January 2014

TitleNews

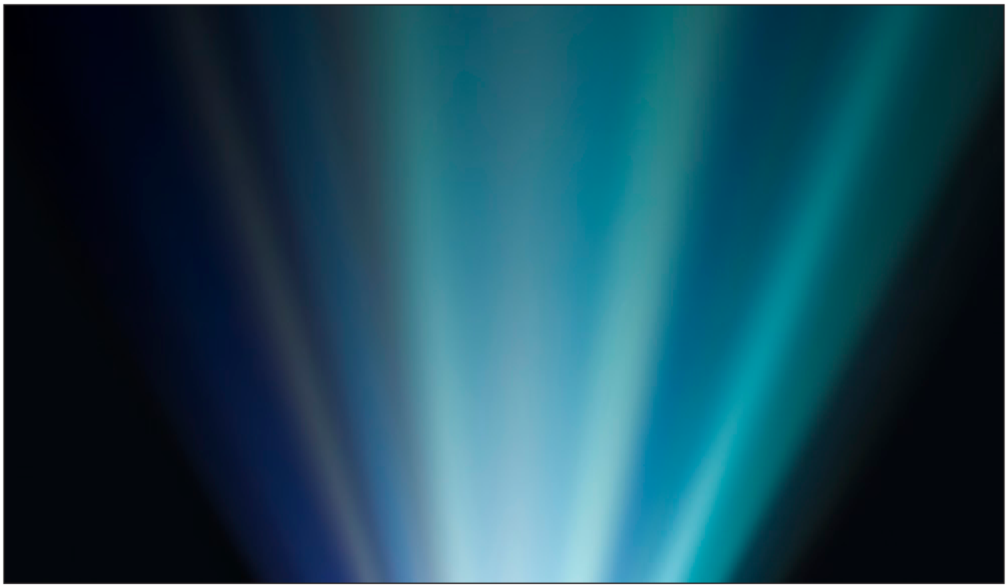
Official Publication of the
American Land Title Association

2014 Market Projections: Steady Growth Despite New Regulations

Successful Title Professionals Across the Country Embracing Compliance in Order to Grow Volume as Industry Transitions to Purchase Market

>contents

TitleNews • Volume 93, Number 1



Features

Departments

calendar

2014 STATE CONFERENCES

February 6-7	Utah *Salt Lake City, UT*
February 21-22	Alaska *Anchorage, AK*
April 10-12	Oklahoma *Tulsa, OK*
April 10-12	Tennessee *Nashville, TN*
April 27-29	California *San Diego, CA*
May 2-3	Iowa *Cedar Rapids, IA*
May 15-18	Arkansas *Hot Springs, AR*
June 1-3	Pennsylvania *Hershey, PA*
June 5-7	Virginia *Herndon, VA*
June 8-10	Wyoming *Casper, WY*

Check Out Exclusive Content in This Month's Digital Issue

January 2014
TitleNews

Compliance and Survival Guide to RESPA

K&L Gates partner Phil Schulman provides a RESPA primer and reviews recent enforcement actions and penalties levied by the CFPB. Listen to webinar recording on page 23.

Go to www.alta.org to get your copy of Digital TitleNews Today!

TitleNews

PUBLISHER
Michelle L. Korsmo

EDITOR IN CHIEF
Jeremy Yohe

COMMUNICATIONS MANAGER
Shawn Sullivan

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.

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

AMERICAN LAND TITLE ASSOCIATION

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

Make Sure Your Business Stays 'Contagious' in 2014

Ensuring your customers receive quality service and have a great experience is an issue that is important to each company whether they serve one county or multiple states. Personally, I am always looking for new information on how to better serve our customers.

In December, I was introduced to Jonah Berger's book, "Contagious: Why Things Catch On" at the U.S. Chamber of Commerce's Association Committee of 100 Meeting. This is a meeting where top association CEOs discuss current issues and ways to effectively leverage the benefits and services that associations offer members.

Berger, an associate professor of marketing at the Wharton Business School, talks about several principles—that operate either individually or in combination—that impact whether something spreads and drives business by word of mouth.

One thing that stuck with me is thinking about the message more than the messenger. Often we think about who is going to market our product. But, we don't spend enough time thinking about the message that we are going to deliver. What will we say that will help people care about our services? How do we tell people about the work performed by title and settlement professionals that make them care about what we have done for the homebuyers, sellers and the lenders?

As we begin working on implementing ALTA's Best Practices and preparing ALTA member companies to be the go-to source for information about the Consumer Financial Protection Bureau's final rule for integrated mortgage disclosures, we will spend time working on developing the message that conveys the critical role of an independent third-party to the transaction. Taking time to do this in your own company may provide the spark for your business to go "viral" with your customers.

Having a good pulse of where the market is heading in 2014 also will position your company for success in the coming year. Knowing what trends lie ahead allows you to be the source of news your customers can use. I encourage you to review the cover article of this month's edition as we provide a trove of information forecasting the market in 2014.

As we begin a new year, you can be sure ALTA will provide tools for you to use and develop the messages that help your business become contagious in 2014.

- Michelle Korsmo, ALTA chief executive officer

Have a Question about the Final Mortgage Disclosure Rule? Check Out ALTA's Blog

Have a question or concern about the Consumer Financial Protection Bureau's final rule for integrated mortgage disclosures? You can submit questions to ALTA and follow ALTA's blog at *blog.alta.org* for the answers.

We've already addressed questions about which transactions that the rule applies, why other fees aren't described "optional" like owner's title insurance and the three-day rule.

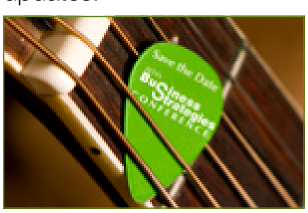
We've just scratched the surface analyzing the rule and there will be plenty of additional questions as the industry prepares for the Aug. 1, 2015, implementation deadline.

Registration Open for 2014 Business Strategies

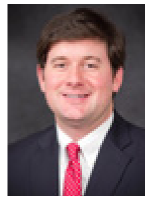
Title and settlement agents' relationships with lenders will change dramatically over the next year for two reasons. First, the Consumer Financial Protection Bureau's final rule for integrated mortgage disclosures will change the closing process. Come August 2015, the industry will say goodbye to the GFE and HUD-1 and begin using a new Loan Estimate and Closing Disclosure. This will force changes in how you interact with your lender clients and consumers.

Second, relationships with lenders also are being impacted as regulators remind financial institutions that they are responsible for the acts of their third-party service providers. It is vital title professionals prepare their operations now to continue receiving lender business.

These issues will be among the topics discussed during ALTA's 2014 Business Strategies Conference, to be held March 12-14 in Nashville, Tenn. You can register at *www.alta.org/meetings*. CE/CLE credit is pending for many states. Please go to ALTA's website for updates.



ALTA Names Director of Government Affairs



ALTA announced in December the appointment of Benjamin Lincoln as director of government affairs. He will focus on building and strengthening relationships with members of Congress and ALTA. He also will work to enhance the relationships individual ALTA members have with members of Congress.

"Strengthening our relationships with members of Congress remains a constant goal for ALTA and our members and Ben brings valuable experience to take our advocacy efforts to the next level," said Michelle Korsmo, ALTA's chief executive officer. "Ben's previous experiences creating relationships between industry and members of Congress on and off Capitol Hill will enable ALTA to better connect with legislators and assist our members in properly conveying the value of the land title industry."

Lincoln joins an already effective and strong government affairs team at ALTA. Headed up by Justin Ailes, vice president of legislative and regulatory affairs, others working to protect the land title industry include Steve Gottheim, legislative and regulatory counsel; Jessica McEwen, director of public affairs; and Madeline Nagy, director of state government affairs.

Prior to joining ALTA, Lincoln served as a senior vice president for LTD Group LLC, where he interacted with multiple entities on Capitol Hill and in the White House to further the legislative goals of LTD Group's client base. LTD Group represents multiple Fortune 500 companies in the financial services industry and provides strategic political consultation.

"Throughout my career, I have gained an exceptional appreciation for working in a bipartisan fashion, and look forward to transferring those ideals into my position with ALTA," Lincoln said.

From early 2006 to 2011, Lincoln worked as a congressional staffer in the U.S. House of Representatives.

ALTA Reports Q3 Title Insurance Premium Volume Up 14 Percent

ALTA reported title insurance premium volume rose 14 percent during the third quarter of 2013 when compared to the same period a year ago. According to ALTA's 2013 Third-Quarter Market Share Analysis, the title insurance industry generated $3.4 billion in title insurance premiums during the third quarter of 2013 compared to $3 billion during the third quarter of 2012.

"The strength and stability of the title insurance industry continues to improve as the housing economy recovery maintains a steady pace," said Michelle Korsmo, ALTA's chief executive officer. "Forty-five states, plus the District of Columbia, saw written premiums increase in the third quarter of 2013 compared to the same period in 2012."

Written premiums increased in 45 states and Washington, D.C., during the latest quarter compared to the same period in 2012. The states generating the most title insurance premiums during the third quarter of 2013 were:

- *Texas ($477.9 million, up 25.1 percent compared to the third quarter of 2012)*
- *California ($413.3 million, down 6.2 percent)*
- *Florida ($314.2 million, up 29.9 percent)*
- *New York (257.7 million, up 20.5 percent)*
- *Pennsylvania (151.7 million, up 16.7 percent)*

Nine states experienced a 25 percent or more increase in title insurance premiums during the third quarter of 2013 compared to the same period a year ago:

- South Dakota *(up 54.7 percent)*
- Delaware *(up 37.8 percent)*
- Minnesota *(up 31.2 percent)*
- West Virginia *(up 30.3 percent)*
- Florida *(up 29.9 percent)*
- Montana *(up 28.9 percent)*
- Illinois *(up 25.9 percent)*
- Texas *(up 25.1 percent)*
- Utah *(up 25.1 percent)*

Check out a chart comparing market share data by company on page 19. ALTA expects to release its fourth-quarter and full-year 2013 Market Share Analysis around March 15.

Fed Issues Guidance for Managing Service Providers

The Federal Reserve Board on Dec. 12 released guidance reminding financial institutions to exercise appropriate risk management and oversight when using service providers.

The 14-page document titled "Guidance on Managing Outsourcing Risk," describes factors financial institutions should consider when choosing a service provider and how service providers should be overseen. A service provider is defined as any organization or entity—such as a consultant—that enters into a contractual relationship with a financial institution to provide business functions or activities, such as accounting, auditing, loan review, compliance and risk management.

The Office of the Comptroller of the Currency (OCC) issued similar guidance in November to national banks and federal savings associations for assessing and managing risks associated with third-party relationships. Banks are expected to practice effective risk management regardless of whether they perform the activity internally or through a third party, according to the OCC guidance.

The guidance from the Federal Reserve and OCC both echo the message from the Consumer Financial Protection Bureau's April 2012 bulletin that said lenders need to increase oversight of their service providers and may be held responsible for the actions of the companies with which they contract.

To help lending institutions supplement their risk-management programs, ALTA developed its "Title Insurance and Settlement Company Best Practices" framework. The Best Practices highlight policies and procedures the industry uses to help ensure a positive and compliant real estate settlement experience.

"Mortgage originators are under increased pressure to ensure their third-party service providers are minimizing risk and employing business practices that protect all parties during the real estate transaction," said Michelle Korsmo, ALTA's chief operating officer. "As financial institutions work to develop their own risk management systems, the land title industry continues to lead with its Best Practices Framework."

@altaonline

Social Strategy Sessions

Earlier this year, we announced that ALTA will host quarterly "Social Strategy Sessions" beginning in January for interested members. The sessions will provide a forum for ALTA members of all sizes to talk about content strategy, online marketing opportunities and discuss what works and doesn't in various online communities. These 45-minute calls will be open to all ALTA members. We encourage you and your staff to join. If you would like to participate in these sessions, please email *social@alta.org* to make sure you receive the details for these industry events.

Read those Comments

As any online community manager would tell you, it's extremely important to always read the comments on your social media posts. You never know who is watching and how they feel about your content. While the comments may not always be in your favor, it's important to not let any slip by. One of the best ways to determine the engagement value of your content is to simply start asking for comments on what you are posting. You will be surprised to see how many people begin to interact with your content when they understand how much you value their input. Now that you are reading and receiving comments, it will be even more important to respond to comments. Users will feel a sense of ownership in the content of your page and provide even more feedback. For more information, or to submit your own tip, email *social@alta.org*.

12 Days of Title

For the second consecutive year, ALTA hosted *#12DaysofTitle* in December. This year, the 12 days focused on products and services (including a few giveaways) that ALTA provides to members all year long. Some of the most popular posts included a discount on the Title Triumph board game and the new ALTA consumer education e-Kit.

ALTA's LinkedIn Group Hits 6,000

Are you a member of ALTA's LinkedIn group? More than 6,000 industry professionals have joined the group dedicated to sharing industry information, jobs and promotions. Simply log into your LinkedIn account and search "American Land Title Association – ALTA" to join today!

Finding Love in Title

While many find successful careers in the title industry, others also find love. Have you found the love of your life while working in the title business? If so, we'd like to include your"love" story in the February edition of TitleNews. Send an email to Jeremy Yohe at *jyohe@alta.org*.


Best Practices, simplified.
Best Practices: Simplified is First American's approach to help you implement the ALTA Best Practices Framework.
Learn more at Firstam.com/simplify.
FIRST AMERICAN®
BEST PRACTICES: Simplified
First American Title Insurance Company makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. First American, the eagle logo, First American Title, and firstam.com are registered trademarks or trademarks of First American Financial Corporation and/or its affiliates.
FIRST AMERICAN®
First American Title™
866.701.3361 • www.firstam.com
©2013 First American Financial Corporation and/or its affiliates. All rights reserved. • NYSE:FAF

2014 Market Projections: Steady Growth Despite New Regulations

Successful Title Professionals Across the Country Embracing Compliance in Order to Grow Volume as Industry Transitions to Purchase Market

With more than 35 years of experience practicing as a real estate attorney and business operations manager, David Slachter has seen the industry from different perspectives. He's implemented processes to monitor closing agents and offered expertise in resolving title and underwriting issues, as well as being responsible for operational and management issues. The president of Florida-based Bayview Title Services, however, doesn't view himself as an attorney who manages. He calls himself an operations person with a law degree. >>

By Jeremy Yohe

"My specific area of interest is in creating new processes that improve efficiencies within an organization," Slachter said.

So when he decided to attend ALTA's 2013 Annual Convention, Slachter expected to learn some new ideas to improve his operation, which specializes in REO transactions on behalf of institutional lenders. What he went home with, however, was something much larger than retooling a process. The message of "compliance is the new marketing" from a few of the professional development sessions resonated with Slachter. After the convention ended, he immediately took actions to position his company for success in 2014 by implementing and documenting ALTA's "Title Insurance and Settlement Company Best Practices."

"I can attest to the fact that compliance is and should be a focus of title companies," he said. "My company was recently approved as a preferred closing agent by a large institution only because I focused on compliance in my discussions and documentation to them."

Slachter is not alone. Title professionals across the country are learning that regulatory compliance will be a driver for how successful companies are in maintaining and growing market share.

George Demopulos is focused on compliance and meeting the needs of customers as well. The president of Rhode Island-based Lincoln Abstract & Settlement Services also started working toward implementing Best Practices after attending ALTA's 2013 Annual Convention.

"Becoming Best Practices certified will not only help Lincoln Abstract to assist lenders with their responsibilities of third-party vendor management, but it will also provide risk-management relief for clients," Demopulos said.

> "The emerging purchase market should gather momentum in the coming year, and even more so in 2015."

Patrick Stone, president and chief executive officer of Williston Financial Group, echoed the title agents' assessment on the importance of compliance, saying 2014 will be the first year in awhile where new regulations will be just as important to title order volume as market conditions.

"For the first time in a while, 2014 will not necessarily be just about the markets, but rather, the impact of the new regulatory environment on our businesses," he said. "The industry will be faced with changing forms and disclosures and also the need to assure the lending community that we are conducting business as financial services firms with a clear appreciation for consumer finance law."

With an eye on compliance, many title professionals are taking advantage of market conditions to expand their footprint and position themselves for greater volume in 2014.

Title Financial Corporation, which is a regional company with operations in Idaho, Montana, Washington and Wyoming, completed its third acquisition over the past 18 months when it purchased Jackson Hole Title & Escrow. Through the third quarter, title premium volume in Wyoming increased 25 percent compared to the first nine months of 2012. Quinn Stufflebeam, chief executive officer of Title Financial Corporation, said the deal positions his company for success in the future.

Meanwhile, Wisconsin-based Knight Barry Title Group continues to expand its geographic footprint as it marks 160 years in business. The company recently acquired Sawyer County Abstract in Hayward, Wis., giving Knight Barry a presence in the northwest portion of the state. The acquisition coupled with the opening of three additional offices in Wisconsin, indicates the company's aggressive growth strategy. Offering insight into 2014, Craig Haskins, Knight Barry's chief operating officer, said the company plans to open additional offices in Minnesota and Michigan, with potential expansion into Florida.

"We've spoken to several title agency owners who say that new regulatory requirements and the desire of some lenders to consolidate title vendors have caused them to consider selling their agencies," Haskins said. "It's a lot of work to comply with regulatory requirements, but we have diligently worked on implementing Best Practices. It feels good to finally see the light at the end of the tunnel."

Market Projections

The Mortgage Bankers Association revised its origination estimates for 2014 and now believes volume will decline 32 percent from 2013. While the MBA expects purchase originations to increase 9 percent, refinance originations are forecast to fall 57 percent.

"The big shift ahead will occur as the single-family mortgage market begins transitioning from a rate-and-term refinance-dominated market, to the first purchase-dominated market we've seen since 2000," said Frank Nothaft, Freddie Mac's chief economist. "The emerging purchase market should gather momentum in the coming year, and even more so in 2015."

While the market will shift to a purchase market, Stone is optimistic that refinance volume won't dry up as much as expected.

"I'd argue that there will, indeed, be some refinancing activity," he said. "Roughly 30 percent of current homeowners have mortgages with interest rates over 1 percent above the current average 30-year fixed rate. Moreover, even with appreciation continuing at a slow rate, many will become potential refinance candidates. No, I don't expect a banner year for refinance, but I think it will be better than some suggest."

Despite the drop in refinance activity, there are several reasons to be optimistic about the 2014 economy. Nothaft expects a resurgent housing sector to drive economic growth, which is expected in the 2.5- to 3-percent range. This is more than a half percentage point better than what's expected for 2013. An accelerated recovery also will translate into more job creation and push the unemployment rate below 7 percent,

Key Market Projections for 2014

The Mortgage Bankers Association forecasts $1.2 trillion in mortgage originations during 2014, a 32 percent decline from 2013. Here's a look at more key stats projected for 2014.

- **Originations:** Purchase originations are projected to increase to $723 billion in 2014, up from $661 billion in 2013. In contrast, refinances are expected to drop to $463 billion, which will result in total originations of around $1.2 billion. For 2015, MBA is forecasting purchase originations of $796 billion and refinance originations of $433 billion as total volume holds steady. The MBA expects a decline in the share of sales paid for with cash, and higher average LTVs on purchase mortgages, due to the rise in home prices.
- **Mortgage Rates:** The MBA estimates mortgage rates will increase above 5 percent in 2014 and then increase further to 5.5 percent by the end of 2015. As a result, mortgage refinancing will continue to drop, and borrowers seeking to tap the equity in their homes will be more likely to rely on home equity seconds rather than cash-out refinances. The market will potentially see a small increase in refinances toward the end of 2015 as the Home Affordable Refinance Program 2.0 expires.
- **Existing Home Sales:** Sales are forecasted to hold fairly even with 2013—which should finish around 5.13 million—at about 5.12 million in 2014. The average median existing-home price is projected to be about $209,000, up 6 percent from 2013 year-end estimates.
- **New Home Sales:** Likely to grow to 508,000 in 2014, housing starts are forecast to reach 1.13 million in 2014 compared to an estimated 917,000 in 2013.
- **Real GDP:** Growth will remain relatively weak through early 2014, at around 2 percent, due to a variety of uncertainties, particularly over U.S. spending and tax policies linked to the debt limit debate. The MBA expects the economy will grow somewhat faster in the second half of 2014 as some of these issues are resolved.
- **10-Year Treasury Rate:** The 10-year Treasury rate is expected to stay below 3 percent into early 2014, but then increase more rapidly in the second half of 2014 as the Fed tapers its asset purchases and subsequently phases out the third round of quantitative easing (QE3). The MBA expects the Fed to begin tapering its asset purchases in early 2014, and ending QE3 in September 2014. The Fed funds rate will be kept near zero until mid 2015.
- **Unemployment:** The unemployment rate is expected to continue on a downward path due to falling labor force participation and job growth in the range of 150,000 to 170,000 jobs per month. The MBA expects the unemployment rate will decrease to 6.9 percent in 2014 and 6.5 in 2015.

Source: Mortgage Bankers Association and National Association of Realtors perhaps by mid-2014, Nothaft projected.

"We expect single-family home sales and housing starts to be at the highest level since 2007, and expect multifamily transactions and construction to post gains as well," he added. "Despite rising mortgage rates and continued property-value appreciation, housing will remain generally affordable in most parts of the country. With household formations expected to pick up and new home completions gaining more slowly, for-sale inventories may remain tight and vacancies low next year."

Impact of Qualified Mortgages

As *TitleNews* has reported previously, many are concerned the Consumer Financial Protection Bureau's new Ability-to-Repay and Qualified Mortgage (QM) rules—which go into effect Jan. 10—will curtail lending.

Michael Fratantoni, who is replacing Jay Brinkmann as chief economist for the Mortgage Bankers Association in February, said investors are pulling interest-only products from the market as well as offerings with terms longer than 30 years to prepare for the QM rule. About 90 percent of production in December met the QM standard. Fratantoni said the question is how much of that remaining 10 percent could be adjusted to fit to QM. There may be lenders that are not prepared for the new lending rules, so January could be a difficult month for the market, according to Fratantoni.

The Wall Street Journal reported in December that Wells Fargo and other large lenders plan to offer "non-QM loans." Wells Fargo anticipates that about 5 percent of the mortgages it issues in 2014 will fall outside of the CFPB's QM definition, according to the report. JPMorgan, Bank of America and Citigroup Inc. also are reported to offer some loans that fall outside of the standard. These will likely be jumbo loans and largely driven by wealthier homebuyers. Other "higher risk" products, such as balloons, negative amortization and certain adjustable-rate mortgages also fall outside of the QM criteria.

Brad Blackwell, executive vice president of Wells Fargo Home Mortgage, was quoted in the report as saying Wells Fargo has experienced a significant improvement in mortgage performance, which means it doesn't "see a significant reason to contract our lending ... because these are very high-quality borrowers."

Higher Mortgage Insurance Fees

In another move that could impact origination volume, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to increase fees for insurance mortgages. Lenders pay fees—also known as "g-fees"—to Fannie and Freddie for guarantees on mortgage-backed securities. The fee increases are typically passed along to borrowers, resulting in pricier mortgages. The FHFA said the base g-fee for all mortgages will increase 10 basis points. For loans exchanged for mortgage-backed securities, the price changes will be effective with settlements starting April 1, 2014. For loans sold for cash, the price changes will be effective with commitments starting March 1, 2014.

In December, members of Congress negotiating a deal to balance the federal budget considered provisions to increase government fees—including the fees charged by Fannie and Freddie—in order to avoid increasing the deficit.

The Title Action Network (TAN) sent an alert asking for members to urge their Congressional representative to oppose increasing mortgage rates to balance the federal budget. More than 200 TAN members took action and a total of 195 legislators were contacted. Thanks to TAN members' alerts, the final budget passed by Congress did not include an increase in the g-fees.

"Taxing housing to balance the budget may prevent many homebuyers from obtaining the American dream of homeownership and harm the still-recovering housing industry," said Michelle Korsmo, ALTA's chief executive officer. "This tax would disproportionately harm low- and moderate-income borrowers, first-time homebuyers, renters with modest incomes and others if those funds were to be directed to help balance the budget."

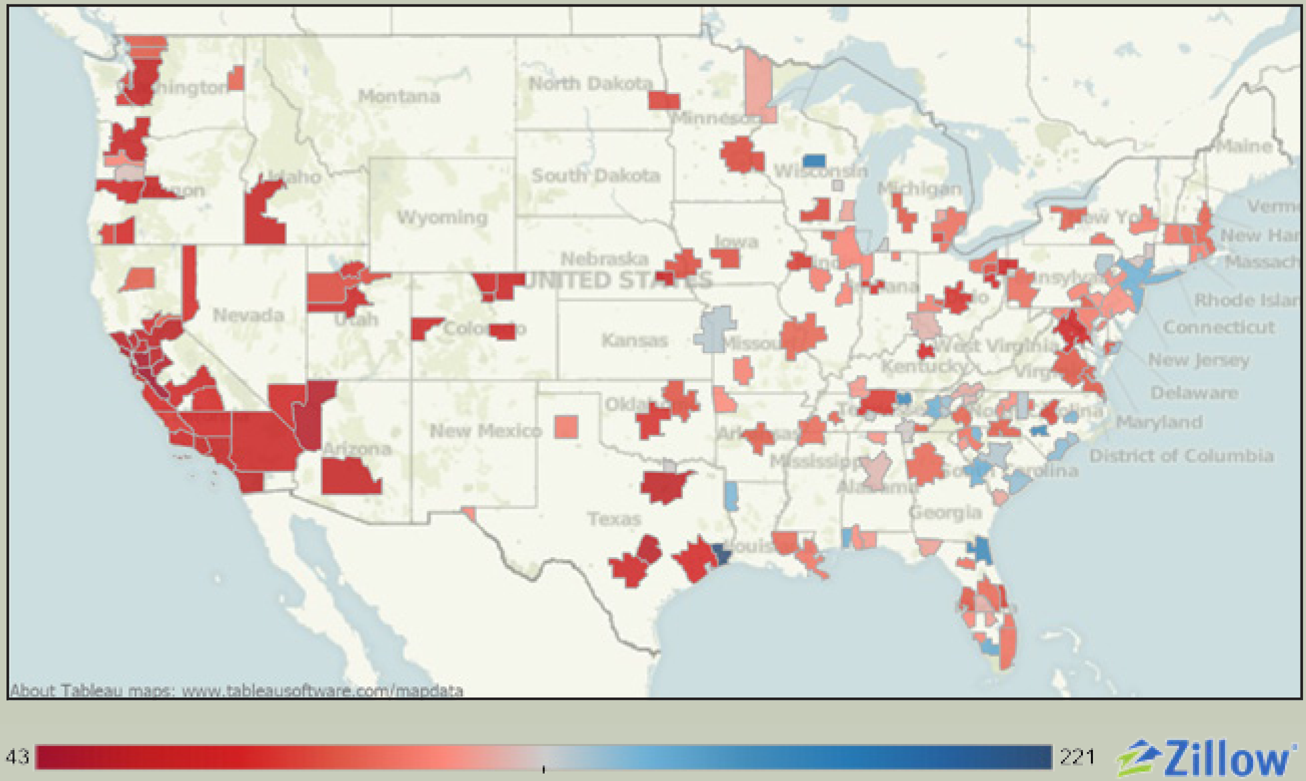
Markets to Watch

Based on forecasts from NAR, the top 10 markets to watch for a housing turnaround in 2014 are Salt Lake City; Naples, Fla.; Tampa, Fla.; Atlanta; Boise, Idaho; Houston; Charlotte, N.C.; Denver; Seattle; and Tucson, Ariz. Meanwhile, a report released in December by the National Association of Home Builders shows smaller metropolitan areas appear to be leading the country in a return to normal levels of economic and housing activity.

The Leading Markets Index (LMI), which NAHB produces in conjunction with First American Title Insurance Co., lists 54 metropolitan areas currently operating above the LMI's baseline

Days on the Market

Median Days on Market of Homes Sold in September 2013



A new report compiled by Zillow analyzes the number of days it takes to sell a home. The report shows that hot metros in the West have the shortest days on market. In San Francisco, it only takes 48 days to go from listing a home to signing papers. In San Jose, days on market are even quicker at only 43 days. This is in sharp contrast to some metros further east like New York (151 days), Fayetteville, N.C. (174 days) and Jacksonville, Fla. (174 days).

While it may still take a while to sign papers in New York, days on market of homes sold in September is actually 11 percent shorter (19 days) than last year. This decrease in time on market is modest compared to the rapid changes in California metros. Days on market was practically cut in half in Napa, Calif., where homes sold in September took only 57 days to sell, which is down from 110 days compared to last year and 181 days in December 2010. Modesto and Stockton have also seen dramatic changes (down 47 percent and 45 percent year-over-year, respectively).

Zillow attributed the decrease in days on the market to a strong rebound in housing demand as investors and home shoppers are finding great potential in lower home prices.

level. NAHB's report said most of them are what are considered small markets. The index's nationwide score of .86 indicates that, based on current permits, prices and employment data, the nationwide market is running at 86 percent of normal economic and housing activity. Each market is scored by taking its average permit, price, and employment levels for the past 12 months and dividing each by its annual average over the last period of normal growth.

Topping the list of smaller metros were Odessa and Midland, Texas; Casper, Wyo.; Bismarck, N.D.; and Grand Forks, N.D. Nearly half of the markets in the top 54 are in the energy states of Texas, Louisiana, North Dakota, Wyoming and Montana. Baton Rouge, La., topped the list of major metros on the LMI, followed by Honolulu, Oklahoma City, Austin and Houston.

"The fact that more than 125 markets on this month's LMI are showing activity levels of at least 90 percent of previous norms bodes well for a continuing housing recovery in 2014," said Kurt Pfotenhauer, vice chairman of First American Title.

Commercial Markets

Modest growth is forecast for commercial real estate market, which is heavily influenced by the unemployment rate, according to Lawrence Yun, NAR's chief economist. Meanwhile, uncertainty regarding pending regulations and fiscal policy issues, will likely moderate the pace of recovery in the commercial real estate industry, according to a report on the 2014 industry outlook from consulting firm Deloitte.

Multifamily housing is likely to see vacancy rates edge up to 4 percent in the fourth quarter of 2014, with new construction helping to meet higher demand. As a rule, vacancy rates below 5 percent are considered a landlord's market, with demand justifying higher rent, Yun said. Average apartment rents are forecast to rise to 4.3 percent in 2014. In the office sector, vacancy rates are expected to decline from a projected 15.6 percent in the fourth quarter to 15.4 percent in the fourth quarter of 2014.

"As little as we may like the new regulations, they're not going away. Embrace them. Use them as a differentiator or a chance to work more closely with our lending clients."

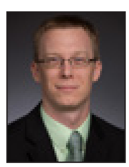
Looking Ahead

While origination volume is expected to decline and changes made to the mortgage process by the CFPB could adversely affect originations, Fitch Ratings maintained a stable rating outlook on the U.S. title insurance industry, according to a recent report.

Title revenues through the first nine months of 2013 increased by more than 14 percent as refinancing activity exceeded initial expectations, purchase orders increased and home values rose. However, open title policy order counts for title underwriters are 29 percent lower at third-quarter 2013 compared with the prior year period, according to Fitch's report. This order flow provides a weaker pipeline of activity for first-half 2014 compared with first-half 2013. Fitch expects declining title orders to lead to a modest decline in 2014 title industry operating revenues.

In order to find a competitive advantage, Stone said those running operations in the title sector must ask tough questions, such as how they can align their business to adapt to the new reality and if they have the resources to comply and compete.

"I think agents will need to consider working even more closely with their underwriters, who have the resources to assist them," Stone said. "Compliance can be expensive. Unfortunately, it will likely tax the resources of many of the smaller, independent agents and firms, who will need to partner and adapt. Additionally, as little as we may like the new regulations, they're not going away. I suggest we embrace them. Use them as a differentiator or a chance to work more closely with our lending clients as partners. I truly believe that the settlement services businesses that can do this will be the winners in the long run."



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

Comparative Family/Company Summary (Nine Month 2013 vs. Nine Month 2012)

Company Name	Nine Month YTD Total Premiums Written - 2013	Market Share	Nine Month YTD Total Premiums Written - 2012	Market Share	Increase/ Decrease in Premiums Written	Market Share
FIDELITY FAMILY						
Chicago Title Ins. Co.	1,506,107,186	15.6%	1,290,603,304	15.9%	215,503,882	-0.3%
Fidelity National Title Ins. Co.	1,166,031,737	12.1%	1,007,265,269	12.4%	158,766,468	-0.3%
Commonwealth Land Title Ins. Co.	450,272,253	4.7%	398,255,341	4.9%	52,016,912	-0.2%
Alamo Title Ins. Co.	46,387,614	0.5%	42,014,121	0.5%	4,373,493	0.0%
Total - FIDELITY FAMILY	**3,168,798,790**	**32.8%**	**2,738,138,035**	**33.7%**	**430,660,755**	**-0.9%**
FIRST AMERICAN FAMILY						
First American Title Ins. Co.	2,419,137,866	25.0%	1,972,416,037	24.3%	446,721,829	0.7%
First Canadian Title Ins. Co.	72,596,896	0.8%	82,089,016	1.0%	(9,492,120)	-0.3%
Total - FIRST AMERICAN FAMILY	**2,559,880,578**	**26.5%**	**2,137,129,867**	**26.3%**	**422,750,711**	**0.2%**
OLD REPUBLIC FAMILY						
Old Republic National Title Ins. Co.	1,381,591,002	14.3%	1,062,239,720	13.1%	319,351,282	1.2%
Total - OLD REPUBLIC FAMILY	**1,436,089,607**	**14.9%**	**1,098,648,869**	**13.5%**	**337,440,738**	**1.3%**
STEWART FAMILY						
Stewart Title Guaranty Co.	1,019,389,666	10.6%	936,501,097	11.5%	82,888,569	-1.0%
Stewart Title Ins. Co. of NY	151,075,540	1.6%	126,314,797	1.6%	24,760,743	0.0%
Total - STEWART FAMILY	**1,184,863,179**	**12.3%**	**1,073,412,235**	**13.2%**	**111,450,944**	**-1.0%**
FAMILY TOTALS	**8,349,632,154**	**86.4%**	**7,047,329,006**	**86.8%**	**1,302,303,148**	**-0.4%**
INDEPENDENT COMPANIES						
Westcor Land Title Ins. Co.	235,975,001	2.4%	168,743,722	2.1%	67,231,279	0.4%
Title Resources Guaranty Co.	206,297,522	2.1%	166,615,841	2.1%	39,681,681	0.1%
National Title Ins. of NY	200,046,406	2.1%	243,192,355	3.0%	(43,145,949)	-0.9%
WFG National Title Ins. Co.	138,702,887	1.4%	74,089,144	0.9%	64,613,743	0.5%
North American Title Ins. Co.	94,795,907	1.0%	70,072,798	0.9%	24,723,109	0.1%
Investors Title Ins. Co.	63,184,112	0.7%	53,981,444	0.7%	9,202,668	0.0%
Attorneys' Title Guaranty Fund of IL	54,238,866	0.6%	41,500,625	0.5%	12,738,241	0.1%
Alliant National Title Ins. Co.	53,878,147	0.6%	42,315,945	0.5%	11,562,202	0.0%
Connecticut Attorneys Title Ins. Co.	51,970,213	0.5%	46,677,366	0.6%	5,292,847	0.0%
WFG Title Ins. Co.	40,002,433	0.4%	29,163,967	0.4%	10,838,466	0.1%
Security Title Guarantee Corp. of Balt.	37,621,099	0.4%	33,011,455	0.4%	4,609,644	0.0%
Total - INDEPENDENT COMPANIES	**1,309,973,602**	**13.6%**	**1,069,216,759**	**13.2%**	**240,756,843**	**0.4%**
TOTAL - ALL COMPANIES	**9,659,605,756**	**100.0%**	**8,116,545,765**	**100.0%**	**1,543,059,991**	**0.0%**

Source: ALTA Third-quarter Market Share Data

Title Agents and Lenders Working Together in a Mobile Environment

Why the Future of the Mortgage Industry Must Have a Mobile Component to Ensure Success

BY GREGORY E. TEAL

Traditionally, lenders and title companies have used two primary documents to share cost information with borrowers: the Good Faith Estimate at the beginning of the loan origination process, and the HUD-1 or settlement statement at the end. The closing cost estimate the lender shares with the borrower at the beginning of the process must be largely similar to the costs the borrower sees at the closing table to avoid a regulatory compliance violation.

Lenders and title companies have been looking for ways to work more closely, both to meet new Dodd-Frank compliance requirements as well as to increase efficiencies, decrease costs and improve borrower satisfaction. Of all of the new technologies that have been considered to assist these players in this task, perhaps the most promising is mobile technology.

Working in a New Environment

For those of us in the title industry, going mobile means allowing our partners and customers to do what they could previously do in front of a desktop or laptop computer—anywhere and at any time. It's about empowering and untethering others at the same time it's giving our industry the power to push more information to the point of sale.

Mobile technology gives us the ability to integrate all of the information from the lender and the title company and deliver it to the borrower seamlessly very early in the process. These same tools allow us to connect with escrow and closing agents closer to the end of the transaction, increasing efficiencies and transparency. But it's not just about pushing information; it's about facilitating collaboration between the parties who are all working together for the benefit of the borrower.

I have visited with title industry pioneer and visionary Stewart Morris, Jr. about this. He currently serves as the vice chairman for Stewart Information Services Corp., and he boils the real benefit of mobile technologies in the mortgage industry down to a single idea.

"In a word: convenience," Morris said. "Lenders and title companies can use mobile technologies to provide convenience for the consumer in the real estate transaction process."

The result, according to Morris, is that everyone will feel better informed. Then, as it nears the time to close their transaction, the consumer can see on their mobile device the dollar amount to bring to closing, and a map to the closing location.

Meeting Our Own Needs for Better, Cheaper and Faster with Mobile

Real estate professionals will tell you that it's all about location. In our business, it's really about time. When we do our work faster, we save money and provide a better experience to the borrower. Time, it turns out, is money. Mobile makes us faster.

It's a fine line we walk in our industry, given the current regulatory environment. The sales department wants to move prospects into the application phase as quickly as possible in order to close deals before another lender grabs them. On the other hand, the federal government has made it very clear that it wants consumers to have the freedom to shop—not only for their mortgage lender—but also for the settlement services that go into processing their loans. Mobile technology makes it more efficient and makes it possible to serve both ends.

Anyone who has been in sales knows that the more information you can provide your prospect at the point of sale, the more likely you are to help that prospect make a decision to work with you. Lenders and title agents can use mobile technologies to present options to the borrower at the point of sale that will allow the consumer to exercise their freedom of choice without jeopardizing the growing bond between them and the prospective borrower.

Once we get past the application stage, the benefits mobile offers multiply. Many of these relate directly to improving the experience of the mortgage loan borrower, but there are plenty of benefits to the firms working in this industry as well.

The real estate transaction has historically been disjointed and the process has been less than transparent. I have seen the confusion and frustration in the eyes of the consumers. Often, it wasn't because we were providing too little information, but because it was provided all at once at the closing table. The documents consumers are required to sign at closing should be delivered earlier, before closing, and the steps to closing should be clear.

Today's consumers want more information sooner. They want their questions answered quickly and they will not tolerate a company that won't tell them the truth. In the past, lenders who estimated a cost to close and missed the mark weren't lying; they just weren't accurate. Today, that's not acceptable. Today's consumers want access to accurate information anywhere, at a time of their choosing.

> "Mobile technology gives us the ability to integrate all of the information from the lender and the title company and deliver it to the borrower seamlessly very early in the process."

Mobile technologies can help lenders and title companies meet their customers' revised expectations while saving time and money, but there are some basic requirements for any new mobile technology that is to be employed in the mortgage space.

Making Mobile Effective in Mortgage

There are two key elements that are required to make mobile technologies effective in the mortgage space. The first is that the system must connect the lion's share of the required vendors in the marketplace in such a way that allows for real-time transfer of accurate information to the borrower. If the bulk of the vendors aren't represented, it will become very difficult to pass through accurate information.

The second critical element is that the mobile technology must provide a method through which borrowers who use it can get immediate feedback and get their questions answered.

The industry must come together and agree on the definition and components of the improved consumer experience. If it doesn't work for our business, we can't provide it, regardless of how badly the consumers want it. Once we know what the future looks like, we have to agree to go to the effort and expense to change the process, adopt the technology and develop the integrations required to deliver that experience. If there are opportunities to reduce time and cost for the industry, we need to agree on those, too.

Once we have a critical mass of industry folk committed to moving forward, we need to reach out to our consumer base to ensure that the industry is moving in the right direction, make sure they are aware of our new capabilities and help them adopt it. We need to educate consumers on the benefits of electronic signatures, as this allows mobile to deliver on its promises.

We need to ensure that the front end and the closing process are

Additional Coverage

For more on how title agents and lenders can work together in a mobile environment, check out the full version of this article on ALTA's website at *www.alta.org*.

tightly connected so we can offer the consumer a seamless mobile experience throughout the process. This may require us to agree on online file formats for the various types of real estate transactions. It will certainly require us to form tight integrations between the loan origination system, our title production systems and our online file systems. Finally, we need to adopt a workflow design that allows click-to-order title and click-to-deliver documents/data.

The good news is that almost all of this work has already been done by a core group of industry players. Other groups are sure to follow. Our own company is delivering custom mobile apps now to lenders, Realtors, consumers and title companies.

Embracing a Mobile World

If we don't take action to give mortgage borrowers what they want, there is a chance that another company from outside of our industry could step in as an intermediary. It would be unfortunate to be separated from our customers by a business that has won their allegiance simply by communicating with them in a manner in which they have become accustomed. Of course, if the industry does not provide the consumer with an improved real estate transaction experience and more transparency including convenient mobile technologies, there is also the risk that Congress, the CFPB or some other governmental entity will implement laws or regulations that will require these enhancements. If that happens, we can expect a more cumbersome process that may not hit the target or serve anyone.

Our move into mobile technologies is unlikely to be perfect. But we stand a chance of doing a very good job here, with technologies that already exist and the management skills we have within our companies. It's where our customers want us to be. It makes good sense to get there.

Gregory E. Teal is president and CEO of Ernst Publishing, an industry data and technology provider. The company offers closing cost data nationwide in a variety of technology formats, including mobile. Teal can be reached at *gregory.e.teal@ernstinfo.com*.

Congratulations to the Inaugural NTP Class!

ALTA Recognizes the land title professionals who have demonstrated the knowledge, experience, and dedication essential to the safe and efficient transfer of real property.

Anne L. Anastasi CLTP, NTP
Genesis Abstract, LLC

Paula J. Bachmeier NTP
Minot Guaranty and Escrow Company

Jeffrey A. Bosse NTP
Bosse Title Company

John P. Bruce CTIA, NTP
Heritage Title Company of Austin, Inc.

Cara L. Detring NTP
Preferred Land Title, LLC

Tim E. Evans NTP
Evans Title Agency, Inc.

Shari K. Foster CTIA, NTP
Fidelity National Title Group

Joseph A. Grabas CTP, NTP
Investors Title Agency, Inc.

Linda T. Grahovec IEP, NTP
Fidelity National Title Group

Philip S. Janny CLTP, NTP
Plunkett & Graver, P.C.

Carol J. Kirby NTP
American Title & Escrow

Nancy K. Landmark NTP
Commercial Partners Title, LLC

Marianne Mathieu NTP
Fidelity National Title Group

Charlene M. Ostroski CLTP, NTP
Pennsylvania Land Title Association

John F. Robichaux NTP
Ironclad Title, L.L.C.

Alma Rushing NTP
Orange Coast Title Company

Eric M. Schneider NTP
Lakeside Title Company

Chuck Sheffield NTP
AmeriTitle

Roberta Schneider CLTP, NTP
Fidelity National Title Insurance Co.

Linda K. Stelle NTP
AmeriTitle

James Stipanovich NTP
Old Republic National Title Insurance Co.

Sarah M. Sutton CLTP, NTP
Fidelity National Title Group

Isidore Teitelbaum CTP, NTP
Title Services of New Jersey, Inc.

David Townsend NTP
Agents National Title Insurance Co.

Greg Wolff CTIS, NTP
Fidelity National Title

Jeffrey S. Wolff NTP
Fidelity National Title Company

PROFESSIONAL DESIGNATION
NATIONAL TITLE PROFESSIONAL
NTP

To learn more about the National Title Professional Designation visit: www.alta.org/ntp/
or call: 800-787-2582

Kentucky Law Firm Denies RESPA Violations

A Month after CFPB Files Suit against Borders & Borders for Allegedly Paying Kickbacks, Federal Court Rules 10-point Sham AfBA Test Unconstitutional

A Kentucky-based law firm accused by the Consumer Financial Protection Bureau (CFPB) of paying kickbacks for real estate settlement referrals filed a lawsuit denying any wrongdoing.

The CFPB filed a lawsuit Oct. 24 alleging that Borders & Borders and its principals, Harry Borders, John Borders Jr. and J. David Borders, violated the Real Estate Settlement Procedures Act (RESPA) by operating a network of affiliated title companies that paid kickbacks for business referrals. Section 8 of RESPA prohibits the payment or receipt of kickbacks for referrals of settlement service business involving federally related mortgages.

In its reply filed Dec. 4 with the U.S. Court of Appeals for the Sixth Circuit in Louisville, Borders & Borders and its principals said that there was no improper purpose or activity in connection with the joint ventures.

"We obviously don't agree with the theory presented in the complaint, and we think there are several valid defenses in the case," said T. Morgan Ward Jr., an attorney with Stites & Harbison PLLC, which is representing the defendants.

According to the CFPB's complaint, Borders & Borders operated nine joint ventures from 2006 until 2011 with the owners and managers of local real estate and mortgage broker companies, and allegedly used the joint ownership to disguise illegal kickbacks as legitimate profit sharing.

The complaint alleges that when a local real estate or mortgage broker company with a pre-existing arrangement referred a homebuyer to Borders & Borders for closing or other settlement services, the law firm would arrange for the title insurance to be issued by the corresponding joint venture. The profits from the joint venture would then be split between the joint venture's owners: the Borders principals and the referring real estate or mortgage broker.

The lawsuit alleges that each joint venture only had one employee, shared a single independent contractor and that all the title work assigned to them was performed by Borders & Borders staff. The suit also claims the joint ventures did not have their own office spaces, email addresses or phone numbers, and all the business was referred by Borders & Borders.

The district judge ordered Borders & Borders and the CFPB to complete a litigation plan and discovery schedule and return it to the court by Jan. 21.

Borders & Borders says the CFPB's position relies on criteria that is not contained in RESPA and which has been declared invalid by the U.S. Court of Appeals for the Sixth Circuit. On Nov. 26, the Sixth Circuit issued a much-anticipated opinion in a lawsuit accusing two real estate companies of setting up sham title companies in order to receive kickbacks.

In *Carter v. Welles-Bowen*, Ohio homeowners alleged they received title insurance services from sham affiliated businesses that provided few substantive services during the transaction, in violation of Real Estate Settlement Procedures Act (RESPA). The lawsuit alleged Chicago Title Insurance Co. collaborated with Welles Bowen Realty and Danberry Co. to create two sham title companies. According to the lawsuit, Chicago Title performed the title searches. WB Title and Integrity Title then evaluated the title evidence to determine insurability, issued title commitments and issued final title insurance policies.

The plaintiffs were provided with disclosures of the defendants' ownership arrangement when the plaintiffs purchased title insurance. The only thing of value that the owners of WB Title and Integrity Title received was a return on their ownership interest. The plaintiffs did not allege they received subpar title insurance services or were overcharged.

The homeowners' argument relied on the U.S. Department of Housing and Urban Development's 10-factor sham affiliated business test. HUD issued the policy statement in 1996 to help determine the legitimacy of a controlled business arrangement through a set of 10 criteria. In June 2010, a judge for the U.S. District Court for the Northern District of Ohio ruled HUD's 10-point test was unconstitutionally vague and provided insufficient guidance.

The opinion issued by the Sixth Circuit Court of Appeals upheld the district court's ruling, essentially affirming that the 10-point test is unconstitutional.

According to the court, "Welles-Bowen disclosed the arrangement to the buyers, Welles-Bowen allowed them to reject the referrals, and neither Welles-Bowen nor its owners received anything of value from the arrangement apart from a return on their ownership interests." Because Welles-Bowen did everything required under RESPA, "they thus qualify for the affiliated business arrangement exemption," the court wrote. ■

CFPB Files Second Brief in Longstanding RESPA Case

The CFPB on Oct. 30 filed a second amicus brief in *Edwards v. First American*, which addresses whether consumers can bring class-action lawsuits under RESPA even if they never suffered any actual injury.

The U.S. Supreme Court dismissed an appeal in 2012 and the case was remanded back to the district court. In December 2012, the district court again denied the plaintiff's motion to certify a nationwide class, ruling that to prove a RESPA violation, the plaintiff had to show that the defendants overpaid for their interests in the title agencies. The Ninth Circuit court agreed to hear an interlocutory appeal of the district court's refusal to certify a nationwide class.

Denise Edwards, a home purchaser, filed a class action lawsuit contending that First American's "Captive Title Insurance Agreements" constituted a violation of RESPA. Edwards alleged that First American paid cash and securities to an agent in return for the agent's agreement to refer all future title insurance business exclusively to First American.

Despite the fact that, under Ohio law, all title insurers are required to charge the same premium—which meant there was no claim of overpayment—Edwards sued, claiming that the business relationship between First American and its agent violated RESPA. The suit alleged the agreement constituted the payment of a thing of value in exchange for business referrals and constituted an improper fee-splitting structure. First American argued that Edwards lacked standing because she did not suffer concrete injury in fact, because she did not allege that the charge for title insurance was higher than it would have been without the exclusivity agreement. Edwards argued that she had standing under RESPA whether or not an actual overcharge occurred.

In its amicus brief filed in the Ninth Circuit, the CFPB argues that, when a referral agreement is entered into as part of a transaction involving the sale of ownership interests, a plaintiff can prove that the defendant paid for the referral without necessarily showing that the defendant overpaid for those ownership interests. In October 2011, the CFPB filed an amicus brief with the U.S. Supreme Court supporting the plaintiff's position.

TitleNews Extra: Compliance and Survival Guide to RESPA

New Partnership Offers Assessments, Certification to Data Security

Real Estate Data Shield has formed a partnership with Security Compliance Associates (SCA) to offer on-site security assessments and certification to the third pillar of ALTA's "Title Insurance and Settlement Company Best Practices."

"SCA has designed a scalable and customized, title and settlement industry-specific security assessment product that will arm independent title and settlement agents with the certifications they need to demonstrate their security compliance and preparedness for lender or regulatory security audits," said Christopher Gulotta, chief executive officer of Real Estate Data Shield.

Data security compliance is a top concern for lenders as regulators are holding them responsible for the compliance of their vendors, according to Gulotta. SCA's independent assessment and certification services coupled with Real Estate Data Shield security solutions enable the industry to embrace comprehensive and essential security compliance tools.

Upon successful completion of an Information Security Assessment and remediation activities, SCA will issue a certification to clients.

"SCA's assessment and certification tools will allow companies to assess their security compliance status, identify areas for improvement and once remediated, obtain a compliance certification," said Jim Brahm, chief executive officer of SCA. "We've developed affordable, scalable and industry-specific solutions designed to help title and settlement agents evidence their compliance with industry best practices and protect themselves from security and cyber threats."

Best Practices

For more in ALTA's Best Practices, go to *www.alta.org/bestpractices.*

Entrust to Offer Centralized Disbursing Options to Help Preserve Role of Agents

Entrust Solutions, a title insurance servicing company, has started discussions with lenders regarding centralized disbursement programs.

Due to guidance and recent enforcement actions from the Consumer Financial Protection Bureau (CFPB) regarding lenders' responsibility for the acts of third-party service providers, many lenders are becoming more concerned about the companies that close their real estate transactions. Jonathan Yasko, founder and managing member of Entrust Solutions, said lenders are now focusing on what underwriter the agent writes on and if their paper is acceptable. Entrust enters the market offering options to lenders through its centralized disbursing program. Yasko said title agents would still act in their regular capacity in facilitating and handling of the real estate transaction, however they will not have to handle an escrow/trust account.

Echoworx Partners With Cloudstar to Provide Email Encryption Services

Echoworx Corp. has partnered with Cloudstar to provide email encryption solutions to Cloudstar customers.

"Land title agents are subject to a number of compliance requirements and failing to encrypt emails is no longer an option," said Michael Ginsberg, president and CEO of Echoworx."

OneWorld email and data encryption from Echoworx is a managed policy-based encryption solution. According to a release, the solution provides organizations with an easy way to enforce email encryption while allowing the flexibility of multiple encryption methods. Echoworx OneWorld email encryption provides the ability to associate rules with the content of outbound email to help protect organizations from liabilities associated with privacy and data security regulations.

First American Acquires TSS Software

First American Professional Real Estate Services, provider of real estate transaction-based products and services, on Dec. 6 announced it acquired TSS Software Corp., a provider of technology solutions to the title and settlement services industry.

"Our commitment at TSS is to deliver outstanding customer experiences by providing a highly integrated, single platform to manage the entire real estate settlement process," said Barbara Miller, president and chief operating officer of TSS. "Combining forces with First American brings a greatly expanded array of service options to our customers."

First American's acquisition of TSS makes available to their respective customers significant additional resources to help them meet the challenges of an increasingly dynamic market. TSS has more than 18,000 users nationwide.

"We are pleased that the robust TSS settlement platform will now be directly available to our customers," said Larry Davidson, president of First American's Specialized Services division. "We look forward to the benefits that the TSS team's rich history of serving settlement providers will bring to First American."

Stewart Title Insures Deal for Polish Shopping Center

Stewart Title Ltd., the underwriter for UK, European and Australian transactions for Stewart Information Services Corp., issued the title insurance policy for Silesia City Center in Katowice, Poland. An international investor consortium, led by Allianz Real Estate, acquired the property from Immofinanz Group.

The amount insured in this transaction exceeded more than 400 million euro (about $544 million) making this a landmark deal for a retail shopping center in Poland.

Hearing Set to Consider Insolvency, Liquidation of Southern Title

Virginia's State Corporation Commission (SCC) has set a hearing for Feb. 4, 2014, to consider the liquidation of Southern Title Insurance Corp.

Virginia Commissioner of Insurance Jacqueline K. Cunningham, who was appointed deputy receiver of Southern Title, asked the SCC in a filing to order a hearing after declaring Southern Title to be insolvent. Cunningham reported that the company's assets are "insufficient to make full payment on its obligations to insureds under title insurance policies."

"As such, the financial assets of the company are insufficient to pay any amount on claims of a priority lower than that of policyholder claims arising out of insurance contracts, thus eliminating any ability for the company to continue as a viable business," Cunningham said. Because of this, she concluded any further rehabilitation would be futile.

During the hearing, a claims filing deadline also will be discussed and the use of unearned premium reserve will be presented for authorization.

According to the filing, Cunningham must provide by Dec. 6 written notice about the hearing to all creditors, claimants and policyholders.

In September 2011, Southern Title voluntarily suspended issuing new title policies and the SCC issued an order of suspension.

An impairment order was issued by the SCC on Nov. 4, 2011, because the company no longer met minimum capital and reserve requirements. Southern Title experienced financial difficulties because of agent defalcations in Texas and the rise in title insurance claims arising from that alleged misuse of funds.

Fannie, Freddie Loan Limits Mostly Unchanged in 2014

The Federal Housing Finance Agency (FHFA) announced that the 2014 maximum conforming loan limits for mortgages acquired by Fannie Mae and Freddie Mac will remain at $417,000 for one-unit properties in most areas of the country.

In high-cost housing areas of the country, the government-sponsored housing finance enterprises (GSEs) will guarantee loans up to $625,500.

The Housing and Economic Recovery Act of 2008 (HERA) established the maximum conforming loan limit that Fannie Mae and Freddie Mac are permitted to set for mortgage acquisitions.

HERA also requires annual adjustments to these limits to reflect changes in the national average home price.

The FHFA reported the 2014 loan limits are higher than 2013 HERA limits in several counties. Those increases were, in some cases, a function of rising median home values.

The latest year showed strong home price gains throughout the country and, in some locations, those gains were sufficiently large to elevate loan limits above levels in prior years, according to the FHFA.

AtClose Integrates With UPS

AtClose LLC, a provider of appraisal, title and settlement solution for the title industry, has integrated with UPS to facilitate its customers. With UPS Ready integration, AtClose's cloud-based platform can enable customers to streamline and simplify their shipping and tracking processes, the company said in a release. AtClose can now generate shipping labels for their UPS shipments without the need to re-enter addresses.

This new UPS integration will speed up shipment processing and with built-in tracking let users know the location of any shipment in the UPS global network helping them to provide better customer services.

Toll Brothers to Purchase California Builder for $1.6 Billion

Toll Brothers Inc. has entered into a definitive purchase agreement to acquire the home building business of Shapell Industries in a stock acquisition for approximately $1.60 billion in cash.

Since being founded in 1955 by brothers Nathan and David Shapell, and brother-in-law Max Webb, Shapell Industries has delivered more than 70,000 homes in California. Shapell's land portfolio, which Toll Brothers is acquiring, consists of approximately 5,200 home sites, 97.5 percent of which are entitled, in established communities. These markets include the San Francisco Bay area, metro Los Angeles, Orange County and Carlsbad. Through Aug. 31, 2013, Shapell has delivered 347 homes at an average price of $791,000.

Washington Attorney General Goes After Second Company for Deed Scam

After settling with a company in 2011 for preying on unsuspecting new property owners, the Washington State Attorney General's Office (AGO) has filed a lawsuit against a California-based Local Records Office for offering to sell copies of deeds for $89.

According to the lawsuit, Local Records Office mailed solicitations that said "IMPORTANT PROPERTY INFORMATION RESPOND PROMPTLY" on the front of the envelope. The return address was usually a mail drop or post office box located in the consumer's state capital. This led some consumers to believe that the letter was coming from a state government agency, according to the lawsuit.

In 2011, Washington's AGO settled with State Record Retrieval Board, a company that sent deceptive notices to Washington residents, informing them that if they didn't pay $87 to obtain a copy of their deed, they would be charged an additional $35 for missing the "deadline."

State Land Title Association Execs Honored

Executives at the Texas and Ohio land title associations were both recently honored for leadership and commitment to the industry.

The Texas Society of Association Executives (TSAE) honored Texas Land Title Association (TLTA) Executive Vice President and CEO Leslie Midgley, CAE, with the Distinguished Executive Award during its recent statewide conference. TSAE's highest award honors a chief executive who demonstrates outstanding leadership and achievement in association management. Midgley joined the TLTA staff more than 31 years ago and has been involved in every aspect of the association's operations since that time, serving as executive vice president and CEO since 2001.

Meanwhile, Mark Bennett, the director of the Ohio Land Title Association, was named a recipient of the inaugural Forty Under 40 Awards sponsored by the Association Forum of Chicagoland and *USAE* magazine. The Forty Under 40 Awards recognize 40 up-and-coming association or nonprofit professionals who demonstrate high potential for success in leadership roles and exhibit a strong commitment to the association management profession. Bennett, who has served as OLTA's executive director since 2006, was selected from more than 150 association professionals from across the country.

E-recording Now Available in New York City

Simplifile announced that customers may submit documents for e-recording in New York City, enabling faster, more cost-effective recording for both local and national document submitters.

Title companies, banks, attorneys, lien filers and other organizations who submit documents to New York City boroughs including Brooklyn, the Bronx, Kings, Manhattan, New York and Queens now have the option to electronically send their documents for recording through Simplifile's online service. The e-recording in New York City will begin as a piloting phase, initially limiting the number of submitters and document types.

Study: E-documents Improve Closing Experience; Quicken Loans Tops Consumer Satisfaction

Quicken Loans ranked highest in primary mortgage origination satisfaction for a fourth consecutive year, according to the J.D. Power 2013 U.S. Primary Mortgage Origination Satisfaction Study, which also found that the use of e-documents improves customers' experience at closing.

Overall customer satisfaction with mortgage lenders reached a seven-year high, with satisfaction among first-time home buyers improving considerably from 2012, according to the study.

Overall customer satisfaction improved for a third-consecutive year, averaging 771 (on a 1,000-point scale) in 2013, up from 761 in 2012. The study measured customer satisfaction in four key areas of the mortgage origination experience (in order of importance): application/approval process, loan representative, closing and contact. The study was fielded between July 30 and Aug. 30, 2013, and is based on responses from 3,267 customers who originated a new mortgage or refinanced within the past 12 months.

Here's a look at the top 10 companies based on customer satisfaction:

- Quicken Loans: 841
- BB&T: 798
- U.S. Bank: 783
- PNC Mortgage: 778
- Chase: 773
- Wells Fargo Home Mortgage: 768
- CitiMortgage: 764
- SunTrust Mortgage: 761
- Fifth Third Mortgage: 756
- Provident Funding Associates: 752

According to the study, the use of electronic closing documents improves customer closing satisfaction. Closing satisfaction among the 8 percent of customers who closed their mortgage using electronic documents in person averaged 830, while satisfaction among the 84 percent of those who closed with paper documents in person is 772. The study also found that the incidence of incurring additional fees at closing is higher among first-time home buyers (17 percent), compared with repeat buyers (8 percent) and refinancing customers (7 percent).

new members

New Members

ALABAMA
Sandra P. Smith
Redstone Title Services, LLC
Huntsville

CALIFORNIA
Jerry M. Core
Inyo-Mono Title Company
Bishop

CONNECTICUT
Jeffrey R. Godley
Brown Jacobson, PC
Norwich

DELAWARE
Edward A. Tarlov
Elzufon Austin Tarlov & Mondell P.A.
Wilmington

FLORIDA
Robin Anthony
Collins, Brown, Caldwell, Barkett & Garavaglia & Lawn
Vero Beach

Donna Bennington
Gulf Breeze Title Of Sarasota, LLC
Sarasota

Nichole Blake
Floridian Title, LLC
Sanford

Rebecca Collins
Gulf Title Company
Gulf Breeze

Pamella Gesell
Paradise Title Of St. Augustine, LLC
Saint Augustine

Andrew K. Hoek
Florida Property Title Services, LLC
Tampa

Kathy Horner
Wollinka-Wikle Title Insurance Agency
Palm Harbor

Karen L. Kuhlman
Kuhlman & Associates, Inc.
Bradenton

Mark Mucci
All Property Title & Escrow, LLC
Coral Springs

Heather Nelson
Guardian Title & Trust, Inc
Jacksonville

Raul Orta
Security Title, LLC
Miami

David Rankin
American Patriot Title, LLC
Lutz

Michael Sexton
Frontier National Title, LLC
Palm Beach

FLORIDA CONT.
Tracey L. Williams
RAS Title, LLC
Boca Raton

GEORGIA
Charles P. Wrenn Jr.
Atlanta

IDAHO
Denise Potts
Kootenai County Title Company, Inc.
Coeur d'Alene

ILLINOIS
Nannette Block
Heritage Title Company, Inc.
Chicago

INDIANA
Kimberly Arnold
Aristocrat Title, LLC
Jeffersonville

KENTUCKY
Mike Reynolds
Reynolds, Johnston, Hinton & Pepper, LLP
Bowling Green

LOUISIANA
Sharon G. Cappony
Allegiance Title & Land Services, LLC
Mandeville

Ashley K. Longwell
Baldwin Title Company of Louisiana, LLC
New Orleans

Lance G. Mosley
Mosley Title Company LLC
Bossier City

Peter S. Title
Sessions, Fishman & Nathan, LLP
New Orleans

MAINE
Kelly J. Stevens
Red Door Title
Wells

MARYLAND
Bill D. McKissick Jr.
Bay County Title & Escrow, LLC
Lexington Park

Bill D. McKissick Jr.
Dugan McKissick & Longmore, LLC
Lexington Park

Jo Ann Tobias
Express Title Company
Rockville

MINNESOTA
Kevin Gartland
All American Title Co., Inc.
Spring Lake Park

Linda Westbrock
Main Street Title & Closings, LLC
Sauk Centre

MISSOURI
Dwight Crader
Old Security Title Co.
Sikeston

NEW HAMPSHIRE
Christopher L. Boldt
Donahue, Tucker & Ciandella, PLLC
Meredith

NEW JERSEY
Laurie Bournique
Homecoming Title and Settlement LLC
Jackson

Stephen M. Flatow
Vested Land Services LLC
Fairfield

Samah Ghabour
Mega Title, LLC
Matawan

NEW MEXICO
Mary Pieper
Casa Y Tierra Abstract & Title, Inc.
Alamogordo

NEW YORK
Robert LaCosta
Coach Title Insurance Agency
Northport

Brenda J. LaFave
Synergy Real Estate Solutions, LLC
Clifton Park

NORTH CAROLINA
Brandon Malara
Agility Recovery Solutions, Inc.
Charlotte

Kimberly Rosenberg
Attorneys Title Holdings, Inc.
Raleigh

OHIO
Jo A. Stanley
Exclusive Title & Escrow, Ltd
Canton

OKLAHOMA
Kimberly Donathan
Okmulgee Land Title Company
Okmulgee

Marian P. Payne
Antlers Abstract & Title, LLC
Antlers

PENNSYLVANIA
Billie Athanas
Platinum Settlement Service, Inc.
Coraopolis

Aman Barber III
East Penn Abstract, LLC
Harleysville

John Caretti
Realty Settlement, Inc.
Meadville

PENNSYLVANIA CONT.

Diane Cipa
The Closing Specialists, LP
Ligonier

MaryBeth DiNunzio
Summit Land Transfer, Inc.
Spring House

Taamar A. Herbert
Homesale Settlement Services, Inc.
Lancaster

Richard L. Milesky Jr.
Penn Suburban Abstract LLC
Cranberry Township

Raymond Rinaldi
Esquire Land & Abstract, LLC
Scranton

Richard C. Weeber
Source Land Transfer, LLC
Lancaster

Leo White
Aspire Settlement Services, LLC
Phoenixville

Caitlin F. Woolard
Select Settlements, Inc.
Erie

Carey Young
Tohickon Abstract Company
Holicong

RHODE ISLAND

John A. Pagliarini, Jr., Esq. Attorney at Law
Tiverton

SOUTH CAROLINA

J. Stanley Claypoole
Cooper River Title Insurance Agency
North Charleston

Karen L. Field
Eagle Title Agency, LLC
Rock Hill

TENNESSEE

Steve Clabo
Sevier Title, Inc.
Sevierville

Kimberly K. Hollingshead Esq.
Touchstone Title & Escrow, LLC
Franklin

Amber James
First Choice Title
Chattanooga

Karen H. Mears
Reliable Title & Escrow, LLC
Johnson City

Rick Smenner
Title Group of Tennessee, LLC
Knoxville

Charlie Winn
Foundation Title and Escrow Series LLC
Franklin

TEXAS

Jay Fitzgerald
Fitzgerald & Fitzgerald, PLLC
Austin

TEXAS CONT.

Rollis Fontenot
Ascend HR Corp
Houston

Christine Johnson
MMREM Title, LLC
Frisco

Abigail C. Klamert
Law Office of Abigail Conner Klamert, PLLC
Buda

Oth Miller
Circle A Title Company
Amarillo

UTAH

Joseph K. McPhie
Southern Utah Title Company
St George

Craig Worthington
Surety Title Agency
South Jordan

VERMONT

James Wick
Wick & Maddocks
Burlington

VIRGINIA

Susan Andrus
Gold Cup Title & Escrow, Ltd.
Fairfax

Marshall J. Frank
Blacksburg

Sandra Hazelwood
Hazelwood Title & Escrow, Inc.
Chantilly

Brett B. Thompson
Thompson Title, LLC
Virginia Beach

WEST VIRGINIA

Jeffery Compton
Compton & Associates, PLLC
Morgantown

Associate Members

CALIFORNIA

Lane Elliott
California Republic Bank
Irvine

DISTRICT OF COLUMBIA

Lendell Porterfield
Porterfield, Lowenthal & Fettig, LLC
Washington

INDIANA

John Werner
Waldschmidt & Werner
Tell City

NEVADA

Aaron Romano
Smartdeeds
Henderson

NEW YORK

Jacob Danielski
Customers Bank
New York

Jim Paolino
LodeStar Software Solutions
New York

OHIO

Brian Rieger
True Impact Communications
Broadview Heights

VIRGINIA

Melissa Ellis
System Management Enterprises, Inc.
Reston

Real Estate Attorney Members

ALABAMA

James Harrison
Harrison, Gammons & Rawlinson
Huntsville

CONNECTICUT

Philip Parks
Parks & Pearson, LLC
Branford

CONNECTICUT

Benjamin Trachten
Trachten Law Firm, LLC
New Haven

Susan Willcox
Law Office of Susan Willcox
Simsbury

FLORIDA

Mary Jo Wojciechowski
Treiser & Collins, PL
Naples

GEORGIA

Deborah Cheek
McCurdy & Candler, LLC
Atlanta

Andrew J. Kilpatrick, II, PC
Augusta

Matthew E. Purcell, Attorney at Law
Kennesaw

MAINE

Carl R. Griffin III
Griffin Law Offices
Boothbay Harbor

NEW YORK

David J. Gutmann
Harris Chesworth O'Brien Johnstone & Welch, LLP
Rochester

Michael Mikhailov
Prism Abstract
Forest Hills

Cheers to 2013, Welcome to 2014

Big Data, taper and the cloud were among some of the top business buzz words of 2013. For ALTA and its members, top trending terms or acronyms were Best Practices and CFPB.

Throughout the past year, lenders were continuously reminded of their responsibility to monitor the activity of their third-party providers. Helping lenders reduce risk was a main driver for the development of ALTA's "Title Insurance and Settlement Company Best Practices." During 2013, title professionals continuously turned to ALTA for information and resources to implement Best Practices. In fact, there were nearly 100,000 page views of ALTA's Best Practices website (*www.alta.org/bestpractices*) last year. ALTA will continue to be members' source of information. In 2014, members will be able to take advantage of our Elite Provider Program, which provides access to companies offering services to aid implementation of Best Practices. Keep an eye out for more information.

Another of ALTA's top advocacy priorities in 2013 was the Consumer Financial Protection Bureau (CFPB)'s final rule to combine mortgage disclosures required under RESPA and TILA. A three-page Loan Estimate will replace the early Truth-in-Lending (TIL) disclosure and GFE, while a five-page Closing Disclosure will replace the HUD-1 Settlement Statement and final TIL. The effective date of the new forms is Aug. 1, 2015. We had many wins with the outcome of the rule, but as you know, we still have work to do to make sure that consumers understand the value of title insurance. Among the key victories ALTA secured in the final rule include:

- The Bureau's decision to limit the instances in which closings will be delayed because of the three-day rule
- The Bureau maintaining and recognizing the important role settlement agents play in the closing and settlement process
- Avoiding unnecessary costs by not requiring the disclosures be stored in a machine readable format

These successes were only possible because of the tireless work of ALTA's RESPA Task Force and the powerful and united industry voice we have within the Title Action Network (TAN). These new forms will change the closing process, and ALTA understands how it will impact member companies' business. Over the next year, ALTA will hold several webinars to educate members on the final rule and help provide information on how to comply before the August 2015 deadline. Go to *www.alta.org/cfpb* for more information.

We've achieved a great deal in 2013. For that, we cheer the past year. However, there's plenty that still needs done. We look forward to building upon our strong foundation and continuing to improve our deliverables to members. Bring on 2014.

\- Rob Chapman, ALTA president