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TitleNews

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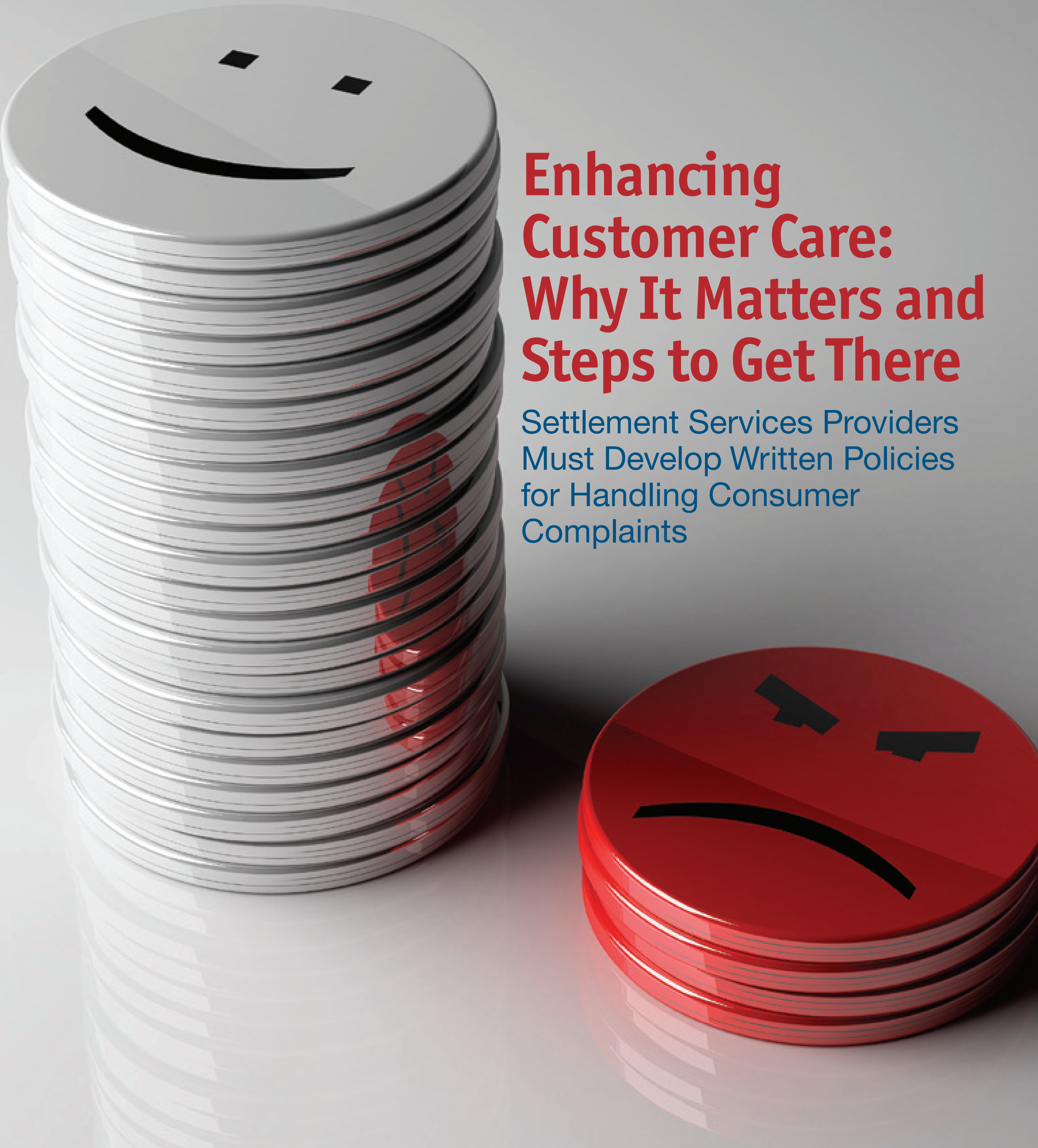
American Land Title Association

Enhancing Customer Care: Why It Matters and Steps to Get There

Settlement Services Providers Must Develop Written Policies for Handling Consumer Complaints



American Land Title Association

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AMERICAN LAND TITLE ASSOCIATION

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contents

TitleNews • Volume 92, Number 9

Features

Departments

calendar

ALTA CONFERENCES

October 9-12	2013 Annual Convention *Palm Beach, FL*

BEST PRACTICES MEETINGS

September 16	New York *New York City, NY*
September 19	New Jersey *East Windsor, NJ*
November 2	Washington *Everett, WA*

STATE MEETINGS

September 5 - 7	North Carolina *Hot Springs, VA*
September 8 - 10	Ohio *Columbus, OH*
September 11 - 13	Colorado *Avon, CO*
September 12 - 13	North Dakota *Minot, ND*
September 16 - 17	Indiana *French Lick, IN*
September 18 - 20	Arizona *Tuscan, AZ*
September 18 - 20	Nebraska *Kearney, NE*
September 19 - 20	Missouri *Branson, MO*
December 4 - 6	Louisiana *New Orleans, LA*

TitleNews

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AMERICAN LAND TITLE ASSOCIATION

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from the publisher's desk

Understanding Personality Can Unlock Staff Potential

Knowing and understanding the personality traits of your staff can be crucial to the success of your operation. For instance, our cover article addresses how to improve consumer care. When selecting a point person to handle consumer complaints, you want to choose a person who enjoys helping others and seems to know naturally how to handle customer service situations. Someone energized by interacting with others may be better suited to this role than someone with an introverted personality who may be stressed or drained by too much continuous interpersonal interaction.

This summer, the ALTA staff took the Myers-Briggs Type Indicator (MBTI) personality assessment so we could learn more about our strengths and how to work more effectively as a team. The MBTI looks at eight personality preferences organized into four sets of opposite pairs. The four dichotomies describe four activities:

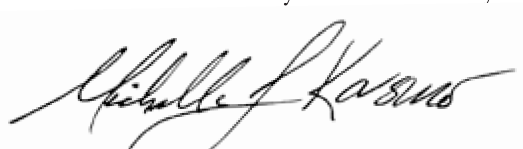
- **Energizing:** Where a person gets there energy, either Extroversion (E)or Introversion (I)
- **Perceiving:** What a person pays attention to, either Sensing (S) or Intuition (N)
- **Deciding:** How a person makes decisions, either Thinking (T) or Feeling (F)
- **Living:** A person's attitude towards the outside world, either Judging (J) or Perceiving (P)

A person's type is determined by responses to MBTI questions. Since each of the eight preferences is represented by a letter, a four-letter code can be used for indicating a type. For example, an ESTJ suggests a person who is energized by the external world (E), prefers to perceive information by Sensing (S), makes decisions by Thinking (T) and adopts a Judging (J) attitude. In all, there are 16 personality types. At ALTA, we fill 14 profiles. While an organization doesn't necessarily need to add a "missing type," looking at the chart allows organizations to see what perspectives may be missing and see where to supplement their view to ensure an optimal outcome.

According to Isabel Briggs Myers—author of the Introduction to Type booklet that's used to explain psychological types and MBTI results—people tend to have the most satisfaction in careers that provide them with opportunities to use their personality preferences. It's important to note that there is no right or wrong to the preferences. People use both poles at different times, but when someone is using their preferred method they tend to perform the best and feel the most competent and energetic.

The MBTI assessment provides a great way to understand normal, everyday differences between people. Moving from recognizing and understanding personality differences to appreciating and effectively using differences is a challenge. It can be rewarding when you can find ways to use people's differences constructively. Co-workers can benefit from opposite personality types as they can complement each other and balance decision making. Understanding your employees' personality traits could prove helpful when looking to solve problems and make decisions.

You'll have to ask my co-workers if they want to share their results, but typical of my type, I'm happy to share. I'm an ENTJ.



- Michelle Korsmo, ALTA chief executive officer

Eminent Domain Debate Heats Up as HUD Offers Opinion

Shortly after a group of the nation's largest bond investors and trustees filed a lawsuit last month against Richmond, Calif., and investment firm Mortgage Resolution Partners (MRP), the U.S. Department of Housing and Urban Development told lawmakers it couldn't say if the Federal Housing Administration would insure new mortgages in communities to seize home loans through eminent domain.

In an Aug. 12 letter responding to questions from members of Congress, HUD Acting Assistant Secretary Elliot Mincberg wrote that "pending legal developments and possible further execution of the plans in question, HUD does not know whether any new mortgages which might be created would qualify for insurance by the Federal Housing Administration."

HUD's comments came a week after the Federal Housing Finance Agency (FHFA) said it would consider directing companies to stop doing business in communities that seize mortgages through eminent domain to avert foreclosure by writing down the principal balances. In a memorandum, FHFA General Counsel Alfred M. Pollard said the FHFA may also initiate legal challenges to such actions.

"There is a rational basis to conclude that the use of eminent domain by localities to restructure loans for borrowers that are 'underwater' on their mortgages presents a clear threat to the safe and sound operations of Fannie Mae, Freddie Mac and the Federal Home Loan Banks as provided in federal law," Pollard wrote.

In an effort to block the city's proposal to seize mortgage notes through eminent domain, Deutsche Bank and Wells Fargo filed a lawsuit in the U.S. District Court in San Francisco at the request of Fannie Mae, Freddie Mac, Pacific Investment Management Co. (PIMCO) and BlackRock, Inc.

The plaintiffs are looking for an injunction preventing the city from moving forward with its proposal to help underwater homeowners avoid foreclosure by forcibly buying mortgages from investors, reducing the loan balance and refinancing the mortgage, resulting in a lower mortgage payment for the borrower. The lawsuit alleges the city's proposal is unconstitutional because by helping only a limited number of homeowners stay in their homes, the program lacks a public purpose—a key element required for any use of the power of eminent domain. In addition, the banks argue the program will result in due process problems and may violate the contracts clause of the Constitution.

While the title industry is familiar with how to work with cities, developers and homeowners during the eminent domain process, there is a rumor that Richmond and MRP are planning to use a quick-take procedure to obtain title to the mortgages.

"If true, they may ask title companies to provide insurance from the time they use the quick take until the time they obtain final judicial determination," said Michelle Korsmo, ALTA's CEO. "We are also hearing that the amount of litigation surrounding this proposal may make it more difficult for title professionals to underwrite policies without exceptions and to obtain payoffs and releases if an affected property is sold or refinanced."

In July, ALTA joined with a group of industry trade associations in signing a letter to the House of Representatives urging support for an amendment to the Transportation-HUD Appropriations Act for Fiscal Year 2014. The amendment would prohibit the FHA from insuring residential mortgages seized through eminent domain.

ALTA President a 'Fine Dressed Man'

ALTA President Frank Pellegrini was looking good during visits at the state land title association conventions in Oklahoma and Texas. Pellegrini wore a Native American headdress in Oklahoma. Pictured with Pellegrini is Mark Bilbrey, a past president of ALTA and OLTA. Meanwhile in Texas, Pellegrini put on a cowboy hat. He's pictured with Randy Pittman, the immediate past president of the TLTA.

Agents and Abstracters Forum to Discuss Dodd-Frank's Impact

During the Agents and Abstracters Forum on Sept. 23 in Minneapolis, Kim Manuelides of the law firm Saul Ewing will address regulation of bank and non-bank lenders related to the Dodd-Frank Act and discuss potential impact on day-to-day title operations and longer-term business strategies and relationships. For more info or to register, go to *www.alta.org/meetings/smallagents*.

Title Topics Webinar Addresses RESPA Compliance

K&L Gates partner Phil Schulman provided a RESPA primer and reviewed recent enforcement actions and penalties levied by the CFPB during an ALTA Title Topics webinar on Sept. 12. Schulman discussed the key elements the Bureau focuses on when examining settlement services providers for RESPA compliance. Schulman also quizzed participants on some common enforcement scenarios to help gauge RESPA compliance.

To view a recording of the webinar go to *www.alta.org/titletopics*.

ALTA Awards Four NTP Designations

ALTA announced it has awarded four new National Title Professional (NTP) designations.

The professional designation was received by John P. Bruce, senior vice president of the commercial division at Texas-based Heritage Title Company; Shari Foster, vice president/director of education and training at Fidelity National Title Group's Southwest Agency Division in Dallas; Carol Kirby, director of operations at Montana-based American Title & Escrow; and Isidore Teitelbaum, counsel at Title Services of New Jersey in East Brunswick, N.J.

The NTP designation recognizes land title professionals who demonstrate the knowledge, experience and dedication essential to the safe and efficient transfer of real property.

The designation has several elements, including industry and compliance prerequisites and training requirements. To apply for the NTP designation and for more information, visit ALTA's NTP website at *www.alta.org/ntp*.

2013-14 Nominations for ALTA Board and Executive Committees

ALTA's Nominating Committee is pleased to present the list of nominations for the 2014 ALTA Board of Governors, as well as the Abstracters and Title Insurance Agents Executive Committee and the Title Insurance Underwriters Executive Committee. Nominations will be voted on during the 2013 Annual Convention, being held Oct. 9-12 in Palm Beach, Fla. Here is the slate for the Board of Governors and Section Executive Committees.

2013-14 BOARD OF GOVERNORS NOMINATIONS

President:
Rob Chapman (*Minneapolis, Minn.*)

President-elect:
Diane Evans (*Denver, Colo.*)

Treasurer:
Peter Birnbaum (*Chicago, Ill.*)

Chair of Finance Committee:
Bill Burding (*Santa Ana, Calif.*)

Agents Section Chair:
Dan Mennenoh (*Galena, Ill.*)

Agents Section Rep:
Cynthia Blair (*Columbia, S.C.*)

Agents Section Rep:
Brian Pitman (*Austin, Texas*)

Underwriters Section Chair:
John Hollenbeck (*Santa Ana, Calif.*)

Underwriters Section Rep:
Steve Day (*Jacksonville, Fla.*)

Underwriters Section Rep:
Stewart Morris Jr. (*Houston, Texas*)

Immediate Past President:
Frank Pellegrini (*Oak Park, Ill.*)

ABSTRACTERS AND TITLE INSURANCE AGENTS EXECUTIVE COMMITTEE

Chair: Dan Mennenoh (*Galena, Ill.*)

Vice Chair: Craig Haskins (*Milwaukee, Wis.*)

Secretary: Celia Flowers (*Tyler, Texas*)

Three-year term: Dean Hoag (*Des Moines, Iowa*)

Three-year term: Brian Pitman (*Austin, Texas*)

Three-year term: Richard Welshons (*Hastings, Minn.*)

Two-year term: Cynthia Blair (*Columbia, S.C.*)

Two-year term: Tim Evans (*Tipp City, Ohio*)

Two-year term: Celia Flowers (*Tyler, Texas*)

One-year term: Bill Burding (*Santa Ana, Calif.*)

One-year term: Craig Haskins (*Milwaukee, Wis.*)

One-year term: Larry Matney (*Boise, Idaho*)

TITLE INSURANCE UNDERWRITERS EXECUTIVE COMMITTEE

Chair: John Hollenbeck (*Santa Ana, Calif.*)

Vice Chair: Rich Patterson (*Rocky Hill Conn.*)

Secretary: Mary O'Donnell (*Winter Park, Fla.*)

Three-year term: Mark Budzinski (*Minneapolis, Minn.*)

Three-year term: Steve Day (*Jacksonville, Fla.*)

Three-year term: Rich Patterson (*Rocky Hill Conn.*)

Two-year term: Bob Grubb (*Longmont, Colo.*)

Two-year term: Stewart Morris Jr. (*Houston, Texas*)

Two-year term: Ted Rogers (*Baltimore, Md.*)

One-year term: Morris Fine (*Chapel Hill, N.C.*)

One-year term: Scott McCall (*Dallas, Texas*)

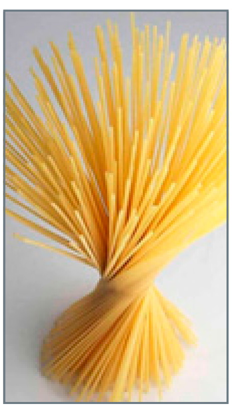
One-year term: Mary O'Donnell (*Winter Park, Fla.*)

#ALTA2013 – Connecting at Convention

ALTA's 2013 Annual Convention is just around the corner. We're offering our members more ways than ever before to connect socially at the convention. The official convention hashtag for Facebook, Instagram and Twitter is *#ALTA2013*. If you're attending the convention, be sure to stop by our first-ever social media booth near the convention registration desk. At our booth, we'll pass out important social media information, help you download our conference app, show off the best scanning apps for our professional development sessions, sign you up for Twitter, and more. We'll also have our live social media wall streaming posts from all *#ALTA2013* attendees. If you can't attend in person, keep an eye out on ALTA's Facebook and Twitter accounts for other ways to participate.

Create a Content Strategy

Sometimes creating social media content can feel like throwing spaghetti at a wall. Just as you would plan for monthly promotions or quarterly goals, you must develop a social media content strategy. Begin by considering possible posts from all departments of your organization. Determine how many possible messaging points you may have each month. Next, determine the order of your posts and assign the posting responsibility to specific individuals. Lastly, don't forget to consider new photo opportunities in your strategy.



If you have any questions about this tip, or have a tip of your own, contact ALTA's manager of external communications, Wayne Stanley at *wstanley@alta.org*.

#WeAreTitle – Faces of the Industry

One of our most popular *#WeAreTitle* posts came from Linda Larson at Old Republic National Title Insurance Company. Linda encouraged her entire team to join the Title Action Network. Once the team had 100 percent participation she hosted a pizza party in their honor. A great way to show off proud members of our industry!

Vote for 2015 Business Strategies Conference Location!

We've been asking our Facebook and Twitter followers to vote for their favorite location for the 2015 Business Strategies Conference. The choices are New Orleans, Indianapolis, Kansas City, Atlanta, and Raleigh. Send your choice to *social@alta.org* today!

How Are We Doing?

In July, the ALTA Planning Committee met in Washington, D.C. to discuss goals and objectives for 2014. What are some of your favorite ALTA programs and member benefits? What new items would you like to see offered next year? How can we better your experience interacting with ALTA online? Email us at *social@alta.org*.

Enhancing Customer Care: Why It Matters and Steps to Get There

Settlement Services Providers Must Develop Written Policies for Handling Consumer Complaints

With any product in any market, companies that are able to serve the needs of its customers effectively are better positioned to increase market share. Take the wireless cell phone market for example. AT&T ranked last two years ago in customer service with respect to the other three nationwide wireless operators, according to J.D. Power. After focusing on improving its customer care and the sales experience, AT&T vaulted to the top of the yearly survey for the first time. AT&T said it views improved customer care and sales experience an important part of maintaining and winning customers. >>

By Jeremy Yohe

good.

better.

fntg.com/**best**practices

never, never rest.

To improve is to change!

Our commitment to our agents is tireless. That is why we have expended significant effort to not only educate our agency personnel about the regulations and requirements proposed by the CFPB, but also to develop strong affiliations with various service providers that can help our agents in meeting the ALTA Best Practices. Change is good, but it can be daunting. We can help you find the best answers to your questions.

FIDELITY NATIONAL TITLE GROUP®

"There is nothing more important to us than listening to our customers and continually improving their experience at every opportunity, and it's a job that's never done," said Ralph de la Vega, president and CEO of AT&T Mobility. "We look at customer service not as a department but as a discipline that must be applied in every part of our business, by each employee, for every customer."

Providing excellent customer care has always been a major focus of companies providing settlement services. However, this has percolated to a new level with financial institutions being held responsible for actions of third-party service providers. Since settlement services providers serve as the lenders' "face" with the consumer, this is crucial as lenders as they attempt to reduce settlement and reputational risk.

In today's market, lenders not only want to know how quickly their settlement services providers respond to consumer complaints, but they also want evidence of how consumer complaints are handled and resolved. This makes having a tracking mechanism for handling consumer complaints crucial to maintaining and developing business relationships with lenders.

"We require this for all settlement providers we utilize," said Penny Reed of Wells Fargo Home Mortgage. "You need to have this in writing and have someone in charge of it."

The seventh pillar of ALTA's "Title Insurance and Settlement Company Best Practices" says a written process for receiving and addressing consumer complaints helps ensure that reported instances of poor service or non-compliance do not go undiscovered.

Additionally, the Consumer Financial Protection Bureau (CFPB) is focused on enhancing the consumer experience and expects companies to have a process in place to handle and resolve complaints. The CFPB issued a bulletin (see "CFPB Issues 'Responsible Conduct' Guidance" on page 16) in June regarding responsible business conduct, which provides insight into the Bureau's mission and further supports the importance of resolving consumer complaints. The bulletin encourages "activity that has concrete and substantial benefits for consumers and contributes significantly to the success of the Bureau's mission."

"How each of our companies handles Best Practice No. 7 will likely be important to the CFPB," said Alison Gareffa, senior agency services analyst for Old Republic National Title Insurance Co. "One thing is clear—we can all use tools to help resolve consumer complaints and improve upon what we do. The bottom line is that the best defense is the best offense."

The first step to building a consumer-complaint resolution process is defining what constitutes a complaint. Rate-related complaints can be put into two buckets, according to Gareffa. In states where there are no set rates, complaints could be made through the department of insurance (DOI) or directly the agency. In many states, the DOI will refer the consumer back to the title company. Each state DOI has its own procedures for handling complaints. In states where rates are filed with the DOI, where there's a rating bureau or where rates are promulgated, complaints would go directly to the department of insurance.

Complaints that are customer service in nature—such as an error that could be a claim or an error in the closing process—need to be handled by the title company. The protocols of the state in which the closing occurred would need to be followed. Having standard procedures for logging and resolving consumer complaints help ensure that consumers provide the company with sufficient information to understand the nature and scope of the complaint, according to Terrie Miller, corporate operations officer of H.B. Wilkinson Title Co. "When a consumer is making a complaint, it's always best to note it in the file so if something comes back later you can prove you had the conversation," Miller said. "Put as much as possible in the electronic file."

Resources to Train Employees on Customer Skills

PhonePro: *www.phonepro.com*
This company provides training for customer service and telephone skills to help you develop loyal and satisfied customers.

Telephone Doctor: *www.telephonedoctor.com*
This company provides DVD, online and onsite training for customer service, client retention, telephone skills, employee relations, leadership and communication topics.

It's important to make every effort to give the consumer a positive experience. When customers give feedback that isn't positive, Miller said you should be ready to listen, be apologetic and assure them you'll investigate further.

"Training employees to keep calm when conversing with an irate consumer is important," she added. "Remember to talk softly and let the consumer finish what they are saying. Repeat to them what they said. At the end of the conversation, you want them to go away happy."

Title companies should also train their employees not to try and resolve complaints during the conversation. The objective should be to gather as much information as possible from the consumer.

"Resolving something on the phone can often lead to incorrect information provided to the consumer," Miller said. "After collecting the information, let the consumer know what steps you will take to resolve the issue and reassure them that you'll follow up."

Keeping consumers updated throughout the process is important. Companies should then determine the method of communication when a resolution is reached. This can be by phone, email or letter.

Designating a single point of contact to handle all consumer complaints is another important part of the process. Miller said it should be someone who has the authority to make decisions.

"Passing them up the chain where the consumer may first talk to the receptionist and then the title processor only aggravates the consumer," she said. "Think about when you call your credit card company and you have to go through many automated versions until you get to a human. Be cognizant of that when speaking with the consumer."

A back-up person to the main contact should be designated to help ensure consumers can speak to a person when calling with an issue.

Miller encourages companies to enter all complaints into a log as this will help provide guidance on how you operate internally. She suggested companies have management periodically review, date and sign-off on the log.

"Keeping a regular log of problems provides a great company-wide evaluation in how you are servicing customers," she added.

Gareffa suggested that companies develop a standard consumer complaint intake form that can be used for all types of complaints, whether they come by email, letter or phone. This will help in This will help in documenting and tracking issues and their resolution. Regardless of the method in which complaints come in, all of the details should immediately be transferred to the standard complaint form. According to Gareffa, the form should include information that connects the complaint to a specific transaction, including consumer contact information, property address, agent file number and policy number.

"Think about when you call your credit card company and you have to go through many automated versions until you get a human. Be cognizant of that when speaking with the consumer."

Here's a list of items that could be included in the complaint log:

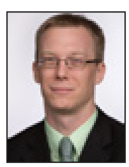
- Consumer name
- Brief description
- Date received and to whom assigned
- Date of last contact with consumer
- Date of last activity or updated information
- Status (i.e. pending, action required, resolved)
- Date resolved and description of resolution

Title companies should make it as easy as possible for consumers to contact them. Information on the company website and closing packages should be updated if contact information is not clear and easy to find. Companies may also want to consider making the consumer complaint log a form-fillable PDF and store the document on a shared network drive.

"If you are a paperless company or have multiple offices this makes the log available to all offices," Miller said. "It will become a live document and can be updated easily. If a point person is out of the office, then the secondary person has something to review and see progress on a complaint."

Many underwriters have developed templates to help agents develop their own consumer complaint resolution procedures. According to Gareffa, however, it's important that each company modify the samples to meet both market and contract requirements.

"The CFPB is focused on how consumers are being impacted by everything we do, so we need to be cognizant of that in the future," Miller concluded. ■



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

CFPB Issues 'Responsible Conduct' Guidance

The Consumer Financial Protection Bureau released a bulletin advising providers of consumer financial products and services on the types of "responsible business conduct" expected out of companies subject to its enforcement investigations.

"The purpose of the bulletin is to encourage providers of consumer financial products and services to do certain things that have real consumer benefits and contribute to our work in protecting consumers," Kent Markus, the CFPB's assistant director of enforcement, wrote in a blog on the Bureau' website. "If providers of financial products and services show significant responsible conduct in our enforcement investigations, we will take that into account when deciding which cases to pursue and how to resolve the ones we do pursue."

Implementation of ALTA's "Title Insurance and Settlement Company Best Practices" can help in highlighting the policies and procedures a company follows. The seventh pillar of the Best Practices deals directly with procedures for documenting and resolving consumer complaints. A process for receiving and addressing consumer complaints is important to ensure that any instances of poor service or non-compliance do not go undiscovered or unreported. Standard procedures for logging and resolving consumer complaints help ensure that consumers provide the company with sufficient information to understand the nature and scope of the complaint. Here is some guidance from the CFPB on consumer complaint intake, documentation and tracking:

- Develop a standard consumer complaint form that identifies information that connects the complaint to a specific transaction
- Set a single point of contact for consumer complaints
- Establish procedures for forwarding complaints to appropriate personnel
- Maintain a log of consumer complaints that includes whether and how the complaint was resolved

Title professionals should make it easy for customers to contact the company by ensuring contact information—whether it's a phone number, email address or online form—can easily be found on the company website.

As a suggestion, agents can use the Better Business Bureau (BBB) Code of Business Practices as a guide to developing a consumer complaint process. A portion of the BBB code advises companies to handle consumer complaints by being responsive and addressing marketplace disputes quickly, professionally and in good-faith. To be accredited by the BBB, a business must affirm that it meets and will abide by the standards.

If the CFPB does initiate an investigation, here are some of the factors the Bureau will consider when determining responsible conduct:

Self-policing

According to the CFPB, self-policing is self-monitoring or self-auditing, reflecting a proactive commitment by a party to use resources for the prevention and early detection of potential violations of consumer financial laws. The Bureau recognizes that a robust compliance management system appropriate for the size and complexity of a party's business will not always prevent violations, but it will often facilitate early detection of potential violations, which can limit the size and scope of consumer harm. There are a number of questions the Bureau will consider in determining whether to provide favorable consideration for self-policing activity when violations or potential violations of federal consumer financial laws are discovered. They include:

1. *What is the nature of the violation or potential violation and how did it arise? Was the conduct pervasive or an isolated act? How long did it last? Was the conduct significant to the parties profitability or business model?*
2. *How was the violation or potential violation detected and who uncovered it? What compliance procedures or*

self-policing mechanisms were in place to prevent, identify or limit the conduct that occurred and to preserve relevant information? In what ways, if any, were the parties self-policing mechanisms particularly noteworthy and effective?

3. *If the parties self-policing functions have previously been the subject of supervisory examination by the Bureau or other regulators, what have been the results of such examination? How, if at all, has the party changed its self-policing following such examination? If the parties self-policing functions have not previously been the subject of supervisory examination, how do those functions measure up to customary supervisory expectations?*
4. *If the party is a business entity, what was the "tone at the top" of the business about compliance? Was there a culture of compliance? How high up in the chain of command did people know of or participate in the conduct at issue? Did senior personnel participate in, or turn a blind eye toward, obvious indicators of misconduct or deficiencies in compliance procedures?*

Self-reporting

The CFPB said prompt self-reporting of serious violations represents concrete evidence of a party's commitment to address the conduct at issue responsibly. For these reasons, the Bureau puts special emphasis on this category in its evaluation of a party's overall conduct. Questions the Bureau will examine in determining whether to provide favorable consideration for self-reporting of violations or potential violations of federal consumer financial laws include:

1. *Did the party completely and effectively disclose the existence of the conduct to the Bureau, to other regulators, and, if applicable, to self-regulators? Did affected consumers receive appropriate information related to the violations or potential violations within a reasonable period of time?*
2. *Did the party report the conduct promptly to the Bureau? If it was delayed, what justification, if any, existed for the delay? How did the delay affect the preservation of relevant information, the ability of the Bureau to conduct its investigation, or the interests of the consumers involved?*
3. *Did the party proactively self-report, or wait until discovery or disclosure was likely to happen anyway due to impending supervisory activity, public company reporting requirements, the emergence of a whistleblower, consumer complaints or actions or the conduct of a Bureau investigation?*

Remediation

According to the CFPB, remediation may be viewed positively even when the party believes that it may have identified a potential rather than an actual violation. Questions the Bureau will examine in determining whether to provide favorable consideration for remediation activity regarding violations of federal consumer financial laws include:

1. *What steps did the party take upon learning of the misconduct? Did it immediately stop the misconduct? How long after the misconduct was uncovered did it take to implement an effective response?*
2. *If the party is a business, were there any consequences imposed on the individuals responsible for the misconduct?*
3. *Did the party take prompt and effective steps to preserve information, identify the extent of the harm to consumers and appropriately recompense those adversely affected? In situations where the harm caused by the violation goes beyond the amounts the victims may have paid to the party, did the party identify and implement additional ways to redress the harm completely?*
4. *What assurances are there that the misconduct is unlikely to recur? By the time of the resolution of the Bureau matter, did the party improve internal controls and procedures designed to prevent and detect a recurrence of such violations? Similarly, have the party's business practices, policies and procedures changed to remove harmful incentives and encourage proper compliance?*

Cooperation

The CFPB said cooperation relates to the quality of a party's interactions with the Bureau after the Bureau becomes aware of a potential violation of federal consumer financial laws, either through a party's self-reporting or the Bureau's own discovery efforts.

Conclusion

Though the CFPB said in its bulletin that it would look favorably on companies that follow its advice, it cautioned that this did not mean it would back down from enforcement.

"In the Bureau's consideration of a party's conduct in these areas it must be stressed that what best protects consumers is ultimately central to the Bureau's exercise of its enforcement discretion," the bulletin said. "Self-policing, self-reporting, remediation and cooperation with the Bureau's investigation are unquestionably important in promoting the best interests of consumers, but so too are vigorous, consistent enforcement of the law and the imposition of appropriate sanctions where the law has been violated." ■

Robust Schedule Focuses on Best Practices

Join Us Oct. 9-12 at The Breakers in Palm Beach, Fla.

Lenders have been contending with a raft of regulatory changes due to the Dodd-Frank Act, but they are starting to focus on ways to reduce risk at the settlement table. This means they will be knocking on your door to learn the policies and procedures you follow to reduce risk, protect funds and ensure non-public personal information is safeguarded.

Title professionals can prepare now by attending ALTA's 2013 Annual Convention at The Breakers in Palm Beach, Fla. ALTA has scheduled several professional development sessions—two tracks in all—dedicated to educating attendees about the Title Insurance and Settlement Company Best Practices. These are dynamic and information-filled sessions aimed at helping to keep lender business flowing your way.

"We are especially excited about this year's convention and have created an excellent program focusing on everything from Best Practices to how to grow your company," said Frank Pellegrini, ALTA's president. "The ability to show compliance with Best Practices will be crucial as the market moves forward, and attending the sessions at the Annual Convention provide a perfect opportunity to learn the policies and procedures that will help ensure orders keep flowing your way. Whether you are an abstracter, title agent or attorney, or work for a direct operation, we're confident there's something for everyone."

Attorney Jamie Kosofsky will attend his first ALTA Annual Convention. He said the timing couldn't be better "as we look toward the sweeping changes occurring in our industry."

"I am anxious to hear about the next steps in the implementation of the Best Practices and how everyone else is preparing across the industry," said Kosofsky, managing REO and closing attorney for North Carolina-based Brady & Kosofsky.

Here's a look at some of the sessions focused on ALTA's Best Practices:

- **The Twilight Zone of Cyber Fraud and Escrow Theft:** This session will raise awareness of cyber fraud and escrow theft by sharing eight cautionary stories of fraud that ended careers of innocent practitioners.
- **Escrow from Soup to Nuts:** From set up to shut down, this session will cover everything you need to know, including proper naming of the account, reconciliation, how to verify the existence of fraud, proper crime insurance and how to escheat funds.
- **Gaining a Competitive Advantage by Implementing a Clean Desk Policy:** Speakers will provide information that will give you the ability to create a customized clean desk policy specific to your organization. Speakers:
- **Weaving the Threads of Title E&O:** Learn about title agent E&O, cyber liability/data breach and escrow security bonds, and how to most effectively use these products within their agency.
- **Trials and Tribulations in Enhancing Consumer Care:** Panelists who have implemented Best Practices will share successes in modifying their processes and provide attendees take-aways that can be implemented in their operations.
- **You Can't Handle the Truth About Your NPI!:** Learn where you are most at risk for a security breach and how you can protect against these breaches.

- **Data and Escrow Fund Security Compliance—What Lenders and Regulators Require:** In light of recent defalcations, lenders will require evidence that mortgage funds are being properly monitored, reconciled, secured and disbursed. Learn how to implement tools such as security assessments to identify gaps and begin remediation.
- **Underwriter Audits—What are They Looking For?** What Can You Do to Be Audit Ready?: Be ready for an audit when your underwriter walks in by learning how to implement audit best practices.
- **Achieving Best Practice Objectives Through E-recording—A Guide to Effective Implementation:** Learn how e-recording can play a critical and cost-effective role in achieving compliance with federal and state consumer protection laws.

Aside from the professional development sessions, many of which provide CE/CLE credit, ALTA has scheduled several engaging general sessions. On Oct. 11, a group of expert speakers including Sally Freudenberg of Wells Fargo, Rich Horn of the CFPB, Ben Olsen of Buckley Sandler and Leslie Wyatt of SoftPro have been invited to participate on the panel "A New Era for Closings."

"The closing process will significantly change once the CFPB's new rules for mortgage disclosures are implemented," said Michelle Korsmo, ALTA's chief executive officer. "This session will analyze the proposal or final rule if it's released—and explain how it will impact your company."

On Oct. 11, Dr. Stan Humphries will crunch housing numbers. Known as the "human calculator," Humphries helped create Zillow's Zestimate and its algorithm and is also in charge of calculating all statistics on the housing market for the company. In addition, he's run Expedia's advanced analytics team, building systems for personalization, pricing, forecasting and fraud detection.

"Dr. Humphries will share his expertise and analysis on home values and offer his insight into what level of appreciation we can expect over the next few years and when appreciation rates will return to more sustainable levels," Korsmo said.

To close out the general sessions on Oct. 12, Jeff Noel of the Disney Institute will share how you can craft your message so employees not only listen but hear what you are saying. He also will explain how Disney's comprehensive training process keeps it positioned for future success. ■

Special Events & Tours

Not only will you enjoy the 140 acres of oceanfront property at The Breakers, we've lined up some great activities.

Deep-Sea Fishing

Wednesday, Oct. 9 • 7:45 a.m.-1:00 p.m.

You'll be fishing in a state-of-the-art fishing boat in Sailfish Alley, the closest point to the Gulf Stream in Florida. Some of the species you may catch: kingfish, wahoo, pompano, dolphin, amberjack and sailfish.

Palm Beach Tour

Wednesday, Oct. 9 • 2:45 p.m.-5:00 p.m.

Palm Beach is the playground for the rich and the famous. Check out historic landmarks and see luxurious mansions along Worth Avenue.

Paddle Boarding Tour

Thursday, Oct. 10 • 2:15-4:30 p.m.

Learn basic paddling skills as you experience a bird's-eye view of Florida's native oceanlife, including manatees, stingrays, tropical fish and dolphins.

Eighth Annual Michael F. Wille Memorial TIPAC Golf Tournament

Friday, Oct. 11 • 1:00-6:00 p.m.

With fairways that weave between sandy hazards, the Ocean Course rewards wit over power, challenging golfers to play the ball low on 140 acres overlooking the Atlantic.

Snorkel Boat Tour

Friday, Oct. 11 • 2:15-4:30 p.m.

The Breakers provides a natural habitat for many species of sea life including French angels, porkfish, snapper, southern stingrays, queen angels and moray eels.

Kennedy Bunker Tour

Saturday, Oct. 12 • 1:15-3:30 p.m.

Check out the President's bomb shelter, which was built under the direction of the Secret Service, for a stark reminder of the Cold War at its peak.

Industry Waits for CFPB to Release Final Rules for New Mortgage Disclosures

Title Professionals Should Start Preparing Operations to Handle New Closing Process

The industry can still expect the Consumer Financial Protection Bureau (CFPB) to release its final rule regarding new mortgage disclosures before the end of the year. In its semi-annual update of rulemaking agenda, the CFPB indicated that the final rules for its new Loan Estimate and Closing Disclosure won't be released until at least October.

Kelly Cochran, CFPB's assistant director for regulations, said the CFPB plans to issue the final rule this fall—pending the results of additional testing.

In a July 2 blog post he wrote that the Bureau does "not expect any implementation work to begin until after the January 2014 effective date for the earlier mortgage rules."

In a July 1 meeting with Michelle Korsmo, ALTA's chief executive officer, and Justin Ailes, ALTA's vice president of legislative and regulatory affairs, CFPB Director Richard Cordray indicated the same time frame, saying that the CFPB will release its final rule "this fall."

The Loan Estimate will replace the current Truth in Lending (TIL) disclosure and Good Faith Estimate (GFE), while the Closing Disclosure will replace the HUD-1 Settlement Statement.

CFPB Heeds ALTA Concerns

A letter from Cordray to members of Congress acknowledged concerns about the proposed rule. The CFPB director was responding to recent letters written by Reps. Steve Stivers and Ed Perlmutter and co-signed by 82 members of Congress, who stated concerns with a provision in the proposal that would require that consumers receive the Closing Disclosure at least three days before closing on the loan. During ALTA's Lobby Day, Federal Conference attendees encouraged members of Congress to sign the letters. Members of the Title Action Network encouraged their representative to sign as well.

The letter from the members of Congress asked the Bureau to ensure the three-day rule doesn't harm consumers,encouraging the CFPB to explore options that balance the intent of the three-day rule with how it would apply to consumers in the market. In his letter, Cordray said the Bureau is sensitive to how the three-day rule could impact consumers and business and is open to continuing the dialogue as this process moves forward.

Currently under the CFPB's proposal, if a fee being paid by the borrower increases or decreases during the three-day period—subject to limited exceptions—the borrower must be given an updated Closing Disclosure. This will then result in a delay of three additional business days before closing.

ALTA agrees with the members of Congress that without greater flexibility enabling consumers to accept changes within the three-day period, the CFPB's proposal could result in borrowers missing contractual deadlines and potentially losing the opportunity to finance their home purchases. The Bureau has proposed these exemptions that will not trigger a new three-day waiting period:

- Seller/buyer negotiation
- Minor cost increase
- Post-closing change to government fee
- Correct non numerical clerical error
- Tolerance refund

There already is an exception for minor changes that result in less than $100 in increased costs.

In his letter, Cordray wrote the Bureau understands that things can change between the time of a three-day disclosure and the closing, and that not all changes justify delaying the closing. He added that the Bureau is reviewing suggested modifications or the addition of new exceptions "to determine the most appropriate way to provide meaningful consumer disclosure while, at the same time, avoid unnecessary delays in closings."

ALTA believes that more exceptions are needed to protect consumers from the unnecessary harms caused by delaying their closings. ALTA has suggested the following exceptions:

- Closing costs paid by or on behalf of the buyer, but unrelated to the loan costs (such as changes to property insurance coverages, flood insurance and owner's title insurance)
- Payment to discharge any defects, liens, encumbrances or other matters requiring curative action which are discovered in a title search or examination
- All prorations as long as the underlying per-day rate does not change or they are paid to a state, local government instrumentality or authority
- Recording costs and other fees incurred due to additional documentation used for the consumer's convenience (such as a power of attorney)
- Any increase in the borrowers' costs due to a change to the sales contract, mutually agreeable to the buyer and seller and not objected to by the lender, or as a result of local custom or practice regardless of when the change is made or the amount of the change

Three Things to Prepare Now

While the industry is in a waiting period before the CFPB issues its final rule, there are several things title professionals can do now to prepare, according to Leslie Wyatt, director of industry relations for SoftPro. She said this is the perfect time to start thinking about how best to plan for the upcoming changes.

"Based on the proposed rule, you may be looking at various workflow changes," Wyatt said. "Look at your internal processes and see what may need to change and how best to implement those changes. You should be as proactive as possible to alleviate scrambling later to try and get things in place."

Wyatt said that it's not likely much will change from the proposed rule to when the CFPB issues its final rule. Title professionals should start training and educating staff on the proposed regulations and guidelines, as well as the proposed Closing Disclosure. As an aid, starting on page 839 of the 1,099-page rule, the CFPB provides examples of how to fill out the Closing Disclosure for different loan products.

"You can divide your training plan into two parts: the proposed rule and the closing disclosure forms," Wyatt said. "Helping your employees understand the new regulations now will only make the transition that much easier when the final rule is published."

Currently, settlement agents are required to provide the HUD-1, while lenders are required to provide the revised Truth-in-Lending disclosure. The CFPB is proposing two alternatives for which party is required to provide consumers with the new Closing Disclosure form:

Under the first option, the lender would be responsible for delivering the Closing Disclosure form to the consumer. Under the second option, the lender may rely on the settlement agent to provide the Closing Disclosure form. However, under this option, the lender would also remain responsible for the form's accuracy.

Either option will impact a company's workflow. Assuming settlement agents produce the Closing Disclosure, they will need to start working with lenders earlier in the process to get final numbers and approvals. If the lender provides the disclosure, settlement agents will need to provide final settlement numbers to the lender earlier in the process and alert the lender of changes in those numbers and reasons for them.

In addition to educating staff on the rule and Closing Disclosure, Wyatt encourages title professionals to start talking with software vendors.

"Be sure to stay involved with your software provider by asking the important questions," she said.

Wyatt said title professionals should be asking their software vendor these questions:

- How do they plan to handle the proposed changes?
- How involved are they with the CFPB and industry trade associations?
- Will there be any costs to your company for any software updates?
- Will your current operating system be able to accommodate the updated software?
- Will they be offering any training on the upcoming final rule?

Check out ALTA's website at *www.alta.org/cfpb* for more information about the Bureau's efforts to create new mortgage disclosures. Once the final rule is released, ALTA will hold webinars to educate members about the changes. ■

Evaluating the Impact of GSE Reform Proposals

Bills Presented in the House and Senate Would Impact Cost and Availability of Lending Products

Five years ago the federal government took control of Fannie Mae and Freddie Mac and placed the government sponsored entities into receivership. While the process to reform the housing finance system has been slow and any final implementation is years away, it is important ALTA members understand how proposals on the table will impact the size of the lending market, the companies that will be making loans and the products that will be offered.

"Reforming the housing finance system and bringing private investors back into the market is important as nearly nine out of 10 U.S. mortgage loans are backed by the federal government," said Michelle Korsmo, ALTA's chief executive officer. "However, any reform must strike the right balance in limiting government's role and relying on the private market to ensure a vibrant housing finance system where taxpayers are protected, consumers can access affordable credit and industry can succeed."

Currently, there are two GSE reform proposals being discussed on Capitol Hill. In the U.S. Senate, Sens. Bob Corker (R-TN) and Mark Warner (D-VA) introduced S. 1217, the "Housing Finance Reform and Taxpayer Act" with six other bipartisan co-sponsors. No hearing has been held to date on this bill. This bill offers comprehensive reform to the secondary mortgage market that includes a catastrophic government guarantee. The bill includes a list of requirements for eligible mortgages to be securitized. Included in the requirements is a section that says an eligible mortgage must be "insured by an approved State licensed title insurance company."

Meanwhile in the House of Representatives, House Financial Services Committee Chairman Jeb Hensarling (R-TX) introduced H.R. 2767 the "Protecting American Taxpayers and Homeowners Act" (PATH Act). The House Financial Services Committee held a markup of the PATH Act on July 23 and approved the bill along an almost party line vote of 30-27. (Read the Last Word on page 38 to learn what changes ALTA was able to secure to the House bill.)

The PATH Act has two major goals. The first would dissolve Fannie Mae and Freddie Mac and replace them with a new secondary mortgage market structure that does not include a government guarantee. The second would restructure and limit the FHA Mortgage Insurance Program.

On Aug. 6, President Obama jumped back into the discussion when he delivered a speech on the administration's proposal for housing finance reform. This was the administration's most significant discussion on housing finance since the release of the Treasury Department's 2011 white paper, "Reforming America's Housing Finance Market."

The contentious issue being discussed is whether the federal government should guarantee certain types of mortgage debt against catastrophic risk and the impact on the 30-year fixed rate mortgage. This is a significant difference between the two reform bills. The Senate bill establishes a limited guarantee on qualifying mortgage-backed securities. The House bill eliminates any government guarantee on most home loans and almost entirely privatizes the U.S. mortgage market, making it less stable.

According to Mark Zandi, Moody Analytics chief economist, a

Comparing Provisions of GSE Reform Proposals		
Subject	**PATH Act (H.R. 2767**	**Corker-Warner (S. 1217)**
Receivership	The Federal Housing Finance Agency (FHFA) is directed to place the GSEs into receivership five years after the date of enactment, but the director may extend the conservatorship for an additional two years based on an increase in the spread between conforming and non-conforming loans.	No similar provision, but as of the date of enactment, the FHFA is directed to begin the wind down of the GSEs and the liquidation of their assets.
Conforming Loan Limits and Loan Limits for High-cost Areas During Transition	The House bill retains the current statutory limits of $417,000 for single family loans. It also provides that decreases in the housing price index will result in decreases in the limit. High-cost limits in effect on the date of enactment are the maximum for these areas, and they can be reduced if the interest rate spread between conforming and non-conforming loans is less than 80 basis points.	Similar to the House bill, except the Senate bill retains current law regarding adjustments in the limit (i.e., increases in the housing price index increase the limit and decreases in the housing price index reduce the amount of a future increase). The Senate bill provides for the gradual reduction of the high-cost limit. The current limit is the lesser of 150% of applicable limit or 115% of median housing prices in the area. At the end of five years the limit would be the lesser of 125% of applicable limit or 115% of median housing prices in area.
Federal Regulator	The PATH Act retains FHFA and gives FHFA supervisory authority over a National Mortgage Market Utility, which is authorized to set standards for securitization of residential mortgages and operate a securitization platform. The Utility may not own, originate, service, insure or guarantee any residential mortgage or MBS.	The Senate bill replaces FHFA with a new independent federal agency called the Federal Mortgage Insurance Corporation (FMIC), which must be operational no later than five years after the date of enactment.
Mortgage Securities	The PATH Act does not provide for any federal guarantee on MBS.	One of the principal duties of the FMIC is to provide a backstop federal guarantee on MBS that meet certain standards. One requirement is that a covered security carries title insurance.
Mortgage Registry		
Data on Lien Holders	The Utility is directed to establish and operate a National Mortgage Data Repository for mortgage-related documents. Ten years after the date of enactment the Repository may only accept electronic submissions, unless the Director provides an extension for a period of up to five additional years	The FMIC is required to establish and operate an electronic registry system for eligible mortgages.

government backstop is necessary if 30-year fixed-rate loans are to remain a mainstay of the mortgage market.

He believes a system created under the PATH Action would drive mortgage rates nearly 90 basis points higher. Under the Corker-Warner bill, interest rates for the average borrower would increase 50 to 75 basis points. While costs would go up, the availability of 30-year loans would go down. Zandi said a privatized U.S. mortgage finance system would resemble other nations' mortgage markets, where adjustable-rate mortgages are the primary product.

"Based on international comparisons, use of fixed-rate mortgages in the U.S. would decline to between 10 and 20 percent of the mortgage market compared with a historical average of closer to 75 percent," Zandi said.

When GSE reform talks started more than two years ago, ALTA cautioned about losing the benefits of the GSEs' seller servicing guidelines and underwriting platforms. Without these, lenders will have to develop their own standards for everything from appraisals, title and mortgage insurance requirements to uniform mortgage documents. These provide "comfort zones" for consumers, according to Roland Caserta, manager of Charter Oak Title Co. in Connecticut.

"If Fannie and Freddie are phased out, there goes the borrower's comfort zone," he said. "That could open the door to 'creative financing' by each lender that can now create its own language for the note and mortgage deed. If so, no settlement agent out there will dare say, with certainty, what each lender's language really says. He or she can only say to the borrower, 'Sign here.' Now that's the consumer's worst nightmare." ■

Underwriters Post Strong Q2 Results

Strong Residential Purchase Market, Rising Home Values Drive Earnings

The improving housing market coupled with rising home values and relatively low mortgage interest rates continue to help drive increases in title insurance premiums. Here's a recap of second-quarter earnings results from the publicly traded title insurance companies. For additional second-quarter 2013 industry market share data, go to *www.alta.org/industry/financial*.

Fidelity

Fidelity National Financial reported its title group recorded $272 million in pre-tax earnings during the second quarter of 2013. This is up from $191 million during the same period a year ago.

An improving residential purchase market and strong closings of refinance orders boosted the title group's pretax margin to 16.5 percent during the latest quarter. This is the group's best second-quarter pretax margin result since 2003.

"The second quarter results continue to highlight the earnings power of our title business," said George Scanlon, Fidelity's chief executive officer.

During the quarter, Fidelity direct operations opened 672,000 title orders, up 5,000 orders compared to the same period a year ago. Meanwhile, the company closed 504,000 direct title orders during the second quarter, up from 459,000 closed direct orders during second-quarter 2013. Fidelity reported 42 percent of second-quarter 2013 open title orders were purchase related.

Fidelity's commercial title insurance business also performed well. The company opened 20,300 commercial orders during the second quarter of 2013, while closing 12,300 commercial orders.

"While we remain encouraged by the performance in our commercial and residential purchase businesses, the nearly 100-basis point increase in the 10-year Treasury rate during the second quarter adversely impacted refinance orders during June and July," Scanlon said.

In response to the decline in refinance orders, Scanlon said Fidelity reduced headcount by nearly 670 positions over the past six weeks.

"As we have consistently demonstrated in the past, we will closely monitor productivity and operating metrics with discipline and adjust staffing levels to current market volumes to mitigate the impact to earnings associated with the transitioning market," Scanlon said.

Fidelity's title group reported $79 million in title claim loss expense during second-quarter 2013. This was up slightly from $77 million during the second quarter of 2012.

First American

First American Financial Corp. reported its title insurance and services division posted pre-tax earnings of $73 million during the second quarter of 2013 compared to earnings of $118.4 million during the same quarter a year ago.

"Our business gained momentum in the second quarter as the housing market continued to improve," said Dennis Gilmore, chief executive officer for First American Financial.

First American opened 421,500 direct orders during the latest quarter, while closing 321,300 direct orders. The company opened 23,600 commercial orders during the quarter and closed 11,800 commercial orders.

The provision for policy losses and other claims was $149.5 million in the second quarter, or 14.8 percent of title premiums and escrow fees, up $94.7 million compared with the same quarter of the prior year. The current quarter rate of 14.8 percent reflects an ultimate loss rate of 5.8 percent for the current policy year and an $89 million net increase in the loss reserve estimates for prior policy years. The increase in loss reserve estimates for prior policy years reflects claims development above expected levels, primarily attributable to domestic lender policies from policy years 2004 through 2008, according to First American. During the second quarter, First American paid $69 million in claims.

"Year to date, our paid title claims are down eight percent as compared with the prior year and our most recent policy years continue to perform well, with ultimate loss rates below historical averages," Gilmore said. "While claims from our legacy policy years have generally declined, they are not falling at the pace that we expected and, as a result, we strengthened our reserves in the quarter. Although the reserve strengthening impacted our otherwise strong results, it does not alter our long-term outlook for the business."

Stewart

Driven by improving transaction volume and increasing prices, as well as lower title losses, Stewart Information Services Corp. reported second-quarter 2013 pre-tax income of $48.9 million, an improvement of $17.7 million compared to the same period a year ago.

"Throughout 2012 and continuing into 2013, we have diligently executed our plan to simplify our operations and align our organization to our customers' needs," said Matthew Morris, Stewart's chief executive officer.

Stewart opened 116,000 direct orders during the second quarter, while closing 84,900. This compares to 111,400 direct opened orders during the second quarter of 2012 and 79,100 closed orders.

Title policy loss development continued to improve more than anticipated during the second quarter 2013, according to Stewart. The company reported $24 million in title losses and claims during Q2 2013.

"As the operating environment for independent agencies evolves due to proposed new regulation by the Consumer Financial Protection Bureau and increased lender due diligence, we have taken a lead in helping our independent agencies prepare for the market changes by offering regular educational opportunities and effective solutions," Stewart said in a release. "We have provided leadership to the American Land Title Association in its efforts to develop "Title Insurance and Settlement Company Best Practices."

Old Republic

Old Republic International Corp. reported its title insurance group generated $40.4 million in pre-tax earnings during the second quarter of 2013, compared to $22.5 million during the second quarter of 2012.

"Growth in title insurance premiums and fees benefited from the same positive factors that have taken hold in recent times," Old Republic said in a release. "Most importantly these include market share gains, steadily improving housing sales and related financing transactions and a relatively low mortgage interest rate environment."

Old Republic's claim ratio was 6.8 percent during the second quarter of 2013, down from 7.3 percent during the same period a year ago.

"From an underwriting perspective, 2013 claim ratios were lower in relation to 2012 as claim frequency and severity continued to abate," Old Republic reported. "Year-over-year expense ratio comparisons reflected further improvements due to the combination of firm expense management and operating leverage arising from a growing book of business."

Investors Title Co.

North Carolina-based Investors Title Co. reported that higher levels of purchase transactions and increases in average home values in many parts of the nation helped the company improve second-quarter income by nearly 20 percent compared to the same period a year ago.

"Both of these factors, coupled with an active mortgage refinance market, contributed to all-time high revenue for the second quarter," said J. Allen Fine, chairman of Investors Title. "With housing affordability still favorable and consumer confidence improving, we are optimistic that recent trends in home sales will continue."

Premiums written improved to $30 million during the latest quarter, up from $23 million during the second quarter of 2012. Investors Title generated 73.5 percent of its title premiums through its agency network, with the remaining 26.5 percent coming from branch operations. ■

FAMILY/COMPANY TITLE PREMIUM SUMMARY - FIRST QUARTER 2013

Company Name	Premium Written Direct	Premium Written Non-Affiliated Agency	Premium Written Affiliated Agency	Total Premiums Written	Market Share
FIDELITY FAMILY					
Chicago Title Ins. Co.	53,954,107	208,812,770	192,863,721	455,630,598	15.73%
Fidelity National Title Ins. Co.	25,088,290	188,052,092	123,997,655	337,138,037	11.64%
Commonwealth Land Title Ins. Co.	14,546,828	82,242,715	44,341,145	141,130,688	4.87%
Alamo Title Ins. Co.	-	3,691,252	9,619,903	13,311,155	0.46%
TOTAL - FIDELITY FAMILY	**93,589,225**	**482,798,829**	**370,822,424**	**947,210,478**	**32.70%**
FIRST AMERICAN FAMILY					
First American Title Ins. Co.	115,198,710	453,975,393	165,265,144	734,439,247	25.35%
First Canadian Title Ins. Co.	17,024,570	-	-	17,024,570	0.59%
First American Title Ins. Co. of LA	-	10,972,911	1,238	10,974,149	0.38%
TOTAL - FIRST AMERICAN FAMILY	**138,263,201**	**469,611,650**	**165,266,382**	**773,141,233**	**26.69%**
OLD REPUBLIC FAMILY					
Old Republic National Title Ins. Co.	18,158,282	357,986,609	40,192,686	416,337,577	14.37%
American Guaranty Title Ins. Co.	2,856,675	7,265,560	686,072	10,808,307	0.37%
Mississippi Valley Title Ins. Co.	79,949	6,175,213	-	6,255,162	0.22%
TOTAL - OLD REPUBLIC FAMILY	**21,094,906**	**371,427,382**	**40,878,758**	**433,401,046**	**14.96%**
STEWART FAMILY					
Stewart Title Guaranty Co.	30,436,049	164,671,982	86,151,927	281,259,958	9.71%
Stewart Title Ins. Co. of NY	4,985,416	41,869,177	40,585	46,895,178	1.62%
TOTAL - STEWART FAMILY	**38,265,733**	**206,541,159**	**86,192,512**	**330,999,404**	**11.43%**
FAMILY TOTALS	**291,213,065**	**1,530,379,020**	**663,160,076**	**2,484,752,161**	**85.78%**
INDEPENDENT COMPANIES					
National Title Ins. of NY	1,768,204	8,748,191	67,367,246	77,883,641	2.69%
Westcor Land Title Ins. Co.	-	63,549,174	10,617,982	74,167,156	2.56%
Title Resources Guaranty Co.	511,862	28,417,884	28,415,937	57,345,683	1.98%
WFG National Title Ins. Co.	2,955,342	32,260,281	6,174,831	41,390,454	1.43%
North American Title Ins. Co.	-	9,939,625	19,194,365	29,133,990	1.01%
Investors Title Ins. Co.	5,800,030	12,673,619	173,239	18,646,888	0.64%
Alliant National Title Ins. Co.	-	16,952,831	-	16,952,831	0.59%
Attorneys' Title Guaranty Fund of IL	85,900	16,108,208	41,713	16,235,821	0.56%
Connecticut Attorneys Title Ins. Co.	-	15,526,390	-	15,526,390	0.54%
WFG Title Ins. Co.	3,861,996	6,070,028	2,870,647	12,802,671	0.44%
Security Title Guarantee Corp. of Balt.	568	12,708,774	-	12,709,342	0.44%
TOTAL - INDEPENDENT COMPANIES	20,400,028	242,517,326	148,967,558	411,884,912	14.22%
TOTAL - ALL COMPANIES	**311,613,093**	**1,772,896,346**	**812,127,634**	**2,896,637,073**	**100.00%**

Note: Individual numbers may not equal total as all underwriters are not listed

Source: American Land Title Association

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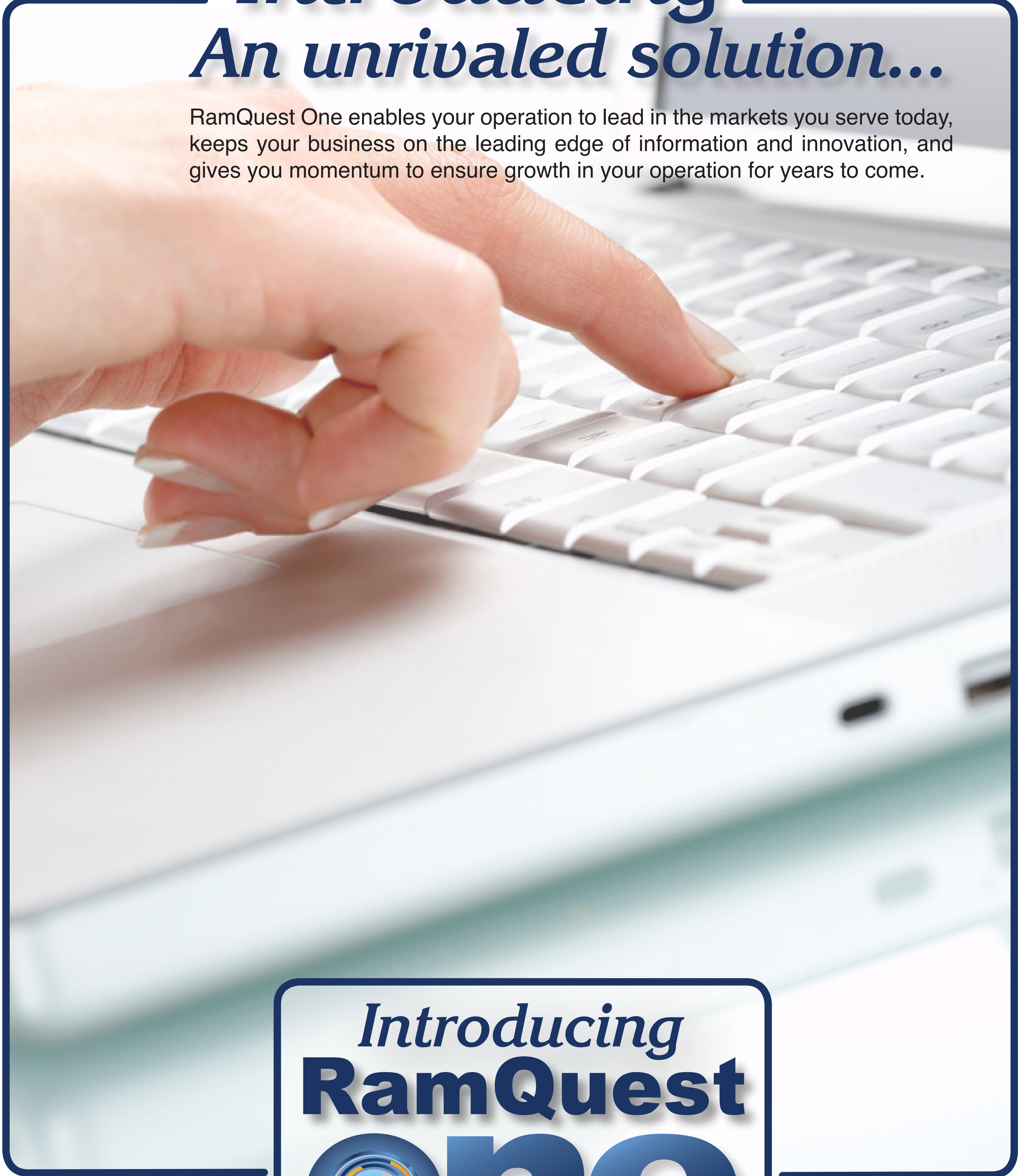

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Cyber Criminals Steal More Than $1.5 Million from California Escrow Company

California-based Efficient Services Escrow Group was shut down by the state after cyber criminals stole more than $1.5 million from the firm's trust account and wired the money to China and Russia.

In a petition filed in Orange County Superior Court, the California Department of Corporations (DOC) said the thieves first wired $432,215 to an account in Moscow on Dec. 17, 2012. Then, the criminals wired more than $1.1 million on Jan. 24 and 30 to a trade company in China.

According to reports, Peter A. Davidson, the state-appointed conservator in the case, said funds were disbursed from more than 100 escrow accounts.

Efficient Services Escrow Group reported the theft Feb. 22, two months after the first unauthorized transfer. According to the DOC, the escrow company failed to maintain its records in accordance with state law. The bank was able to recover the wire sent to Moscow, but not the funds wired to China.

ALTA's "Title Insurance and Settlement Company Best Practices" provides guidelines on appropriate written procedures and controls for escrow trust accounts.

First American Releases Web Portal for Commercial Deals

First American Title Insurance Co. released its commercial real estate version of myFirstAm, a web portal designed to streamline ordering of title information, property data and other tools and resources involved in completing a commercial transaction.

The portal combines three of First American's technologies—EaglePro Classic, EaglePro2 and FASTWeb—into one solution. In addition, a new title and escrow order view provides access to file details and a mapping tool to help users locate multiple properties.

Senators Introduce Data Security Bill to Set Federal Standard, Preempt States

New legislation introduced in the Senate would create a single federal standard for data security and breach notification across all industries. While this legislation would not impact ALTA members, it shows the government is focused on protecting consumers' non-public personal information (NPI).

The Data Security and Breach Notification Act of 2013 (S. 1193) would preempt data breach notification laws currently in effect in 46 states and the District of Columbia and require covered entities to take "reasonable measures" to protect and secure data in electronic form that contains "personal information."

The legislation would be similar to how the Gramm-Leach-Bliley Act (GLB) works for financial firms. Exempt from the legislation would be financial institutions—including ALTA members—that are already subject to Title V of the GLB Act.

Agents National Title Updates Web-based Operations and Policy Remittance System

Agents National Title Insurance Co. (ANTIC) and Delta Systems announced an expanded and improved version of the Web-based Operations and Policy Remittance (WOPR) system.

Launched seven years ago, WOPR streamlines accounting, policy remittance and agency oversight for Agents National Title. The updates include an improved user interface, expanded administrator features, streamlined workflow and more functionality for title agents.

According to a release, WOPR now allows agents to perform modifications to existing policy jackets and includes an improved over-limit approval process, and calculates and applies reissue credits in states where the rate is available.

California Supreme Court Decision Protects Access to Public Records

In a landmark decision, the California Supreme Court ruled July 8 that the California Public Records Act (CPRA) requires government agencies to provide landbase data to the public in digital format without charging more than the cost of duplication.

The decision in *Sierra Club v. County of Orange* is a significant victory for access to public records held by government agencies.

The ruling reversed a prior decision by the state's Fourth District Court of Appeals, which affirmed Orange County's practice of requiring the public to pay an exorbitant "licensing fee" to the county for access to its GIS data (real property parcel data or the OC Landbase).

Orange County relied on a "software" exception of the CPRA to claim that it could charge this fee—amounting to hundreds of thousands of dollars each year—for its landbase data.

In its petition to the California Supreme Court, the Sierra Club said "The Orange County Court of Appeal's decision to endorse Orange County's refusal to disclose its GIS data pursuant to the California Public Records Act works a radical departure from existing open-records law, removing indisputably valuable public information from the public domain for the express purpose of creating a private market for the data."

Sabrina Venskus, an attorney with Venskus & Associates, the law firm that represented Sierra Club, argued that the term "software" does not include data such as the OC Landbase. In addition, Venskus argued that the California Constitution requires that the Court interpret this section of the legislation narrowly because it restricts the public's right of access to government-held information.

The California Supreme Court agreed, stating:

"We find nothing in the text, statutory context, or legislative history … that allows us to say the Legislature clearly sought to exclude GIS-formatted parcel data from the definition of a public record when it can be disclosed without any accompanying software.

MISMO Title Insurance Workgroup to Meet During Fall Summit

MISMO's Fall Summit will be held Sept. 23-27 at the Renaissance Arlington Capital View Hotel in Arlington, Va.

The MISMO Title Insurance Workgroup will meet all day Sept. 24, while the MISMO Origination Workgroup will meet all day on Sept. 25.

The Title Insurance Workgroup manages data elements necessary to order, update or cancel title services from a title insurance services company. The Title Insurance Workgroup is developing phase two of the electronic remittance standard (e-remittance) to incorporate invoice and payment functionality. They are also reviewing draft implementation guides for title request/response and e-titlepolicy.

For more information and to register, visit the MISMO website at *www.mismo.org*.

DataQuick Introduces Web-based Analytics Tool for Title Companies

DataQuick, a provider of real estate information solutions, unveiled Market Intelligence TitleShare, an analytics engine that offers insight into title transaction and lending trends from DataQuick's database.

Market Intelligence TitleShare uses business analytics needed to give title insurance companies access to title policy statistics and trends available. The tool allows title professionals to create customized analyses and dashboards, generate title reports and access the business and marketing intelligence needed to understand and build their business. By using Market Intelligence TitleShare, according to DataQuick, title companies can measure market share, examine competitor behavior, observe underlying market conditions and manage lender and title partner relationships.

"By putting key metrics and dashboards in the hands of decision-makers, Market Intelligence TitleShare helps title companies better understand market changes and adjust accordingly; such as with the current transition from a refinance to a purchase-driven real estate market," said John Walsh, president of DataQuick.

WFG National Title Enters Michigan Market

WFG National Title Insurance Co. has been granted the right to issue title insurance in Michigan.

Michigan title agents working with WFG National Title will be a part of the company's Midwest region, overseen by Charles Cain, agency senior vice president for the Midwest region.

"Michigan is one of the industry's largest title markets, and we intend to hit the ground running there," he said. "Although WFG National Title may be new to Michigan, our agency support team is not. The members of our team have all worked in that market during previous stints with other underwriters, and we are confident that agencies in Michigan will welcome our agent-focused approach."

WFG National Title is now authorized to issue title insurance in 43 jurisdictions.

County Courthouse Fire Highlights Benefit of E-recording

An electrical fire at the Milwaukee County Courthouse in Wisconsin forced the closure of the Register of Deeds office and many other government departments for more than a week. Despite being closed, the John La Fave, the counties' register of deeds, set up remote offices and was able to record the majority of real estate documents submitted electronically. La Fave said electronic documents comprise more than half of the department's documents submitted for recording.

This meant title companies that utilize e-recording, such as Knight Barry Title Group, were able to continue operating without missing a beat.

"This is a great example for the paper dinosaurs who haven't made the leap to e-recording," said Craig Haskins, chief operating officer of Knight Barry. "Companies not utilizing e-recording in markets where it's available put their operation in jeopardy when emergencies cause disruptions to workflow."

According to the Property Records Industry Association, more than 900 jurisdictions electronically record documents.

Illinois Increases Penalty for Unlawful Clouding of Title

On July 19, Illinois Gov. Patrick Quinn signed HB 2905, increasing the penalty for unlawful clouding of title.

Effective Jan. 1, 2014, unlawful clouding of title will be considered a Class 4 felony for a first offense if the cloud on title has a value exceeding $10,000. A second offense will be considered a Class 3 felony, a Class 2 felony for a third offense, a Class 1 felony for a fourth offense and a Class X felony for a fifth or subsequent offense. Unlawful clouding of title was considered a Class A misdemeanor prior to this bill being signed into law.

The legislation does not apply to an attorney licensed to practice law in Illinois who in good faith files a lien on behalf of his or her client and who in good faith believes that the validity of the lien is supported by statutory law, by a decision of a court of law or by a good-faith argument for an extension, modification or reversal of existing court decisions relating to the validity of the lien.

Hawaii Passes Legislation Affecting Escrow Companies, Disclosure of Condo Projects

Hawaii's governor recently signed into law legislation that impacts title and settlement agents. First, Gov. Neil Abercrombie signed into law SB 1067/Act 166. The legislation, which went into effect July 1, requires escrow depositories to report any change of their corporate designated escrow officer or branch manager to the commissioner of Financial Institutions 15 days prior to the change. The 15-day requirement can be waived if an unexpected event occurs. The bill also:

- increases the fidelity bond requirement to a minimum of $100,000
- requires minimum of $250,000 errors and omissions policy
- increases net worth to $100,000

The governor also signed HB 138/Act 186, which standardizes disclosure for condominium projects, cooperative housing corporations and other community associations. Effective May 1, 2014, documents must be disclosured within 10 days after the title report is received.

Stewart Title Names President of Oklahoma-based Title Agency

Stewart Title announced the appointment of Mary Ann Nelson-Sutterfield as the new president of Stewart Abstract & Title of Oklahoma. Prior to joining Stewart Title, Nelson-Sutterfield worked for 32 years as executive vice president of Cleveland County Abstract Company. She is a past president of the Oklahoma Land Title Association.

Alliant National Title Names Underwriting Counsel

Alliant National Title Insurance Co. recently named Fred Schraub as vice president and underwriting counsel. He will assist title agents with their underwriting needs, offering advice and ensuring an understanding of the reasoning behind decisions. Schraub joins Alliant National after serving as vice president and underwriting counsel for a large national underwriter.

North American Title Appoints Mountain States Underwriting Counsel

North American Title Insurance Co. (NATIC) appointed P. David Dickard as mountain states regional underwriting counsel. In this role, he will provide underwriting guidance and operational expertise as NATIC serves the mountain states region. Dickard has more than 20 years of experience in the title business and eight years with private law firms.

Fidelity National Title Bolsters National Commercial Services Division

Fidelity National Title named Danette Starling as vice president, senior commercial title officer of the national commercial services division. She has more than 30 years of diverse experience in the title industry, with 16 years as a practicing commercial title officer, and is a member of the International Right of Way Association.

Thomas Title & Escrow Expands Presence in Dallas Market

Thomas Title & Escrow announced that Kevin Hays, executive vice president, and Daniel Reich, senior commercial escrow officer, have joined the company in Dallas. Hays has primary responsibility for the development, implementation and maintenance of the company's business development efforts in Texas. Prior to joining Thomas Title & Escrow, Hays served as corporate counsel for Allegiance Title Company in Dallas. From 1994 until 2012, he owned and managed a real estate law practice in Birmingham, Ala., and was the CEO and general counsel of Gulf South Title Services. Also a lawyer, Reich has more than 25 years of experience closing real estate transactions. He assists in the management of title and escrow operations in Dallas.

Westcor Names Pennsylvania State Manager, Hires Communications Director

Westcor Land Title Insurance Co. named Brian Foley as its Pennsylvania state agency manager and hired Susan Green to the position of communications director. Foley will focus on business expansion and will oversee operational matters concerning the company's agency program in the state. Foley is a 25-year veteran of the industry. Green will be responsible for all communication strategies and initiatives for Westcor across the country, including branding and market outreach. Prior to joining Westcor, Green worked for a large multi-state title agency. Her past roles included regional marketing director for a Fortune 500 title insurance underwriter.

First American Names Connecticut State Manager

Mark D. Vasington has joined First American Title Insurance Co. as vice president and Connecticut state manager in the Hartford office. He has more than 16 years of experience in the title insurance industry and has held management and business development positions with national and regional underwriters.

new members

New Members

ALABAMA
Rick Battaglia
Battaglia Law Office, LLC
Montgomery

Jennifer Crabtree
Rosen Harwood dba Guaranty Title, Inc
Tuscaloosa

Anthony D Franks
Liberty Escrow & Title Services, LLC
Athens

Lynda Robinson
Robinson Titles LLC
Alexander City

ALASKA
Teresa Wesley
Mat-Su Title Agency LLC
Wasilla

ARKANSAS
Jeff McKay
Pulaski County Title
Little Rock

Jake Nesselrodt
National Title & Escrow, LLC
Little Rock

CALIFORNIA
David Markham
Landwood Title Company
Santa Ana

Andrea Schrader
First American Title Company of Napa
Napa

CONNECTICUT
Richard A. Danen
Richard A. Danen Title Services
Southbury

DELAWARE
Shivaneshan Karuvandan
Indus Abstract Services, LLC
Newark

FLORIDA
Ryan Brandenburger
Town Center Title
Boca Raton

Jennifer J. Burton
Burton Law and Title PL
Mary Esther

FLORIDA CONT.
Sandi A. Clark
Fergeson, Skipper, Shaw, Keyser, Baron & Tirabassi
Sarasota

Eric A. Jacobs
Clear Title Group, LLC
Miami Beach

Richard Kantner
The Kantner Law Firm, PL
Saint Petersburg

Miguel A. Lopez
Olde World Title
Orlando

Jennifer Montero
Nu World Title, LLC
Doral

James Moran
First International Title, Inc.
Coral Springs

Lawrence Patterson
Patterson & Anderson, P.A.
Jacksonville Beach

J. Geoffrey Pflugner
Icard Merrill, Attorneys
Lakewood Ranch

J. Anthony Van Ness
Van Ness Law Firm, P.A.
Deerfield Beach

GEORGIA
Bruce L. Ferguson, P.C.
Hiawassee

Patrick Geheren
Patrick J. Geheren, PC dba The Geheren Firm
Atlanta

Chad Henderson
Henderson Legal, LLC
Atlanta

Gabe Hotard
Hotard & Hise, LLC
Clarkesville

Josh E. Magnuson
Affinia Title
Roswell

Douglas C. McKillip
McKillip Law Firm, LLC
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Hope Meadows
Dubberly & McGovern
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Riverdale

Robert L. Todd, IV., Esq.
Greenville

KENTUCKY
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Morgan & Pottinger, PSC
Lexington

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Michelle Turner
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Lisbon

MARYLAND
Andrew Cooch
Progressive Title Corporation
Arnold

MASSACHUSETTS
Edward Rainen
Rainen Law Offices, P.C.
North Andover

MICHIGAN
Dale Hunt
Mid American Title Company
Traverse City

Mayja Pastrana
Capital Title Insurance Agency
Southfield

Shri Pattabhi
Continental Title Agency, LLC
Troy

MINNESOTA
Derek J. Sadowski
Key Title, Inc.
Maplewood

Judy Wiesner
Indecomm Global Services
Saint Paul

NEBRASKA
Scott Boyer
Deed Research, Inc.
Omaha

NEW HAMPSHIRE
Timothy, J. Sullivan, PLLC
Wolfeboro

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Brennan Title Abstract, LLC
Westmont

Mike O'Brien
Endurance Abstract, LLC
Palmyra

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Kristi Zimmer - Tracie Shambo
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Monarch Title, Inc.
McLean

Bonnie Hoar-Stainback
The Closing Shop, LLC
Gloucester

Teresa Lloyd
Norfolk

Norma Luther
GEM Title LLC
Newport News

Ian R. D. Williams
Winchester Title
Winchester

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Parker & Ankuda, P.C.
Springfield

Cyd Isleib
Brandon

Katherine Knoras
Springfield

WASHINGTON
David Nelson
CourtTrax Corp.
Issaquah

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Campbell Woods, PLLC
Huntington

Associate Members

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TitleCapture
Miami

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Morayma Ramos
One Step Lien Search, LLC
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Benefits, Inc.
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TEXAS
Tiffany Heikkila
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Houston

ALTA Focuses on Important but Long Process of GSE Reform

Aside from implementing Best Practices and the pending final rule for new mortgage disclosures, another big issue impacting our industry is housing finance reform. It's been five years since the federal government took control of Fannie Mae and Freddie Mac, but Congress is making progress on reforming the GSEs as two bills—one each in the House and Senate—are making the rounds on Capitol Hill. Both promise to wind down Fannie and Freddie and establish a new system for financing home loans.

Both of the GSE reform bills include language that protects the industry. The Senate bill includes a list of requirements for eligible mortgages. Included in the requirements is a section that says an eligible mortgage must be "insured by an approved State licensed title insurance company." Meanwhile, ALTA secured three key changes to the bill passed out of the House Financial Services Committee on July 24 that protect the land title industry, property rights and consumers.

The first major change to the Protecting American Taxpayers and Homeowners Act (PATH) secured by ALTA is language that requires title insurance to be in place before any mortgage is securitized through the proposed securitization utility.

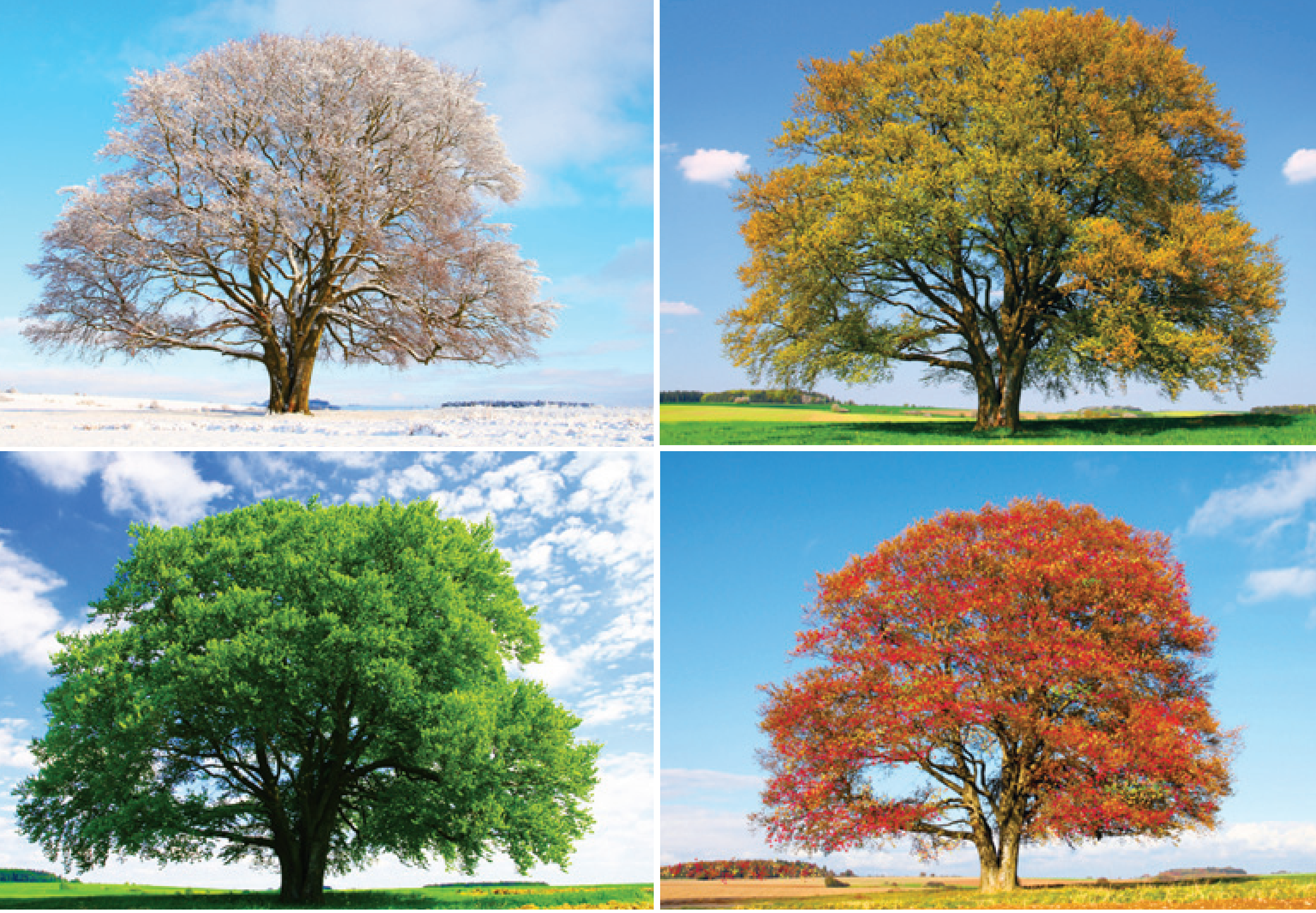
Second, the PATH Act proposes to create a National Mortgage Data Repository to tie together all the documents and data related to a mortgage transaction such as the note, mortgage, recording information and performance information. The intention of this repository is to provide a reliable source of current information about the holder of the note, the mortgagee of record and the identity of second lienholders—similar to the role the Depository Trust and Clearing Corporation (DTCC) serves for the stock market.

At ALTA's request, language added to the bill requires that any mortgage-related documents submitted to the Repository must first be recorded in the appropriate local jurisdiction, as required under state or local law. This clarification helps preserve our system of identifying property rights through county records.

Finally, the PATH Act would amend the Truth in Lending Act's (TILA) three-day disclosure requirement to allow consumers to explicitly waive the three-day period. ALTA worked with congressional staff on language that directs the Consumer Financial Protection Bureau to prescribe regulations and forms authorizing consumers to modify or waive the three-day timing requirements beyond today's very narrow "bona fide personal emergency" waiver. This is important to help consumers and ALTA members prevent costly delays to closing.

These bills are initial steps to a long process, but you can be sure ALTA will work hard to protect consumers, property rights and our industry.

- Rob Chapman, ALTA president-elect



THANK YOU. For over 100 years, Old Republic Title has thrived during the many seasons of change in the industry. No matter the economic climate, we've remained committed to sound and ethical business practices, as evidenced in our financial strength and long-term stability. And, as always, we will continue to provide exceptional service, along with our underwriting expertise.

Thank you for being a part of our success story. We appreciate your ongoing business and support.

Strength and Stability for Over a Century

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