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TitleNews

Official Publication of the
American Land Title Association

2015 Market Outlook: Challenges Bring Opportunities

New Integrated Mortgage Disclosures, Implementation of Best Practices and Increased Regulatory Scrutiny Will Spur Process Change as Companies Compete in Purchase-dominated Market

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2015 ALTA FORUMS & CONFERENCES

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February 17	RESPA-TILA Forum *Miami, FL*
March 5	RESPA-TILA Forum *Dallas, TX*
March 18 - 20	Business Strategies Conference *Philadelphia*
March 26	RESPA-TILA Forum *Chicago, IL*
April 16	RESPA-TILA Forum *Washington, D.C.*
May 18 - 20	Federal Conference *Washington, D.C.*
October 7 - 10	Annual Convention *Boston*

TitleNews

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AMERICAN LAND TITLE ASSOCIATION

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Visit ALTA Home Page: www.alta.org • Email Feedback to: service@alta.org

ALTA Remains Industry Source for Training, Networking

It's always interesting what you uncover when packing for a move. While preparing for last month's move to ALTA's new office suite, we discovered some old association documents that were more than 100 years old.

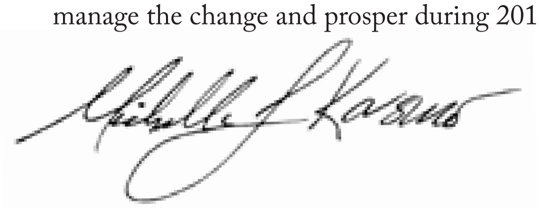
While we are digitizing the historic documents so they can be preserved, I really enjoyed looking through the roll of the organizing meeting of the abstracters of the United States held on Aug. 8, 1907, at the Palmer House in Chicago. Fifteen states were represented at the organizing committee. These states remain strong participants in the association today.

It was very nostalgic looking back on the association's great work to preserve and promote this remarkable industry. We have settled in nicely at our new office just around the corner from our previous space. You can read more about our new headquarters on page 7. The next time you are in Washington, D.C., please visit your new ALTA office!

Now that we've turned the calendar to another new year, I'm sure many of you have completed the budget planning process and are eager to grow your business. Our cover article, starting on page 10 provides a great forecast on what to expect over the next year, shares several ALTA members' plans for 2015 and offers advice on how to remain competitive and relevant.

You can be confident that ALTA will be here to help educate and prepare you for new challenges, including the new integrated mortgage disclosures that go into effect Aug. 1, 2015, for most closed-end consumer credit transactions secured by real property. ALTA has partnered with the Mortgage Bankers Association to host five RESPA-TILA Integration Forums to help prepare members for the new Loan Estimate and Closing Disclosure. These will be fantastic opportunities to learn how to navigate the new RESPA-TILA requirements and network with lenders from across the country. Please go to *www.alta.org/cfpb* for more details and dates for each forum. In addition, watch for details about the 2015 Business Strategies Conference (BSC), which will be held March 18-20 in Philadelphia. During BSC, we will provide additional information and training on the disclosures.

The new year brings continued challenges, including increased regulatory scrutiny, new integrated mortgage disclosures and a new closing process. We'll be here every step of the way to help you manage the change and prosper during 2015.



— Michelle Korsmo, ALTA chief executive officer

One New Policy, Three Endorsements Published as Final

Three new endorsements and one new policy approved by ALTA's Board of Governors in October have completed the comment period and have been posted as final on ALTA's website.

Minor changes were made due to feedback received during the comment period. To review the forms and the accepted redline of comments, go to *www.alta.org/forms*. These documents can be found under "Forms Effective 12-01-14 – Final Publication" and will be available without requiring a login and password for several weeks.

The following are the approved endorsements and form:

- *New ALTA Endorsement 36.7-06 Energy Project – Fee Estate – Owner's Policy*
- *New ALTA Endorsement 36.8-06 Energy Project – Fee Estate – Loan Policy*
- *New ALTA Endorsement 45-06 Pari Passu Mortgage – Loan Policy*
- *New ALTA Residential Limited Coverage Mortgage Modification Policy*

Register for a RESPA-TILA Integration Forum and Network with Lenders

ALTA and the Mortgage Bankers Association are hosting five RESPA-TILA Disclosure Integration Forums to provide solutions so title and settlement agents, attorneys, lenders and their technology providers can work together effectively to meet the new requirements.

Forum sites:

- *Los Angeles, Thursday, Jan. 29, The Westin Los Angeles Airport Hotel*
- *Miami, Tuesday, Feb. 17, hotel to be determined*
- *Dallas, Thursday, March 5, Dallas/Fort Worth Airport Marriott*
- *Chicago, Thursday, March 26, Hyatt Regency McCormick Place*
- *Washington, D.C., Thursday, April 16, The Westin Arlington Gateway*

Go to *www.alta.org/cfpb* for additional information and to register for a forum.

Title Industry Generates $3 Billion in Premiums During Q3 2014

ALTA reported title insurance premium volume decreased 10.8 percent during the third quarter of 2014 when compared to the same period a year ago. The title insurance industry generated $3 billion in title insurance premiums during the third quarter of 2014 compared to $3.4 billion during the third quarter of 2013. Additionally, the title insurance industry posted a net operating gain of $231.6 million for the third quarter of 2014. This is the highest quarterly gain since the third quarter of 2006.

With the purchase market struggling to gain traction due to weak demand and a continued decline in refinance activity, title insurance premiums dropped again during the quarter. Despite a decrease in written title insurance premiums, the industry continues to be in a strong financial position posting more than $200 million in net income this quarter. Additionally, the industry has admitted assets of $8.7 billion, including more than $7.8 billion in cash and invested assets.

States Generating Most Title Insurance Premiums in Q3 2014 Compared to Q3 2013:

- *Texas ($451 million, down 5.7 percent from Q3 2013)*
- *California ($373 million, down 9.7 percent)*
- *Florida ($295 million, down 5.9 percent)*
- *New York ($252 million, down 2.2 percent) and*
- *Pennsylvania ($114 million, down 24.9 percent)*
- *Market Share Among Title Insurance Family/ Company:*
- *Fidelity Family (32.8 percent)*
- *First American Family (27.6 percent)*
- *Old Republic Family (14.8 percent)*
- *Stewart Family (12.6 percent)*
- *Independent Underwriters (12.2 percent)*

ALTA expects to release its fourth-quarter and full-year 2014 Market Share Analysis around March 15.

ALTA Moves Into New Headquarters

New Space Allows Association to Better Serve Burgeoning Membership

ALTA has served its members faithfully, diligently and frugally from the same office space since shortly after the passage of the Real Estate Settlement Procedures Act. On Dec. 22, 1974, President Ford signed RESPA into law, and it went into effect in June 1975.

Later that decade, ALTA moved into an office at 1828 L Street NW. Though the office has been renovated and updated a few times over the years, ALTA maintained the same headquarters over the past four decades.

A new office space became essential, however, to meet the needs of a budding membership base. Regulatory change, economic uncertainty and a resurging housing market has helped ALTA's membership to nearly double since 2001.

After researching and investigating several options, and in consultation with the association's Executive Committee, ALTA opted to have an office custom built at 1800 M Street NW, Suite 300 South. The space was built with landlord-provided tenant improvement money. ALTA staff moved into the new office in December.

"ALTA's success is a reflection of our members' success," said Michelle Korsmo, ALTA's chief executive officer. "This trade association takes pride in defending the industry and providing tools to help all of its members find success in the market. We strive to deliver solutions to help members prepare for the integrated mortgage disclosures and any business model changes the rule will bring. We work to assist members with Best Practice implementation and to drive industry-wide adoption among lenders. Additionally, we focus on developing a unified message allowing the industry to communicate effectively the value of title insurance and the important service our members provide to our customers."

While the office space will be new and provide features to help staff better serve its members, the objective of the association remains the same. ALTA remains dedicated to having highly trained members promoting the safe and efficient transfer of ownership of real property, providing information and education to our members, maintaining industry best practices and assisting affiliated associations.

"ALTA is very cognizant of how it spends money," said Diane Evans, ALTA's president. "This new space is a testament to the dedication and enthusiasm of our members. It's definitely an exciting time to be part of the land title industry. ALTA continues to unite the industry and increase the value proposition of ALTA to our members. We are poised and prepared to continue leading our great industry into the future."

@altaonline

Registration Is Open for the 2015 Social Media Summit

Registration is now open for ALTA's 2015 Social Media Summit (SMS) in Philadelphia. This year's SMS will be held from 9:00 a.m.-4:15 p.m., Wednesday, March 18, at the Sheraton Downtown Philadelphia in conjunction with ALTA's Business Strategies Conference. To register or to get more information, go to www.alta.org/socialsummit. Topics at the 2015 SMS will include content strategy, follower engagement, search engine optimization, handling consumer complaints, social media best practices, analytics and more.

Social Media Pro Tip: Conduct a Yearly Social Audit

Are you devoting too much time and too many resources to Facebook? Are you engaging enough with your Twitter followers? Are your LinkedIn connections providing enough new leads? These are all questions that you should include in a yearly social audit. Each January, you should review each of your social media channels to determine which channels are communicating your message most effectively and which ones are generating the most engagement from your audience. Don't be afraid to cut off your Twitter account or start a new conversation with your Facebook audience. With limited time and resources, it's important to ensure your efforts go to the most engaged and influential audience. If you need help developing a social media audit, or have any questions, please email us at *social@alta.org*.

Social Media Dictionaries

Don't forget about ALTA's social media dictionaries exclusively available to ALTA members. These dictionaries explain the basics for a variety of social media channels including Facebook, Twitter, YouTube, SnapChat, Yelp, Google+ and more. To access a dictionary, visit *www.alta.org/ekit*. If you have a social media platform that you'd like more information about, email us at *social@alta.org*.

Want to Post a Job Opening?

Did you know that members of ALTA's LinkedIn group are able to post job openings to our group account? Our group of more than 7,700 title professionals utilizes the page frequently to identify new job opportunities. Simply go to *www.linkedin.com* and search for "American Land Title Association – ALTA" and select the ALTA group. To post a job opening, you must be a group member in good standing. For help or more information, email *social@alta.org*.

Did You Know ALTA is on Pinterest?

If you're like several other ALTA members, Twitter may not be your thing. Instead, you may prefer browsing through Pinterest after you tuck the kids in bed. While pinning your crafts, recipes and other projects, don't forget to check out ALTA on Pinterest by searching "ALTAonline." We pin title history, ALTA meeting information, advocacy tools, staff recipe favorites, tech tools and more.

2015 Market Outlook: Challenges Bring Opportunities

New Integrated Mortgage Disclosures, Implementation of Best Practices and Increased Regulatory Scrutiny Will Spur Process Change as Companies Compete in Purchase-dominated Market

Last year, economists correctly predicted that refinance activity would finally take a back seat to purchase orders, marking the first majority purchase-money origination market in 14 years. This shift in origination activity is expected to continue in 2015. Successful title professionals will need to navigate a shifting market while preparing for the new integrated mortgage disclosures, implementing Best Practices to help lenders meet third-party vendor oversight requirements and increased regulatory pressure, including renewed focus on RESPA compliance. >>

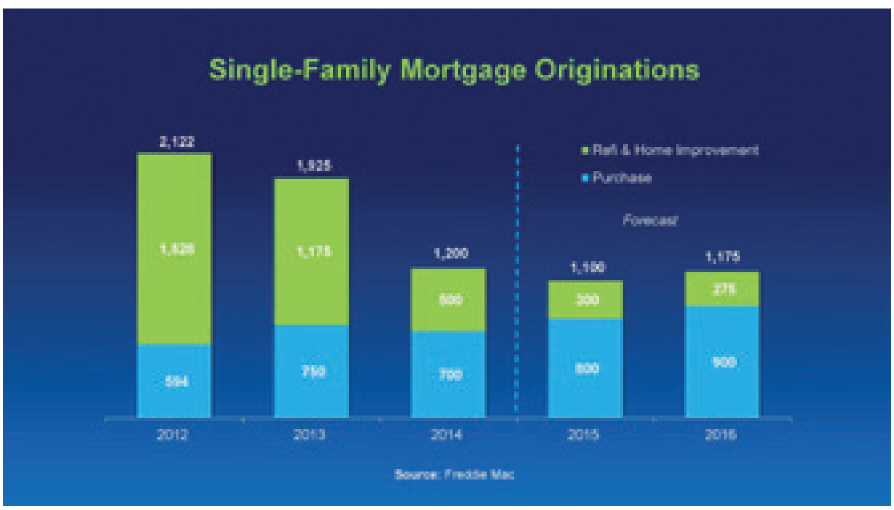
By Jeremy Yohe

"2015 will certainly bring a number of changes and challenges, but ultimately, opportunities to our business," said Aaron Davis, chief executive officer of the Florida Agency Network, which is a network of title agencies across Florida that have formed strategic alliances and partnerships.

Since the Dodd-Frank Act became effective and the Consumer Financial Protection Bureau (CFPB) was founded in 2011, the stars for an improved mortgage transaction have been aligning.

All of this comes to a tipping point Aug. 1, when the CFPB's RESPA-TILA integrated mortgage disclosures go into effect for most consumer mortgages. Competing in the market will require software and hardware upgrades, improved systems and procedures and streamlined processes. Exchanging and protecting sensitive customer data must be seamless. All this must occur while continuing to provide top-notch customer service and maintaining customer relations, according to Davis.

"Our focus over the last two years has not been just Best Practices and preparation of the new forms, or getting 'good enough' for lenders to do business with," Davis said. "Our attention has been on exceeding those requirements and expectations, and looking another five years down the road at where this all leads to—a collaborative, paperless exchange of data among vendors resulting in a seamless closing transaction."



It's All About Purchases

Aside from preparing for regulatory changes, companies must understand the origination volume and order type that will dominate in 2015. The Mortgage Bankers Association (MBA) expects to see $1.19 trillion in mortgage originations during 2015, a seven percent increase from 2014. While the MBA anticipates purchase originations will increase 15 percent, it expects refinance originations to decrease three percent. The MBA's forecast predicts purchase originations will increase to $731 billion in 2015, up from $635 billion in 2014. In contrast, refinances are expected to drop to $457 billion, from $471 billion in 2014.

Davis isn't shy on the business channel his company will target over the next year. In his best impression of legendary Oakland Raiders' owner Al Davis, Aaron Davis says his focus is on "Just purchases, baby!"

"No doubt, our agency has always been purchase driven," he said. "We are a well diversified business, built on purchase business from numerous sources. The keys to business going forward are strong lender alliances and partnerships, along with the aforementioned. Collaboration between lender and title must be seamless in order to give the client and referral sources a superb closing experience."

With refinances expected to continue to fall back to historic

Commercial Market

The chief economist for the National Association of Realtors expects a bright year for the U.S. commercial real estate market, projecting rent increases and tighter vacancy rates in 2015.

"Solid economic growth in the third quarter proved that the second quarter wasn't an anomaly, as business spending increased, commercial construction rose, and the labor market continued to make positive strides," said Lawrence Yun, NAR's chief economist.

- **Apartment market:** The rental market will likely remain a "landlord's market" in 2015, with vacancy rates expected to stay below 5 percent in the new year. That will likely lead to demand pushing rents up even higher and keeping them above inflation, Yun noted. Apartment rents are projected to increase 4 percent in 2014 and 4.1 percent in 2015.
- **Office market:** Vacancy rates will likely fall from 15.7 percent to 15.6 percent in 2015, with rents expected to rise 3.3 percent this year.
- **Industrial market:** Vacancies will likely rise from 8 percent to 8.4 percent this year, while annual rents will rise 2.9 percent in 2015.
- **Retail market:** Vacancy rates are projected to drop from 9.7 percent to 9.5 percent in 2015. Average retail rents likely will rise 2.5 percent this year.

norms of comprising around 25 percent of the market, agents will need to focus on the home purchase market. Joseph Drum, executive vice president and head of the agency division at WFG National Title Insurance Co., expects to see more first-time buyers.

"With household formation rates increasing, the employment market improving and consumer confidence growing, there will be much more activity at the entry-level end of the market," he added.

> "The keys to business going forward are strong lender alliances and partnerships. Collaboration between lender and title must be seamless in order to give a superb closing experience."

Freddie Mac predicted that 2015 will see the highest level of home sales in the U.S. since 2007. A four-percent jump is expected for home sales, up to 5.6 million in 2015, which would be the highest annual level home sales have experienced in eight years. A weaker-than-expected economy and a harsh winter brought down home sales for the first half of 2014 in spite of the healthy gains that were predicted at the start of the year. But home sales and the economy made a strong comeback for the second half of 2014, and analysts expect that recovery to continue during 2015.

Here are some key housing and mortgage numbers from Freddie Mac:

- **Mortgage rates:** Interest rates will likely be on the rise in 2015. Freddie Mac projects mortgage rates to average 4.6 percent and inch up to 5 percent by the end of the year.
- **Home prices:** Home appreciation was expected to have slowed to 4.5 percent in 2014 from 9.3 percent in 2013. Appreciation is expected to drop further to an average 3 percent in 2015. "Continued house-price appreciation and rising mortgage rates will dampen affordability for home buyers," according to Freddie economists. "Historically speaking, that's moving from 'very high' levels of affordability to 'high' levels of affordability."
- **Housing starts:** Homebuilding is expected to ramp up this year, projected to rise by 20 percent from 2014. That will likely help total home sales to climb by about 5 percent, reaching the best sales pace in eight years.
- **Single-family originations:** Mortgage originations of single-family homes will likely slip by an additional 8 percent, which can be attributed to a steep drop in refinancing volume. Refinancings are expected to make up only 23

percent of originations in 2015; they had been making up more than half in recent years.

- **Multi-family mortgage originations:** Mortgage originations for the multi-family sector have surged about 60 percent between 2011 and 2014. Increases are expected to continue in 2015, projected to rise about 14 percent.

Home prices experienced moderate gains in 2014, as were predicted following the double-digit increases in 2013. In 2014, home values grew at a rate of 4.5 percent, and in 2015 they are expected to increase by 3 percent, according Freddie Mac. Rental vacancies fell to their lowest level since 2000 in the last year, and 30-year fixed mortgage rates are expected to average 4.4 percent in 2015 after hovering just below 4 percent in December.

"Economic growth has picked up over the final nine months of 2014 and lower energy costs are expected to support growth of about 3 percent for the U.S. in 2015," said Frank Nothaft, Freddie Mac vice president and chief economist. "Therefore we expect the housing market to continue to strengthen with home sales rising to their best sales pace in eight years, national house price indexes up, and rental markets continuing to display low vacancy rates and the highest level of new apartment completions in 25 years."

The Elephant in the Room

With continued regulatory pressure and the cost to stay compliant, many expect to see continued consolidation in the title industry. Consolidation is the elephant in the room when talking about compliance, according to Drum. Regulatory compliance, however, is blind to company size.

"Size has never been a guarantee of success or survival in title insurance or any other industry," Drum said. "It's going to take financial strength and management skills to meet the compliance and competitive challenges our industry is facing. Agents who lack those necessary resources and skills will either have to align with companies that have them or get out of the business. There won't be any other alternatives."

> "Transaction costs are rising, profit margins are shrinking and new regulations will exacerbate both trends. Something has to give, and it's not going to be the regulations."

While there will be consolidation, Robert Reich, president and founder of NextDeal , doesn't necessarily believe there will be a huge contraction.

"The small agent who may not be able to withstand the costs of compliance can still be a significant part of the industry though merger, joint-venture or other strategic alliances," Reich said. "Now more than ever, it's true that there is safety in numbers."

Davis agrees with this assessment and believes 2015 will be interesting. Like others, Davis expects to capitalize on agents and attorneys getting out of the residential business. In addition to forming strategic alliances, Florida Agency Network has been in acquisition and expansion mode for the past year. The company has grown from one office in 2007 to 27 locations at present. The goal is 50 offices by the end of 2015.

"There is a significant price tag associated with audits, compliance and increased expenses to stay viable," Davis said. "Our company and network is looking at statewide expansion, adding staff and preparing for a significant spike in volume attributed to being ready for the changes."

Key Challenges

Implementing the new integrated mortgage disclosure and complying with the rules will be the biggest challenge in 2015. This isn't simply about revising a few documents, but about fundamentally changing the delivery of settlement services. Drum said the new disclosure rules will exponentially increase the compliance burden on title agents.

"Disclosures will have to be compliant, accurate and timely," Drum said. "With a three-day disclosure window and huge penalties for non-compliance, there will be no margin for errors. Regulators won't tolerate them, and lenders can't afford them."

Enhanced communication between settlement services providers and lenders will be essential. Real-time sharing of data will be paramount.

Six-pack of Tips

Joseph Drum, executive vice president and head of the agency division at WFG National Title Insurance Co., offers the following advice for title professionals to remain competitive and relevant over the next year.

1. Be realistic about the level of compliance you will have to achieve and sustain, and about your ability to get there.
2. Work with underwriters who have the resources, technology and willingness to provide the support you're going to need. Cooperation between agents and underwriters has always been a good idea. It's going to become essential.
3. View compliance as a business opportunity and not just as a regulatory burden. The burden is obvious: compliance will be difficult and costly, but the opportunity is also real. Agents who embrace compliance—who demonstrate a commitment to it and a mastery of it—will have a competitive edge over those who can't move as quickly or do as much.
4. Reduce transaction costs along with the closing times and fall-out rates contributing to them. Transaction costs are rising, profit margins are shrinking and new regulations will exacerbate both trends. Something has to give, and it's not going to be the regulations.
5. Control your operating costs. Regulators are going to be forcing title insurers to justify their rates, so underwriters and agents are going to have to justify every dollar they spend.
6. Redefine your role. Title agents do more than sell insurance and provide settlement services; they play a vital role in the home purchase process. They need to recognize and promote that role by defining themselves broadly as financial services providers. That's how they'll remain competitive and relevant not just over the next year but over the long term.

In order to prove compliance, many lenders will control production and delivery of the Closing Disclosure to the homebuyer. Wells Fargo and Bank of America have already indicated this will be their process.

"Agents won't lose their place at the table as long as they follow ALTA's Best Practices and align with their underwriters to integrate the more advanced processes the new regulations will require," Drum said.

To be prepared, title professionals should let lender clients know they are ready for the new disclosures and can assist in production and delivery. Davis believes the new disclosures are a much-needed upgrade. Providing the Closing Disclosure to the borrower and delivering packages prior to closing allows time for review and for questions to be asked.

"The number one issue with closing, and the top reason for most negative closing experiences is the rush of closing," he said. "The rush causes stress and mistakes and can lead to a bad experience for our clients. This new process will eliminate much of that, and lead to better customer experience. Closing 2.0, here we come."

Lender oversight of third-party vendors will continue to be an issue in 2015 as well. Title professionals will need to implement the Best Practices and show they can protect customer data and funds and ensure a positive and compliant real estate settlement experience. Enforcement of the Real Estate Settlement Procedures Act (RESPA) also is on regulators' agenda, Drum said. The CFPB and others have made it clear that they are taking RESPA enforcement seriously. There have already been several high-profile and big-penalty enforcement actions "and there will be a lot more of them," Drum added.

Marketing Services Agreements (MSAs) are in the cross-hairs as well.

"Regulators don't like them and the courts in most jurisdictions have found reasons to strike them down," Drum said. "Title agents that have relied on MSAs in the past will have to develop internal marketing programs and operating efficiencies to replace them."

Path to Success

Reich says that compliance, efficiency through technology and value-add sales are the gateways to the future. Title agencies must be prepared to prove compliance via annual independent audits and stay within the new regulatory framework, all while meeting client needs.

"The new reality of the title industry is that a title agent must conduct himself or herself as a financial services provider," Reich added. "When the dust settles next year, the title agencies left standing will be very strong and professional companies with probably little obvious differentiation between them. The one percent among

5 Markets to Watch for Investors in 2015

Typical investor magnets like San Francisco, New York City, Boston and Seattle are getting new competition from some rapidly growing markets. The coastal cities are no longer the top choices for investors: Other markets are stepping in as the ones to watch for 2015, according to Emerging Trends in Real Estate 2015, a report co-published by PwC US and the Urban Land Institute. The report is based on a survey of more than 1,000 leading real estate experts, including investors, fund managers, developers, property companies, lenders, brokers, advisers and consultants. Houston and Austin edged out San Francisco for the top spots this year, proving to be the top picks for real estate prospects in 2015. Charlotte, N.C., nabbed a seventh place spot on the ranking list, edging out Seattle and Boston, while Nashville, ranked No. 14, topped Manhattan. The report ranked the following five markets as the ones "to watch in 2015," based on survey respondents and their outlook on each market:

1. **Houston:** "Investors believe that the energy industry will continue to drive market growth and that will support real estate activity in 2015," the report noted. "Houston was ranked number one in both investment and development expectations for next year; housing market expectations are ranked number two."
2. **Austin:** "Interviewees like the industrial base, the appeal to the millennial generation, and the lower cost of doing business in Austin," according to the report. "The market was a top choice for both the office sector and the single-family housing sector and the number two ranked market for retail."
3. **San Francisco:** Falling from its number one spot last year, survey participants note the city is still poised for growth but other cities are catching up. "The strong local economy and improved domestic and international travel have made San Francisco the number one choice for hotel investment in 2015," the report notes. "Respondents ranked the office market number three and the retail market number four."
4. **Denver:** Proving to be one of the most popular markets with the millennial generation, "Denver's industry exposure to the technology and energy industries has also attracted investor interest," according to the report. "The results of the survey put Denver retail at number five and office at number six."
5. **Dallas/Fort Worth:** "The market continues to be attractive to real estate investors because of its strong job growth, which benefits from the low cost of living and doing business," according to the report. "Single-family housing in the market is the highest ranked property sector – and it also has the highest ranked industrial sector (number four) among the top five markets from this year's survey."

them will bring solutions to their customers that provide a concierge-level closing experience and cutting-edge technologies. They will have to have the ability to truly partner with real estate professionals by helping them to acquire and close more business."

Diane Evans, ALTA's president and vice president at Land Title Guarantee Co., said ALTA will continue to advocate for the industry and ensure title and settlement agents continue to play a vital role in the real estate transaction. Title professionals can help by educating consumers about the benefits of title insurance. Providing information up front has a quantifiable impact on a homeowner's understanding of and favorability toward title insurance. Consumers who receive information about the option to obtain an owner's title insurance policy when in the process of buying a house are significantly more likely to have a favorable opinion of title insurance.

"We may not be able to control the regulations that come down the pike and the ebb and flow of the economy, but we can control our message," Evans said. "We must provide information earlier in the transaction that explains how title insurance protects a homeowner's investment. We must continue to provide professional service, avoid taking shortcuts and deliver quality products to our customers. That's how you succeed in 2015 and beyond." ■

Jeremy Yohe is the vice president of communications at the American Land Title Association. He can be reached by phone at 202-261-2938 or at *jyohe@alta.org*.

Winning the Next War: Title Insurers Can Expect a New Set of Challenges in the Coming Years

Underwriters Encouraged to be Proactive on Five Fronts in the Next Decade

BY MARTY J. SOLOMON

"Generals always fight the last war, especially if they have won it."

Anthony Kemp (1988) *The Maginot Line: Myth and Reality*

The nation's title insurers are emerging from a tumultuous decade. When the technology stock bubble burst in 2000, investors shifted their focus to real estate. The Fed's low interest rates intensified that trend. So did relaxed lending standards that began with federal regulators and soon spread throughout the lending industry. At the same time, the securitization of mortgages and the development of insurance products designed to hedge the risk of mortgage backed securities spurred unprecedented demand for newly originated mortgages. As a result, investment in residential real estate increased more than 37 percent from 2000 to 2005, from roughly $450 billion to almost $600 billion. In an ominous sign that this was an unsustainable bubble, real home prices increased even faster, doubling between 1996 and 2006, according to the Bureau of Labor Statistics Report.

Title insurers scrambled to keep up with the demand to close the rapidly increasing numbers of purchase and refinance transactions caused by this frenzy of activity. From 2001 to 2005, industry-wide title premiums shot up from $8.9 billion to $16.5 billion. Since title claims and claims expenses tend to trail premium receipts by a number of years, this period looked very healthy for the title insurance industry, with industry-wide net operating gains in the same period increasing from $242 million in 2001 to $787 million in 2005, according to data from ALTA.

In these market conditions, title insurers found themselves under intense pressure to sign up more issuing agents who could close more deals and issue more policies. Many of these new agents lacked the training and experience of those who had been in the industry for years before the boom. Some of these new agencies were little more than side businesses of developers, brokers and real estate lawyers who saw opening a title agency as a potential lucrative offshoot of their main business. Some lacked the expertise, time, resources or skill to avoid writing over dangerous title defects or becoming entangled in transactions that lenders and law enforcement agencies would later say were fraudulent. The FBI reported active fraud investigations tripled between 2003 and 2007 to 1,204. This unprecedented growth also strained underwriter resources in across-the-agency services, training, and audit functions, threatening to exacerbate many potential problems with both newer and long-standing agents.

In 2006, deal volume began to decline at the same time that claims associated with the beginning of the boom began to emerge, driving claims expenses up. By 2009, the real estate bubble had burst, the astounding volume of real estate transactions had dried up, and a series of title agent defalcations rocked the ledgers of the title insurers. From the 2005 peak, premiums dropped sharply to $10.2 billion in 2008 to a low of $9.32 billion in 2010. The net gains of the boom era evaporated, replaced by industry-wide net operating losses every year from 2007 to 2011, peaking at over $711 million in losses in 2008.

By 2014, however, title insurers had heavily trimmed their rosters of issuing agents, shaking loose many of the bad apples who had caused those losses. Title insurers have also digested most of the glut of title claims that emerged from the foreclosure crisis. This was no easy task, since the sharp decline in real property values that came with the bursting bubble often made title claims more difficult to resolve and increased the amount of alleged loss associated with each claim. Now, in some sectors, title insurers are beginning to see deal volume pick back up, as well as a fairly strong and steady decline in claim volume.

discounted "reissue" or "refinance" rates. They alleged, contrary to many states' rate filings, that title insurers should have automatically given these discounts without adequate proof of a prior title insurance policy, which was typically required for the lower rate.

Courts in Minnesota and New York quickly certified classes in these cases, with little analysis of whether plaintiffs could actually prove any violation of the rate rules—let alone a uniform class-wide violation. Title insurers initially responded by trying to buy peace, settling a number of these cases despite their dubious merit. In 2004, for example, several underwriters jointly entered into a $26.5 million dollar settlement of the New York cases. But they were disappointed to find that the

From 2004 to 2014, title insurers proved strong through unprecedented crisis. From 2014 to 2024, title insurers may well be called upon to fight again on new fronts."

In parallel with the economic challenges associated with the real estate bubble, title insurers also found themselves the new favorite target of plaintiffs' class action lawyers. In March 2002, plaintiffs filed the first of a new breed of "reissue rate" class actions cases in Ohio. Just three months later, copycat cases appeared in New York against virtually every underwriter in the state. In these cases, plaintiffs alleged that title insurers had concealed from borrowers the availability of

settlement served as little more than chum in the water, attracting more and bigger lawsuits. New copycat cases were filed in Florida in 2004, Pennsylvania in 2005, and Texas in 2006. Eventually, literally dozens of classes were certified by state and federal courts from Arizona to Ohio to Maine.

But title insurers had learned important lessons from the early cases. They changed tack, vigorously contesting the cases. They challenged class certification with well-developed factual records. They moved to decertify previously certified classes by developing new evidence to undercut plaintiffs' theories about how often prior policies would actually be found. And they challenged plaintiffs on the merits, even against large certified classes. The title insurers scored a critical series of victories in these battles, beginning in 2009 in Ohio and Washington, and continuing on to Michigan, Texas, Kentucky, Maine, Maryland, Arizona, Pennsylvania and Florida. While a few cases linger on, by 2014, it has become increasingly clear that the title insurers have turned the tide against these cases and stemmed the flow of new filings.

We should congratulate title insurers for their fortitude and hard work in these battles, and through the terrible economic strains of the Great Recession. But they should also be cautious not to keep their eyes fixed on the last war, as new trouble spots may be poised to flare up.

In particular, title insurers should be vigilant and proactive on five fronts in the coming decade:

Mineral Rights Claims

Increasing energy prices, together with the fracking boom and other advances in drilling technology have driven a wave of acquisition and trading of mineral rights. Many of these acquisitions have been speculative and have not yet been put into production. This means that there is often no visible evidence of any severance of mineral rights, and many purchasers may be unaware that someone else holds mineral rights to their land. Unfortunately, many of these interests have been missed and insured over. Owners of these mineral interests can often "hold up" the insured surface owner's development plans, just as the prospective profit in development begins to return. If the price of energy drops, if production projections turn out to have been overblown, or if environmental regulations reduce the upside of production, then "selling" the mineral rights back to the owner or to a title insurer facing a claim, can become more appealing than trying to use them for their intended purposes. This is a recipe for tricky and potentially expensive title claims.

Title Agent Defalcations

Increasing deal volume will once again pump up the flow of funds through title agents' escrow accounts. The more robust the economic recovery and the higher the deal volume, the more likely that new and untested agents will once again start up. As a result, the temptation to divert escrow funds may rear its ugly head again. So long as deal volume continues to increase, many defalcations can remain difficult to detect. This is particularly true with large, multi-location agencies that maintain a number of intricately related separate escrow and wire accounts. Market interruptions like a natural disaster or another sharp downturn in the housing market could cause these escrow thefts to come quickly to light, sometimes with disastrous consequences. Detecting defalcations in progress, before they grow in financial magnitude, should be a key goal for title insurers. Robust audit programs, and new and creative theft detection strategies employing cutting-edge data analytics should be the order of the day.

"Regulator Chaser" Class Actions

If regulators drove ambulances, plaintiffs' class action lawyers would trail them in traffic. Nothing generates new class actions like the "gotcha" law of a new set of regulators. The Consumer Financial Protection Bureau continues its roll-out of massively complex new rules, effectively reconfiguring the entire settlement service industry. At the same time, the deep budget cuts of the Great Recession have forced state and federal regulators to continue to fund their own enforcement efforts with fines, settlements, and insurer-paid audits. Title insurers can expect plaintiffs to follow hard on the heels of these regulators. Copycat class actions can drag on for years at staggering expense, even when their merits seem far-fetched.

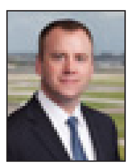
Data Breach Claims

Hardly a week goes by without news of another data breach suffered by a well-known institution. Even the largest and most sophisticated companies are no longer immune to cyber-attackers who constantly probe their defenses from offshore havens like Russia, China and Africa. Title insurers wind up in possession of confidential customer information and sensitive financial information in any number of ways—through their direct operations, through services provided to their agents or indirectly through affiliates offering a broad range of financial services, either directly to individuals or to financial institutions. Federal regulators have been increasingly aggressive in their approach to data breaches. States are increasingly adding their own, sometimes even more onerous, statutory and regulatory requirements. And, once again, private plaintiffs are never far behind, pursuing every type of theory from class actions to multi-district panel litigation to shareholder derivative suits, in order to take advantage of any security breach. Investing in data security can be expensive, and keeping up-to-date can seem a never-ending problem, but this battle must be fought.

Unreleased HELOCs

Throughout the boom, untold thousands of HELOCs taken out by sellers or refinancing borrowers were paid down to a zero balance, but without actually obtaining a release of the accompanying lien. When the HELOC borrowers realized that the credit line remained open, they often drew new funds. This spawns priority disputes and policy claims. This is not a new problem, and the post-boom wave of foreclosures exposed and led to the resolution of many of these claims. But, as the interest rates on these HELOCs reset, and possibly rise steeply in light of Fed policy changes and a strengthening economy, many more of these problems will likely come to light in the next several years.

From 2004 to 2014, title insurers proved strong through unprecedented crisis. From 2014 to 2024, title insurers may well be called upon to fight again on new fronts. ■



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More Title Professionals Receive Best Practice Certification, Complete Security Audits

Law Firms in Georgia and Tennessee Certified by Accounting Firms, While California Escrow Company Audited for Security Controls

In July, ALTA encouraged member companies to complete a self-assessment by September 2014 to find out if they were prepared to undergo an assessment to determine compliance with ALTA's Best Practices. While that date has passed, the benefits for implementing the Best Practices and obtaining certification or proof of policies and procedures still exist. Title and settlement companies continue to be encouraged to demonstrate the measures they have taken to protect lenders and consumers, while ensuring a positive and compliant real estate settlement experience.

Aldridge Connors LLP, an Atlanta-based law firm focused on serving financial institutions, recently became certified by the independent accounting firm of Habif, Arogeti & Wynne LLP (HA&W) for ALTA's Best Practices for its Georgia operations.

"With our industry's focus on regulatory compliance, third-party validation of our processes and procedures is a valuable tool we use to continue to evolve as a 'best-in-class' provider of legal services," said John G. Aldridge Jr., managing partner of Aldridge Connors. "Our financial services clients require that law firms like ours remain in complete compliance with all CFPB rules and regulations. To ensure the same, we feel it is simply good business to find third-party industry experts to certify our compliance. Habif, Arogeti & Wynne, and its ComplianceSuccess Program, gives us that level of review and expertise to make sure we remain ahead of our competitors in this space."

The comprehensive requirements of ALTA's Best Practices framework were developed to be a solution for mortgage lenders nationwide in meeting the regulatory requirements imposed by the Consumer Financial Protection Bureau (CFPB) in 2012. The CFPB requires that mortgage lenders have an effective process in place for managing the risks of their third-party service provider relationships, which include both settlement attorneys and title agents. A service provider that is unfamiliar with consumer financial protection laws or has weak internal controls puts consumers and lenders severely at risk.

"More companies across the nation are calling upon our firm because they want to provide the lenders they serve a level of assurance only a CPA can

Time to Get Best Practice Certified?

provide regarding their compliance with ALTA Best Practices," said Richard Kopelman, managing partner and CEO of HA&W. "CPAs have a track record of providing attestation on financial and non-financial information to the mortgage lending industry. It makes sense for mortgage lenders to count on this experience for this critical compliance mandate."

Aldridge Connors made the decision to retain HA&W to review its policies, processes and information security based on HA&W's comprehensive benchmarking and reporting services across all seven ALTA Best Practices pillars. HA&W provides independent, third-party assurance using CPA professional standards on attestation reporting.

Tennessee-based law firm Brandt and Beeson PC recently received certification that it has implemented ALTA's Best Practices. The certification, which is good for two years, was provided by the public accounting and consulting firm PYA. With this certification, the firm has established and is adhering to documented operational policies and procedures that reflect all of the Best Practices.

"It is a great accomplishment for a small- to medium-size organization to be at the forefront of Best Practices implementation and certification," said Matthew Rekers, director of PYA's ALTA Best Practices Services Group. "Brandt and Beeson has demonstrated that it is possible for an organization of any size to meet these new guidelines."

Rick Beeson, co-founder of Brandt and Beeson, thanked PYA for helping develop and apply procedures to help his small firm "to accomplish our goal of implementing and receiving certification of ALTA Best Practices."

PCN Network Receives Elite Provider Membership

PCN Network and PC Law Associates recently received its Elite Provider membership with ALTA.

ALTA's Elite Provider Membership Program is comprised of premier service providers committed to offering comprehensive benefits to the title insurance and settlement services industry. PCN Network and PC Law offer attorney-based mortgage closing services to title underwriters, multi-state title agencies and lenders. PCN Network assures compliance with the unauthorized practice of law and an outstanding borrower experience. The company has strong working relationships with all major title underwriters and most of the largest national title agencies.

Safe Escrow LLC, a subsidiary of PCN, offers agents a simple, secure and flexible means of outsourcing their escrow management function.

With the purchase of PCN Network's Safe Escrow integrated web-based software, each customer receives two outbound wires for all disbursements. As an Elite Provider, PCN offers ALTA members a third wire for no additional charge. This is a savings of $15 per loan.

For more information about the program, go to *www.alta.org/elite*.

While many companies have received Best Practice certification, or have started the process, other companies have completed security audits. Pango Group, an independent escrow company in California, recently completed a Statement on Standards for Attestation Engagement No. 16 (SSAE 16) SOC 1 and SOC 2 Type I audit.

The SOC 1 report audits the controls relevant to a service organization's financial reporting systems. This type of audit is widely recognized because it represents that a service organization has been through full examination of its control activities, which includes controls over information technology and related processes. By obtaining a SOC 1 report, Pango Group said it has demonstrated that it has adequate controls and safeguards when it hosts or processes customer non-public personal information. A SOC 2 audit focuses on vital policies and procedures not directly tied to revenue. SOC 2 was created to protect companies from hackers that attempt to steal financial and computing resources, as well as personal information. Completing the SOC 2 audit assures Pango Group clients that they utilize the appropriate systems to safeguard their customers' data and information. Squar Milner, an accounting and advisory firm in California, performed the audits.

"We have invested a tremendous amount of time and resources over the past 18 months into these certifications to make sure we are leaders in compliance," said Scott Akerley, Pango Group CEO. "This is a great accomplishment and will allow us to continue our top-notch service in a changing regulatory environment."

"Clients can count on us to comply with industry best practices, and our hope is that our efforts allow them to concentrate on growing their business, instead of worrying about compliance," he added. ■

Title Industry Veteran Remembered as Mentor, Friend

Robert (Bob) Newlon spent more than 50 years in the title insurance industry, starting his career during the 1950s with Phoenix Title (which eventually became Transamerica Title). When news spread that Newlon passed away at the age of 84 on Nov. 7, many were quick to offer their respect and admiration for a man who cared deeply about the title insurance industry, and served as a mentor and friend.

"Those who knew Bob, observed he was always on the go, always engaged with his employees, and he sincerely loved people and life," said Victor Rzepecki, president of the Land Title Association of Arizona (LTAA). "Bob's charismatic smile and wink of the eye, coupled with his deep, but softly spoken voice moved people to respect and admire him. He changed people's lives for the better."

Mr. Newlon received a football scholarship to Tulane. However, a broken neck suffered in a diving accident ended his football career. While attending Phoenix College, Newlon met his future wife, Betty Joe Tompkins. Following Newlon's service in the Navy, the couple married in 1952 and moved to Kansas after purchasing his grandfather's farm. A severe drought in the late 1950s forced the couple back to Arizona. That's when Newlon took a job in the trust department of Phoenix Title and started his career in the title industry.

Harley Brown, an executive who retired from LandAmerica after 50 years in the industry, became friends with Newlon when he joined Phoenix Title in 1958. Working together for many years, the two formed a close friendship. Brown described Newlon as "one of those professionals who was larger than life because of the many things Bob was to so many people."

From 1978 to 1985, Newlon was co-owner and president of Title Guaranty in Tucson. He then formed Pioneer Title Agency in 1985 with his son, Keith (current president of the company), and Keith's wife, Cindy. In 2000, the Newlon family purchased Yavapai Title Agency. Newlon served as chairman for the remainder of his life.

Mr. Newlon was an honorary life member of LTAA and served as its president in 1986. A long-time ALTA member, Newlon was a dedicated supporter of TIPAC and understood the need to advocate on behalf of the title industry.

"Bob's passion for excellence, as well as having great pride in our industry set a standard for us to follow," Rzepecki said. "As incoming LTAA president, Bob challenged me to get our members to join ALTA, as it does so much for the benefit of our industry." ■

Bob Newlon (center), a long-time ALTA member, passed away on Nov. 7 at the age of 84.

2015 Data Breach Forecast: Employees will be Biggest Threat

In its 2015 Second Annual Data Breach Industry Forecast, Experian predicted data breach trends for 2015. Among them, the credit reporting agency says that companies' biggest threat for cyber attacks comes from employees.

"Between human error and malicious insiders, time has shown us the majority of data breaches originate inside company walls," Experian said in its report. "Employees and negligence are the leading cause of security incidents but remain the least reported issue."

According to research from the Ponemon Institute, employees caused 59 percent of security incidents in the last year. Experian believes that in 2015, employee-based breaches will continue to be the leading cause of compromises but will receive the least attention. Investments will favor new technologies capable of helping better prevent intrusions and the theft of data from attackers. According to the Ponemon Institute, only 54 percent of organizations report they conduct security awareness training for employees and other stakeholders who have access to sensitive or confidential personal information. Making a significant dent in the number of breaches in 2015 will require companies to pay more attention to raising the security intelligence of employees.

"Despite all signs pointing to employees as the largest threat to a company's security, business leaders will continue to neglect the issue in favor of more appealing security technologies in 2015," Experian said. "As a result, many companies will miss the mark on fighting the root cause of the majority of breaches. Organizations that implement regular security training with employees and a culture of security committed to safeguarding data will be better positioned for success."

Southern Title's Stewart Honored with Industry Award from FLTA

The Florida Land Title Association (FLTA) awarded its prestigious Raymond O. Denham Award to Shelley Stewart CLC NTP, president of Southern Title, during at its 2014 Annual Convention.

The award is presented to an individual who has shown exemplary leadership, outstanding service to the association and a tireless commitment to the industry. Over the course of her career, Stewart has been the leading force behind a variety of title insurance initiatives on the local, state and national levels. She served as president of FLTA in 2008 and was a member of the Florida Title Insurance Advisory Council.

"There is no one more selflessly dedicated to the success of our industry and the protection of our home buyers and consumers," said Jeff Stein, FLTA president. "It is and has been a singular honor for me to share in her enthusiasm and dedication over these years. No one is more deserving of this high honor from our association."

In addition to her efforts on a state level, Stewart has testified before Congress on industry issues and is an active member with ALTA, serving on its National Association of Insurance Commissioners (NAIC) Industry Liaison Committee and Government Affairs Committee. She recently earned the National Title Professional designation. Stewart is the only title agent with that credential in Florida.

Simplifile Selected to Develop Maryland E-recording Pilot

The Maryland Judiciary has selected Simplifile to develop an electronic recording system for the Baltimore County Circuit Court's e-recording pilot, will give customers the ability to record land documents online. The scope of the pilot, which begins in January, will be limited at first to deeds, deeds of trust, mortgages, releases and certificates of satisfaction, and a few other documents. Maryland is the 45th U.S. state to begin e-recording with Simplifile.

Subsidiary of Nationstar Mortgage Acquires Title365

Solutionstar Holdings LLC, an indirect wholly-owned subsidiary of Nationstar Mortgage Holdings, entered into a definitive agreement to acquire Title365.

Pending approval, the transaction is anticipated to close in January 2015 for $36 million in cash with additional consideration.

According to a release, Title365 will enable Solutionstar to expand its purchase title services. Title365 expected to generate approximately $63 million of revenue in 2014, of which approximately 57 percent is purchase money title business. Title365, which is headquartered in Newport Beach, Calif., has over 400 employees. Lewisville, Texas-based Nationstar offers servicing, origination and transaction-based real estate services. It has a servicing portfolio in excess of $375 billion.

This acquisition comes on the heels of Solutionstar's purchase of Real Estate Digital (RED), a real estate data aggregation company that provides online marketing, data, transaction management and digital media solutions. Earlier this month, the company announced hiring technology executive Kal Raman as its CEO. For more than two decades, Raman has experience with consumer-focused technology and retail companies, including Groupon, eBay and Amazon.

First International Title Acquires Old Town Title of Pensacola

Coral Springs, Fla.-based First International Title announced its recent acquisition of Old Town Title of Pensacola.

"The combination of these two offices will really help build our footprint in the Pensacola area," said First International Title's CEO Jim Moran. "In acquiring Old Town Title of Pensacola, we were also able to land three amazing employees with many years of experience."

With the added office, First International Title now has 26 offices throughout the state from Key West to Pensacola. The company has more than 150 full-time employees.

More Than One-third of U.S. Counties Now Offer E-recording

A new milestone has been reached in the number of recording jurisdictions that are electronically recording documents. As of Nov. 1, e-recording is available in more than 1,200 recording jurisdictions, which represents one-third of the nation's 3,600 recording jurisdictions. This means more than 68 percent of the U.S. population resides in recording jurisdictions that offer electronic recording of documents.

"Recording offices aren't the only ones who benefit from e-recording," said Diane Evans of Land Title Guarantee Co. and president of the American Land Title Association. "An important part of improving the consumer experience at the closing table is to ensure documents are recorded efficiently and without delay. Electronic recording helps local title companies address ALTA's Best Practice guidelines which call for timely recording of documents and tracking document rejections and resubmissions."

Virginia Commission Declares Southern Title Insolvent, Orders Liquidation

According to a July 28 court filing, the State Corporation Commission of the Commonwealth of Virginia issued an order that declared Southern Title Insurance Co. insolvent and ordered its liquidation.

The order authorized the receiver to use nearly $10 million of its assets "to enter into contracts of reinsurance to pay all policyholder claims." The order also set a claims filing deadline of six months following the date of the filing, and established other procedures and guidelines for the liquidation.

Virginia Commissioner of Insurance Jacqueline K. Cunningham, who was appointed deputy receiver of Southern Title, reported that the company's assets were "insufficient to make full payment on its obligations to insureds under title insurance policies."

In 2011, experienced financial difficulties because of agent defalcations in Texas and the rise in title insurance claims stemming from that alleged misuse of funds.

New Members

ALABAMA
Randall Caldwell
Members Title Gulf Coast
Foley

Jay L. Odom
First Mobile Title, Inc.
Mobile

ARIZONA
Michael LaBrecque
Intravest Title Agency, Inc.
Phoenix

CONNECTICUT
Paul Restuccia
Titles Unlimited, Inc.
Wilton

FLORIDA
Shelby Augustyniak
King & Wood, PA
Tallahassee

Kevin Graham
Suncoast One Title & Closings, Inc.
Punta Gorda

Amy Mai
Voight, PA
Orlando

Kimberly Minot
Minot Title Services, Inc.
Cocoa

John E. Wickman
Judd, Ulrich, Scarlett, Wickman & Dean, PA
Sarasota

GEORGIA
Rebecca H. Dunn
South GA Title Co & Assoc., Inc.
Dawson

Daniel Hicks Jr.
Southeastern Commercial Title Services, LLC
Atlanta

Patrick J. McManamy
McManamy McLeod Heller, LLC
Atlanta

Kevin Walther
Walther Law, LLC
Alpharetta

David S. Wilkin
David S. Wilkin, PC
Augusta

IOWA
Mike McLain
Abstract & Title Co.
Mount Ayr

KENTUCKY
Tveta Alvey
Abstracts Today, LLC
Glasgow

LOUISIANA
Ellen Carter
Lundy, Lundy, Soileau & South, LLP
Lake Charles

Ramon Fonseca
Standard Title, LLC
Lafayette

Timothy R. Walker
First South Abstracting, Inc.
Alexandria

MARYLAND
Robert Goldman
Diamond Title Insurance Corporation
Rockville

Marion Jones
Ultimate Title, LLC
Edgewater

Daniel Murphy
Masters Title & Escrow
Rockville

M. Charlotte Powel
Anchor Title Company
Columbia

C. John Serio
Metropolitan Title Company, Inc.
Lutherville

Michelle Woods
Interstate Title & Escrow, LLC
Mechanicsville

MASSACHUSETTS
Keith P. Hersey
Marblehead

David T. Murray
Murray & Associates, PC
South Boston

MICHIGAN
Patti A. Ohannesian
Vintage Title Agency, LLC
Canton

NEW JERSEY
Amy Katz
Foundation Title, LLC
Woodbury

NEW YORK
Barry Wohl
Judicial Research Corp.
Rye Brook

NORTH CAROLINA
Mark West
Triangle Secure Title, LLC
Raleigh

Dede Williams
New South Title Services, LLC
Wilmington

OHIO
James Meyer
North East Ohio Title Services
Warren

Dale Vandemark
Romey & Vandemark, Attorneys at Law
Lima

OKLAHOMA
Danita Witt
Oklahoma Abstract & Title Co.
Stillwater

PENNSYLVANIA
Frank Dowd
Associates Land Transfer Company, LLC
North Wales

Heather Hagerty
H&H Settlement Services
Glenside

Francis X. Ounan
Society Hill Abstract, Inc.
Narberth

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Brenda Hale
Hale and Hale, PLC
Franklin

Jim McSween
McSween McSween & Greene, PLLC
Newport

Carol L. Wilson
HomeSouth Title, Inc.
Clarksville

TEXAS
A. Carlos Garza
A. Garza Land & Title
Victoria

UTAH
Michelle Hatch
Keystone Title Insurance Agency, LLC
Salt Lake City

Kimberly Holt
Gateway Title Insurance, LLC
Sandy

VIRGINIA
Kevin Dodson
Standard Title & Settlement, LLC
Glen Allen

Edely Esguerra
Clear to Close Services, LLC
Vienna

Stewart Sacks
Choice Title, LLC
Chesapeake

WISCONSIN
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Andrew Fisher
Fisher Law, PA
Orlando

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Charles M. Jones, PA
Miami Springs

Warren J. Kozlow
Warren J. Kozlow, PA
Coral Springs

Kenneth G. Lancaster
Ken Lancaster, PA
South Miami

Curtis L. Shenkman
Desantis, Gaskill, Smith & Shenkman, PA
North Palm Beach

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Amanda L. Campbell, PC
Marietta

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The Laster Law Firm, LLC
Bogart

Brad Soshnik
Langdale Vallotton, LLP
Valdosta

Brett Jones Thompson
Brett Jones Attoney at Law, PC
Ellijay

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MASSACHUSETTS CONT.
James J. Finn
Bicknell & Smith
Belmont

Robert A. George
George and Davis PC
Sturbridge

George Goodridge
Curtiss, Carey, Gates & Goodridge, LLP
Greenfield

James Peterson
James A. Peterson
Salem

Anthony Troiano
Anthony Troiano, III, PC
Charlestown

Amy Weil
Kertzman & Weil, LLP
Wellesley

Robert Wyman
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Law Offices Of John F. Griffin Jr., PLLC
Amherst

NEW YORK
Cary S. Goldinger
The Ultimate Agency, LLC
Garden City

PENNSYLVANIA
Gregg Feinberg
Feinberg Law Office
Allentown

RHODE ISLAND
Michael J. Murray
Law Offices of Michael J. Murray
Newport

Kentucky Real Estate Attorneys

KENTUCKY
Thomas M. Hardy
PTS Group, LLC
dba Professional Title Services
Louisville

ALTA Helps Keep Your Saw Sharp

If you attended ALTA's 2014 Annual Convention or watched the closing general session online, you may recall that I briefly talked about the book "Cowboy Ethics: What Wall Street Can Learn from the West." In the book, James P. Owen shares his perspective on Wall Street and how these "plain-spoken frontier philosophies can and should be applied to business practices and the corporate world.

The simple and powerful nuggets of information contained in the book provide a full dose of cowboy commonsense morality. The 10 principles of the "Code of the West are fabulous precepts to follow. Ringing in the new year spurred me to think of another book titled "The 7 Habits of Highly Effective People" by Stephen R. Covey. It's the seventh habit—sharpening your saw—that resonates with me. Sharpening the saw essentially means preserving and enhancing your greatest asset—you.

Recognized as one of *Time* magazine's 25 most influential Americans, Covey was one of the world's foremost leadership authorities, organizational experts and thought leaders. "The 7 Habits of Highly Effective People has sold more than 25 million copies in 40 languages throughout the world. Covey says that sharpening your saw keeps you fresh and increases your capacity to produce and handle new challenges. Keeping your saw sharp helps a person stay focused so they can continue to practice the other six habits. Without this renewal, the body becomes weak, the mind mechanical, the emotions raw and the spirit insensitive. Feeling good doesn't just happen. It requires life balance. You can wake up each day full of apathy, worrying about how all the new regulations and integrated mortgage disclosures will impact your business. You can procrastinate and miss out on the benefits of proactively preparing your staff for the Aug. 1, 2015, deadline and implementation of ALTA's Best Practices.

Or, you can take time to renew yourself and your company. Every day provides a new opportunity, according to Covey. All it takes is the desire, knowledge and skill. It's up to you. ALTA provides many tools to help you keep your saw sharp. I encourage you to take advantage of everything available to members, including items to aid implementation of Best Practices and education to prepare for the new integrated mortgage disclosures. Follow ALTA's blog (*blog.alta.org*), listen to a webinar (*alta.org/titletopics*) or register for one of the association's upcoming meetings such as the Business Strategies Conference, Social Media Summit or RESPA-TILA Forums (*alta.org/meetings*).

Take time this year to sharpen your saw. Take the time to invest in yourself and your company. You'll come out ahead in the long run.

— Diane Evans, ALTA president


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