubble levels since the survey was created.

"The panel is quite bullish on home prices near-term, considering a pre-bubble average appreciation rate of 3.6 percent per year," said Stan Humphries, chief economist at Zillow. "That said, their expectations are a bit shy of the home value gains of 5.5 percent that we saw in 2012, implying some moderation in the pace of gains."

Many companies hope to capitalize as the housing market recovery firms

Title Companies Hope to Grow

Best Homes Title Agency, a Farmington Hills, Mich.-based agency, expanded its statewide presence with the acquisition of Grand Rapids-based The Closing Office Title Agency. With the acquisition, Best Homes Title now operates the six The Closing Office Title Agency offices in western Michigan, joining its Farmington Hills headquarters and office in Saginaw. Real estate attorneys Neil Sherman and Peter Schneiderman founded Best Homes Title in 2006. The addition of The Closing Office team will grow Best Homes Title staff to 60.

Best Homes Title is underwritten by First American Title Insurance Co., Fidelity National Title Insurance Co. and Old Republic National Title Insurance Co. and is looking to



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in 2011 and 2012 and expects to see an additional 2,000 units this year. As fast as homes are built, they are sold. With the influx of workers, homes stay on the market for only a few weeks. While the 2010 U.S. census put Williston's population at 14,716, it is projected to have a population of nearly 45,000 by 2017.

The housing demand in turn resulted in title insurance premium volume to spike nearly 42 percent to \$12.1 million in 2012 compared to the year prior. While enjoying the growth in business, North Dakota Guaranty and Title Co. is looking to expand its market share with the acquisition of Security Abstract Co., located in Sidney, Mont. Situated about an hour southwest of Williston, Sidney also is benefitting from the oil-shale boom. Title premium volume improved 19 percent in Montana in 2012.

Security Abstract has been a part of Sidney's business community since 1917. The company is a provider of abstract services, closing services and title insurance in Richland County and the surrounding area. North Dakota Guaranty and Title,



established in 1956, provides abstract services, closing services, title insurance and related products for residential and commercial customers. The company has eight offices located in central and western North Dakota.

“With the growing demands on the real estate market within the oil impact areas we decided to move in that market and provide the level of customer service our company is known for,” said Tim Pearson, president of North Dakota Guaranty

and Title. “Expanding into Montana was a logical decision for our operations and one that fits well with our business model and mission.”

While some companies are growing by acquisition, others are growing organically. Detroit-based Title Source planned to add more than 400 new positions through March due to continued growth from all of its locations and business channels. The company added a variety of positions—including abstractors, examiners, title clearance analysts,

March 2013 Economic and Housing Market Outlook

Indicator	2012		2013				2014				Annual Totals					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2009	2010	2011	2012	2013	2014
Housing Starts	0.77	0.90	0.90	0.93	0.97	1.00	1.10	1.15	1.25	1.30	0.55	0.59	0.61	0.78	0.95	1.20
Total Home Sales	5.11	5.28	5.30	5.35	5.45	5.50	5.70	5.80	5.80	5.90	4.72	4.51	4.57	5.03	5.40	5.80
FMHPI House Price Appreciation (%)	0.6	0.4	0.8	2.0	2.0	-0.8	1.0	1.5	1.0	0.4	-2.3	-5.4	-3.7	6.4	4.0	3.5
S&P/Case-Shiller Home Price Index (%)	2.1	-0.3	0.5	3.5	1.0	-1.0	0.5	2.0	0.7	0.3	-2.5	-3.8	-3.7	7.3	4.0	3.5
1-4 Family Mortgage Originations																
Conventional	\$453	\$425	\$397	\$405	\$318	\$290	\$240	\$335	\$235	\$190	\$1,549	\$1,300	\$1,208	\$1,627	\$1,410	\$1,000
FHA & VA	\$97	\$105	\$83	\$95	\$92	\$70	\$50	\$80	\$65	\$55	\$451	\$377	\$292	\$373	\$340	\$250
Total	\$550	\$530	\$480	\$500	\$410	\$360	\$290	\$415	\$300	\$245	\$2,000	\$1,677	\$1,500	\$2,000	\$1,750	\$1,250
ARM Share (%)	8	7	10	11	12	13	14	15	15	16	3	5	11	10	12	15
Refinancing Share - Applications (%)	82	83	77	70	65	60	50	45	45	40	70	76	75	81	68	45
Refinancing Share - Originations (%)	76	76	77	70	65	60	50	45	45	40	68	67	64	75	68	45
Residential Mortgage Debt (%)	-3.0	0.1	-1.0	0.0	0.0	1.0	1.0	2.0	3.0	4.0	-1.6	-4.1	-2.2	-2.0	0.0	2.5

vendor service specialists, HUD reviewers, disbursement analysts and final policies specialists—with the majority being based in Detroit. Other new positions are located in California and Texas.

“Increasing client trust in the execution of our service and opportunities presented in the marketplace have allowed Title Source to more than double in size over the past few years,” said Jeff Eisenshtadt, president and CEO of Title Source.


Additionally, Pittsburgh-based Urban Lending Solutions (ULS) announced it plans to hire 100 people in the Broomfield and Littleton, Colo., markets. ULS already employs nearly 2,000 in Pennsylvania and Colorado. This is up from about 500 employees a year ago.

Underwriters Expand as Well

Since October, North American Title Insurance Co. (NATIC) has received authority to issue title insurance in Washington and Oregon. The underwriter, which now is authorized to do business in 31 states, just entered the Indiana market in January. The expansion is part of NATIC’s growth strategy to cover the major metropolitan areas of the United States. In 2012, title insurance premium volume in the Hoosier State increased nearly 20 percent to \$100 million compared to 2011.

“We are all very excited about entering the Indiana title insurance market,” said Emilio Fernandez, president of North American Title. “NATIC will provide a fresh and new alternative in the marketplace. A different kind of underwriter is in town and we’re looking for a few good agents.”

NATIC may help fill an underwriting void in Indiana as National Attorneys’ Title Assurance Fund Inc. (NATAF) voluntarily suspended writing new title commitments in February. NATAF indicated an escrow theft by an agent—along with challenges in the marketplace and pending regulations—led to the underwriter’s decision. Contracts with all agents were terminated as of Feb. 11, according to a letter from NATAF. Working with NATAF staff and the

 “We analyze each state on an individual basis, using current rate structures, premium splits, loss ratios, reserve requirements and tax rates to determine the most viable options.”

underwriter’s reinsurer—Connecticut Attorneys Title Insurance Co.—along with the Indiana Department of Insurance, Attorneys’ Title Guaranty Fund (ATG) and Agents National Title Insurance Co. (ANTIC) established an expedited process to review and appoint any qualifying NATAF agent.

Meanwhile, Texas-based First National Title Insurance Co. received a certificate of authority in December from the Arizona Department of Insurance to begin offering title insurance in the state. Launching its operation in March 2012, First National Title generated \$5.2 million in title premiums through the third quarter of last year—all of which was produced in Texas. Title insurance

premium volume increased 14 percent to \$368 million in 2012 from 2011.

The underwriter’s expansion plans aren’t set in stone, but Chris Phillips, FNTI’s chief executive officer, said the company has preliminarily targeted expansion into Colorado, Florida, Arkansas and Louisiana.

“We analyze each state on an individual basis, using current rate structures, commission splits, loss ratios, reserve requirement and tax rates to determine the most viable

opportunities,” he said. “We will conduct business in the states that make economic sense. We do not want to be licensed in 25 to 30 states just because it looks nice on a map. Our primary goal is to be fiscally responsible.”

New Players

Companies outside of the title industry are looking to capitalize on the growth as well. Nationstar Mortgage Holdings Inc., a residential mortgage services company, acquired Equifax Settlement Services Holding LLC from Equifax Inc. Equifax Settlement Services currently has more than 130 employees based in Coraopolis, Pa., and Frisco, Texas.

ESS had more than \$65 million in revenue in 2012.

The mortgage lender and servicer said it intends to combine ESS with its Solutionstar platform and rebrand ESS as Solutionstar Settlement Services. Solutionstar offers asset management, settlement and processing services. The price paid to Equifax was not disclosed. According to Equifax' fourth-quarter results, ESS had operating losses of \$7.7 million for 2012 and approximately \$500,000 for 2011.

“Combined with our asset management and recovery businesses, ESS brings critical capabilities and an experienced management team that will greatly enhance the value of Solutionstar,” said Nationstar CEO Jay Bray. “In support of our strategy

to further broaden our real estate services offering across the entire mortgage life cycle, we will continue to pursue strategic acquisitions of fee-based services companies that meet our return thresholds.”

Confirming Nationstar's strategy to provide a one-stop shop, the company last year agreed to be KB Home's preferred lender. In January, the two companies announced a new joint venture, Home Community Mortgage, which will provide home loans to KB customers across the country. Jeffrey Mezger, president and chief executive of Los Angeles-based KB, called the venture a “natural progression” for the nation's fifth-largest home builder.

Research from Barclays' analysts said the venture will provide KB

with “incremental upside to earnings in future years.” Barclays said joint ventures, or fully owned lending arms of builders, can capture financing for 80 percent of the builders' customers. It said home loans from KB's in-house mortgage arm had provided 8 percent of the builder's pre-tax income during the housing boom.

Traditionally a provider of information and solutions to title companies, DataQuick jumped into the fray in October by acquiring ATI Title Companies, which does business as Rels Title. In May, DataQuick will rebrand Rels Title as DataQuick Title. It will continue to be headquartered in Minnetonka, Minn., and be managed by Leslie Foster.

“DataQuick has a long and outstanding history of delivering

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centralized title services to the lending community,” said John Walsh, president of DataQuick. “Combining our expertise with Rels Title’s exceptional service capabilities, local presence and relationships, operational expertise and industry knowledge will allow us to provide a wider range of title and settlement services to the marketplace.”

An interesting new play in the title space is Redfin, which is an online real estate brokerage with agents in several regions throughout the United States. The company, which pays agents based on “customer satisfaction bonuses” rather than a commission, has launched Title Forward to offer title and escrow services. Based in Philadelphia, the new company operates under the direction of Adam Wiener, Redfin’s vice president of analytics and new business, and provides services in Washington, D.C., Colorado, Georgia, Massachusetts, Maryland, New York, Pennsylvania and Virginia.

What does this progressive, experimental real estate site have to do with the title world? Well,

according to the site *GeekWire.com*, Redfin has established its own entity called Title Forward that will be offering title and escrow services. The site said the new group will operate under the direction of Redfin Vice President of Analytics and

stress-free as possible, through both advocacy and technology. We want to get customers the right policy at the right price, written in plain language, not title-ese.”

Strand said that they think Title Forward can make a mark in

“Redfin’s long-term goal is to change the whole real estate game.”

New Business Adam Wiener and is offering its service in Colorado, Georgia, Illinois, Massachusetts, Maryland, New York, Pennsylvania, Washington D.C. and Virginia. The Title Forward service will be available for other brokerages to utilize.

According to a report, Redfin spokeswoman Jani Strand said, “Redfin’s long-term goal is to change the whole real estate game, which goes beyond purchase or sale to include all the services people need throughout. Title Forward is focused on making the closing process as

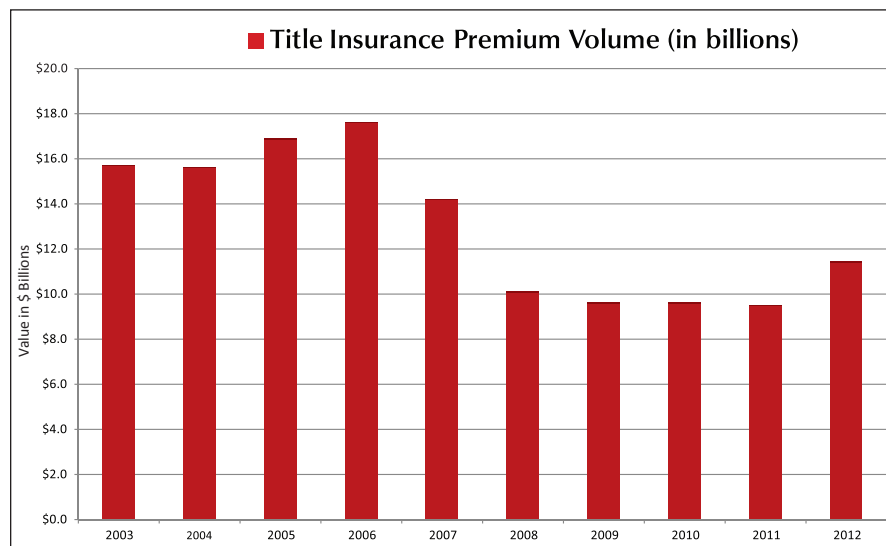
the industry by applying Redfin’s technology and advocacy expertise—“making the closing process easier, clearer, more efficient.”

Conclusion

While not all markets are experiencing the same level of recovery, there’s definitely positive momentum for the housing market in 2013.

As the economy mends, pent-up demand for housing will continue to grow, as roughly 2 million household formations were delayed as a result of the Great Recession, according to the National Association of Home Builders. In normal economic times, demand for new homes is about 1.7 million annually.

Despite unemployment remaining at nearly 8 percent and more than 20 percent of all homeowners with a mortgage remaining underwater, it’s expected the industry should experience the healthiest spring homebuying season since 2007. ■



▲ Source: American Land Title Association



Jeremy Yohe is ALTA’s director of communications. He can be reached at jyohe@alta.org.

Federal Conference Preview: Enhancing the Consumer Experience

Industry Must Speak With One Voice About Important Role It Plays in the Real Estate Transaction

The theme of ALTA's 2013 Federal Conference and Lobby Day is "Enhancing the Consumer Experience." Speakers will expound on the importance of making the real estate process more transparent and easier to understand for consumers, while attendees will take to Capitol Hill explaining to members of Congress and their staff the important role the title industry plays in protecting consumers.

The Federal Conference will be held May 5-8 at the Renaissance Hotel in downtown D.C., and is the best way for title professionals to meet with Congressional leaders to share how federal decisions impact the future of your business.

"Government policy has changed the marketplace and affected the way ALTA members conduct business," said Frank Pellegrini, ALTA's president. "While our industry meets shifting expectations, we must continue to explain to legislators and regulators the value of what we do to protect consumers during

and after the closing of a real estate transaction."

Opening the conversation, Sen. Heidi Heitkamp (D-ND) will serve as the breakfast keynote speaker on Tuesday, May 7. Heitkamp, who defeated Rick Berg in the November 2012 election, may be one of the newest members of the Senate Banking and Small Business committees, but she has a keen

"We must continue to explain to legislators and regulators the value of what we do to protect consumers."

interest in the impact legislation has on small businesses and local banks. Sen. Heitkamp wants to remove unnecessary rules coming out of Washington that hamper growth. Sen. Heitkamp will discuss a number of issues that could affect ALTA members, including mortgage regulations from the CFPB, housing finance reform, taxes and the budget.

She also will address her priorities for the committees and the country.

During lunch, the focus will be on the CFPB's efforts to create simpler mortgage disclosures. ALTA has invited Steven Antonakes, CFPB's acting deputy director, to speak and offer ideas about how ALTA members can enhance the consumer experience in real estate closings.

In the afternoon, a panel discussion led by Pellegrini will dig deeper into the topic of enhancing the consumer experience. Invited presenters include Ken Trepeta of the National Association of Realtors, Rob Zimmer of Community Mortgage Lenders of America, Stewart Morris Jr. of Stewart Title Guaranty Co. and Barry Zigas of Consumer Federation of America. Panelists will describe public policy concerns about consumers' experience

in today's closing process, potential solutions and describe what public policymakers may do to enhance consumers' ability to manage and understand the responsibilities that come with buying a home or refinancing a mortgage.

Also on May 7, ALTA will provide an easy-to-understand policy briefing to train attendees on how

Tentative Schedule for ALTA's 2013 Federal Conference

Sunday, May 5, 2013

3:30 p.m.	Registration Opens
5:30 p.m. – 6:30 p.m.	Welcome Reception
9:00 p.m.	Young Title Professionals Event

Monday, May 6, 2013

12:00 Noon	Lunch
2:00 p.m. – 3:45 p.m.	Agents Section Meeting
2:00 p.m. – 3:45 p.m.	Underwriters Section Meeting
6:00 p.m. – 7:30 p.m.	Capitol Hill Reception <i>Sponsored by First American</i>
7:30 p.m.	Dine Arounds

Tuesday, May 7, 2013

7:45 a.m. – 8:45 a.m.	Speaker Breakfast – <i>Sponsored by Fidelity</i>
12:00 Noon – 1:30 p.m.	Federal Conference Luncheon
1:45 p.m. – 4:00 p.m.	Federal Conference Sessions
5:00 p.m. – 6:30 p.m.	TIPAC Reception – <i>Sponsored by First American</i>
7:05 p.m.	Washington Nationals Baseball Game with TIPAC

Wednesday, May 8, 2013

8:00 a.m. – 9:00 a.m.	Capitol Hill Planning Breakfast <i>Sponsored by Old Republic</i>
10:00 a.m. – 4:00 p.m.	Capitol Hill Appointments & Hospitality Room at Bullfeathers
11:30 a.m. – 2:00 p.m.	Lunch at Bullfeathers <i>Sponsored by Old Republic</i>
5:30 p.m.	Title Action Network Social

To register or for more detailed schedule information, go to www.alta.org/federal.

to conduct successful visits with Congressional representatives during the conference. On May 8, attendees will head to Capitol Hill for a day full of meetings. Last year, attendees held more than 200 meetings with members of Congress and their staff. Even more meetings are projected this year.

“While ALTA staff has done a tremendous job helping members of Congress and their staff understand

what we do, it takes membership to make them care,” said Dan Mennenoh, president of H.B. Wilkinson Title Company. “We must provide informative stories of how we enhance the consumer experience and convey that we want consumers to feel that the process was transparent.”

Pellegrini said attendees should use the opportunity to explain the policies and procedures the industry follows to protect consumer funds

and information. It also will allow the industry to inform members of Congress and their staff about the CFPB's proposal to combine mortgage disclosures and the potential impact on small businesses.

“We need to emphasize that it would be a disservice to consumers if settlement agents no longer serve as the trusted third-party at closing,” Pellegrini said. “It is also our chance to make them aware that we know that a good closing experience starts with an educated consumer. The Federal Conference and Lobby Day is our singular opportunity each year to have the ears, eyes and attention of those who can influence our profession and how we earn our living.”

Additional Events

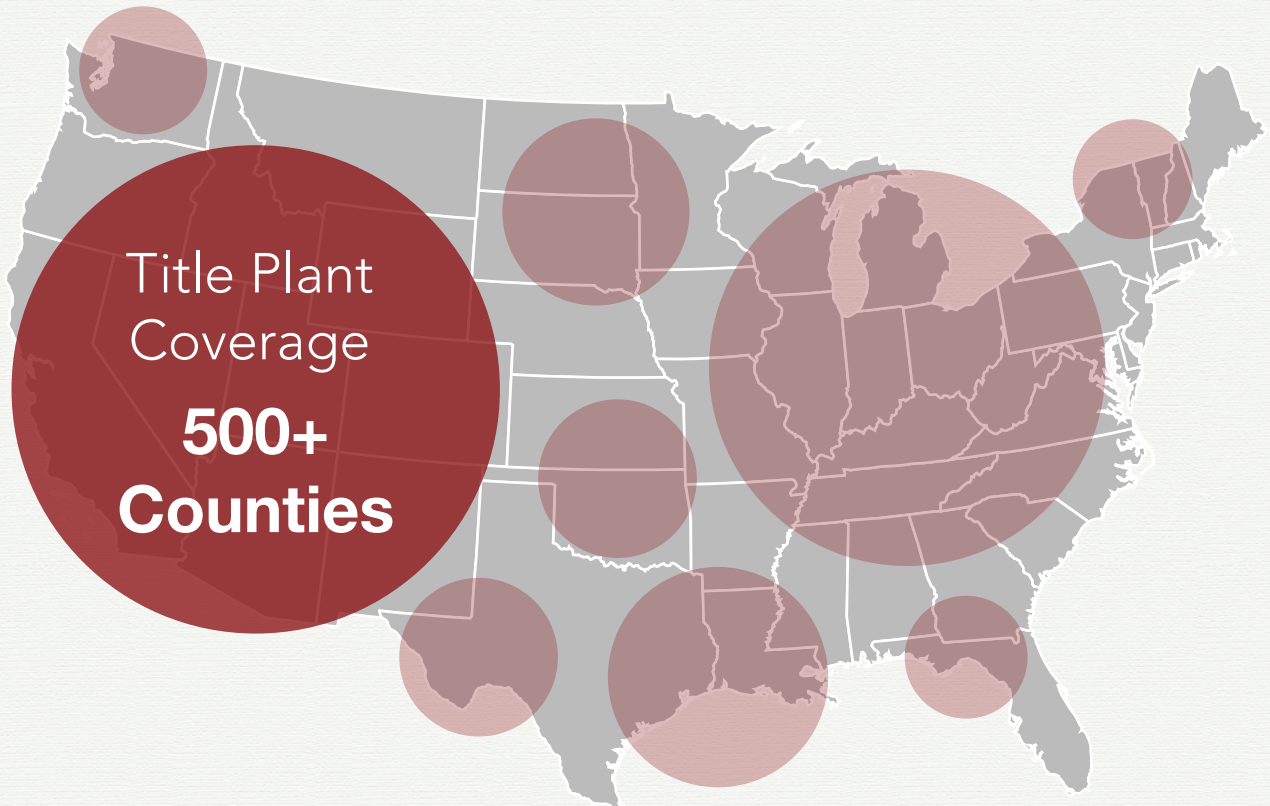
New this year, ALTA will host a New Member/First-Time Attendee Orientation on Sunday, May 5 to help those attending their first ALTA conference. This session will help attendees make the most of their time in Washington, D.C., as Michelle Korsmo, CEO of ALTA, and members of ALTA's Membership Committee will answer any questions you have about the conference or ALTA in general. Also, there will be a Title Action Network Social for attendees to network and meet others attending the conference.

During the morning on May 7, Chas Langelan, a retired surveyor and officer of the Surveyors Historical Society, will provide an interesting history lesson on surveying in the United States. Dressed in frontier attire, Langelan will discuss the evolution of surveying and mapping and how its techniques and instruments have changed over time. ■

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Mortgage Rules Could Exclude Nearly Half of Recent Originations

Impact of Qualified Mortgage and Qualified Residential Mortgage Rules Not Uniform Across the Country

While many reports point to a housing recovery as the market enters the spring buying season, new mortgage rules could curtail any sustained revival, according to several analysts.

In January, the Consumer Financial Protection Bureau (CFPB) issued rules that require lenders to ensure prospective buyers have the ability to repay their mortgage by looking at criteria such as income, employment status, credit history and other debt obligations. This Qualified Mortgage (QM) rule puts limits on debt-to-income (DTI) ratios, prohibits low- and no-documentation lending, negative amortizations, balloons and interest-only loans. The rule does allow a temporary, seven-year exclusion to loans that meet GSE and FHA underwriting guidelines. Additionally, the soon-to-be-released Qualified Residential Mortgage (QRM) rule will create additional underwriting standards—most notably a downpayment

requirement—in order to avoid risk-retention requirements for mortgage securitizations.

Data from CoreLogic shows that only 52 percent of all mortgages made in 2010 would have met the

definition for the safest loans under the Bureau's QM rule. Under the QM, borrowers' DTI can't exceed 43 percent of pretax income. This restriction has the largest impact and would have knocked out 24 percent of all originations from 2010, according to CoreLogic. The documentation requirement removes an additional 16 percent of originations from 2010. Factoring in a 10 percent downpayment requirement under the QRM, CoreLogic forecasts only 40 percent

of the overall market would be QM and QRM eligible.

The impact is even harsher when analyzing the purchase market. CoreLogic analysts predict the QM rule coupled with the pending QRM rule with a 10 percent downpayment requirement results in only 25 percent of purchase originations meeting eligibility requirements.

"Therefore, the QRM rule will be very important for the purchase market and longer-term mortgage production, because the average loan-to-values for purchase loans has increased and the purchase market has remained heavily leveraged," analysts from CoreLogic analysts wrote in a report.

Impact could be even more severe on purchase market if 10 percent downpayment is required.

While the rules will curtail lending, they also are expected to minimize risk. CoreLogic analysts report the QM and QRM rules will have a significant impact on future performance by removing more than 90 percent of the risk.

Jumbo mortgages, which account for 10 percent of all financed mortgages, do not receive the same exemption as the conforming market, so the impact on these loans will be felt beginning January 2014. CoreLogic reported nearly two-thirds of jumbo mortgages issued in 2010

would have been deemed QM. Also, a downpayment requirement under the QRM would only have a 2 percent impact on jumbo volume, compared to 13 percent for the total market.

“The impact is relatively smaller because underwriting in the private non-conforming market has already responded and is already tighter than the government conforming market,” CoreLogic analysts said.

A report published by Deutsche Bank estimates that 75 percent of jumbo loans issued before 2010 were not QM-compliant, and that 13 percent of the jumbo loans issued since 2010 would not qualify as QM mortgages.

The jumbo loan market has already shrunk, with most lenders sticking to mostly GSE-backed mortgages.

Those who do jumbo loans now write mostly prime loans.

Jumbo loans face a tougher test because, historically, many million-dollar homebuyers have not depended on W-2 incomes, the Deutsche Bank analysts noted. Many high-income borrowers with high credit scores tend to take “interest-only” loans for tax purposes. As mentioned, interest-only loans are prohibited under the QM rules.

More broadly, the implementation of the rules could “further delay the recovery of the luxury housing market, which generally consists of homes that cost 1 million dollars or more. The luxury-housing sector is still struggling or even deteriorating despite continuous improvement in the overall U.S. housing market,”

Deutsche Bank analysts said in their note.

The impact of the QM and QRM rules will not be uniform across the country, according to CoreLogic. As an example, 67 percent of South Dakota’s originations meet QM standards. This is the highest rate of any state, according to CoreLogic’s study. Overall, states least impacted by QM are mainly in the Midwest and rural in character. Meanwhile, Nevada is impacted the most, with only 42 percent of loans meeting QM requirements. States most impacted by the QM rule are primarily boom-bust states such as California, Arizona and Florida.

The state-level impact of the QRM rule conforms to income and wealth trends. CoreLogic reports the QRM

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has the largest impact in Arkansas, as 25 percent of all loans originated in the state would be affected. Seven of the top 10 states with the largest impacts from QRM are in the South or Midwest, which have lower incomes. Massachusetts, New Jersey, New York, Hawaii and Washington, D.C.—all of which have above-average household incomes—would be impacted the least by QRM.

“While the QM and QRM rules assist in carving bright lines to delineate ‘safe’ products and provide consumer and investor protections, clearly they are not a panacea,” CoreLogic analysts concluded in their report. “The impact of the QM in the short-to-medium term will be small and ironically reinforces the role the GSE’s play in the market. However, longer term impact for the mortgage market is large—roughly impacting half of all originations for both the overall and purchase markets.” ■

ALTA Joins Letter to Regulators Warning of Strict Down Payment Requirements

In a letter to six regulators, ALTA joined members of the Coalition for Sensible Housing Policy urging for a broad definition of the Qualified Residential Mortgage rule (QRM) and to keep it consistent with mortgage rules released earlier this year.

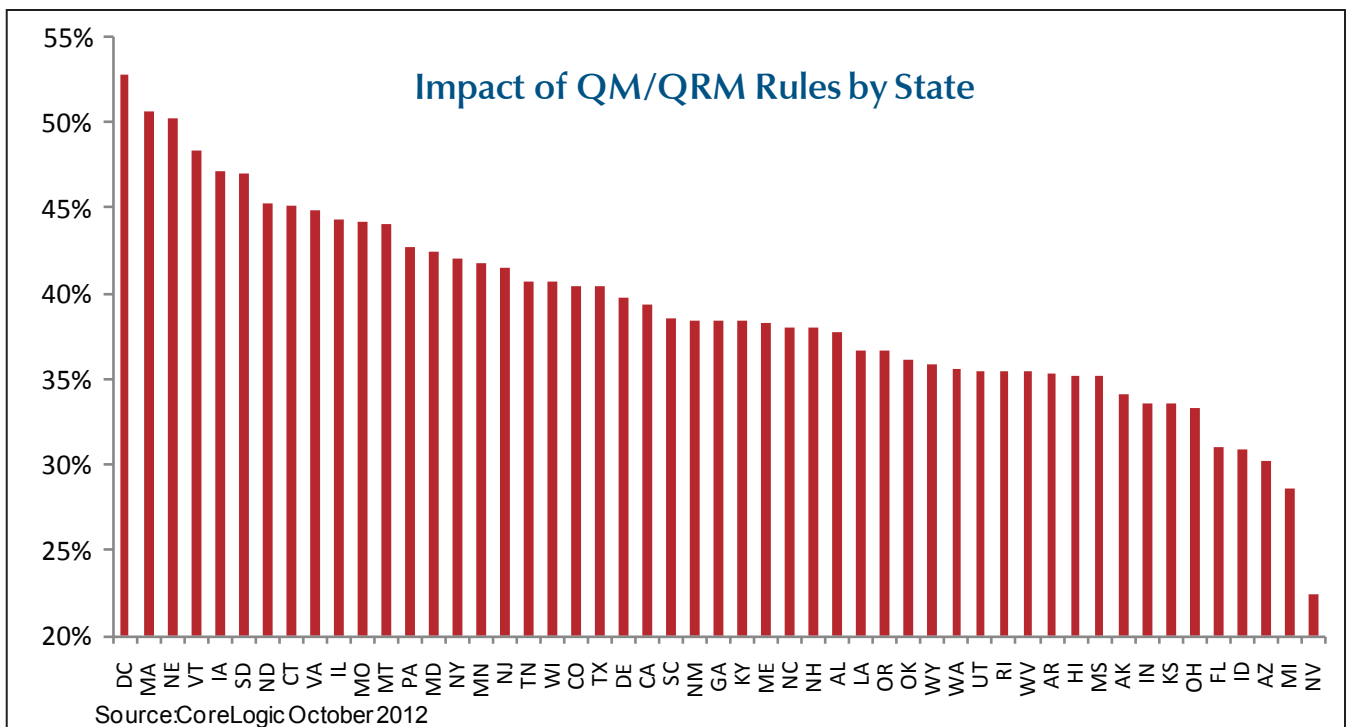
The coalition argues the QRM and Qualified Mortgage (QM) standards should be aligned to encourage safe and financially prudent mortgage lending while not impairing the return of private capital.

On Jan. 10, the Consumer Financial Protection Bureau adopted the QM rule, which requires lenders to ensure prospective buyers have the ability to repay their mortgage. The rule also protects borrowers from risky lending practices such as “no doc” and “interest only” features.

The letter also urges regulators to oppose a stringent 20 percent down payment requirement, saying this would limit the ability of lower-income households and first-time buyers to enter the market.

The Coalition for Sensible Housing Policy is a diverse coalition of about 50 trade groups, consumer organizations and civil-rights groups.

To learn more about the Coalition for Sensible Housing Policy or the QRM, contact Steve Gottheim, ALTA’s legislative and regulatory counsel, at sgottheim@alta.org.





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U.S. Supreme Court Hears Arguments in Case Addressing Access to Virginia Public Records

The U.S. Supreme Court heard oral arguments in February in a case that impacts aggregators of information from public records. The high court heard arguments in *McBurney v. Young*, 2012 U.S. Lexis App. 1872 (4th Cir. 2012), which addresses whether a state may preclude citizens of other states from accessing public records that the state affords its own citizens.

Last year, the U.S. Court of Appeals for the Fourth Circuit upheld the constitutionality of a provision in Virginia's public records law that limits public record disclosure to those persons or entities that are "citizens" of Virginia. In addition to Virginia, Arkansas and Tennessee limit freedom of information requests to residents of their own states.

The Virginia Freedom of Information Act (VFOIA) grants "citizens of the Commonwealth" (and representatives of media in Virginia) access

to public records. One of the parties in the case, Roger Hurlbert of Sage Information Services, was a public record aggregator of real estate information whose public records request was denied because he was based in California.

The appellant challengers argued that the "citizens-only" provision violated the Privileges and Immunities Clause of Article IV of the U.S. Constitution. The Fourth Circuit Court of Appeals disagreed, saying that the rights granted under the VFOIA are not "fundamental rights" sufficiently basic to the livelihood of the nation so to be protected under the Privileges and Immunities Clause.

The court held that the rights asserted by appellants which previously had been recognized as fundamental in this context—the right to access courts and the right to pursue a common calling—were not implicated by the

"citizens only" provision of VFOIA.

During oral arguments before the Supreme Court, Virginia Solicitor General Earle Duncan Getchell Jr. represented the state, while Deepak Gupta of the Washington law firm of Gupta Beck PLLC represented the challengers to the Virginia law.

During Gupta's argument, Justice Antonin Scalia suggested that Virginia was entitled to keep "outlanders" from

"mucking around" in that state's government. Meanwhile, Getchell argued Virginia opened up its records to let citizens monitor their government, saying "the purpose of the statute is political, not commercial." However, Justice Elena Kagan pressed Getchell saying Virginia may have intended for the law to open up government, but also for it to contribute to the free flow of information.

Mason County in Washington Records First Electronic Document

Mason County in Washington recorded its first electronic document through Simplifile's e-recording service and has made e-recording available to all online document submitters.

Simplifile said Mason County will be able to reduce significantly the amount of time it takes for documents to be recorded. First American Title of Mason County was the first to submit and successfully e-record using Simplifile's service. The

first document e-recorded was a deed of trust.

"We at First American Title of Mason County are excited about this new tool for recording documents for our customers," said Debbie Metcalf, recording clerk for First American Title of Mason County. "The Simplifile e-recording program is simple to use and very user-friendly. Even those with limited experience with technology will find it easy to utilize."

Builder White Paper Calls for Appraisal Reform, 'Real Estate Data Superhighway'

A white paper from the National Association of Home Builders (NAHB) says serious problems in the residential appraisal process must be addressed in order to restore confidence in the residential real estate market and to establish a foundation for sustainable growth of the U.S. economy.

The white paper, "Comprehensive Blueprint for Residential Appraisal Reform," was developed by the Appraisal Working Group. The group consists of home builders and representatives from the financial and appraisal sectors. The Appraisal Working Group sought input from representatives of all stakeholders in the residential appraisal process, and the white paper offers specific recommendations for changes to all aspects of the appraisal system.

Appraisals are regulated by the states, so standards and requirements vary greatly, resulting in a system that is inconsistent, confusing and does not serve consumers well, according to NAHB.

Among its suggestions, NAHB suggested the development of a "real estate data superhighway" with a national real property registry and supporting networks. NAHB said that U.S. real estate is the largest asset class in the world and it is astounding that so little is known about it, especially in real time.

"A modern real estate data infrastructure must include mandatory registry of all real property with a unique identifier and a single data standard," according to the white paper. "There must also be a data exchange for real estate transactions that recognizes the existence of the mortgage-backed securities (MBS) markets.

NAHB recommended a national real property registry (*Terra.gov*) could serve as the official record of the structure and constraints of the land, including land use, zoning and easements, condo documents and new construction data. It would also incorporate green components in the data standards. Time-stamped photographs, satellite images, floor plans, and other exhibits would be in permanent archives.

Federal Regulators Propose Social Media Guidance for Financial Institutions

The Federal Financial Institutions Examination Council recently released guidance to help financial institutions understand potential consumer compliance and legal risks associated with the use of social media.

The proposed guidance reminds lenders that consumer protection and compliance regulations such as the Truth in Lending Act (TILA) and the Real Estate Settlement Procedures Act (RESPA) apply when advertising products on social media.

Social media communications in which lenders advertise loan products should also comply with advertising provisions of TILA's Regulation Z, which requires disclosures about loan terms and costs, the proposed guidance said.

RESPA prohibits fee splitting, as well as

giving or accepting a fee, kickback, or thing of value in exchange for referrals of settlement service business. RESPA also has specific timing requirements for certain disclosures. These requirements apply to applications taken electronically, including social media.

While not yet adopted, the white paper focuses primarily on the following key points:

- how insurance companies and producers are using social media in the business of insurance;
- identifying regulatory and compliance issues that have, or might, arise through the use of social media in insurance; and
- providing guidance on addressing identified regulatory and compliance issues.

Adeptive Simplifies Shipping with UPS Integration

Adeptive Software, the makers of ResWare, has integrated UPS functionality into its suite of software solutions, making it easier for customers to utilize UPS services.

Customers using the integrated solution can easily create shipping labels and access critical shipping information without having to leave ResWare, the company said in a release.

Integration Provides Electronic Closing Documents to Clients

Pioneer Technology Group, developers of YourDox online homebuyer document delivery and archiving system, has partnered and integrated with GreenFolders' electronic office management system.

With this partnership, title and escrow companies processing their transactions electronically via GreenFolders are now able to automatically deliver secure, electronic closing documents to their clients.

"GreenFolders is committed to improving the closing process by eliminating the use of paper. Through our partnership with Pioneer Technologies we are

further advancing this commitment" said Mike Kirby of GreenFolders. "With the addition of YourDox on the GreenFolders platform, our users can improve customer service and security by providing their customers with convenient online access to their closing documents."

According to a release, the companies said this integrated solution greatly reduces the expense and potential risks associated with handling and storing paper closing documents. The platform also provides homeowners with ongoing document storage.

Users of GreenFolders Version 3.4 or higher will have access to YourDox.

TSS Software Celebrates 20 years of Title Industry Service

This year, TSS Software Corp. marks 20 years of offering technology solutions to the title and settlement services industry. Founded in 1993, TSS has evolved from a small regional startup into a highly experienced title technology provider serving a large array of title insurance agents and underwriters nationwide.

"Though TSS has expanded significantly over the last two decades, the founding principles remain the same," said Barbara Miller, president and chief operating officer. "Our technology solutions are developed for industry professionals by a team of industry professionals. We pride ourselves on the fact that we know title."

MBA Forecasts 11 Percent Spike in 2013 Commercial/Multifamily Mortgage Originations

The Mortgage Bankers Association (MBA) projects originations of commercial and multifamily mortgages will grow to \$254 billion in 2013, an increase of 11 percent from 2012

volumes. The forecast also suggests that this sector will continue to rise to \$289 billion in 2015. Originations of multifamily mortgages are forecast at \$100 billion in 2013.

Entrust Expands Offerings in Mississippi

Entrust Solutions, a title insurance servicing company, has launched its Nexus Program in Mississippi. The program is designed to give attorneys and title agents a platform to handle real estate transactions with limited risk.

Jonathan Yasko, managing member of

Entrust, said the company handles most of the back office work, issues the policy and disburses funds, allowing attorneys and agents to focus on servicing their existing customer base.

Entrust also operates in Alabama, Florida, Georgia and Tennessee.

Data Trace Increases Geographic Reach

Data Trace Information Services LLC, a provider of data services to the settlement services industry, has added new title plants and land records to its databases, increasing its geographic reach.

The company added 107 title plant counties in the fourth quarter of 2012, which included expansion into Alaska, Delaware, Massachusetts, Montana, North Carolina and South Carolina. Data Trace's title plants now include

data from more than 500 counties, representing more than 70 percent of the housing stock in the United States.

Data Trace also increased its land records database that houses official copies of real estate transaction documents, such as transfer deeds, mortgages, foreclosures and other liens. This database houses more than five billion land records in more than 1,000 counties.

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ALTA Members Constantly Strive for Progress and Innovation

It's been nearly five years since our country and industry were decimated by the financial crisis. We've come a long way since what Warren Buffet coined the "Economic Pearl Harbor."

The professionals still serving the industry have persevered. This dedication has come to be expected from our great industry. We are a group that continually strives to progress, improve and innovate. Now, with a steady stream of positive economic indicators, many are looking to expand their geographic footprint, while new companies are looking to bring new concepts to the title and closing space in order to capture market share. Competition is a great thing. Don't miss the cover article on page 10, which highlights what some companies are doing.

I attended ALTA's Business Strategies Conference last month in Oklahoma City. (Look for a recap in May's edition of *TitleNews*.) Attendees were eager to learn how to implement various pillars of ALTA's "Title Insurance and Settlement Company Best Practices." I took away several checklists to improve my company's operations. I even created a Twitter account after learning of the impact it can have on reaching potential customers. Social media is changing how businesses interact with consumers.

The theme of this year's Federal Conference and Lobby Day is "Enhancing the Consumer Experience." I encourage you to attend this important meeting. (Check out page 18 for a preview.) As closing agents, we want our customers to leave our offices understanding the terms of their mortgage loan and real estate contract, trusting that this complex process was fair. A good closing experience starts with an educated consumer. These are changing times and we must keep up. To steal another quote from Buffet: "The pace of change in terms of what customers are doing, how they pay us, how they come to us—it's breathtaking. Any company that interacts with consumers and thinks that last week's technology and approach is going to work five years from now is probably making a mistake."

Let me tell you. We can keep up. ALTA's "Title Insurance and Settlement Company Best Practices" represent just one example of our industry meeting new market demands, progressing, improving and innovating.

Threats to our delivery of settlement services have come across our bow. We've answered the threats. Another shot will come in September when the Consumer Financial Protection Bureau releases its final mortgage disclosures, which will replace the current Truth-In-Lending (TIL), Good Faith Estimate (GFE) and HUD-1 Settlement Statement (HUD-1) disclosures. While ALTA supports simpler disclosures so consumers can easily locate key information, the proposed rule will dramatically alter the settlement process. The Bureau proposes two alternatives for which party is required to provide consumers with the new Closing Disclosure. Under the first option, the lender would be responsible for delivering the disclosure to the consumer. Under the second option, the lender may rely on the settlement agent to provide the form.

While the future delivery mechanism is uncertain, one thing is clear. We must preserve our valuable role in the closing process. Consumers deserve it.

- Frank Pellegrini, ALTA president





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