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American Land Title Association

TitleNews

Take Control of the Message and Own Your Future

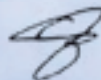
ALTA Research Campaign Develops Clear Messages that
Resonate with Target Audiences to Help Members Explain
Their Value and Importance of Title Insurance



Follow Through Can Make or Break Your Game...

“In golf, a player’s balanced follow through with a solid finish tells a golfer all he needs to know about that player’s game. What happens after the club hits the ball is indicative of what happened before. The same is true in mortgage lending.”

**Gregory E. Teal,
President and CEO**

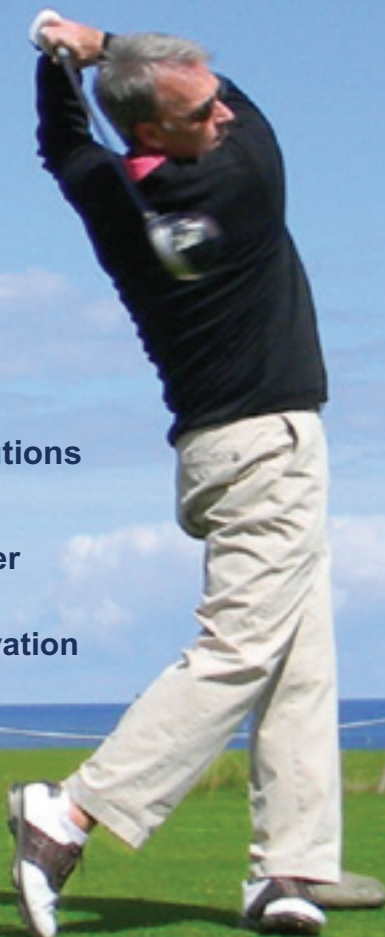


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2014 STATE CONFERENCES

November 10-12 Florida
Daytona Beach, FL

December 3-5 Louisiana
New Orleans, LA

2014 ALTA CONFERENCES

October 15 - 18 Annual Convention
Seattle, WA

2015 ALTA CONFERENCES

March 18 - 20 Business Strategies
Conference
Philadelphia, PA

May 18 - 20 Federal Conference
Washington, D.C.

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PUBLISHER
Michelle L. Korsmo

EDITOR IN CHIEF
Jeremy Yohe

COMMUNICATIONS
MANAGER
Shawn Sullivan

ASSOCIATION OFFICERS

PRESIDENT
Robert Chapman
Old Republic National Title Insurance Co.
Tampa, FL

PRESIDENT-ELECT
Diane Evans
Land Title Guarantee Co.
Denver, CO

TREASURER
Peter J. Birnbaum
Attorneys' Title Guaranty Fund, Inc.
Chicago, IL

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Santa Ana, CA

CHAIR, TITLE INSURANCE
UNDERWRITERS SECTION
John Hollenbeck
First American Title Insurance Co.
Santa Ana, CA

BOARD REPRESENTATIVES,
TITLE INSURANCE
UNDERWRITERS SECTION
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Stewart Information Services Corp.
Houston, TX

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Galena, IL

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SECTION
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Rogers Townsend & Thomas, PC
Columbia, SC

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Independence Title
Austin, TX

IMMEDIATE PAST PRESIDENT
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Prairie Title, Inc.
Oak Park, IL

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Kelly Romeo, CAE

DIRECTOR OF COMMUNICATIONS
Jeremy Yohe

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in this month's Digital Issue

September 2014

TitleNews

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The digital edition includes a recorded webinar offering advice on recruiting from within and outside the industry in order to hire talented employees and meet the needs of today's marketplace.

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Choosing Words Wisely Does Matter

As a mother of three young girls, much of my recreational reading is second-grade chapter books such as *Matilda* and *Stella Batts* mixed in with *Clifford the Big Red Dog* and *The Very Hungry Caterpillar*. All are great reads that convey concise messages for the appropriate age group.

While traveling to recent speaking engagements in Miami, Minneapolis, and Denver, I found time for books of my selection. The book I am enjoying the most is *Stylized: A Slightly Obsessive History of Strunk & White's The Elements of Style*. You may be familiar with *The Elements of Style* from school or a professional friend. It is a classic style manual in its fourth edition and, frankly, the most fun you can have reading about grammar and writing well. These 105 pages are go-to resources for writers. In 2011, *Time* magazine listed the book as one of the 100 best and most influential books written in English since 1923. This little book is so influential that the book I'm reading, *Stylized*, was written about its creation and its authors.

Originally composed by William Strunk Jr. in 1918 and revised by E.B. White in 1959, the book focuses on elements of good writing and recommends "making every word tell" your story. According to Strunk, writing should be crisp, concise and "omit needless words."

For as long as this work has been published, the title insurance industry has struggled to explain its value. We have a great story to tell, but often our message is muddled with industry jargon. We get caught up explaining what we do. The work title professionals perform everyday to search public records and issue title policies is vital. However, in order for our clients and customers to know why it matters, our message needs to explain specifically our actions and state directly the benefit they receive.

This edition's cover article digs into the consumer messaging testing that we conducted this year to improve our communication with our stakeholders. The results are telling and will be helpful in communicating the value your customers receive from working with you. It was interesting to see how the inclusion of words such as "exhaustive" or "labor intensive" stirred negative feelings about the industry. Meanwhile, words such as "protects," "efficient" and "peace of mind" were effective and persuasive in promoting the industry.

Why is this so important now? One critical reason is the Aug. 1, 2015 implementation of the CFPB's integrated mortgage disclosures, which mandate that owner's title insurance be labeled as "optional." It is up to us to own the message. It is up to us to deliver the message. When we do so, we must choose our words wisely.

We can do this. By clearly and simply telling our story, we can own our future! In the meantime, I'm going to grab another of White's books, *Charlotte's Web*, and read with my girls.



A handwritten signature in black ink that reads "Michelle Korsmo". The signature is fluid and cursive, written on a light-colored background.

- Michelle Korsmo, ALTA chief executive officer

Title Insurance Premium Volume Falls 16.6 Percent

ALTA reported title insurance premium volume declined 16.6 percent during the second quarter of 2014 when compared to the same period a year ago.

The title insurance industry generated \$2.7 billion in title insurance premiums during the second quarter of 2014 compared to \$3.3 billion during the second quarter of 2013 according to ALTA's 2014 Second-Quarter Market Share Analysis.

"A lackluster spring homebuying season that was weaker than anticipated coupled with a substantial decline in refinance activity resulted in the drop in title insurance premium volume," said Michelle Korsmo, ALTA's chief executive officer. "Despite the lull in the housing market, the title insurance industry remains in a strong financial position posting more than \$90 million in net income this quarter. Additionally, the industry has admitted assets of \$8.6 billion, including more than \$7.6

billion in cash and invested assets."

States Generating Most Title Insurance Premiums in Q2 2014 Compared to Q2 2013:

- Texas (\$430 million, down 1.5 percent from Q2 2013)
- California (\$354 million, down 21.5 percent)
- Florida (\$264 million, down 10 percent)
- New York (\$225 million, down .6 percent)
- Illinois (\$101 million, up 2.9 percent)

Market Share Among Title Insurance Family/Company:

- Fidelity Family (34 percent)
- First American Family (27 percent)
- Old Republic Family (14 percent)
- Stewart Family (12 percent)
- Independent Underwriters (12 percent)

ALTA expects to release its third-quarter 2014 Market Share Analysis around Dec. 1.

For more information, go to www.alta.org/industry.

ALTA CEO Speaks About Managing Vendors to Minimize Risk at MBA Event

Michelle Korsmo, ALTA's chief executive officer, participated on a panel titled "Managing Vendors to Minimize Risk" during the Mortgage Bankers Association's Risk Management and Quality Assurance Forum held in September in Miami.

Moderated by Joseph Gormley, the MBA's assistant regulatory counsel, the panel on Sept. 8 focused on how lenders can best manage vendor relationships to mitigate risk. Joining Korsmo during the session were Doug Harris, chief risk management officer at First Guaranty Mortgage Corp.; Duane Gilkison, director at Fannie Mae; and Gayle Shank, director of corporate compliance at Interthinx.

During the forum, Korsmo shared information about ALTA's "Title Insurance and Settlement Company Best Practices" and how they can help lending institutions supplement their risk-management programs. In the real of risk management,

there are three potential objectives: risk avoidance, risk acceptance and risk mitigation.

"In the lending world, since so much of the risk can't be eliminated, the focus is on minimizing it," Korsmo said. "This is where ALTA's Best Practices really come into play. No vendor management program can ensure that non-public personal information (NPI) is never compromised or that an unusual delay won't cause a recording to happen late, but the Best Practices are designed to help our industry showcase to our lender partners the processes we have in place to minimize the risk.

"The Best Practices are flexible and work with different procedures and workflows. They are designed to help give lenders confidence that title companies large and small are focused on protecting the consumer and transaction," Korsmo continued.

ALTA is Your One-stop Shop for Information on Implementation of New Closing Disclosure

The implementation deadline of the Consumer Financial Protection Bureau's (CFPB) integrated mortgage disclosures is Aug. 1, 2015. There will be no staggered rollout. All mortgage applications prior to Aug. 1, 2015, will use the current Good Faith Estimate, HUD-1 and Truth-in-Lending disclosures. All applications received on or after Aug. 1, 2015, will use the new Loan Estimate and Closing Disclosure. ALTA's Integrated Mortgage Disclosures Task Force has been involved in the process since day one.

Thanks to the active participation of the Task Force, ALTA has already developed many tools to help members implement the new disclosures. Here's a sampling of some of the information and resources ALTA has available to help members prepare for the implementation deadline. More resources will be available in the future.

Go to www.alta.org/cfpb to stay up to date and check out ALTA's clock counting down the days to implementation.

ARTICLES

- *10 Questions to Ask Now to Be Ready for Implementation*
- *A Look at Details of CFPB Regulations for Integrated Mortgage Disclosures*
- *ALTA Meets with CFPB to Discuss Implementation Challenges of New Disclosures*
- *Top Ops Hurdles Created by CFPB Disclosures*

BLOG POSTINGS

Here's a look at several blog posts ALTA has made so far. Have a question? Send it to respacomments@alta.org.

- *Is Consummation the Same as Closing or Settlement?*
- *Loans That the Integrated Mortgage Disclosures Must be Used*
- *How to Comply with the Closing Disclosure's Three-day Rule*
- *How To Show Fees on Closing Disclosure When Buyer and Seller Split a Closing Cost*
- *Listing Settlement Fees on Integrated Disclosures When Consumer Does Not Shop*
- *What Document Should Be Used for Sellers After August 2015?*
- *May a Borrower Waive His/Her Right to View Closing Disclosure 3 Days Before the Loan Closes*
- *Do the CFPB's Integrated Mortgage Disclosures Apply to Cash Transactions?*

WEBINAR

- **New Era In Closings: Prepare Now for the CFPB's Integrated Mortgage Disclosures:** *The new rules will require significant and costly systems and process changes to ensure compliance in the new world of closings. Listen to a recording of a 100-minute webinar to learn about some of the biggest workflow and process challenges as the industry prepares to transition from today's HUD-1 and GFE to the Closing Disclosure and Loan Estimate. The webinar addresses such issues as who fills out and provides the Closing Disclosure to the homebuyer, the three-day rule, redisclosure, calculating title premiums when policies are issued simultaneously, and labeling and listing of title fees.*

WEBINAR SEGMENTS

To help members get the information they need, we broke up the webinar into different segments.

- **Overview of Final Rule:** *Overview of the CFPB's final rule for integrated mortgage disclosures, including applicable loans, the effective date and issues not included in the final rule.*
- **Liability:** *Since the Closing Disclosure combines requirements under the Real Estate Settlement Procedures Act (RESPA) and the Truth-in-Lending Act (TILA), there are questions on which statute trumps the other in regard to liability.*
- **Loan Estimate:** *Review of the three-page Loan Estimate.*
- **Closing Disclosure Rules:** *Review of aspects of the new Closing Disclosure, including the three-day rule, which party provides the form to the consumer, disclosure of title fees and how to calculate the simultaneous issue price on the form.*
- **Review of Closing Disclosure Form:** *Review of the five-page Closing Disclosure that must be provided to the buyer and the seller.*
- **Written List of Providers:** *The written list of providers is a carry-over from the previous HUD reform.*
- **Implementation Concerns:** *Discussion of various implementation concerns regarding the new mortgage disclosures, including the possibility of longer closings, substantial technology changes and employee training.*
- **Next Steps:** *Find out what title professionals should be doing now to prepare for the August 2015 implementation of the mortgage disclosures.*



#ALTA14

Don't forget to use [#ALTA14](#) with all of your ALTA Annual Convention social media updates! Check out [@ALTAonline](#) on Twitter for breaking news and information regarding the convention and to network with your industry colleagues. As you pack, plan and travel be sure to document the trip on Instagram using [#ALTA14](#). All of the social media updates using [#ALTA14](#) will be featured at our Social Media Help Desk and on our social media wall in the exhibit hall. Special thanks to Old Republic, Fidelity, RamQuest, Simplifile, SoftPro, Stewart, NIC – LiensNC, Pavaso and eLynx for being social media partners at [#ALTA14](#).

Social Media Pro-Tip: Watch Those Hashtags!

We cannot say it enough: think before you tweet. A frightening number of companies fall victim to a PR crisis each year because of a lack of simple research. The latest victim: DiGiorno Pizza. The popular frozen pizza company may not be delivery but they did deliver a tweet that cost them several customers (and many ad dollars) last month. After video was released showing domestic violence between an NFL player and his fiancé, people took to Twitter to support the woman using the hashtag [#WhyIStayed](#). DiGiorno jumped into

the fray with an ill-timed tweet saying “[#WhyIStayed](#) You had pizza.” To avoid colossal social media missteps such as this one, ensure you have the procedures in place that require your social media managers to properly research trending hashtags. Social media trends spike in the blink of an eye and understandably many companies want to find ways to participate in popular hashtags. It takes less than five minutes to research the tone and purpose of a hashtag.



#TitleTrickorTreat

It's baaaack. [#TitleTrickorTreat](#) is back for a second year starting Oct. 20 on ALTA's Facebook and Twitter pages. Once again, we'll treat our followers with industry info, title trivia and news updates. Watch out, there may be some tricks up our sleeves as well. If you have ideas for [#TitleTrickorTreat](#), email your suggestions to social@alta.org.

Social Media Risk Management Webinar in November

Watch your email for details about our November Title Topics webinar on Social Media Risk Management. We'll discuss the new risk management guidance recently issued from the Federal Financial Institutions Examinations Council (FFIEC), what the guidelines mean for the title industry, tips how to implement new procedures and tools ALTA plans to provide its members. Email social@alta.org to participate.

Save the Date: 2015 Social Media Summit

If you enjoyed last year's [#ALTAsms](#), don't miss out on March 18, 2015. The ALTA Social Media Summit is expanding with more education and networking opportunities. Mark your calendar to join us for the 2015 ALTA Social Media Summit in Philadelphia. If you have ideas for session topics or would like to be a speaker, please email social@alta.org.

SOME THINGS ARE IMPORTANT TO KNOW...



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HOW TO PACK LIGHT:

1. Okay, so you don't have to pack like you're appearing on Survivor, but it is key to select only the most basic of requirements. Don't take backups, laundering is an option!
2. Rolling suitcases are great, but heavy. A large, wheeled duffel bag is superb. Whatever you choose, set a limit and don't budge.
3. Prioritize liquids and prepare smaller containers. If you use make up, snag samples to make the process easier!
4. Start with your heavier items at the bottom, stuff socks and underwear inside your shoes and put them in next. Next, roll several shirts together, and fill in around them.
5. If you can, rely on a tablet and phone, leaving your laptop. You can also search tourist and technology app offerings for other ways to shorten your packing list!

HOW TO SNAP A GREAT SELFIE:

1. Taking a good selfie is an art, knowing how many and how often to post one is a virtue.
2. Know your angles and snap from slightly above your head. If you are capturing your full body, turn one shoulder slightly toward the camera, stick your neck out just a little and smile.
3. Try for natural light over the built-in flash and keep that light source in front of you and a bit above eye level. Windows offer a soft look and various apps deliver additional filters to try out.
4. You may be looking forward, but we're looking at the clutter behind you. Stage your selfie with a clean, non-distracting location. Nature is always a great backdrop!

HOW TO GET READY FOR RESPA-TILA:

1. Adopt ALTA's Best Practices.
2. Assemble an internal task force charged with becoming experts on the regulation.
3. Begin discussions with your lender partners about the new forms.
4. Take full advantage of all of the integrations available through your software; if your software doesn't offer integrations, find one that does. (Hint: RamQuest offers more than 50 two-way integrations to service providers, lenders, banks and underwriters!)
5. Create opportunities to advocate to your customers on the basics of the new forms!



Take Control of the Message and Own Your Future

ALTA Research Campaign Develops
Clear Messages that Resonate with
Target Audiences to Help Members
Explain Their Value and Importance
of Title Insurance

U.S. Professor William Cleaver Wilkinson popularized the “Three Ws” – What? Why? What of it? – as a method of Bible study in the 1880s. By the turn of the century, the “Three Ws” expanded to the “Five Ws”—and one H—and were memorialized by Rudyard Kipling in his 1902 “Just So Stories.” A poem in the tale of “The Elephant’s Child,” opens with these words:

*I keep six honest serving-men
(They taught me all I knew);
Their names are What and Why and When
And How and Where and Who. >>*

By Jeremy Yohe



Over time, the “Five Ws and One H” problem-solving method came to be known as the “Kipling Method.” Answers to these questions are considered basic in gathering information and constitute a formula for getting the complete story on a subject.

For decades, ALTA, state land title associations and member companies have tried to move the needle for awareness and understanding of title insurance. In 2003, ALTA concluded a public awareness campaign designed to effectively tell its story and educate various audiences about the value of title insurance.

“With homebuyers wanting more information about the real estate process, it’s critical for our members to take control of their messaging.”

As anticipated, participants generally had little awareness or understanding of title insurance. Most participants had little or no awareness of the potential problems that title insurance covers. In fact, many saw title insurance as just another fee they have to pay to purchase or refinance a home.

“With homebuyers wanting more information about the real estate process and associated costs, it’s critical for our members to take control of their messaging to ensure that consumers, lenders, real estate agents, lawmakers and regulators fully understand our product,” said Michelle Korsmo, ALTA’s chief executive officer.

Last year, ALTA engaged with Forum Strategies and Communications, an issues advocacy communications and outreach firm that helps clients communicate with key audiences on critical issues related to their businesses and brands. The public relations company reviewed current messaging to see what works and what doesn’t when explaining the value of title insurance. As part of this review, they identified and prioritized issues and audiences, and developed clear and consistent messages that resonate with target audiences.

One factor driving the need to

provide more education about the value of owner’s title insurance is the Consumer Financial Protection Bureau’s (CFPB) new integrated mortgage disclosures that go into effect Aug. 1, 2015.

According to the final regulation, owner’s title insurance must be labeled as “optional” on both the Loan Estimate and Closing Disclosure. In some markets, it’s common for the real estate contract to state that the seller pays for the owner’s policy. In other areas, however, the “optional” modifier could dissuade a buyer from purchasing a policy to protect themselves.

“This opens the door for the title insurance industry to explain its value,” Korsmo said. “Using results from the messaging campaign and understanding the ‘Five Ws and one H’ will go a long way toward delivering an effective message.”

Qualitative Survey

To understand perceptions of title companies and title insurance, the PR firm conducted five focus groups in April 2014 with recent homebuyers, real estate agents and lenders in New York, Florida, Texas, Nebraska and California. Several members of the Board of Governors, including President-elect Diane Evans, Dan Mennenoh and Steve Day, as well as other ALTA members attended the focus groups.

“The focus groups were designed to assess and explore awareness and understanding, test themes and check for hot-button items,” Evans said. “It was an experience watching and listening from behind the glass, and it was very revealing that we need to do a better job educating others about the benefits of our product.”

Specifically, the goal of the messaging campaign was to understand:

- current awareness of the title insurance industry
- perceptions of the title industry and its value
- what messages are most impactful in communicating the value of title insurance
- which vehicles are most appropriate to deliver messaging about title insurance to various audiences

During the focus groups, participants expressed a number of positive feelings about title professionals. These affirmative



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sentiments were also shown toward the work the industry performs to clear title issues, the service and the value it provides in terms of helping to bring a home purchase to close, and the protection title insurance affords homebuyers and lenders. However, overall results of the focus groups concluded that consumer perception of the industry can be summarized with the phrase “A necessary evil.”

Homebuyers were by far the least aware of the protection title insurance provides, but even the professional groups were confused about the difference between an owner’s and a lender’s policy, the protection provided, who is covered, what a policy costs and why you need one.

Lastly, the focus groups revealed there is an apparent lack of information provided to educate homebuyers better. While many of the lenders and real estate agents who participated in the focus groups said they inform their clients to buy title insurance, they also carry some negative opinions.

“Relying on others to explain the value of title insurance to consumers is like playing the telephone game,” Korsmo said. “While the industry may be trying to explain its value to business clients, there’s disconnect when the explanation is shared with consumers. Either the message isn’t being told accurately or it’s not being told at all.”

Quantitative Survey

The focus group findings helped develop questions for a broader online survey that tested and shaped effective messages. More than 1,000 individuals who purchased a home or condo in the past two years

What They Said During the Focus Groups

The Good

“A small amount to pay to protect your biggest investment.” (New York homeowner)

“When they’re organized, they make me look good and my job easier. That’s where value comes.” (California real estate agent)

“I used to think it was a rip, but now I feel better about it: warranty, peace of mind, one-time fee.” (Nebraska lender)

The Bad

“Title companies do a good job, but it’s surprising to find out that the homeowner is not necessarily protected.” (New York homeowner)

“Anybody can go down and do the title search ... but I wouldn’t do it on my own house” (Texas homeowner)

“So we’re buying insurance to cover their mistakes?” (California homeowner)

participated in the 20-minute online survey. The PR firm also conducted one-on-one interviews with select industry regulators or their staff in Arkansas, California, Kansas, Utah, Washington and Washington, D.C. The overall research results will be used for a communications campaign to enhance the understanding of the title industry and the value of title insurance.

Forum Strategies reported that the online survey confirms the confusion about title insurance highlighted during the focus groups. A deeper statistical analysis provides guidance for how to position and talk about title insurance to enhance people’s understanding of its value.

“The good news is that recent homebuyers have a positive view of title insurance,” Evans said. “In fact, nearly three quarters of the participants indicated having a favorable opinion of title insurance after reading a description of it.”

The Why

Results of the focus groups and online survey clearly show that early education influences a homeowner’s understanding of and favorability toward title insurance. Respondents who received information about the option to obtain an owner’s title insurance policy when they were in the process of buying their house are significantly more likely to have a favorable opinion of title companies and title insurance, and are more likely to know there are two policies.

More than half (55 percent) indicated they did not know there are two types of policies. Meanwhile, 42 percent said they received information about the option to obtain owner’s title insurance when they were buying their home. Of these people, 45 percent indicated this information came from their real estate agent, 28 percent received information from their mortgage lender, while title companies provided information 23 percent of the time. Of those who said

they did not receive information about the option to obtain owner's title insurance, half suggested they would have liked to have received information.

"Just like any other product, providing details upfront allays confusion and gives consumers more confidence in their purchase," Mennenoh said.

The Who


Survey results support title agents communicating directly with potential homebuyers, instead of relying on real estate agents, lenders and others to describe their business. While the title industry has not traditionally marketed this way, research shows that many real estate agents and lenders do not fully understand what a title search entails and the protection that title insurance provides. Because of this, they are not well equipped to educate customers about it, other than to let them know it exists and they should think about getting it.

Lenders report that consumer questions about title insurance are usually prompted by the HUD-1. Most lenders indicated they give a quick explanation about what it is and move on. Additionally, most lenders believe the attorney or real estate agent should explain the product to the client. On the other hand, real estate agents indicate they talk to their clients about title insurance but don't provide too much information.

"This is why taking ownership in our message is vital," Evans said. "Other professionals involved in the transaction don't believe that proactively explaining title insurance to the buyer is their responsibility, and many think others are doing this

work. It's clear that everyone involved in the transaction needs more education about title insurance."

As a remedy, Forum Strategies recommended that title professionals become more visible in the process. There are many participants and many moving parts in a home closing and consumers view each service provider as having their own motive.

 "Just like any other product, providing details upfront allays confusion and gives consumers confidence in their purchase."

"With title professionals being more removed from the homebuyer than others involved in the transaction, it becomes easier to malign our role in the process," Mennenoh said.

The What

The study concluded that definitions and explanations of the work title companies do—including the title search and providing title insurance—in simple, clear language, helps educate everyone involved in the real estate transaction.

"To effectively communicate, it's essential to explain succinctly what happens during a title search and how title insurance provides protection to consumers," said Frank Pellegrini, 2012-13 ALTA president. "Title agents should tell them that a search typically involves, among other things, a review of government documents going back many years, including land records and deeds, tax records, liens and other legal

judgments. Homebuyers don't readily understand that it is possible for title defects to exist regardless of the care and thoroughness of the title company. We need to dispel the notion that consumers are buying insurance to cover the title company's mistakes."

The next step is focusing on the product benefits and connecting

how title insurance provides peace of mind, confidence and protects the homeowner. During the focus groups, Forum Strategies tested 13 to 15 pro-title insurance messages. Words and phrases that evoked positive feelings about title insurance were:

- confidence
- protection
- peace of mind
- eliminating risk
- efficient
- thorough

The following are a few messages that prove to be effective in promoting title-related services and the value title agents provide:

- A title professional performs thorough searches of the public records to look for any problems with the home's title before you purchase it. This extensive search typically involves a review of land records going back many years, and examining tax records, liens, judgments, deeds and government

DOs and DON'Ts

Things you Should Say and Do

- DO provide more information to professionals (lenders, real estate agents and attorneys)
- DO provide clear, plain and simple materials they can give to homebuyers
- DO help people understand that title insurance protects from defects that could come up (cite examples: fraud, missing heirs, unfiled liens, etc)
- DO educate about how extensive the search is and that there's work beyond what can be found online
- DO provide examples of how title insurance protected consumers
- DO use plain language about protection, peace of mind, and confidence for homeowner

Things to Avoid

- DON'T use slogans ("protects the American dream," helps "stabilize the housing market")
- DON'T say title insurance protects from "things that could be missed"
- DON'T clutter explanations with data and stats
- DON'T focus on how hard it is to perform a title search
- DON'T assume they have an understanding of title insurance
- DON'T focus on the frequency or infrequency of claims

documents, to name a few, to make certain that a home's title can transfer efficiently from one owner to the next.

- An owner's title insurance policy requires a one-time fee at

closing that protects you from undiscovered defects already existing in the home's title, and lasts for as long as you own your home.

- Owner's title insurance provides peace of mind that your investment in your home is protected against future claims that someone else has an ownership interest in your home.

The strongest message tested was: "For a one-time fee at closing, an owner's title insurance policy protects a homeowner from undiscovered defects in the home's title, and lasts for as long as you own your home."

"Whether talking to consumers or any of our business partners, it's important to understand what's important to them," said ALTA President Rob Chapman. "We need to explain how what we do benefits them, rather than focusing on what we do to produce a policy. The research results show that people are willing to pay for title insurance to have peace of mind."

The Where

Trying to communicate with a homebuyer to explain the value of title insurance prior to a closing may be the difficult part. Title companies have traditionally operated in the background. However, an email or letter to the homebuyer directing them to information about the industry could go a long way in communicating the value of title insurance.

In addition, it is still important to provide real estate agents, lenders and other professionals information that helps consumers better understand what title agents do and how that benefits their client—the homebuyer.

"Online is optimal, because you can reach potential homebuyers to provide information that increases their awareness and knowledge as they begin their home search," Chapman said. "Having content on your website dedicated to explaining title insurance is a good first step. ALTA members can also link to ALTA's HomeClosing101 website or direct homebuyers to this information to learn more about why they should have a title insurance policy."

The When

As stated before, research shows that consumers want information about the title search process and title insurance when they begin the process of buying a home. A poignant result from the online survey shows that 87 percent of those who received information about the option to obtain an owner's title insurance policy are significantly more likely to have favorable opinions of title insurance.

"We can deduce that people want information about title insurance up front and that early education is vital," Pellegrini said. "This reiterates the importance of the title industry communicating its value, versus letting others define us. A title agent can potentially grow his or her market share by taking control of the message and explaining the benefits of title insurance early in the process. There's too much at stake for us to not be more proactive." ■



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

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Grow Market Share with Integrity

Companies Reminded to Embrace Ethics When Executing Sales Strategies

While understanding what differentiates a title company in the marketplace is more important than ever, it's also an extremely challenging proposition in an industry that's become highly commoditized and regulated.

With these challenges, sales tactics can sometimes blur the compliance lines. Despite the Real Estate Settlement Procedures Act (RESPA) regulating the industry at the federal level and laws at the state level, Cynthia McGovern says title professionals must remember to follow the regulatory guidelines. Many times, violators "ask for forgiveness, not permission."

"There's a disconnect between company policies and field practices," said McGovern, chief executive officer of Orange Leaf Consulting. "Those who insist on RESPA enforcement and monitor their sales and marketing activities diligently, must up their game when it comes to creating and communicating compelling differentiating factors."

To help achieve this, title companies must develop a strategic plan and start treating "service" as "sales." When

starting down this road, leadership must clearly articulate goals, core values and mission statements that put consumers first.

"You must be clear with your sales people about ethics and the regulatory road," McGovern said.

Additionally, title companies need to get all employees involved in the sales process. Ethical sales practices can be ingrained into all functions.

"Too often, sales is viewed as 'it's not my job,'" according to McGovern. "But being compliant and helping our customer have a wonderful experience should be everyone's responsibility."

"Title agency owners and managers need to drive this charge and lead by example. We are spending a lot of time on compliance, security and best practices, but we also need to lead our teams in executing compliant sales strategies too," she added.

Once the ethical roadmap has been explained and detailed, title companies must get past the perception that "they are all the same." McGovern hears from real estate agents that they believe there's no difference between title companies. The key to moving

past this opinion is to understand what real estate agents want. According to McGovern, the first thing real estate agents desire is their commission. Second, they want to look good. Third, they want referrals.

"You need to think about what makes you different," McGovern said. "Think about what you do to help real estate agents get paid faster. Communicate more proactively throughout the life of the file and get ahead of any problems."

Title companies shouldn't simply say they have the "best customer service," have fast turn times and superior technology that expedites the process and protects the consumer.

"Take every true differentiating factor you can identify and frame it in terms of how it protects, benefits or serves the consumer or client," McGovern said. "Differentiating statements then become your secret weapon in getting appointments with prospects, communicating with consumers and articulating value to existing clients."

It's important to explain up front the services provided and how they benefit the client. To do this, it's critical to understand how a client defines good service. Then, everyone on staff must be able to explain and articulate how the various points of differentiation benefits the company's client base. Tactics to get staff buy-in and motivated to participate include quarterly or monthly campaigns, themed contests, target lists and call blitzes.

Measurable activity, not results, is the most important element early on in the strategy. When working with a title

company, McGovern counts activity not results. “The numbers will come. It’s more about knowing the metrics,” she added.

If a title company has a dedicated sales team, it’s important to disengage them from existing client responsibilities. To be productive, a sales team should spend half of their time prospecting. Unfortunately, most sales teams spend 75 percent of their time on maintenance.

“If the goal is to grow business, think about what you can do to free their time,” McGovern said. “Think about where in the process the order relay happens.”

To grow business, McGovern advises companies to develop a list of the top 10 real estate agents to target. She has found that title companies are not reaching out to top-tier real estate agents because they think they already work with a specific company.

In addition, everyone on staff should be trained on how to develop relationships with potential clients. There are four growth strategies that title companies can employ, according to McGovern:

- Grow the amount of business from current clients
- Gain business from non-directing agent on a resale transaction
- Develop referrals
- Use lender on a sale as a source for future refinance business

McGovern said many title companies have a false sense of how many orders a current customer may be handling. A title company based in the south that was working with Orange Leaf Consulting was trying to grown business from a real estate brokerage. Title company staff believed they were getting all of the brokerage’s business. Orange Leaf Consulting asked an agent at the brokerage how many deals

Digital TitleNews Extra

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they were working on per month. The agent was doing about 15 deals per month, but only sending eight to the title company.

“The agent was sending business elsewhere, because when he called the title company they sounded busy,” McGovern said.

Relationships with non-directing real estate agents should be cultivated as well. McGovern said that title companies should take time to make their experience better than with previous title companies.

“Find out how they want to receive information,” she added. “Some may want a phone call, others an email or a text.”

Title companies should proactively communicate with non-directing agents and consider providing an order status update on Fridays.

The next touch point is at closing or when agents need additional information. Title professionals should proactively communicate with agents. An example could be a Friday status update. After a deal closes, companies should follow up with a phone call to get feedback on the transaction. This is

an opportunity to tell them it would be great to work on another deal together.

“Last month, one of our clients brought in 14 orders from non-directing agents,” McGovern said.

While there are different growth strategies, the key is to get started, pick a strategy per quarter and stick with it. A company may do a call blitz but not get any positive results, however, McGovern calls this a success because it’s activity.

“Your employees will feel uncomfortable at first, but it’s like sales cardio and getting into a rhythm,” she added.

At the end of the day, title companies must hold staff accountable to ensure the growth strategy is being carried out.

“Leadership needs to develop a plan on how to keep staff in line and how to stay in compliance,” McGovern said. “Things fall apart when there are no consequences. Think about ways to encourage accountability, such as instituting monthly meetings. Then review growth strategy and results. Get in front of your staff and let them know what’s happening.” ■

Millennials Emerge as New 'Lifeblood' for Housing Industry

All Professionals Involved in the Real Estate Transaction Should Understand the Demands of the New Breed of Buyers

Generations, like people, have personalities, and Millennials—the American 20-somethings currently making the passage into adulthood—are no different. They have begun to forge their identities as confident, self-expressive, liberal, upbeat and receptive to new ideas and ways of living. While the latest data from the U.S. Census Bureau shows homeownership among Americans 35 and under declined to 36.2 percent—the lowest on record since the census's Housing Vacancy Survey began tabulating homeownership by age in 1982—represents a strong segment of emerging homebuyers.

A study released over the summer by Trulia showed that demographic changes such as delaying marriage and parenthood, account for nearly all of the declines in homeownership among young adults. But according to Jed Kolko, Trulia's chief economist, many of these demographic shifts may simply postpone home buying, rather than ruling it out. Like their

parents, many Millennials, once they finally marry and have kids, may want that white picket-fence, too. Kolko suggested there probably hasn't been a huge attitude shift in Millennials toward home ownership.

A recent survey by Wells Fargo points out that this group offers great opportunities for the real estate market because out of the 51.5 million

Millennials, about six million of them are approaching the age at which Americans typically start to think about homeownership.

The study defined Millennials as those born between 1979 and 1991.

Brad Blackwell, executive vice president at Wells Fargo, says the wave of Millennials will be the new lifeblood for the industry.

"We're going to have to figure out how to reach them," Blackwell says.

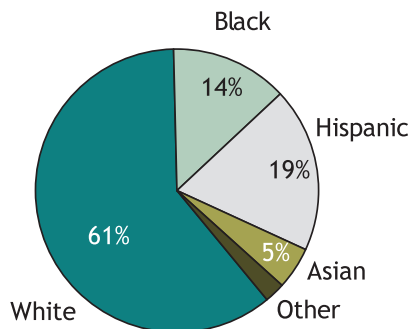
In the Wells Fargo survey, in which 3,000 Americans were interviewed, homeownership was still a major goal, and was identified as a prevailing objective among the Millennials.

Despite reading or hearing about the mortgage problems experienced by homeowners, more than 70 percent still want to own a home.

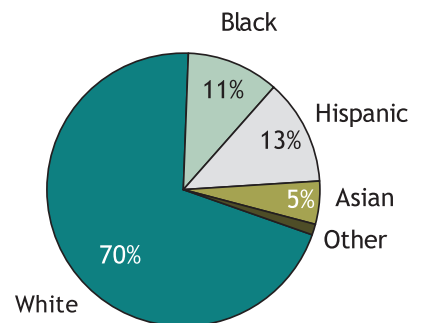
Wells Fargo also found that Millennials are more receptive to strict

The New Face of America

Millennials (ages 18-29)



Adults ages 30 and older



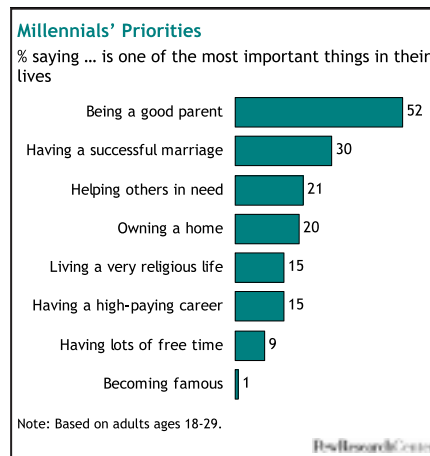
Source: December 2009 Current Population Survey (CPS)

underwriting by mortgage lenders. They understand why banks need to implement more stringent credit requirements. The assessment of their financial standing is for their own benefit, as they need to be affirmed of their capability to sustain the monthly payments and remain in the home over the years.

What are the collective characteristics of the Millennials whose oldest members are now approaching their 30s? According to the Pew Research Center, these are the collective personality traits of the Millennials:

- They are more racially and ethnically diverse than previous generations. 59.8 percent are white, 18.5 percent are Hispanic, 14.2 percent are black, 4.3 percent are Asian and 3.2 percent belong to another race or are of mixed race.
- Texting, tweeting, Facebook, Google, YouTube and other digital innovations are part of their everyday lives.
- They're more politically aware and active than members of previous generations when they were young adults.
- Their level of trust in institutions is higher than that of previous generations.

When Millennials do enter the market, they will be looking for smart homes instead of luxury homes and smaller, functional homes rather than sprawling McMansions. Because they tend to be do-it-yourselfers, they will want to gut those “cookie cutter” homes, room-by-room and remodel them in the image of their own lifestyle. This is according to a new study from Better Homes and Gardens (BHG) Real Estate, which surveyed 1,000 adults, aged 18-35.



All professionals involved in the real estate transaction will need to be wired to the demands of the new breed of buyers. This doesn't only apply on how they connect with them, but also how they help Millennials visualize the Gen Y dream in an older existing home.

“It's critical that real estate professionals understand what embodies a quintessential home for the Millennial generation, which vastly differs from the traditional norms of generations before them,” said Sherry Chris, president and CEO of Better Homes and Gardens Real Estate. “Understanding technologies to communicate with this generation is now only one piece of the puzzle for agents; smart technological capabilities must now be ingrained into the home itself.”

Another survey by Coldwell Banker Real Estate found that Millennial couples are more likely to buy a house together before they take their wedding vows than their parents and grandparents were.

The online survey of 2,116 adults found that couples who bought homes before marriage were all planning to tie the knot.

Their decision to buy a home first “was based on being financially savvy,” said Robi Ludwig, a psychotherapist

who works for Coldwell on lifestyle surveys and buyer habits. She told *USA Today*. “Opportunities were coming up in the real estate market and with low mortgage rates, and they take advantage of these ideal conditions and didn't feel they had to wait till they got married. It's almost like buying a home is the new engagement ring.”

In the meantime, the U.S. homeownership rate dropped for the ninth year in a row in 2013. This is due in part to the fact that millions of 20- and 30-somethings were still living with their parents, according to the latest “State of the Nation's Housing” report from Harvard University's Joint Center for Housing Studies.

The study showed that the decline in homeownership rates from 2004 to 2013 was most dramatic among 25- to 34-year-olds (down nearly 8 percentage points). Some 15.3 million adults in their 20s and 3.1 million in their 30s were still living with their parents last year, helping bring the homeownership rate down to 65.1 percent.

The good news is that household formation should rebound to historical levels in the next decade, with demographic forces alone creating 1.1 million to 1.3 million new households a year from 2015-2025, up from 600,000 to 800,000 a year from 2007-2013. Millennials will drive this housing renaissance.

“Ultimately, the large millennial generation will make their presence felt in the owner-occupied market, just as they already have in the rental market, where demand is strong, rents are rising, construction is robust and property values increased by double digits for the fourth consecutive year in 2013,” said Daniel McCue, research manager of the Joint Center. ■



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Lawsuit Provides Instructive Advice on Escrow Trust Account Security and Liability

Unlike Consumer Accounts, Banks Can Shift Liability for Fraudulent Transfers Out of a Business Account

Title professionals that operate escrow trust accounts can glean some instructive advice from a recent lawsuit involving the fraudulent transfers of more than \$440,000 from a trust account in 2010.

In June, a panel of Eighth Circuit judges ruled that Choice Escrow Land Title in Missouri was responsible for the losses it suffered from the fraudulent transfers. The panel found that the liability for account takeover losses shifted when the escrow company declined to use a two-person authorization security feature offered by the bank. The court also ordered Choice Escrow to pay all the bank's legal fees associated with the lawsuit.

Choice Escrow opened a trust account with BancorpSouth in 2009. The bank, at the time, encouraged customers to utilize Dual Control, which mandated that two individuals use separate user IDs and passwords to complete an

electronic wire transfer. According to court documents, the title company twice declined this safety measure, citing a preference for convenience and that the employee who handled wire transfers was often in the office by herself. In March 2010, hackers stole the title company's online banking ID and password and made the unauthorized wire transfers to a corporate bank account in Cyprus.

This ruling is important to title professionals with escrow trust accounts because unlike consumer accounts, banks have the ability to shift liability for fraudulent transfers out of a business account, according to Steve Gottheim, ALTA's legislative and regulatory counsel.

The Eighth Circuit ruling highlights the importance of implementing ALTA's "Title Insurance and Settlement Company Best Practices." The second pillar of the Best Practices encourages



appropriate and effective escrow controls and staff training to help title and settlement companies meet client and legal requirements for the safeguarding of client funds. These procedures help ensure accuracy, and minimize the possibility of the loss of client funds. Best Practices encourage the use of positive pay or reverse positive pay, automated clearing house blocks and international wire blocks, if available.

In addition, the third pillar offers guidance on implementing a written privacy and information security program.

"This is why proper network security is important, but also utilizing all the security processes offered by the bank and to encourage them to offer processes not currently available," Gottheim said. "While international wire transfer blocks are included in the Best Practices, they are not offered universally by all commercial banks. Interestingly, in this case there is a discussion of an email conversation between the escrow company and bank about the

possibility of foreign wire blocks that were not available. Rather than press the issue with the bank, the escrow company dropped it. Part of the courts holding is that by dropping the issue, the email cannot be considered an instruction to the bank. If it had been an instruction then the bank would have been liable.”

During arguments, choice Escrow said that it sent an email in November 2009 to BancorpSouth instructing the bank to limit transfers to foreign banks. Attached to the email was a bulletin from Choice Escrow’s underwriter warning of the threat of foreign cyber-criminals stealing funds from escrow/trust accounts and advising that all wiring capabilities to foreign banks be disabled. Choice Escrow contended that BancorpSouth’s verification procedures for wire transfers were not commercially reasonable under the Uniform Commercial Code’s Article 4A, which is adopted by the state. It also contends the procedures failed to meet the good faith standard outlined by the Federal Financial Institutions Examination Council in its 2005 guidance for Internet banking transactions by not meeting the multifactor authentication requirement. In its 92-page appeal, Choice Escrow claimed that:

- BancorpSouth failed to provide adequate transactional analysis
- The bank should have granted Choice’s request to limit or block foreign transactions
- BancorpSouth’s use of only a username and password at login did not constitute multifactor verification
- The bank’s limited dual control offerings were not reasonable for a business the size of Choice Escrow

A co-owner of Choice Escrow had considered appealing to the U.S. Supreme Court because the ruling conflicts with a decision by the First Circuit Court of Appeals in PATCO Construction Inc. vs. People’s United Bank.

In PATCO, the appeals court held the bank liable for fraudulent ACH transfers. In this situation, however, the commercial client used every security system the bank made available, unlike Choice Escrow, which declined dual control verification procedures for wire transfers. The First Circuit held that under article 4 of the UCC the community bank could not shift the liability of loss to the commercial customer because the online banking security program was not commercially reasonable. Additionally, the court suggested that a bank’s security system should compare in sophistication to other similarly situated banks.

“This is another good reason for commercial clients such as title companies to push banks to adopt stronger security programs like international wire blocks, variants of positive pay and voice authentication,” Gottheim said.

In a similar situation involving cyber fraud, about \$1.5 million was drained from an escrow account that Efficient Services Escrow Group held with First Foundation Bank of California. The escrow company has since closed and the appointed receiver has sued the bank alleging First Foundation had insufficient security procedures. More than \$432,000 was wired to an account in Moscow on Dec. 17, 2012. Then, the criminals wired more than \$1.1 million on Jan 24 and 30, 2013 to a trade company located in the northeast corner of China. The bank

Tips To Protect Against Illegal Activity

To protect funds from being wired illegally to an overseas criminal, take these precautions:

- Implement ALTA’s Best Practices
- Create strong, constantly changing passwords that are at least 10 characters long and include a combination of capital letters, lowercase letters, numbers and special characters
- Utilize network protection, such as a Norton Antivirus, a firewall and top-level email spam protection
- Have an isolated, secure, stand-alone computer that handles all of your online banking
- Provide dual authorization of disbursements. With this strategy, one person at a certain computer can originate the wire, but the funds can only be processed by the other person at the stand-alone, secure banking computer

recovered the first transfer, but not the other two. The lawsuit accused the bank of failing to act in “good faith” when it approved the fraudulent transactions on Efficient Services Escrow’s behalf.

The lawsuit claimed the bank failed to properly implement the use of a token security procedure agreed upon by the escrow company and First Foundation. California’s Department of Corporations has said the escrow company was not in compliance with regulations requiring monthly trust account reconciliation when the unauthorized wires were sent. ■



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Richard Welshons

Title: President

Company: DCA Title

How long have you been in the title industry and how did you get started in this profession?

I've been in the industry 30 years. My dad owned a title agency and when I dropped out of college my freshman year, he said, "Here's what you're going to do ..." and he hired me. On the day before my 25th birthday, my dad retired and turned the reins over to my younger brother, Dave, and me.

What excites you about what you do or what is the most challenging aspect of your job?

What I really enjoy are the people in the industry. I consider many of them my friends. Interacting with them as part of my job makes it even more fun. The biggest challenge I see is staying on top of the changing regulatory environment.

What's your best industry "war" story?

We closed on a cash purchase of a home at the end of June 2001. The property was for sale-by-owner and there were no real estate agents involved. The purchaser brought a cashier's check for the entire purchase price to the closing. On July 3, 2001, I received a call from our bank stating that the cashier's

check had bounced because it was a forgery. The sellers had already closed on and moved into their new home. Luckily, in those days, the county recorders were backed up in their recordings. We were able to retrieve the deed before it was recorded. We covered the shortfall in the escrow caused by the forged deed and the sellers signed a deed putting our title agency in title to the property. The forger was easy to find because she had moved into the home she "bought." She was arrested and with the help of the police, we evicted her children and grandchild from the home. We had the home inspected, brought up to code and then we re-sold it. We lost some money on the whole deal, but it could have been much worse.

Explain why the title industry is a great career opportunity for those entering the workforce?

While the business can be cyclical and there are definitely highs and lows, real estate remains a driving force in our economy. There will always be a need for title companies to protect consumers while they achieve the American dream of homeownership.



What advice do you have for professionals starting their career in the industry?

I would suggest that they learn all aspects of the industry and that they get to know their competition.

Why are you a member of ALTA?

ALTA does a great job promoting and defending our industry, and watching out for the best interests of everyone involved. Why wouldn't I be a member of ALTA?

Tell us something that others in the industry may not know about you?

As I stated above, I dropped out of college my freshman year. I'm not proud of that, but I'm not ashamed of it either. I'm often asked where I went to school and my standard

answers are either “I didn’t” or “Hastings High School.”

If you could have dinner with anyone, who would it be and why?

I know I am supposed to say someone significant like Jesus or Lincoln, but today I would be happy to have dinner with my wife and three kids as a family. When we get together, we laugh until I cry! Our youngest son has been studying in Seoul, South Korea, so we haven’t been able to have dinner with the five of us that often. Over the summer, we all visited him and had dinner together for the first time since August 2013. It was a great day and something I hope we can repeat soon.

What’s your favorite book or movie? Why?

Again, maybe I’m supposed to have a very profound answer to this, but I love stupid comedies that I can watch again and again. *Walk Hard, Napoleon Dynamite, Best in Show and Harold and Kumar Go To White Castle* are some movies that come to mind. As for books, I really liked *Salt – A World History* by Mark Kurlansky and *Kitchen Confidential* by Anthony Bourdain. I also like to read cookbooks. I love food and I love cooking, so those are the subjects I like to read about.

ALTA Member Profiles

ALTA periodically profiles its members in TitleNews. If you know someone who would make a good candidate for a member profile, please send us an email at communications@alta.org and tell us why.

What do you do to unwind from a stressful day?

To unwind, I go home and make dinner. After dinner, I clean up the kitchen, pour myself some wine and start paging through cookbooks. ■

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Another List to Check: The Foreign Sanctions Evaders

The Office of Foreign Asset Controls Issued a New List of Individuals or Entities Involved in Transactions to or from Iran and Syria

There's a new database title professionals must search to ensure a real estate transaction does not involve a person prohibited from conducting business in the United States.

Since 2003, title professionals have had to search the Specially Designated Nationals (SDN) list managed by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) to ensure compliance with requirements against doing business with targeted foreign countries, terrorists and others targeted by OFAC.

As a member benefit, ALTA members have easy access to the U.S. Treasury Blocked Person List. ALTA has updated its Patriot Act Search to include a search of the Foreign Sanctions Evaders list.

Earlier this year, OFAC published a notice that it added 11 new entities to the Foreign Sanctions Evaders (FSE) list. The FSE list was first announced in May 1, 2012, by Executive Order 13608, but until now only included

a single entity—which is a Ukrainian tanker company. The FSE list is published on the OFAC website.

The recent action reflects a new focus by OFAC to sanction individuals and entities determined by the U.S. government to have violated, attempted to violate, conspired to violate or caused to violate U.S. sanctions against Syria or Iran.

As with the SDN list, U.S. citizens are prohibited from engaging in any transactions with anyone on the FSE list unless the transaction is otherwise exempt from regulation under the International Emergency Economic Powers Act statute.

Similar to dealing with transactions involving parties flagged by OFAC, title agents may experience challenges closing transactions because of delays in wire transfers when parties to their closing are on the FSE list. U.S. financial institutions are required to obtain OFAC authorization before allowing the receipt or provision



of related wire transfers to such accounts.

If a transaction is in the process at the time of a listing, U.S. persons are required to terminate and/or immediately cease dealing with the FSE-listed party unless and until otherwise exempted or specifically licensed by OFAC.

Companies relying on third-party vendor screening services should check with their providers to ensure that the FSE list is incorporated into automated screening procedures for restricted-party screening. Companies should run test screenings against parties included on the FSE list to verify and document confirmation that their screening safeguards cover this list effectively.

The FSE list is available in almost all of the same file formats as the SDN List. The layout of names on the FSE list is identical to the layout of names on the SDN List. In addition, FSE list data files follow existing SDN List data standards. ■

GSEs Release Updated Information on Uniform Closing Dataset

Fannie Mae and Freddie Mac have published additional documentation to support the mortgage industry with the implementation of the Uniform Closing Dataset (UCD), which is a common industry dataset that supports the Consumer Financial Protection Bureau's (CFPB) Closing Disclosure.

The documents provide information to supplement the MISMO mapping document released in March 2014, Appendix B: Closing Disclosure Mapping to the MISMO v3.3 Reference Model.

The GSEs intend to collect the UCD from lenders in the future; however, they have not yet determined the method or timeline for data collection. It will be important for title professionals to implement the UCD as well if they want to continue doing business with lenders that sell loans to the GSEs. With these new requirements coming, title agents and lenders should take time now to verify that their respective systems can accept electronic information from the other.

The new supporting UCD resources include:

Appendix E: UCD Implementation Guide – Provides an overview of how the Closing Disclosure information is represented in the XML file.

Appendix F: UCD Sample Use Cases – Provides four sample use cases that, in conjunction with Appendix G: UCD Sample XML Files, demonstrate how a sample business transaction would be represented on the Closing Disclosure and the XML file that would support the use case data.

Appendix G: UCD Sample XML Files – Provides four sample XML files that, in conjunction with Appendix F: UCD Sample Use Cases, demonstrate the XML-format file that would support the use case data.

The documents are available on ALTA's website at www.alta.org/cfpb.

Share Your News

Have news that you'd like us to consider for TitleNews?

Send us an email at communications@alta.org

reRequire Lien Release Tracking Solution Integrates with ResWare

ResWare is now fully integrated with reRequire's Release Tracking service. ResWare users are now able to electronically order release tracking with reRequire from within the ResWare environment.

reRequire said that the release tracking service is a proactive approach to complying with the fourth pillar of ALTA's Best Practices, which addresses recording procedures to ensure compliance with the settlement process. Implementing a tracking mechanism is helpful in providing a record of what

documents were sent, when they were sent and the method of delivery.

"Settlement agents and attorneys are improperly burdened with the task of trying to get the former mortgage holder to clear paid liens many months, and sometimes years, after a transaction has been closed," said Matt Klein, president of reRequire. "The integration with ResWare streamlines the process of ordering reRequire Release Tracking which assures the lien is promptly removed from the property."

Old Republic Partners with Echoworx to Provide Secure Email Solution to Direct Operations and Policy-Issuing Agents

Echoworx Corp., a provider of email encryption for the land title industry, has partnered with the Old Republic Title Insurance Group to provide email encryption solutions for the company's direct operations and policy-issuing agents.

For more than two years, Old Republic Title has utilized Echoworx' email encryption products at a few select operating units to protect non-public information (NPI) contained in emails.

Old Republic has now partnered with Echoworx to assist all Old Republic Title direct operations and policy-issuing agents in doing the same. The companies have launched a program to ease the transition.

The third pillar of ALTA's Best Practices encourages title professionals to adopt and maintain a written privacy and information security program to protect NPI as required by local, state and federal law.

NAIC Adopts Corporate Governance Models for Insurers

The National Association of Insurance Commissioners (NAIC) adopted a Corporate Governance Annual Disclosure Model Act and supporting model regulation, which provides a means for insurance regulators to receive additional information on the corporate governance practices of U.S. insurers on an annual basis.

Under the requirements of the Model Act, U.S. insurers will be required to provide a detailed narrative describing governance practices to their lead state or domestic regulator by June 1 of each year. The NAIC said the narrative will be protected by strict confidentiality measures, which were included within the models to encourage insurers to be open and transparent in describing their governance practices to regulators. Insurers will be allowed some discretion in determining the level within the organization at which to report their corporate governance practices, depending upon their structure and organization. The new disclosure requirements are expected to commence in 2016.

Key items required to be described within the corporate governance disclosure include:

- *The insurer's corporate governance framework and structure including duties and structure of the Board of Directors and its committees*
- *The policies and practices of its Board of Directors and significant committees including appointment practices, the frequency of meetings held and review procedures*
- *The policies and practices directing Senior Management including a description of defined suitability standards, the insurer's code of conduct and ethics, performance evaluation and compensation practices, and succession planning*
- *The processes by which the Board of Directors, its committees and senior management ensure an appropriate level of oversight to the critical risk areas impacting the insurer's business activities including risk management processes, the actuarial function, and investment, reinsurance and business strategy decision-making processes.*

Stewart Debuts Enhanced Underwriting Website

Stewart unveiled a new version of its Virtual Underwriter (VU) system, which provides databases, manuals, forms and real estate practices that streamline the underwriting process.

Virtual Underwriter is open to the public and is utilized by underwriters, real estate attorneys, title examiners, closing officers and lenders. Originally developed 20 years ago, Virtual Underwriter provides constant access to underwriting information. The system includes a more user-friendly interface and streamlined navigation.

Enhanced functionality includes:

- *Streamlined navigation and cross-references across the sections*
- *Improved search functionality and topic cross-referencing capabilities*
- *Ability to view recently-viewed documents link at the top of each page*
- *Ability to view documents by location/state*
- *Improved search for documents within the user's current section or within the site as a whole*
- *User-friendly reading pane to display documents at the right of your screen, as users continue to navigate on the left*
- *Easy document download in PDF or DOC format*

TSS Software Integrates with TrustLink

TSS Software, a technology solutions provider to the title and settlement services industry, integrated its TitleExpress with First American SMS' TrustLink platform. The integration gives TitleExpress customers easier visibility into their escrow accounts through increased capacity to share and view data between the two platforms.

TitleExpress customers will benefit from TrustLink services through daily three-way reconciliation, which

clears items from TrustLink directly in TitleExpress and eliminates the need for duplicate data entry. This service also provides transparency into escrow accounts, segregates data and duties and allows online access to detailed account information.

The second pillar of ALTA's Best Practices encourages title professionals to adopt and maintain appropriate written procedures and controls for escrow trust accounts.



Celebrating 25 Years of Service to ALTA Members and the Title Industry!

Times were tough for title professionals in the 1980s. Like today, E&O insurers were either ceasing to offer coverage or raising rates dramatically. To respond to this crisis, ALTA members created Title Industry Assurance Company (TIAC) to provide a long-term stable E&O market for its members.

25 years later, TIAC is one of the longest running and successful E&O insurance providers available! Combining broad coverage, expert claims and underwriting services, and competitive rates, TIAC is the choice for title professionals!

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Chris Abbinante
Fidelity National Title Group

Justin Ailes
American Land Title Association

Anne Anastasi
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Rob Chapman
Old Republic National Title Insurance Company

Pam Day
Day Title Services

Steve Day
Fidelity National Title Group

Diane Evans
Land Title Guarantee Company

John Freyer, Sr.
Land Title Guarantee Company

Dennis Gilmore
First American Title Insurance Company

Dean Hoag
Title Resources Network

John Hollenbeck
First American Title Insurance Company

Parker Kennedy
First American Title Insurance Company

Michelle Korsmo
American Land Title Association

Chris Leavell
First American Title Insurance Company

Larry Matney
Futura Title & Escrow Corp.

Erika Meinhardt
Fidelity National Title Group

Bill Peirson
Peirson Patterson, LLP

Frank Pellegrini
Prairie Title

Maureen Pfaff
Olympic Peninsula Title

Brian Pitman
Independence Title Company

Nicole Plath
Fortune Title Agency Inc.

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Land Title Guarantee Company

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Fidelity National Title Group

Greg Kosin
Greater Illinois Title Company

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Fidelity National Financial

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Old Republic National Title Insurance Company

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Crone & McEvoy

Daniel Mennenoh
H.B. Wilkinson Title

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Stewart Title Guaranty Company

Stewart Morris, Jr.
Stewart Title Guaranty Company

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Pioneer Title Agency

Cynthia Newlon
Pioneer Title Agency

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Fidelity National Title Group

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Shonna Cardello <i>White Rose Settlement Services</i>	Todd Jones <i>First American Title Insurance Company</i>	Randy Pittman <i>West Texas Abstract & Title Company</i>
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Fidelity National Title Group

Leslie Godec
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James Graham
Ottowa Abstract Company

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Fidelity National Title Group

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Stewart Title Guaranty Company

Margo Hannum
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Land Title Guarantee Company

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David Huffman
Attorneys' Title Guaranty Fund

Tron Huynh
Fidelity National Title Group

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Chicago Title Insurance Company

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Fidelity National Financial

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Michael Kirby
First American Title Insurance Company

Nicholas Koester
Fidelity National Title Group

Mitchell LaFleur
First Dakota Title Company of South Dakota

Deborah Lewis
Taylor Abstract & Title

Maxwell Link
First American Title Insurance Company

Justin Lischak Earley
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Scott Mainwaring
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Burton Shepard
Fidelity National Title Group

James Sibley
Title Data, Inc.

James Sindoni
Fidelity National Title Group

Jim Smyithe
Sathre Title & Abstract, Inc.

Dana Solms
Old Republic National Title Insurance Company

Jason Somers
Fidelity National Title Group

Chris St. John
Lawyers Title of Topeka

Andi Stroud
Fidelity National Financial

Joe Tavarez
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Larry Tuliszewski
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Jim Bondurant
Tennessee Valley Title Insurance

Judith Braun
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Doug Brigham
TitleOne Corporation

Kathy Briscoe
Regional Title

Dan Buchanan
First American Title Insurance Company

Kristina Burns
First American Title Insurance Company

Jason Chun
First American Title Insurance Company

Christopher Clemens
First American Title Insurance Company

Mark Comstock
Fidelity National Title Group

Bill Coyle
Accu-Title, LLC

Mike Currier
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Patrick Curry
Waco Title

Brian Danis
First American Title Insurance Company

George Demopulos
Lincoln Abstract & Settlement Services

Joseph DeSalvo
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First American Title Insurance Company

Joseph Dwight
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Lenders Title Company

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Troutman Sanders

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Fidelity National Title Insurance Company

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Chuck Hoyum
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Access Information Systems

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Fidelity National Financial

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Fidelity National Title Group

Anne McCauley
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American Land Title Association

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Fidelity National Title Group

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Quadras Corporation

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First American Title Insurance Company

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Stewart Title Guaranty Company

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Meridian Title Corporation

Wendy Nelson
Mountain Title & Escrow

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First American Title Insurance Company

Jeffrey Powell
First American Home Buyers Protection Corporation

Ethan Powsner
Fidelity National Title Group

Leonard Prescott
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Fidelity National Title Group

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Old Republic National Title Insurance Company

Bob Sink
First American Title Insurance Company

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Old Republic National Title Insurance Company

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Lawyers Title of Topeka

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Shelley Stewart
Southern Title Holding Company

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Old Republic National Title Insurance Company

Brian Stone
Futura Title & Escrow Corp.

Gregory Teal
Ernst Information Services

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TitleOne Corporation

Shawn Tidwell
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Mark Till
Fidelity National Financial

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First American Title Insurance Company

Mark Vasington
First American Title Insurance Company

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First American Title Insurance Company

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Daniel Wold
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Jeanie Woods
Metro Title

Brooks Yeager
RamQuest

John Younglove
Genesis Abstract

Somaia Zaki
First American Title Insurance Company

ALTA, Title Industry Unrelenting in Pursuit to Deliver Quality

As I looked back on the past 12 months and reflected on my year as ALTA president, I discovered that 2014 is the Year of the Horse according to the Chinese zodiac. Let me tell you, this seems appropriate on many levels.

While the past year has galloped by, I carry life-long memories. It's been a blessing to meet so many friendly professionals speaking at state land title association conferences around the country as I shared information on where the industry is heading and what ALTA is doing to advocate for it. It was an honor testifying before Congress offering ideas to improve how the CFPB regulates providers of financial services.

It's interesting to note the spirit of the horse symbolizes the Chinese people's unremitting efforts to improve. This is much like our industry, which continues to adapt and improve in order to meet the needs of our clients. Implementation of ALTA's Best Practices displays our preparedness to remain as the best-in-class professionals at the closing table.

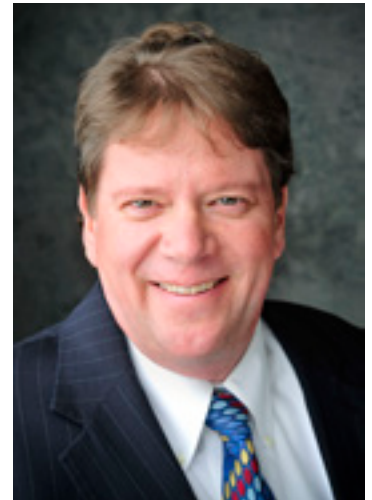
Some experts predicted businesses dealing with real property would struggle during the first half of the Year of the Horse. Looking at origination and title premium volume, I'd say that forecast was spot on. However, the same experts called for a resurgence during the second half of this year. While it's uncertain how these last few months will play out, I'm confident we all will continue working hard to get deals closed efficiently and legally as we come down the home stretch of 2014.

You can be sure that ALTA leadership and staff are working diligently to maintain our successful pace. Membership is at an all-time high with more than 5,300 members. TIPAC is poised to set a new record having collected nearly \$425,000 from more than 600 donors. The Title Action Network is nearing 10,000 participants.

I am confident Diane Evans will take the association to new heights as she jumps in the saddle as ALTA's next president. Having served the industry for more than three decades, Diane's passion for the work we do is unrivaled, and she is committed to explaining the industry's vital role in the closing process as we prepare for next year's implementation of the new mortgage disclosures.

Let me part by offering a few thank yous. First, thank you to the great leadership of the ALTA Board of Governors, which is a magnificent cross-section of the industry. Second, thank you to past presidents for offering guidance. In addition, I need to thank ALTA CEO Michelle Korsmo and her staff for their unbridled passion to deliver for our members. Finally, thank you to my family for offering their continued support over the past year.

It was an honor to serve as your 2014 president. It's been a wonderful ride.



— Rob Chapman, ALTA president

I can sum up our company's use of SoftPro in two words: "Central Hub." We have grown with SoftPro, and utilize them for HUD-1 and title commitment prep, closing/disbursing, IRS 1099 reporting, scheduling, CPL's and policy jackets, e-recording, ordering tax certifications, tracking mortgage releases, bank account reconciliation and order tracking. Every role in our company uses SoftPro 360 integrations! SoftPro's support center is also top notch in their responsiveness, friendliness and thoroughness.

Ken Kirkner

Philadelphia, PA
Trident Land Transfer Company
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The SoftPro Difference.

SoftPro's closing and title software is #1 because it combines cutting-edge technology with outstanding support to make your business run more efficiently. It is fully customizable and scalable so you can work the way you want, yet also conforms to the latest regulations so you can operate the way you need to within our ever-changing industry.

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- Award-Winning Support
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