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TRID Mythbusters: Sharing Documents and Data Under the New Regime

Implementation of New Mortgage Disclosures Changed Nothing in Regard to Data Privacy, but Confusion Remains About What Information Can Be Shared

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Avoiding the 'Norman Door' Syndrome of Regulations

How many times have you tried to open a door by pulling? After a few yanks, you realize it requires a push. Some doors require printed commands to operate. Shapes of handles or door details often suggest that pushing should work, when in fact pulling is required.

This peculiar design flaw, motivated Don Norman to write *The Design of Everyday Things*. In his book, Norman advocates for people-oriented design. This is a philosophy where the end-user's needs, wants and limitations are a focus at all stages within the design process and development lifecycle. Products developed using this methodology are optimized for end-users. Emphasis is placed on how the end-users need or want to use a product instead of forcing the end-user to change his behavior to use the product.

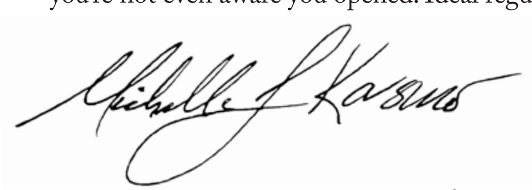
Doors that aren't built with people in mind have been coined "Norman doors," because the design tells you to do the opposite of what you're actually supposed to do. Or it gives the wrong signal and needs a sign to correct it. Norman's book is an interesting approach that brings together aspects of usability, engineering and cognitive science.

This principle applies to much more than doors. In fact, it got me to thinking it should apply to regulations—particularly how the CFPB's TILA-RESPA Integrated Disclosures (TRID) rule requires the inaccurate disclosure of fees for simultaneously issued policies. Not only is the CFPB's rule for this confusing for the industry, it's confusing to consumers.

If people continue to try to open a door incorrectly, the design of the door should be changed. If people continue to misunderstand a confusing regulation, that's a good sign the rule should be changed. In a perfect world, regulations wouldn't require instruction manuals, FAQs and additional guidance. If a door or a regulation is designed right, the principle of discoverability takes over. This means that if I look at or read something, I should be able to understand what operations I can perform. The lack of discoverability leads to confusion.

This edition's cover article attempts to dispel some of the confusion about what documents and information can be shared now that we are in a TRID world. I hope it's helpful when responding to requests from lenders and real estate agents.

In the meantime, ALTA will be collecting data on the impact TRID is having on closings. We will continue to work with the CFPB to fix pieces of the rule that just don't make sense. An ideal door is one that you're not even aware you opened. Ideal regulations should follow the same concept.



— Michelle Korsmo, ALTA chief executive officer

ALTA President-elect Meets With Congress to Discuss TRID Implementation

ALTA President-elect Dan Mennenoh, president of Illinois-based H.B. Wilkinson Title, met with staff from the House Financial Services Committee and Senate Banking Committee in March to discuss the industry's experience with the TILA-RESPA Integrated Disclosures (TRID).

Mennenoh highlighted his company's experience with TRID, including the amount of extra time they spend on each file and how more guidance from the bureau could help his team and lenders work out some of the confusion over completing the Closing Disclosure. He also discussed the confusion consumers experience with the bureau's requirement to incorrectly disclose title fees. He explained how his company uses the ALTA Settlement Statement as a primary tool for walking consumers through the transaction to avoid many of those questions.

While the congressional committee staff was sympathetic to title industry concerns, they advised that more data and anecdotes about how this rule is impacting consumers would be helpful as they conduct congressional oversight of the CFPB on this rule. ALTA is in the process of gathering some data through a consumer survey administered by agents across the country.

On top of this effort, though, the bureau is interested in more stories from title and settlement agents about their experience with TRID. If you have a story highlighting consumer confusion, please email ALTA at trid@alta.org.

CFPB Releases No-action Letter Policy

In February, the CFPB finalized a no-action letter (NAL) policy designed to provide increased certainty about how consumer financial laws apply to different financial products and services. Under this policy, an applicant can request that the bureau issue an NAL in instances involving "innovative financial products or services that promise substantial consumer benefit" where there is confusion about how existing statutes or regulations would apply. The NAL would indicate that the bureau has "no present intention to recommend initiation of an enforcement or supervisory action" against the applicant with respect to the specific matter at the heart of the NAL.

ALTA pointed out some drawbacks of the proposed policy and made several recommendations to the CFPB in a letter submitted during the comment period. These recommendations urged the bureau to make all financial services eligible for NALs, to provide objective standards for bureau staff to adopt when considering an NAL and to make all NALs and supporting non-sensitive information public.

The final NAL policy does not incorporate ALTA's recommendations and there is still significant concern that the NAL policy will not provide any regulatory assurances to financial service providers. The bureau indicated that it will issue NALs rarely, and that these letters cannot be relied upon for compliance.

cfpb Consumer Financial Protection Bureau

Check Out ALTA's Webinar Archive

Over the past several years, ALTA has offered free webinars on a variety of subjects ranging from TRID and Best Practices to compliance and consumer marketing.

ALTA's webinar archive can be accessed here: *www.alta.org/titletopics*.

U.S. Sen. Corker Presses CFPB on TRID

U.S. Sen. Corker warned CFPB Director Richard Cordray about implementation issues and consumer confusion regarding the TILA-RESPA Integrated Disclosures (TRID).

Corker's office reached out to ALTA after a constituent contacted his office about TRID's misleading and inaccurate approach to title insurance disclosures. ALTA briefed Corker's staff on key TRID concerns, including the inaccurate and misleading disclosures of title insurance premiums, the need for more written guidance to clarify conflicting interpretations of compliance, lender attempts to inappropriately shift TRID liability through written closing instructions and third-party vendor management.

In a March 11 letter to Cordray, Corker asked:

What is the CFPB doing to address the borrower confusion due to the discrepancies between federal and state laws regarding the disclosure of title insurance premiums?

What steps is the CFPB taking to prevent lenders from shifting liability to settlement agents?

Will the CFPB consider forming an internal task force to identify and address issues arising from the implementation of the TRID rule?

Will the CFPB release official guidance regarding what constitutes a technical error and potential remediation methods?

This is a great example of the importance of cultivating legislator relationships and highlights the value of ALTA's Congressional Liaisons. For more on ALTA's Congressional Liaisons, go to www.alta.org/advocacy/congressionalliaisons.cfm.

2015 ALTA Policy Forms Year in Review

The ALTA Board of Governors considered many recommendations from the ALTA Forms Committee during 2015. As always, the forms have been developed by the ALTA Forms Committee and approved by the ALTA Board. An opportunity to review and comment is extended to ALTA members and industry customers before final publication. The forms, in general, are made available for convenience. To review, go to *www.alta.org/publications/policy_forms/year_in_review.cfm*.

Security Compliance Associates Becomes ALTA Elite Provider

ALTA announced that Security Compliance Associates (SCA) has been named an ALTA Elite Provider. ALTA's Elite Provider Program is comprised of premier service providers committed to offering comprehensive benefits to the title insurance and settlement services industry.

SCA delivers a comprehensive suite of information security assessment, compliance, consulting, and cybersecurity services to the title and settlement industry. SCA focuses on delivering assessment, remediation and certification for ALTA's Title Insurance and Settlement Company Best Practices pillar number three and offers third-party certification on all seven pillars.

As an ALTA Elite Provider, SCA offers ALTA members a 10 percent discount on two-year service agreements and a 20 percent discount on three-year service agreements. Discounts are also available for the SCA "ToolBoX" and for the preparation of policies and procedures as outlined by ALTA's Title Insurance and Settlement Company Best Practices.

For more information about the program or to apply, visit ALTA's Elite Provider website at *www.alta.org/elite*.

2016 Federal Conference: Learn How Technology Revolutionized Political Campaigns

Technology has changed more than how we communicate, make purchases and run businesses. It's also changed how elections are won and lost.

Political campaigns have embraced technology to gain a competitive advantage. Clipboards and calling people at the dinner hour to ask for their vote have become a thing of the past. No more targeting voters on a county or even precinct level. Today, efficient campaigns are capable of micro-targeting single households and individual voters.

During the May 17 general session, "Revolutions in Campaign Strategy," political strategists will discuss the technologies they employ to influence elections in your hometown and across the country. To view the entire schedule or register, go to *meetings.alta.org/federal*.

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Photo Caption Contest

ALTA members and staff are criss-crossing the country hosting Homebuyer Outreach Program (HOP) trainings. Help us explain the benefits of attending a HOP training by captioning this photo of a training! Email your caption ideas to *social@alta.org* or tweet us using the hashtag #ALTAcaption and we'll retweet the best ones. Learn more about the Homebuyer Outreach Program at ***www.alta.org/homebuyer***.

Social Media Pro Tip: Don't Forget Your Content Strategy

Thinking about your broader social media strategy? Don't forget to always adjust your content strategy. Sometimes creating content for various social media platforms can seem like a daunting task. Begin by considering possible posts from all departments of your organization. Determine how many possible messaging points you may have each month. Don't forget to consider new photo opportunities each week! Try new things to mix up your content—you never know what may stick! If you have any questions about this tip, or have a tip of your own, email *social@alta.org*.

Throwback Thursday

Each Thursday many individuals across the country participate in #ThrowbackThursday and we want in on the action with our members! Do you have pictures of staff with hair from 1980s? Photos of the family business over the years? Send your photos to *social@alta.org*.

Looking for Social Media Content?

Don't forget that ALTA's Homebuyer Guide is full of sample social media content for your organization. The Homebuyer Guide not only has sample tweets and Facebook posts, but you can use the content from any of the advertising and education materials to gain attention on your social media channels. Check out these exclusive ALTA member perks at *www.alta.org/homebuyer*.

March Title Madness

Last month, ALTA once again hosted March Title Madness on its Facebook and Twitter pages. Every other day for nearly three weeks ALTA posted title insurance trivia with many ALTA members participating on each platform. Our grand prize winners will be announced April 8. Check out ALTA's Facebook and Twitter accounts to see if you can answer any of the trivia questions!

TRID Mythbusters: Sharing Documents and Data Under the New Regime

Implementation of New Mortgage Disclosures Changed Nothing in Regard to Data Privacy, but Confusion Remains About What Information Can Be Shared

There's no doubt that the Consumer Financial Protection Bureau's (CFPB) Know Before You Owe rule—or TILA-RESPA Integrated Disclosures (TRID)—requires a great deal of collaboration between title/settlement agents, lenders and real estate agents. Six months in, implementation has not been smooth. The 1,888-page rule completely redefined the closing process. Adapting to the significant workflow changes and various interpretations of the regulation has created a litany of approaches to completing the disclosures. >>

By Jeremy Yohe

One aspect of the rule that few anticipated would be an issue is the sharing of data and documents, and the fear violating privacy laws. The implementation of the Know Before You Owe regulation has brought up a number of questions regarding who is permitted to receive consumer data and copies of closing documents, including the Closing Disclosure and alternate settlement statements, such as the ALTA Settlement Statements.

Common "Settlement" Documents Containing NPI	Common "Title" Documents Containing NPI
Uniform Residential Loan Application (Form 1003) *(NPI includes: SSN, bank account numbers, loan numbers, work addresses, etc.)*	Identification (Driver's License, passport, etc.) *(NPI includes: address, birth date, ID number, Passport number)*
Borrower Tax Returns *(NPI includes: SSN, financial information, address)*	Title Order Form *(NPI includes: SSN, address, loan number)*
Lender Engagement Letter *(NPI includes: SSN, address, loan numbers)*	Payoff Letter *(NPI includes: Bank account numbers, loan number, address)*
Identification (Driver's License, passport, etc.) *(NPI includes: address, birth date, ID number, Passport number)*	Escrow Agreements with Tax Searches *(NPI includes: SSN, address)*
Closing Disclosure, HUD-1, Company or ALTA Settlement Statement *(NPI includes: loan number, address)*	Real Estate Transfer Tax Forms *(NPI includes: SSN, financial information,*
IRS Form 4506-T, Request for Transcript of Tax Returns *(NPI includes: SSN, address)*	Affidavits *(NPI includes: SSN, address)*
IRS Form W-9, Request for Taxpayer Identification Number and Certification *(NPI includes: SSN, address)*	Recordable Docs *(NPI includes: loan numbers, address)*
Payoff Letter *(NPI includes: Bank account numbers, loan number, address)*	Title Bill *(NPI includes: address)*

Gramm-Leach-Bliley Refresher

An understanding of Gramm-Leach-Bliley Act (GLBA) is needed to recognize the way certain types of data can be shared. The GLBA was passed in 1999 and remains the predominant authority on how to protect consumer data. The legislation requires financial institutions, including title insurance companies and agents, to disclose their data-sharing practices to their customers and to safeguard private and sensitive customer information. To meet these requirements, GLBA imposed three basic obligations:

1. a privacy notice requirement
2. a requirement that all consumers be provided the opportunity to opt out of certain information disclosures
3. a requirement that measures be instituted to maintain the "security and integrity" of all nonpublic information

The GLBA tasked the Federal Trade Commission (FTC) and other government agencies that regulate financial institutions to implement regulations to carry out the Act's financial privacy provisions. The CFPB is not included in the list of government agencies that regulate data privacy, and thus the implementation of the Know Before You Owe regulation did not affect the longstanding data-security requirements that title insurance companies and agents have been subject to.

With implementation of the GLBA, the FTC released guidance regarding the type of information companies should be safeguarding. The FTC is responsible for enforcing its Privacy of Consumer Financial Information Rule, which protects a consumer's "nonpublic personal information" (NPI). NPI is any "personally identifiable financial information" that a financial institution collects about an individual in connection with providing a financial product or service, unless that information is otherwise "publicly available." The Privacy Rule applies to ALTA members that provide real estate settlement services.

ALTA members should note that the FTC considers NPI to be any information obtained about an individual from a transaction involving a company's services. This could include a person's name, address, income, Social Security number or other information on an application. This also includes any information from court records or from a consumer report. The FTC said NPI does not include information that is believed to be lawfully made "publicly available." In other words, information is not NPI when steps have been taken to determine: (1) that the information is generally made lawfully available to the public and (2) that the individual can direct that it not be made public and has not done so.

Lenders Need Seller Closing Information

While implementation of TRID has required lenders, real estate agents and title insurance professionals to radically change the way they conduct business and exchange information, it changed nothing in regard to data privacy. However, there's been significant confusion about what information can be shared.

Lenders need seller information to check the accuracy of the borrower's Closing Disclosure—both for audit purposes and for investors who may acquire an interest in the mortgage. Due to privacy concerns of sharing non-public personal information, lenders are having difficulty obtaining the seller information from title and settlement agents. Under TRID, though, title and settlement agents must provide the seller's information to the lender, according to Richard Horn, the former CFPB attorney who led the CFPB's team in developing the final rule and form design, and has since formed the law firm Richard Horn Legal PLLC.

The TRID rule allows seller information to be provided on the borrower's Closing Disclosure or on a separate document that is not provided to the borrower. Specifically, according to Horn, sections 1026.38(t)(5)(v) and (vi) allow for the separation of borrower and seller information onto separate Closing Disclosures because of privacy concerns. He notes that this does not apply to the seller's closing costs, which must appear on the borrower's Closing Disclosure. The separate Closing Disclosure provided to the seller can either be a standard Closing Disclosure with the borrower's information left blank, or a separate seller-specific format of the Closing Disclosure provided in the rule. Section 1026.19(f)(4)(iv) of TRID requires settlement agents to provide a copy of the seller's Closing Disclosure to the lender, when the borrower and seller disclosures are provided separately pursuant to section 1026.38(t)(5)(v) and (vi).

"In all cases, the seller information will have to be provided to the lender under the TRID rule," Horn said. "Either the seller's information will be included on the borrower's Closing Disclosure, or it will be provided to the lender in the form of a copy of the seller's Closing Disclosure."

Federal privacy requirements under the GLBA permit disclosures of NPI as required by law. The legislation states that it does not prohibit disclosure "to comply with federal, state, or local laws, rules, and other applicable legal requirements." (15 USC 6802(e)(8)). The CFPB's Regulation P provides the same exception for the disclosure of NPI (12 CFR 1016.15(a)(7)(i)).

"I suspect many state laws provide similar exceptions for disclosures of NPI that are required by law, but you should conduct a review of your state's law to be certain," Horn said. "Even if the state law does not contain such an exception, it is likely that TRID would preempt any such state law prohibition, because federal law would directly contradict that state law."

> "I suspect many state laws provide similar exceptions for disclosures of NPI that are required by law. Even if the state law does not contain such an exception, it is likely that TRID would preempt any such state law prohibition."

Richard Andreano, partner of the law firm Ballard Spahr, agrees that sharing consumer data with lenders is covered by general exceptions of GLBA that "allow you to perform day-to-day business."

"There needs to be communication between title the agency and lender," Andreano said. "Lenders share NPI with agents because they need to order a policy or a title agent may have to disclose info to a lender that was discovered during the search. The law understands that to get this done, you need to communicate with various parties. The lender certainly is one of them."

While TRID does not technically place an affirmative obligation for the lender to obtain the seller's Closing Disclosure, Horn said there are reasons why settlement agents should provide a seller Closing Disclosure to the lender.

"One such reason is that the preamble indicates that the CFPB considers retention of the seller's Closing Disclosure to be required of lenders, and that examiners will expect to see it in the lender's file," Horn added.

In addition, lenders should obtain the seller's Closing Disclosure to verify the accuracy of the seller information it is obligated to disclose on the borrower's Closing Disclosure, Horn said. The majority of information is identical between the borrower's and seller's CDs (see comment 38(j)-3 for a list of this information). For example, much of the information between section 1026.38(j) and (k) is identical. The seller's Closing Disclosure can help verify the information for the borrower's Closing Disclosure, which the lender is liable for under TRID.

"This liability means that the accuracy of the seller's closing costs and other information that must appear on both the borrower's and seller's Closing Disclosure should be of concern to lenders," Horn said. "Both disclosures should also reconcile with any other ALTA Settlement Statement or disbursement document that is used by the settlement agent."

What About Real Estate Agents?

Real estate agents are in a different position than lenders in regard to access to documents. Andreano said title and settlement agents may be put in a precarious position when a Realtor asks for information.

"In many instances, especially in terms of the loan side of the transaction, the real estate agent may be looking out for their customer, but they are technically not part of that transaction, according to the law," Andreano said. "When real estate agents ask closing agents for details or preliminary copies of closing documents that often contain information, which if you review privacy law and exceptions, there's nothing that seems to cover it except consent from the consumer."

This means the closing agent must ask the consumer if the information may be shared. Andreano said there will be some consumers who decline because of concerns about identity theft.

"The people who say no are the ones that will bring you problems if you share without their consent," he added. "It's one thing to understand the pressures and provide what the real estate agent wants, but this is one place where the law sticks in its nose and says the consumer has some rights."

Steve Gottheim, ALTA's senior counsel, encourages title and closing agents to review their privacy policies to ensure they match with data sharing practices. The GLBA continues to set a strong standard for protecting NPI, despite going into effect 17 years ago. ALTA's "Title Insurance and Settlement Company Best Practices" reiterate the importance of privacy policies and include guidelines for companies to protect against data theft to help meet GLBA requirements. Pillar Three of the ALTA Best Practices provides procedures on physical and network security of NPI, how to properly dispose of NPI, developing a disaster management plan, employee training to ensure compliance and oversight of service providers.

When revisiting your privacy policies, consider the following questions:

- *Why did you initially implement this policy?*
- *What was your rationale in implementing this policy? Does that rationale still apply?*
- *Does this policy continue to provide adequate protection to sensitive data in today's marketplace?*
- *What information do you need to share with your real estate partners?*
- *How are you sharing this information?*

Closing agents are encouraged to consider the role closing data plays in the Multiple Listing Service (MLS) system or agent licensing when assessing how to share data. One of the primary reasons real estate agents are interested in receiving the Closing Disclosure is because they have to report certain data fields to the MLS to close the listing. These requirements vary by state, so there is not a uniform set of data fields that will satisfy the MLS. Reporting these data fields is a requirement for participating in the MLS system, so the information is needed by the real estate agent.

"However, not all information on the Closing Disclosure is necessary for real estate agents to comply with MLS requirements, which is why ALTA encourages closing agents to consider what information they provide to real estate agents and what the best method of sharing that information would be," Gottheim said.

The concern with sharing consumers' personal and financial information is one of the reasons behind ALTA's development of the ALTA Settlement Statements. If a lender prohibits sharing the Closing Disclosure with third parties, an

Quiz Time

The following is a Q&A on a few data/document sharing scenarios. Answers were provided by Richard Andreano and Kevin Leitao of the law firm Ballard Spahr.

1. You are leading a conference-style closing with five or six different parties in the room. Can you discuss the details of the buyer's mortgage in the presence of third parties – including real estate brokers and the seller?
   - No, not without affirmative consent from the buyer or seller (if applicable)
     - Disclosure is disclosure. It does not matter whether it is in writing or read aloud.
     - Consider how to capture and retain the affirmative consent.
2. The buyer's real estate agent asks the settlement/closing agent for a copy of the buyer's Closing Disclosure "to help make sure everything goes smoothly." Can you provide the Closing Disclosure form to the real estate agent?
   - No, not without affirmative consent from the buyer
     - The buyer's Closing Disclosure has the buyer's NPI
     - The buyer's real estate agent does not need to have this NPI as part of their role on behalf of the buyer
3. The buyer's real estate agent asks the settlement/closing agent for a copy of the ALTA Settlement Statement "to help make sure everything goes smoothly. Can you provide the Settlement Statement form to the real estate agent?
   - No, not without affirmative consent from the buyer.
     - Like the Closing Disclosure, the ALTA Settlement Statement has the buyer's NPI
     - The buyer's real estate agent does not need to have this NPI as part of their role on behalf of the buyer
4. You are doing a closing where one of the parties is participating using email from another state. Is email an acceptable way to send closing documents with NPI back and forth?
   - It depends ...
     - Regular email is not a secure way to transmit the consumer NPI in Closing Disclosures or Settlement Statements
     - Better practices include: secure email delivery and secure online portals

alternative settlement statement, such as ALTA's Settlement Statements, should be considered to document the transaction. The ALTA Settlement Statements may be used in addition to the Closing Disclosure, but should not be used instead of the Closing Disclosure. These statements may be modified to reflect the terms of the transaction and to prevent any disclosure of the buyer's or seller's NPI. Four versions of the ALTA Settlement Statement are available: the buyer statement, the seller statement, the combined statement and a statement for cash transactions.

Other Parties

Sharing of private data between title agents and their underwriters also falls under the GLBA exception without having to provide consumers with a notice and an opportunity to opt out, according to Andreano. "As an agent, you need to share various information with the underwriter to eventually issue a policy, so there's a natural flow of information vital to the transaction. This is similar to the lender/broker relationship."

Title agents should review their agency/underwriter contracts to ensure there's no prohibition on sharing NPI. Agency contracts can prohibit data sharing and stipulate whether the title agent or underwriter must provide the privacy notice. In addition, title agents many times wear two hats—one for the insurance side and other for the settlement portion of the transaction. This means privacy notices must go out for both.

"One thing to note when serving in the capacity of a settlement agent is that once the closing is done and disbursements are made, the customer relationship ends," Andreano said. While you must give an initial notice, you don't have to give an annual notice."

Finally, title and closing agents should limit the use of any data provided to companies that they work with to complete a transaction, such as a surveyor or notary. Title agents should consider why any information should be shared and anticipate how a customer would feel about forwarding any data. Keeping GLBA requirements and ALTA Best Practices in mind will help ensure consumers remain protected and that title and closing agents continue to have compliant real estate closings.

"You should contractually define their right to use the data in accordance with your privacy policy," Andreano said. "And then you'll want to ensure that they have adequate data security safeguards." ■

Jeremy Yohe is the vice president of communications at ALTA. He can be reached at 202-261-2938 or *jyohe@alta.org*.

CFPB Corrects Tolerances Error in TRID

The Consumer Financial Protection Bureau (CFPB) on Feb. 10 published a Correction of Supplementary Information in the Federal Register to fix a typographical error regarding the application of tolerances to property insurance premiums, property taxes, homeowner's association dues, condominium fees and cooperative fees.

The Supplementary Information originally published by the CFPB stated that "property insurance premiums, property taxes, homeowner's association dues, condominium fees, and cooperative fees are subject to tolerances whether or not they are placed into an escrow, impound, reserve, or similar account." The correction published today in the Federal Register now states that "property insurance premiums, property taxes, homeowner's association dues, condominium fees, and cooperative fees are not subject to tolerances whether or not they are placed into an escrow, impound, reserve, or similar account." 78 FR 79730 (Dec. 31, 2013).

This change is consistent with other language in the Supplementary Information, particularly the sentence preceding the corrected portion of the supplement that reads, "property insurance premiums are included in the category of settlement charges not subject to a tolerance, whether or not the insurance provider is a lender affiliate" (emphasis added). 78 FR 79730, 79829 (Dec. 31, 2013).

With this error corrected, the costs affiliated with property insurance premiums, property taxes, homeowner's association dues, condominium fees and cooperative fees may now change without impacting the allowable tolerances for the transaction.

Despite this change, lenders and settlement agents must make good-faith efforts to provide accurate estimates. As a reminder, once the initial Closing Disclosure is issued, all changes should be made with an updated Closing Disclosure that the creditor must provide to the consumer at or before consummation. The creditor may not provide a revised Loan Estimate on or after the date the creditor provides the consumer with the Closing Disclosure.

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Merger and Acquisition Activity Heats Up in Title Industry

Need to Reduce Costs, Improve Margins and Meet Regulatory Requirements Drive Flurry of New Competitors, Deals and Alliances

While there's been a flurry of activity in the mergers and closers on the banking side of the industry, there have been several acquisitions, alliances and new players in the title and settlement space.

One company entering the title insurance business is AmTrust Financial Services Inc. (AFSI). Last month, the New York-based multinational insurance holding company reported it was launching a title insurance underwriter. As part of the rollout, AmTrust Title Insurance Co. will begin operations in New York, New Jersey and Texas, with plans to expand into six additional states. The company also plans to provide specialized title insurance products in the United Kingdom and Europe through its local partners. AFSI generates more than $6 billion in premiums and has approximately $2.8 billion in surplus capital within its family of companies.

"Never before has the title insurance industry seen a player of this magnitude enter the marketplace with the capacity to insure the largest commercial real estate transactions nationally," said Jason Gordon, who has been appointed president of AmTrust Title Insurance Co. and will be responsible for all domestic and international operations. "We have a highly experienced staff of industry veterans to oversee and implement the business plan that has been in development over the last 12 months. Between AmTrust Financial's capacity, rating and an experienced, top-tier title team, we are prepared to insure the largest deals in the real estate industry."

Gordon most recently served as senior vice president of Westcor Land Title Insurance Company, and before that was a vice president and counsel at Fidelity National Title Insurance Company's national commercial office in New York City.

As one underwriter opened up shop, another was in buying mode. In February, North American Title Co. acquired North Carolina-based Appalachian Title Co. In business since 2006, Appalachian Title Co. operates in North Carolina, South Carolina and Tennessee.

"This acquisition is part of our ongoing growth strategy, where North American Title Co. is on the lookout to acquire top title agencies in crucial markets," said Tom Fischer, president of North American Title Group. "(Appalachian Title President) Nicky Watts has built a robust business in North Carolina, with a great reputation and a seasoned title team. He is the ideal partner for us as we expand our operations in the Carolinas."

Appalachian Title Co. has underwritten its business with North American Title Insurance Co. (NATIC) since its inception in 2006.

Title agencies also are getting into the mix. In February, Farmington Hills, Mich.-based Attorneys Title Agency LLC (ATA) has acquired the direct operations of Stewart Title Co. in Michigan. Terms of the transaction were not disclosed.

"This acquisition marries Stewart's financial security and market leadership in technology with ATA's local expertise and size," said ATA President William Robinson Jr. "We're excited that it will enable us to diversify and offer a greater range of services to our customers."

As part of the transaction, ATA will add three locations and retain the majority of Stewart's former Michigan employees. ATA has more than 40 offices in Michigan, Ohio, Indiana and Illinois. Following the acquisition, ATA established a national relocation services division.

Meanwhile, Kensington Vanguard National Land Services continued the expansion of its national platform in February with the acquisition of a controlling interest in New Jersey-based Property Title Group LLC.

Property Title Group will continue to be co-managed by industry veterans Donald Cohen and Marilyn Henshaw, who retain ownership interests in the company, Kensington announced in a release.

"In Property Title Group, Don and Marilyn have built a top flight firm with an impeccable reputation in both the commercial and residential segments of the market," said Brian Cooper, co-CEO of Kensington. "Their underwriting team, led by Marilyn and John Cannito, is of the highest quality in the industry. While Don and Marilyn will continue to manage the operation, we look forward to the KV platform adding value to the firm and its clients. We're very excited to announce this partnership as we continue to expand both organically and through acquisitions in key markets."

Earlier this year, Progressive Title, co-founded in 1981 by Marilyn Henshaw, merged into Property Title Group. Henshaw served as president of the New Jersey Land Title Association Agency Division and is currently on its Board of Governors.

After a private equity investment led by Red Oak Partners in 2012, Kensington positioned itself to be a consolidator in the title insurance market. In 2013, former deputy director of the Consumer Financial Protection Bureau, Raj Date, joined the company's board of directors.

Out in California, Texas-based Chronos Solutions acquired Commerce Title and Closing Services LLC from Ten-X LLC in February in a move to increase its presence in the Golden State.

According to Chronos Solutions CEO Matt Martin, the acquisition of Commerce Title expands the company's ability to deliver title and settlement services on a wide scale, especially in California.

"Commerce Title is fully licensed to perform title work throughout California, making it a natural fit for Chronos Solutions," he said.

"With this acquisition, we deepen the resources we can offer to our clients, as well as becoming even more flexible to our clients' needs. Commerce Title's historical emphasis on client service, innovation and flexibility align perfectly with the Chronos strategy and business model."

This is the third acquisition for Chronos Solutions since early 2015. In January 2015, the firm acquired Realtybid.com, an online real estate auction marketplace. In December 2015, Chronos Solutions acquired Cogent Road, a credit, verification and origination technology-based business.

"With this new model, the 12th Floor Group has strategically created a consortium of companies which are domiciled with brick-and-mortar in even the most difficult jurisdictions."

Title Companies Form 'Super Alliance'

Also in February, a dozen title insurance agencies and settlement services law firms aligned as a national consortium called The 12th Floor Group. The alliance is comprised of independent firms, with the requirement that each member have a physical office in the states in which it operates.

Members of the group include:

- Advantage Title (*Mississippi*)
- Atlantis National Services (*New York*)
- Bayou Title (*Louisiana*)
- Brady & Kosofsky (*North Carolina*)
- Florida Agency Network (*Florida*)
- First Title & Escrow (*Maryland*)
- Holler Law Firm (*Connecticut*)
- Home Surety Title & Escrow (*Tennessee*)
- McDonnell & Associates (*South Carolina*)
- Meridian Title (*Michigan*)
- Reli Settlement Solutions (*Alabama*)
- Title Services (*Iowa*)

According to a press release, The 12th Floor Group was conceived in response to the challenge of building a settlement services firm with national coverage in several states that have traditionally posed significant barriers to entry. The 12th Floor Group covers more than 40 states through the combined licensure of its members.

Instead of using centralized operations, the group runs through state-focused operations centers, "focused on being able to address the varying legal and regulatory schemes from state-to-state governing title and settlement services," according to Stephen Papermaster, chief executive officer of First Title & Escrow and president of The 12th Floor Group.

"With this new model, The 12th Floor Group has strategically created a consortium of companies which are domiciled with brick-and-mortar in even the most difficult jurisdictions," Papermaster noted. "Its members actually live in their respective states, and employ local closing agents, attorneys and title agents who are part of the local economy, political structure and culture."

He also said that lenders and banks doing business with The 12th Floor Group will be able to place orders and make status inquiries through a single, cloud-based portal.

The 12th Floor Group has retained Marx Sterbcow, managing partner of Sterbcow Law Group and an attorney well versed in RESPA, as outside general counsel to help ensure compliance. In addition, the group works with Richard Horn, a former CFPB attorney who formed the law firm Richard Horn Legal, to provide TRID counsel and guidance.

Group members must undergo an intensive internal audit by the group's general counsel, according to the release. In addition, each member must maintain, at a minimum, an AICPA Service Oriented Company Certification of some level. All initial members of the group have at least a SOC type 1 certification.

All group members have adopted and implemented the basic requirements set out in ALTA's Title Insurance and Settlement Company Best Practices, the press release said. Over the past 12 months, the initial members have met and developed a set of additional proprietary best practices for third- and fourth-party vendor management, policies for social media outlined by the Federal Financial Institutions Examination Council (FFIEC), REO and loss mitigation and Office of Foreign Assets Control (OFAC) policies regarding anti-money laundering and mortgage fraud prevention.


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Big Four Underwriters Close 2015 With Strong Earnings

Companies Expect Closing Delays, Expenses Caused by TRID to Moderate Going Forward

While implementation of the TILA-RESPA Integrated Disclosures resulted in higher personnel expenses and delayed closings, the four publicly traded title insurance underwriters all closed out 2015 with strong quarters. Read on for a summary of fourth-quarter and full-year 2015 earnings results.

Fidelity

Fidelity National Financial (FNF) reported that its title insurance group generated $836 million in pre-tax earnings during full-year 2015. This compared to $534 million in pre-tax earnings in 2014. During the fourth quarter of 2015, the company's title group reported $216 million in pre-tax earnings, up from $181 million during the same period a year ago. Continued growth in purchase orders and a strong commercial market buoyed Fidelity's strong results.

"This quarter was a strong finish to another successful year for FNF," said Bill Foley, the company's chairman. "If we continue to see a strong commercial market, further growth in the purchase market and some level of stability from the refinance market, we believe we can generate a pre-tax title margin above 15 percent in 2016."

During Q4 of 2015, Fidelity's total commercial revenue increased 11 percent to $303 million compared to the same period a year ago. During the fourth quarter of 2015, Fidelity's title group experienced growth in its agency channel improving from $494 million in agency title premiums during Q4 of 2014 to $592 million in agency title premiums. Randy Quirk, FNF's chief executive officer, attributed the growth to the company's aggressiveness in "selecting proper agents to come on board with us."

"We signed about 300 agents in 2015," he added. "We've done a lot of recruiting of revenue-attached folks in the industry. We're very focused on organic growth, which is getting more remittance out of existing relationships."

Industry Data

Check out complete market-share data for full-year and fourth-quarter 2015 at *www.alta.org/industry/financial.cfm*

Additionally, Fidelity has focused on 15 of the top states and is seeing market share growth in areas such as Florida, Michigan and Pennsylvania. During the company's earnings call, Quirk said Fidelity acquired several title agencies across the country last year in Texas, Michigan, Arizona and Southern California.

During the latest quarter, the company reported higher personnel costs due to implementation of the TILA-RESPA Integrated Disclosure (TRID) rule in October. Quirk expects personnel costs to moderate moving through 2016.

"We spent a good part of (2015) getting our employees prepped for that," he said. "They're on schedule now. Our folks know how to close the transaction. They know about the process. They're comfortable with the documents. So, as we move through the first quarter, it'll start to settle down."

The company paid $84 million in title claims during Q4 2015 with a total of $285 million in title claims paid for all of 2015. Three larger claims made up about $15 million of the total claims paid during the fourth quarter of 2015. The company paid $302 million in title claims in 2014.

First American

First American Financial Corp. reported that its title insurance and services division generated $128.7 million in pre-tax income during the fourth quarter of 2015. This compares to $124.5 million in pre-tax income during the fourth quarter of 2014.

For all of 2015, the company's title division reported $490 million in pre-tax income compared to pre-tax income of $373 million during 2014.

"The extensive effort we devoted to TRID, including upgrading our systems and training both our people and our customers, paid off as we were able to successfully manage through the sweeping process changes that were required," said Dennis Gilmore, chief executive officer at First American Financial. "After experiencing some initial delays in closings, by the end of the quarter, our direct residential business returned to its typical closing timeframes."

First American reported that its commercial business posted a record year with revenues up 17 percent. The average revenue per direct title order climbed to $2,236, due to an increase in the average revenue per closed order for purchase transactions, as well as a shift in the mix toward commercial transactions.

The provision for policy losses and other claims was $69.8 million in the fourth quarter, or 6.5 percent of title premiums and escrow fees, compared with a loss provision rate of 6.6 percent in the same quarter of the prior year.

When asked about possible consolidation in the title industry and any potential acquisitions by First American, Gilmore said the company is "always looking for tuck-in acquisitions in our key states to grow our footprint if they make sense and they get the necessary return for us."

Old Republic

Old Republic International Corp. reported that its title insurance group set company records during 2015 and the fourth quarter of last year. According to Old Republic, the company's title segment generated $166.8 million in pre-tax income for full-year 2015 and $48.1 million in pre-tax income for the fourth quarter of 2015. This compares to $99.5 million in pre-tax income for 2014 and $40.5 million in pre-tax income during fourth-quarter 2014.

The company attributed the bottom-line improvement in 2015 to a "very good performance of this segment's basic underwriting and related services functions. Significant premiums and fees growth benefitted from stronger housing and commercial property transactions and the segment's expanded market share."

Old Republic reported that its expense ratio dropped to 89.2 percent in 2015. In addition, claims continued to develop favorably coming at 4.9 percent for the entire year.

Rande Yeager, chairman and chief executive officer of Old Republic Title Insurance Company, said the company achieved the record results despite experiencing a hiccup during the four quarter due to delays in closings caused by implementation of the TILA-RESPA Integrated Disclosure rule.

"At the onset, the new rule probably disrupted our business for about a two- to four-week period and things started to normalize," Yeager said during the company's earnings call on Jan. 28. "I can't predict with any certainty what the 2016 market is going to look like, but mortgage interest rates look relatively stable, housing demand is ticking upward and our commercial business continues to grow at a terrific pace."

Stewart

Stewart Information Services Corporation reported that its title segment generated $54.9 million in pre-tax income during the fourth quarter of 2015 compared to $45.6 million in pre-tax income during the same period in 2014. For full-year 2015, Stewart's title segment reported $225.2 million in pre-tax income.

"2015 will be remembered as the year of TRID for the title industry, bringing more processing technology changes than we have seen in decades," said Matt Morris, Stewart's chief executive officer. "We are seeing a return to business as usual as any lingering questions are resolved and processes and technology refined."

In addition to the industry change, Morris called 2015 an eventful year for Stewart. He said the company instituted new processes and technology to improve operational efficiencies and currently is embarking on a two-year plan to revamp its title escrow production.

"We launched a major brand refresh and committed resources to discipline target sales growth," he added. "We rigorously evaluated the performance of our network of direct offices and consequently exited several underperforming states."

As a percentage of title revenues, title losses were 5.9 percent ($27.7 million) in the fourth quarter of 2015 compared to 6.6 percent in the fourth quarter of 2014. ($31.3 million). ■

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OLD REPUBLIC INSURANCE GROUP

A 'Mighty' Swim for Charity

Chair of Michigan Land Title Association's PAC Seeks Donations from all 50 States to Raise Funds for Habitat for Humanity

Over the years, Tim McDonnell has been shaved, dunked in gunk and jumped out of a plane to raise funds for the Michigan Land Title Association's (MLTA) Political Action Committee (PAC). He's equally committed to raising funds for charitable organizations helping to cure cancer and build affordable housing.

On Labor Day morning this year, McDonnell will jump into the frigid waters of the Straits of Mackinac to compete in the Mighty Mac Swim and raise money for Habitat for Humanity of Michigan. The event is a 4.2-mile, open-water swim race. Due to significant and often treacherous cross-currents that vary in direction and intensity, it can take swimmers anywhere from three to six hours to finish. Swimmers are encouraged to prepare for at least a five-mile race.

Water temperatures are likely to be in the mid-50s or lower 60s, but race organizers warn swimmers to "prepare for the possibility of colder water." Participants will start in St. Ignace, Mich., in the Upper Peninsula and swim across the Straits of Mackinac under the Mackinac Bridge to Mackinaw City, Mich., in the Lower Peninsula.

"I am estimating I'll swim five to six miles if we have perfect weather and the Straits are flat," McDonnell said. The swim crosses an active shipping channel that is not closed for the race. "If you don't clear the shipping channel and a freighter comes along, the safety boats will pick you up, boat you back to the

How You Can Help

Tim McDonnell is seeking companies and organizations in the title and related industries to sponsor his effort through monetary donations. Let's see if we can help him get a donation from each of the 50 states to raise money for Habitat for Humanity of Michigan.

To make a donation, go to *www.crowdrise.com/timothymcdonnell1*

Or, mail a check to:
Habitat for Humanity of Michigan—Mighty Mac Swim
618 S. Creyts Road
Suite C
Lansing, MI 48917

Please indicate "Timothy McDonnell" on the memo line.

2007 ALTA President Greg Kosin congratulates Tim McDonnell after a successful parachute landing.

far side of course and let you start swimming again."

Last year's event raised more than $325,000. All money goes directly to Habitat for Humanity of Michigan. Each swimmer is required to raise a minimum of $5,000 in order to participate in the race.

"I am hoping to get a donation from each of the 50 states as part of my effort on behalf of Habitat for Humanity of Michigan," said McDonnell, who is vice president and Michigan agency representative for Old Republic National Title Insurance Co.

Only 80 swimmers are accepted to participate in the Mighty Mac. McDonnell earned his way into the event by participating in six triathlons in 2015 and provided times that proved he had the ability to safely swim the distance.

"I've been doing triathlons for the last three years," said McDonnell, who competed on swim teams from the age of six through high school. "I do a lot of swimming in the pool. Then we do some open water swimming in a few lakes. Since I signed up for the Mighty Mac, I've been doing at least two or three two-mile swims in the pool each week, but I'm looking forward to the open water."

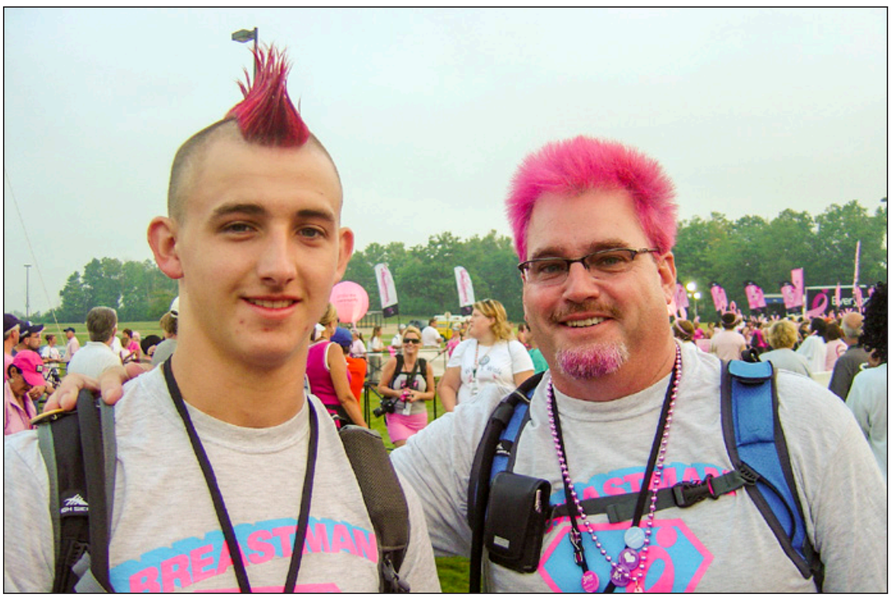
McDonnell's flair for the extreme has helped spur some creative events for MLTA's PAC. He recalled a "Kiss the Pig" fundraiser in 1997 where local 4-H participants brought in a swine to the state convention in Traverse City. Five high-profile people were recruited to participate. Contributions were made in their name and the winner had to kiss the hog right on the snout. That event raised $6,000.

In 2003, the "Close Shave for the PAC" raised just under $10,000. "I had long hair then and it was all taken off," said McDonnell, who is a past president of MLTA and current chair of the state association's PAC.

He calls the 2007 MLTA PAC fundraiser the "craziest." Coined "Pennies from Heaven," McDonnell was the winner of the event as more than $7,500 was donated in his name. During the MLTA's cocktail party at its Annual Convention, an airplane flew in, picked up McDonnell and gave him 10 minutes to train before taking to the air. After parachuting, he landed at the party and "one of the guys brought me a beer right away," McDonnell joked. "Two years after that jump, I learned that MLTA took out a $2 million life policy on me." All told, the event raised nearly $12,000.

His biggest passion may be helping raise funds to find a cure for cancer. McDonnell's wife is a breast cancer survivor and his brother-in-law died from mesothelioma. Since 2009, McDonnell has biked more than 1,000 miles, and swam and walked hundreds more to raise over $100,000 for groups such as Susan G. Komen Foundation and the Mesothelioma Applied Research Foundation.

"I've met a lot of incredible people that do some fantastic work through my involvement with the Susan G. Komen Foundation," McDonnell said. "There's a great sense of giving and accomplishment for doing this."



Tim McDonnell and his son, Tim, during the 2010 Susan G. Komen Michigan 3-Day for the Cure.

Tim McDonnell completes the 2015 Swim to the Moon 5K event.

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Homebuyer Profile: First-time Buyers Smaller Part of Market

Annual Survey from NAR Provides Insight into Types of Consumers Driving Real Estate Market

The share of first-time buyers declined for the third consecutive year in 2015 and remained at its lowest point in nearly three decades as the overall strengthening pace of home sales over the past year was driven more by repeat buyers with dual incomes, according to an annual survey released by the National Association of Realtors. The survey additionally found that nearly 90 percent of all respondents worked with a real estate agent to buy or sell a home; which pushed for–sale–by–owner transactions to their lowest share ever.

In this year's survey, the share of first–time buyers declined to 32 percent (33 percent a year ago), which is the second–lowest share since the survey's inception (1981) and the lowest since 1987 (30 percent). Historically, the long–term average shows that nearly 40 percent of primary purchases are from first–time home buyers.

Lawrence Yun, NAR chief economist, said the housing recovery's missing link continues to be the absence of first-time buyers.

"There are several reasons why there should be more first-time buyers reaching the market, including persistently low mortgage rates, healthy job prospects for those college-educated, and the fact that renting is becoming more unaffordable in many areas," he said. "Unfortunately, there are just as many high hurdles slowing first-time buyers down. Increasing rents and home prices are impeding their ability to save for a down payment, there's scarce inventory for new and existing-homes in their price range, and it's still too difficult for some to get a mortgage."

Yun said the 2015 survey perhaps offers additional clues to why fewer first-time buyers are reaching the market. "First-time buyers reported that debt (all forms) delayed saving for a down payment for a median of three years, and among the 25 percent who said saving was the most difficult task, a majority (58 percent) said student loans delayed saving," he said. "With a median amount of student loan debt for all buyers at $25,000, it's likely some younger households with even higher levels of debt can't save for an adequate down payment or have decided to delay buying until their debt is at more comfortable levels."

Characteristics of Buyers

With strong price growth in many markets and fewer first-time buyers, the results in this year's survey reveal a market with a higher share of married couples 67 percent (up from 65 percent last year) who have higher household income than previous years. Married repeat buyers have the highest income among all buyers ($108,600), while the share of single female buyers decreased from 16 percent to 15 percent and male buyers remained flat at 9 percent.

"Similar to some of the obstacles facing first-time buyers, tighter credit conditions and having less purchasing power than households with dual incomes likely led to the share of single-female buyers declining to its lowest since 2001 (also 15 percent)," added Yun.

Unchanged from a year ago, 13 percent of survey respondents were multi-generational households, including adult children, parents and/or grandparents. Eighteen percent of buyers identified as military veterans, 8 percent as an unmarried couple and 3 percent as active-duty service members.

The median age of first-time buyers was 31, unchanged for the last three years, and the median income was $69,400 ($68,300 in 2014). The typical first-time buyer purchased a 1,620-square-foot home (1,570 in 2014) costing $170,000, while the typical repeat buyer was 53 years old and earned $98,700 ($95,000 in 2014). Repeat buyers purchased a median 2,020-square-foot home costing $246,400.

When asked about the primary reason for purchasing, more first-time buyers in this year's survey (64 percent) cited a desire to own their own home as the primary reason compared to a year ago (53 percent). For repeat buyers, desire to own a home of their own and wanting to own a larger home were both the top reason given (each at 13 percent). Nearly half of all buyers (46 percent) said the timing was just right and they were ready to purchase a home.

According to the survey, buyers continue to view buying a home as a good financial investment. Up from last year (79 percent), 80 percent of recent buyers said it was a good investment, and 43 percent believe it's better than stocks. Looking ahead, first-time buyers plan to stay in their home for 10 years and repeat buyers plan to hold their property for 15 years.

Connecting With Consumers

ALTA designed its Homebuyer Outreach Program (HOP) to help members build relationships with homebuyers and connect with them earlier in the transaction. More than 60 free resources are available at *www.alta.org/homebuyer* for members to customize with their company's logo and information, and modify content to reflect nuances in their market.

What's Available

- Animated media ads
- Marketing flyers
- Print advertisements
- Sample social media content
- Blog posts
- Presentations
- Real estate agent resources

ALTA Print Shop

ALTA members can take advantage of this exclusive member benefit to customize, download and print advertisements, rack cards, marketing flyers and posters.

To customize, print or download material, go to ALTAprints.com.

Financing the Purchase

An overwhelming majority of recent buyers (86 percent versus 88 percent in 2014) still financed their purchase, despite above-normal activity from all-cash buyers likely pushing the percent share down. Younger buyers were more likely to finance, and the median down payment ranged from 6 percent for first-time buyers to 14 percent for repeat buyers. Almost half (45 percent) of first-time buyers in this year's survey said the mortgage application and approval process was much more or somewhat more difficult than expected.

Ninety-one percent of all buyers chose a fixed-rate mortgage, with 23 percent financing their purchase with a low-down payment Federal Housing Administration-backed mortgage, down from 43 percent five years ago. Eleven percent financed using the Veterans Affairs loan program with no down payment requirements.

In addition to using their own savings for their down payment (81 percent), first–time buyers used a variety of outside resources, including a gift from a friend or relative (27 percent), and selling stocks or bonds and tapping into a 401(k) fund (both at 8 percent).

For repeat buyers, the proceeds from the sale of their primary residence (53 percent) was the top source for their down payment, up from 47 percent last year and 40 percent in 2012.

"With first-time buyers stuck on the sidelines, the majority of sales activity in most parts of the country is coming from pent–up sellers taking advantage of rising home values in their neighborhoods and using their equity to trade up or move down," added Yun.

Searching for and Buying a Home

While more home buyers used the Internet as the first step of their search than any other option (42 percent), real estate agents remain an integral part of the home search process. Eighty-eight percent of buyers who searched for homes

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online ended up purchasing through an agent.

NAR President Chris Polychron, executive broker with 1st Choice Realty in Hot Springs, Ark., said the two most popular resources used during the home search process continue to primarily be online websites (89 percent) and real estate agents (87 percent). "Although buyers between the ages of 18-24 were the most likely to use an agent (90 percent), over 85 percent of buyers in each of the other age categories also used an agent during their home search," he said.

In recent years, the home search resource that's gaining the most popularity is mobile or tablet applications, steadily increasing from 45 percent in 2013 to 61 percent in this year's survey. Other noteworthy results included yard signs (51 percent) and open houses (48 percent).

With tight inventory conditions prevalent in many markets, buyers moved faster than in previous years to find the house they purchased, typically taking 10 weeks (for the second consecutive year). From 2009 to 2013, the typical home search process took 12 weeks.

A detached single-family home continues to be the most common type of home bought (83 percent), while purchases of townhouses or row houses remained unchanged from a year ago at 7 percent. Eighty-nine percent of buyers with children under the age of 18 purchased a detached single-family home compared to 80 percent of buyers with no children in their home. Overall, the typical home purchased during the survey period was built in 1991 and had three bedrooms and two bathrooms.

Slightly more buyers in this year's survey purchased a home in a suburb or subdivision (52 percent) compared to a year ago (50 percent). The remaining bought in a small town (20 percent), urban area (14 percent), rural area (13 percent) or resort/recreation area (2 percent). Recent buyers also moved further from their previous residence this past year at a median distance of 14 miles (12 miles in 2014).

Similar to previous years, the biggest factors influencing neighborhood choice were quality of the neighborhood (59 percent), convenience to jobs (44 percent) and overall affordability of homes (38 percent). Unmarried couples were the most likely to cite convenience to entertainment and leisure activities (26 percent), and single women were the most likely to cite convenience to friends and family as an influencing factor (43 percent).

Communications

According to Jessica Lautz, director of the National Association of Realtors' Member and Consumer Survey Research, most Realtors prefer communicating with consumers via email (93%) and telephone (91%). However, according to NAR research, homebuyers prefer test or instant messages.

"There is a disconnect in way consumers communicate versus how Realtors still want to communicate with clients," she said.

Part of the communication divide may be due to the fact that the Realtors' median age is now 57. However, there are many new real estate agents entering the industry who need education about how title insurance protects consumers. Both Realtors and consumers want simplified information.

"What we've seen grow in popularity are info graphics," Lautz said. "Anything that can be consumed and understood quickly is in demand." ■

HOP

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3. **Rack Cards:** ALTA's rack cards are full of information about the benefits of title insurance in a handy, two-sided, half-sheet rack card. They are the perfect item for any real estate function.
4. **Posters:** These advertisements are customizable to print and ship to your next housing seminar, staff training, legislator/regulator meeting or open house.

Take your consumer marketing to the next level with altaprints.com.

To view all the resources available in ALTA's Homebuyer Guide to help ALTA members easily communicate the benefits of owner's title insurance, go to ***www.alta.org/homebuyer***.

CFPB Announces First Data Security Enforcement Action

In March, the Consumer Financial Protection Bureau (CFPB) announced it reached a consent order with the online payment company Dwolla Inc. This was the bureau's first data security-related enforcement action.

Dwolla gathered personal information, including its consumers' names, addresses, dates of birth, telephone numbers, Social Security numbers, bank account and routing numbers, passwords, and unique 4-digit PINs. The CFPB took action using its UDAAP-related authority because the bureau asserts that Dwolla misstated its website security; they didn't offer consumers the protection they claimed. The CFPB alleged that Dwolla's security did not exceed industry standards and that it did not encrypt some sensitive customer information.

Under the consent order, Dwolla must pay a $100,000 penalty and fix its security practices. Dwolla must also cease making any misrepresentations about its data security practices, fix the security flaws and retrain its employees.

LodeStar Completes Integration with Calyx Software

LodeStar Software Solutions announced its integration with Calyx Point's loan origination software system. The integration allows Calyx Point users to securely generate a quote from LodeStar's Loan Estimate calculator without duplicating any data entry. A quote is returned to Point in the proper CFPB format including settlement fees, title insurance premiums, municipal recording charges and transfer taxes for any location in the country, LodeStar said in a release. Point clients are able to set up any of their settlement service providers' fees in the system or work with LodeStar's national network of settlement agents.

Conestoga Title Designates PYA as Preferred Vendor of ALTA Best Practices

National certified public accounting and management consulting firm PYA is now a national preferred audit vendor for Conestoga Title Insurance Company to ensure compliance with ALTA's Title Insurance and Settlement Company Best Practices.

PYA, an Elite Provider of ALTA Best Practices, will provide ALTA Best Practices policy and procedure development and evaluation, offer implementation assistance, and conduct third-party assessments of ALTA's Best Practices compliance for Conestoga Title's title agents.

PYA provides solutions and services to agents as they navigate a period of enormous change within the title industry. As a preferred vendor of Best Practices services, PYA said it offers Conestoga Title's agents access to Best Practices gap analysis, policy and procedures development, Best Practices readiness and self-assessment tools. In addition, agents receive complimentary education and access to PYA thought leadership content including white papers, webinars and more, PYA said in a release.

ATPR Creates Product Bundles to Meet Industry Needs

Dallas-based ATPR Inc., a provider of technology-based solutions for the real estate and settlement services industry, announced it will bundle related offerings into suites of products to better serve mortgage lenders and servicers.

With the new offerings, lenders interested in pursuing HELOC loans, for instance, will be able to take advantage of ATPR's SmartProp (nationwide property reports) to confirm property ownership before utilizing SmartVal (technology-based broker price opinions) to verify the current property value.

The company's nationwide tax certificate (SmartTraK) and municipal lien certificate tools can be added to either bundle.

Ernst Platform Helps Settlement Agents Provide Accurate Fees for Loan Estimate

When the TILA-RESPA Integrated Disclosure (TRID) rule advanced by the Consumer Financial Protection Bureau (CFPB) went into effect last October, many worried that compliance concerns would force larger lenders to suspend activity with smaller settlement agents and title companies. According to Ernst Publishing Company, a provider of technology and closing cost data for the real estate and home finance industries for the past 26 years, that crisis was averted by technology.

"Having the nation's largest lenders boycott smaller firms over the fear that they would not be able to comply with TRID was a very real threat last year and could have changed the entire landscape of the lending business," said Gregory Teal, president and chief executive officer of Ernst Publishing. "We've been working with many of these companies for over 26 years and there was no way we were going to allow that to happen."

Ernst's answer was its Settlement Agent Gateway, a collaborative fee-management system the company launched last spring. The technology allows settlement agents to work with lenders to negotiate fees and then manage these fees in a web-based tool. Ernst says the system lets settlement agents certify the accuracy of their fees and then make them available to lenders for the Loan Estimate. According to Ernst, "This ensures full TRID compliance, protects the lenders from having to re-disclose later for quoting the wrong fees and protects smaller settlement agent firms from being pushed out of the market due to non-compliance concerns."

The technology uses MISMO data standards to allow settlement agents to enter pre-negotiated fees into a spreadsheet that includes cells for the required services by geography, and then certify that the fees are accurate. Ernst then loads this fee information into the lender's custom fee engine. When the company is ready to create a new Loan Estimate, the fees for their settlement agent partners will automatically be loaded into the disclosures.

Simplifile Expands E-recording Network in Four States

Simplifile announced it has expanded its e-recording services to seven more jurisdictions in Connecticut, Illinois, Kansas and Missouri.

The new e-recording jurisdictions include: Town of Tolland, Conn.; McDonough County, Ill.; Kearny County, Kan.; Sheridan County, Kan.; Camden County, Mo.; Chariton County, Mo.; and Lafayette County, Mo.

"The Town of Tolland decided to offer e-recording as a service to our customers and as a way to streamline our office," said Tolland Town Clerk Sheila M. Bailey. "Documents can be processed the same day electronically, eliminating the costs of postage, labor and express mail expenses. The submitters are able to keep all original documents in their possession and payments are securely deposited in the town's account. Recording information is instantly transmitted back to the submitters, reducing the amount of calls received in order to obtain recording information."

Simplifile customers can e-record in more than 1,388 counties and recording jurisdictions nationwide.

FinCEN Updates FAQs for Geographic Targeting Orders

In an effort to identify money-laundering schemes, the Financial Crimes Enforcement Network (FinCEN) has issued Geographic Targeting Orders requiring several title insurance underwriters to identify the names of individuals involved in shell companies and other legal entities that make all-cash purchases for residential transactions that exceed $3 million in Manhattan, N.Y., and exceed $1 million in Miami-Dade County, Fla. All covered transactions that settle between March 1 and Aug. 27, 2016, must be reported.

FinCEN issued updated GTO FAQs that address situations where a series of transactions is closed separately, if whether a photo ID must be obtained of every member of an LLC and the impact ancillary settlement charges have on whether the transaction is reportable. To access the FAQs as well as FAQs provided by ALTA, go to *www.alta.org/fincen*.

Former ALTA President Mark Winter to Retire from Industry

After more than 30 years with Stewart, Mark Winter, executive vice president of public policy, is retiring effective April 30. Winter has managed the Stewart Title Guaranty Co. office in Washington, D.C., since 1985. His responsibilities have included the development and coordination of commercial and residential business, and the procurement of international land titling projects funded by USAID, World Bank and Millennium Challenge Corporation, while also representing Stewart before Congress, the Treasury Department, the department of Housing and Urban Development, Fannie Mae, Freddie Mac and the Consumer Financial Protection Bureau.

"Mark is the definition of statesman," commented CEO Matt Morris. "Our reputation is decidedly the better for having had Mark as liaison to government officials, the CFPB, ALTA and so many others over the years."

Winter served as ALTA's 2009-2010 president. Industry "challenges were profound" that year, according to Winter. His presidential theme was to "Build Back Better" through leadership, a variety of value-added propositions and a unique program to educate policymakers. He also founded and chaired ALTA's International Development Committee and served on the Government Affairs Committee.

"It has been my privilege to watch Mark work masterfully on a number of significant issues through the years," said John Killea, Stewart's chief legal officer. "The longstanding relationships he enjoys on Capitol Hill and beyond are a testament to the caliber of his character."

CATIC Names President and CEO to Replace Retiring Patterson

CATIC Financial Inc. and Connecticut Attorneys Title Insurance Company (CATIC) recently appointed James Czapiga as president and chief executive officer of CATIC.

Czapiga has more than 20 years' experience in the title insurance industry, having worked in several positions in management, sales and operations. Most recently, he served as vice president of a national title insurance underwriter.

In addition to being the past president of the Connecticut Title Association, Czapiga is a member of the Real Property Section of the Connecticut Bar Association, the New England Land Title Association, the American Land Title Association and the Real Estate Finance Association of Connecticut.

Czapiga succeeds Richard Patterson, who announced his retirement after 33 years of service. Patterson began his tenure at CATIC in 1983, serving as director of the company's agent services department and then as executive vice president. In 1985, he succeeded L. Stewart Bohan as president. In 2001, Patterson also was named president of CATIC Financial.

During his service as president of CATIC, Patterson oversaw the expansion of the company from a small Connecticut-based operation to a major title insurance provider throughout all of the New England states. Patterson also was an active participant in various trade organizations, including ALTA, where he served on the Title Insurance Underwriters Section Executive Committee and the American Bar Association.

WFG Appoints Agency Manager for Midwest Region

WFG National Title Insurance Company has promoted Janell Downing to senior vice president and agency manager of the Midwest region. In her new role, she will be responsible for developing and managing relationships with title agencies throughout the Midwest region. Downing has been with the company since 2011 and has over 30 years of title experience. She serves on the Membership Committee for the Ohio Land Title Association.

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Pressing Forward

Implementing the Consumer Financial Protection Bureau's (CFPB) TILA-RESPA Integrated Disclosures (TRID) rule was no easy task. Title and settlement agents, and our mortgage industry counterparts, have worked at it tirelessly for more than seven months. We are making progress, of course, but it's hard work, sometimes painful, and always costly.

Think of the issues still to sort out:

- Challenges with technology and information exchange portals
- Varied interpretations of the 1,888-page rule
- Confusion among consumers with the problematic disclosure of title insurance premiums
- Unfair attempts by some lenders to improperly shift liability to our industry

Challenges aside, I am proud of ALTA members, and I am proud of ALTA. I firmly believe that ALTA members are performing better in the new environment than others. Thousands of ALTA members took advantage of significant educational resources to augment their TRID readiness. ALTA members prepared well for the new rule.

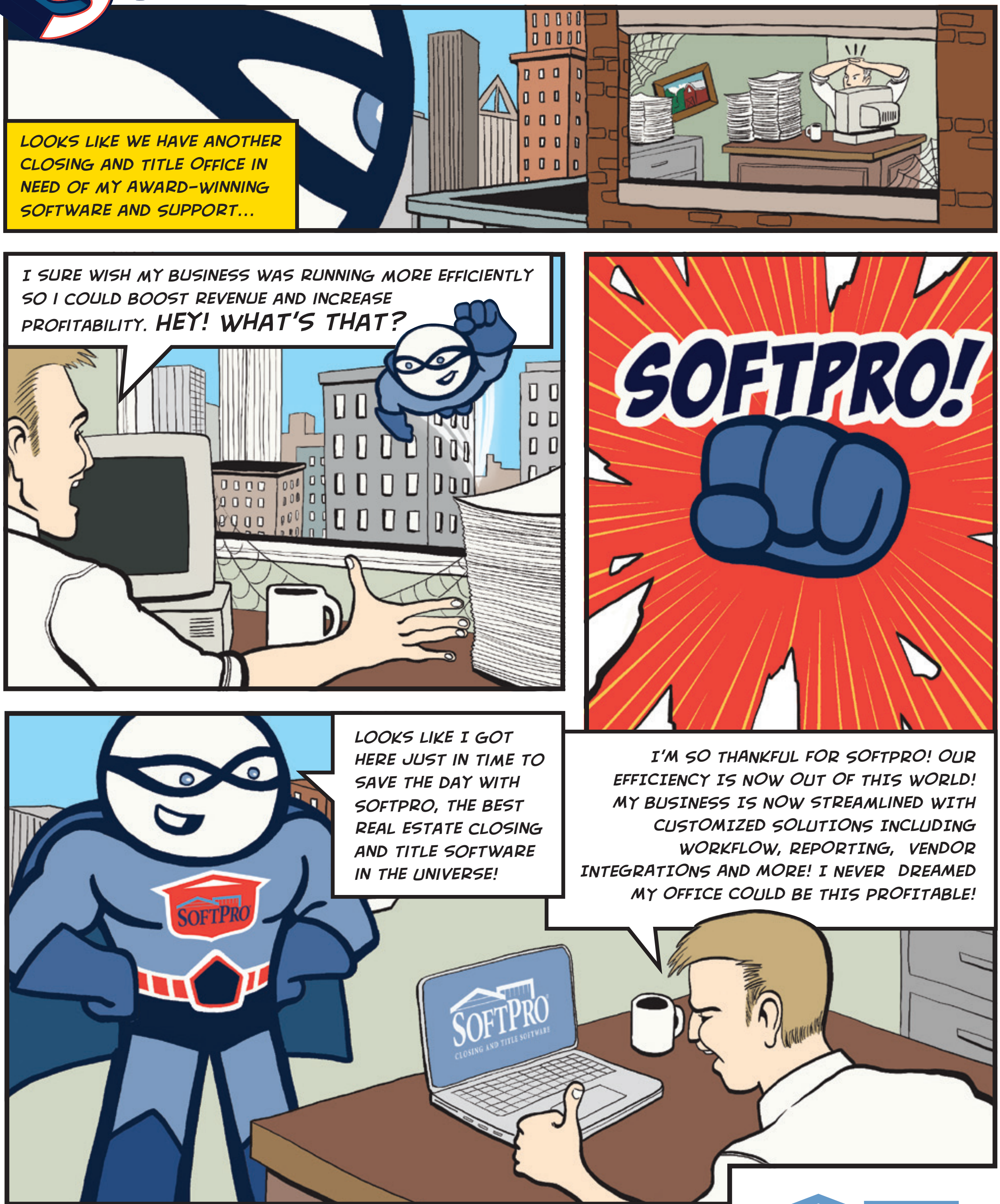
Over the next weeks and months, ALTA will continue its consistent efforts to encourage CFPB to provide additional guidance, reducing confusion over rule interpretation. We will gather information from members and through consumer surveys, aiming to measure the extent of consumer confusion over the disclosure of title insurance premiums. At the appropriate time, ALTA will present CFPB with alternative proposals to help consumers clearly understand title insurance costs. Finally, we will continue to draw attention to unfair attempts to shift liability for TRID compliance to title and settlement agents.

Beyond TRID, I am proud of ALTA members because we share a common culture of doing the right things and getting it right. We strive to provide consumers with a high-quality, compliant closing. We make sure that consumers' data is protected and that their money is safe. ALTA members are transparent when it comes to closing costs. We are fair. We follow the rules.

Do you agree with me that our industry will continue to confront a landscape of regulatory change driven from inside the Beltway? This is why our collective voice through ALTA is so important to our industry. Your participation is the lynchpin to effective advocacy. I encourage you to be part of ALTA's advocacy efforts. Please join me May 16 through 18 at ALTA's Federal Conference and Lobby Day in Washington, D.C. For more details, go to *meetings.alta.org/federal*.

— John Hollenbeck NTP, ALTA president

SOFTPRO vs. THE PAPER CLUTTERED OFFICE!



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