

TITLE News

OCTOBER 2017

AMERICAN LAND TITLE ASSOCIATION

The Dazed and Confused Consumer





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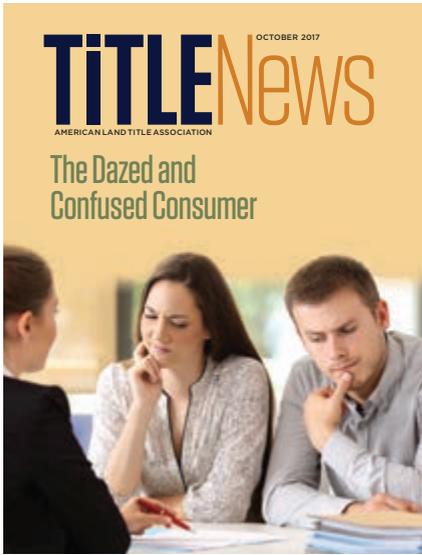
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**DON'T MISS THIS MONTH'S
DIGITAL ISSUE OF**

TITLENews

The digital edition of **TITLENews** includes a webinar recording on cybersecurity awareness training. The webinar provides information on how to take a proactive approach to IT security, educate staff, and implement and maintain proper layers of security.

Go to www.alta.org
to get your copy of
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All Right, All Right, All Right

DURING DISASTERS SUCH AS LAST MONTH'S HURRICANES, what amazes me

the most is not the size and strength of the storms, but rather the magnitude of the support that our society provides those impacted.

Ahead of the storm in Florida, 28 states and the District of Columbia provided aid. From ambulances and helicopters to rescue teams and medical personnel, the “selfless dedication” (as Governor Rick Scott put it) of these Americans is inspirational. The Florida and Texas land title associations quickly communicated to their members and coordinated disaster recovery resources. ALTA set up an email address for people to either ask for help or provide assistance to those in need. Several ALTA members stepped up and offered support. Acts such as these remind us that this country remains strong. We'll be all right.

According to a preliminary estimate from Moody's Analytics, Harvey and Irma caused between \$150 billion and \$200 billion in damage in Texas and Florida. As the communities devastated by Harvey and Irma continue the process of rebuilding, I encourage you to find ways—big and small—to help. Last month, all five of the living former U.S. presidents joined together to form the One America Appeal. Through this joint initiative, Presidents Barack Obama, George W. Bush, Bill Clinton, George H.W. Bush and Jimmy Carter asked citizens to support recovery efforts. In Texas, donations will go to the Houston-focused Hurricane Harvey Relief Fund and the Rebuild Texas Fund. In Florida, it will support the Florida Disaster Fund, the state's official private assistance fund. I encourage you to check out One America Appeal's website at oneamericaappeal.org.

We've also been thinking about our friends in states affected by the summer wildfires. The good news to report from the state leaders I've communicated with is that everyone in the industry appears to be fine. The news of hurricane destruction has grabbed most of the headlines, but the threat of fire can be just as devastating. I am glad to hear that our title industry colleagues are doing all right in spite of the problems in those states.

This edition's cover article highlights the need for better homebuyer education earlier in the process. Two years ago, ALTA launched its Homebuyer Outreach Program (HOP) to provide the resources members need to explain the closing process and the benefits of title insurance. It's why ALTA is committed to attending the National Association of Realtors' Annual Convention. We'll be there again in November explaining to Realtors why their clients need title insurance. Even in states where the seller pays for the owner's policy, educating consumers is the right thing to do.

Just like how the country has united to help those in need during the recent disasters, if everyone involved in the real estate transaction truly embraces educating the consumer—in the words of Matthew McConaughey from the movie “Dazed and Confused”—we'll all be all right, all right, all right. ■



Michelle L. Korsmo, ALTA's chief executive officer

ALTA to Release Best Practices Representation Letter

To better serve the needs of title agents and lenders in sharing information about compliance with the Best Practices, ALTA's Board of Governors has approved a representation letter that will replace the certification package.

The representation letter, which goes into effect Oct. 13, 2017, provides more information about the type of assessment used to support the letter. This should make it easier for companies to communicate their compliance with the ALTA Best Practices to third parties. It also enhances the use of the ALTA ID as part of the letter's enhanced basic information requirements.

The representation letter is a fillable template that incorporates the key aspects of the Certification Package, and providing more details about the type of assessment the company underwent. The letter is designed to be completed by the company, and can be used with all potential assessment models. This corrects a flaw in the certification package, since most third-party assessors would not utilize the assessment certificate included in that package.

The certification package was used by lenders, such as SunTrust and Iberiabank, as part of their due diligence and onboarding of settlement agents. These lenders used the package because it was a free, standard ALTA product that companies used to perform self assessments.

Additionally, the letter requires companies to provide more basic information, such as the states licensed, full insurance information and their ALTA ID. It also makes the compliance language consistent with the terms used in ALTA's internal tools, such as the Assessment Readiness Guides, the Compliance Management Report and the Maturity Model.

Go to alta.org/bestpractices to access the certification letter and other resources included in ALTA's Best Practices Framework. ■

Title Industry Generates \$3.7 Billion in Premiums During Q2

The title insurance industry generated \$3.7 billion in title insurance premiums during the second quarter of 2017, according to ALTA's 2017 Second-Quarter Market Share Analysis. This compared to \$3.5 billion during the second quarter of 2016.

The publicly traded underwriters captured 85.4 percent of the market share during the latest quarter, while independent underwriters garnered 14.6 percent of the market.

The top individual underwriters based on market share were:

- First American Title Insurance Co. (23.1%)
- Chicago Title Insurance Co. (15.2%)
- Old Republic National Title Insurance Co. (14.0%)
- Fidelity National Title Insurance Co. (14.0%)
- Stewart Title Guaranty Co. (9.0%)

The top five independent underwriters based on market share were:

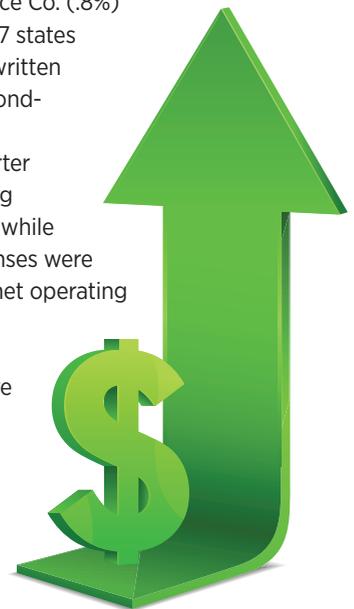
- Westcor Land Title Insurance Co. (3.4%)
- Title Resources Guaranty Co. (2.3%)
- WFG National Title Insurance Co. (2.3%)

- North American Title Insurance Co. (1.7%)
- Alliant National Title Insurance Co. (.8%)

On a state-by-state basis, 37 states showed second-quarter 2017 written premiums increasing from second-quarter 2016.

Overall during the first quarter of 2017, the industry's operating expenses were up 7.6 percent, while loss and loss adjustment expenses were down 8.3 percent resulting in net operating gain of 10.4 percent.

ALTA expects to release its third-quarter 2017 Market Share Analysis around Dec. 1. ■



LEADERS THAT LEND A HAND – AND AN EAR

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At Stewart, we believe in building our business by helping you build yours. We've always been your partner and will continue to be, by providing financial stability, underwriting expertise and access to leadership whenever you need it.

(Left to right: Matthew Morris, Chief Executive Officer ; Patrick Beall, Group President)

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Create Your Own Education Materials with ALTAprints.com

If you need to add some energy to your marketing efforts, members can take advantage of ALTAprints (altaprints.com), ALTA's online print shop where members can print, customize and download education materials.

With a few clicks, ALTA members can brand and print homebuyer education material directly from ALTAprints. A free PDF can be downloaded or material can be ordered and shipped directly to your office. ■



ALTA 2017 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan Political Action Committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. TIPAC has received \$558,567 from 1,017 donors so far in 2017. Check out who has supported the industry at www.alta.org/tipac.

Membership By the Numbers

ALTA is the title insurance and settlement services industry resource for advocacy, education, communication and networking. Here's a look at some membership numbers from the past month.

- **New Members:** 28
- **New Associate Members:** 3
- **New Attorney Members:** 3
- **Total Members:** 6,275
- **State With Most New Members:** New York

For a list of the latest new and associate members, as well as real estate attorneys who recently joined, go to alta.org/new-members. ■

Get Your ALTA Best Practices Questions Answered



To help ensure the industry receives consistent guidance about the Best Practices, ALTA is publishing answers to frequently asked questions on its FAQ Portal. Several answers have been published for pillars 1, 2, 3, 4 and 7. To check out what's been answered so far or to submit a question, go to alta.org/best-practices/faq.cfm. ■

CALENDAR

2017 ALTA CONFERENCES

ALTA ONE

October 10-13
Miami, FL

STATE CONFERENCES

OHIO

October 4-6
Columbus, OH

WISCONSIN

October 18-20
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FLORIDA

November 8-10
Orlando, FL

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The Dazed and Confused Consumer

Fannie Mae research shows education empowers homeownership with knowledge, confidence. ALTA Homebuyer Outreach Program can help explain benefits of title insurance earlier in the process.

TWO YEARS AFTER THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) released a survey that showed only half of all homebuyers shopped for their mortgage, Fannie Mae shared results of a study that concluded there's a need for greater awareness of education earlier in the mortgage process for homebuyers.

Fannie Mae conducted research in Dallas, Texas; Memphis, Tenn.; Cleveland, Ohio; and Knoxville, Tenn. One-hour individual in-depth interviews were conducted among 54 lower-income first-time homebuyers. In addition, eight two-hour mini-focus-groups were conducted among real estate agents and loan officers who have experience working with lower-income first-time homebuyers and pre-purchase homeownership education/counseling programs.



All three groups interviewed agreed that pre-purchase homeownership education empowers consumers with knowledge and confidence to be “financially and emotionally prepared” for homeownership. Six factors appear to impact the effectiveness of the education:

- **Awareness:** Respondents indicated they had little or no awareness of pre-purchase homeownership education—except for mandatory programs required for specific loans. In current practice, participation in education is primarily driven by referrals made by loan officers in order for borrowers to qualify for specific loan products or benefits, such as down payment assistance, and those referrals usually come late in the home-buying process.
- **Motivational Barriers:** Buying and financing a home can be stressful, and consumers are not eager to take homeownership education during an already stressful time. Loan officers often see education as just one more thing on an already long closing checklist. Real estate agents focus on finding the home and consider providing the instruction as beyond the scope of their services.
- **Content:** Both consumers and professionals agree that the content they saw was comprehensive and helpful. It covered the entire process from creditworthiness to loan application and home maintenance.
- **Channel:** Lower-income homebuyers had a strong preference for in-person learning rather than online because they value personal interaction, customization and a hands-on approach to education. A few consumers noted that online learning offers convenience and flexibility, but say it needs to be highly interactive.
- **Incentives:** Consumers and professionals agreed that incentives are important for motivating participation. Even small offers, such as \$100 toward closing, appraisal or inspection, would make a difference.
- **Timing:** Poor timing was a key complaint. Homeownership education usually happens late in the process, often two to three weeks before closing. Both consumers and professionals suggest that it could be a requirement for pre-qualification.

Homeownership Education in Need of a Makeover

Our **Economic and Strategic Research team** interviewed lower-income first-time homebuyers, loan officers, and real estate agents about pre-purchase homeownership education. While all agree it's a good idea and empowers consumers, awareness is low. Here's what we learned:



Almost no consumers, and few professionals, know what's available.



Consumers hesitate to spend time taking education during an already stressful time.



Education should happen earlier in the process.



Homebuyers value personal interaction and a hands-on approach to learning.

Joe Weisbord, director of credit and housing access for Fannie Mae, said the research “showcases the need for more effective collaboration across the industry to support a timelier and effective educational experience, one that empowers the consumer without adding complexity or delay to the home-buying process.”

While the groups understand the value of education, there are motivational barriers to wider participation:

- **Homebuyers:** Homebuyer education involves time and inconvenience. It’s “another hoop to jump through” during an already stressful time. It sounds like school and involves coming up with more money if a fee is involved.
- **Lenders:** Homebuyer education is one more thing on the long list of paperwork to make the deal happen. Loan officers have a deal-centered, transactional mindset. Some are concerned that borrowers will learn something that could kill the deal or lead them to other lenders.
- **Real estate agents:** There is an overall “not my job” mindset. Real estate agents have no concrete incentive or motivation to refer their clients to homebuyer education. They view lenders as experts on loan-related steps and processes and want to guide or control their clients themselves. Like loan officers, they are concerned that borrowers might connect to another real estate agent or deal.

The study showed that homeowners rarely participate in

programs unless they are required to take educational courses and were referred to by loan officers for loan qualification requirements or benefits such as down payment assistance programs. In fact, very few even knew the range of programs offered.

“There is considerable fragmentation in the (homebuyer education) landscape,” according to the study. “Virtually no consumers and only a few professionals understand the range of (homebuyer education) providers and offerings. There is almost no voluntary participation by consumers or professionals. Consumers see the value in these programs only after the fact and will not be motivated to participate without concrete incentives.”

A study released by the National Association of Realtors (NAR) supports the notion that consumers are confused and need additional education about the mortgage and homebuying process. According to NAR, 87 percent of non-homeowners think they need at least 10 percent down in order to purchase a home. Matt Ishbia, chief executive officer of United Wholesale Mortgage said that it’s surprising people still think this today. He said it’s the industry responsibility to educate consumers about the options.

“People don’t know about this; we have to educate them. That’s our job in this industry,” Ishbia said. “Educate consumers, educate the millennial generation, educate everybody. They actually think they need to save 10 or 20 percent down, that’s why they’re over there renting.”

Download HOP ads at ALTAprints.com

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Ironclad Title attorneys and closers at Southwest Louisiana Realtors Association table with ALTA HOP Materials.



HOP to the Rescue

More and more ALTA members have taken the offensive, however, to educate consumers and others involved in the real estate transaction about the benefits of title insurance. Through ALTA's Homebuyer Outreach Program (HOP), ALTA members have access to many resources to communicate with homebuyers, real estate agents and others. The resources have proven beneficial in buyer-pay states. While adoption of HOP in seller-pay markets has been slow, title agents do understand the value of educating consumers about the product.

In Nevada, Western Title Co. purchased an advertorial in its weekly business newspaper. The full-page advertorial titled "Home Buying Simplified," describes how Western Title implemented HOP to better inform consumers about the home-buying process, including the benefits of title insurance and escrow.

"Often in the past, Western Title marketed and spoke directly to real estate professionals," said Sylvia Smith,

Western Title's president. "While we still advocate working with these professionals, Western Title is trying to break down barriers and boundaries to speak directly with future homebuyers in new ways, and explain what we do in easy terms. This has been accomplished by our newest education tool—HOP"

Western Title provides HOP flyers to help explain why buyers need to protect their property rights and purchase an owner's title insurance policy. The title

company also makes daily posts on social media—including Facebook, Twitter, LinkedIn, Snapchat and Instagram—to help explain title insurance.

"Since our renewed role on social media, we've had a large number of consumers call to ask more questions," said Chad Felix, vice president of marketing and sales for Western Title. "We have also had Realtors tell us that their clients have mentioned seeing Western Title online and feel more inclined to use our services."

In addition, Western Title holds seminars for prospective homebuyers.

"These seminars act as a lightning rod to inform the people and help them act with confidence," Smith added. "By the end of the seminars, these future homebuyers will know what Western Title does, how it helps them and how they can protect their property rights."

Meanwhile, Republic Title of Texas has used HOP marketing material in its corporate office.

"We have two large training rooms dedicated to providing education classes for our customers," said Lindsey Carroll, vice president of marketing and communications for Republic Title of Texas. "We branded and blew up some of the ALTA pieces along with pictures of our employees for an impactful HOP-themed wall."

#HAPPYCLOSINGDAY

Ironclad Title in Louisiana is another title company embracing the HOP mantra. And it's paying dividends. Kaelyn Guillory marketing director for Ironclad Title, said that within the first two months of implementing HOP material, the company experienced a 30 percent increase in production. How did they do it? Guillory said it started with internal training.



Western Title ran this advertorial in its weekly newspaper.



Republic Title of Texas has filled the wall of its corporate office with several of the HOP resources, including the Manifesto.

“Our member partners sat down with us and we told them that we needed to start doing team trainings once a month,” she said. “We changed our entire work culture because everyone bought into it from the top down.”

To build the culture, the Ironclad staff took the RESPA quiz together. “We all passed. Thank god!” Guillory said.

Once everyone was trained, the company then cleansed its vocabulary and soaked in the HOP nomenclature. Little tweaks included using the word “benefit” versus “value” when talking about title insurance.

“The point is to avoid industry jargon and use words that the common person can understand,” Guillory said. “After the vocabulary overhaul, we did a SWOT analysis for each person and then as group.”

The company also incorporated some of the vibrant HOP colors into its marketing. With traditional burgundy and grey, Ironclad Title’s colors were a bit common, according to Guillory. “We still have our rhino and burgundy in the back ground, but the text is colorful and we’ve adopted a happy attitude and developed #happyclosingday that we use on our social media,” she said.

“We tell the homebuyers that they’ve been through a difficult process of buying a house and that today should be exciting,” Guillory added. “It shouldn’t be stressful when you come through our doors. We should be the happiest point of the experience. We need to realize that the customer needs to buy an experience. The only way you can make the customer a client is by retaining them.”

Ironclad has found success using the rack cards. The company attends quarterly expos and gives the material to real estate agents and lenders during these events.

“The rack cards are my saving grace because it takes hours to design something like this,” Guillory said. “Lenders and Realtors are excited to see a title company providing material that answers questions about title insurance, because that’s our job. Basically, HOP has brought our marketing effort into the 21st century.” ■

ALTAprints Is Your Marketing Department

ALTA members can modify and brand material with their company information and logo at ALTAprints.com. You can customize material and download PDFs for free or order prints that can be delivered directly to your office.

- **ADVERTISEMENTS:** These multi-purpose, customizable advertisements can be used as flyers in coffee shops, handouts at first-time homebuyer seminars and ads for your real estate clients.
- **MARKETING FLYERS:** Use these one-pagers as handouts at a conference or add them to your new Homebuyer Outreach Program consumer introduction packet.
- **RACK CARDS:** These are full of information about the benefits of title insurance in a two-sided half-sheet handout. They are the perfect item for any real estate function. The newest rack card educates consumers about how to protect their money from wire fraud.
- **POSTERS:** These advertisements are customizable to print and ship to your next housing seminar, staff training, legislator/regulator meeting or open house.

How have you used HOP material to educate others about the benefits of title insurance and promote your business? Share your story by sending comments, photos or video to communications@alta.org.

HOP Training Helps Title Agent Connect With Seller

By Philip S. Janny CLTP, NTP

IT'S FUNNY HOW THINGS WORK OUT SOMETIMES.

Earlier this year, I attended a full-day training to become an ALTA Homebuyer Outreach Program (HOP) leader. I was able to use the skills I learned at the training the very next day.

Our office was working on a real estate transaction involving a seller that

was an estate. Since it was an estate, among the many things, we have to look for the inheritance tax return and proof of the tax being paid. Since the death of the decedent occurred in late October, no inheritance tax return was filed. When reaching out to the executrix of the estate, I quickly found out that it was the daughter of the decedent. Over the phone and in a couple of emails, I told her that we as the title agent will require an escrow of monies to be held from the proceeds until she can produce a Notice of Appraisal showing a zero balance owed. She seemed okay with this requirement until a couple of days prior to closing. I

received an email from her saying "I was reviewing the escrow agreement with my family who owns a commercial real estate firm and have sold several properties. They never heard of such an agreement or have ever had a party, title or the like, holding any funds in escrow. I have also spoken with other real estate agents who have never held funds either. Can you advise me as to what regulation requires this escrow of funds as the only one I am aware of is a foreign seller?"

If I hadn't attended the HOP event a day prior to receiving this email, I most likely would have responded informing her that she was wrong. I realized at that moment, that this person—the executrix of the estate—the seller in this transaction—needed to be educated about

title insurance. The HOP training education kicked in and reminded me that I have a golden opportunity to *create* a conversation, *curate* a message to her about what I do, *connect* with her as the seller and explain to her why we collect the escrow to clear title, and start the *culture* of educating the uneducated about the benefit of title insurance. I spent about 25 minutes on the phone explaining the need for the escrow, the process of what I do to clear title and how that process enables me to insure title to the property and issue a title policy to the purchaser. After that, she politely thanked me for taking the time and admitted to me that she was quite emotional

selling the family homestead. She apologized if she came across with a "tone." I simply told her I completely understood. At the closing, the deal turned out to be a great success. In addition to insuring the purchaser in the transaction, the seller thanked me profusely and asked for my business card. She plans on purchasing a new home, and would like me to insure the title.

I couldn't have asked for a better result.



PHILIP S. JANNY CLTP, NTP of the law firm *Plunkett & Graver PC* can be reached at 610-432-1590 or philj@plunkettgraver.com. Janny is a trained HOP Leader and serves on ALTA's Government Affairs Committee and Research – Abstractor/Agent Subcommittee, and is a past president of the Pennsylvania Land Title Association.

Meet Matt.

Pianist, watch maker, second-generation title insurance professional, Agency Manager for Old Republic Title.

Raised in a close-knit family, Matt attributes his work ethic to his family's philosophy that "anything worth doing is worth doing right!" That's how he approaches everything in life ... with precision. Whether he's creating music, assembling intricate pieces of a watch or working closely with title agents... it's attention to detail that makes Matt tick.

Matt has worked for the Company for nearly a decade, in one of Old Republic Title's most agent-focused regions of the country. He never stops. He supports agents by providing them with the latest tools to help them successfully thrive and grow their business; such as training, education, and resources to quickly address and handle their underwriting needs at the local level... that's doing business the right way.



For more than a century, Old Republic Title has been doing business with integrity.

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OLD REPUBLIC INSURANCE GROUP

The Importance of Cybersecurity for Small Businesses

By Melissa Ellis

4 PROACTIVE TIPS to Improve IT Security



ALTHOUGH THE MEDIA HEADLINES OFTEN HIGHLIGHT MAJOR DATA BREACHES of large corporations and government agencies, the majority of businesses being hacked are small businesses. Why is this the case? Most small businesses do not have layers of security in place to protect them so attackers consider them low-hanging fruit. According to Verizon's 2017 Data Breach Investigations Report, 61 percent of data breaches in 2016 affected small businesses. As many of you are aware, the title industry is in the attackers' direct line of fire. The good news is that effective IT security is not beyond reach. Here are a few cybersecurity tips that can benefit your business.

Network Security

Implementing a network firewall with intrusion detection and prevention capabilities (IDS/IPS) is crucial. A firewall protects your network from malicious traffic and an IDS/IPS system properly monitored can stop attackers in their tracks. Unmanaged systems do not provide adequate security. Attackers are working around the clock and so should your security.

Performing regular network vulnerability testing, internally and externally, can identify risks and give you the opportunity to remediate before being hacked. Many of the common vulnerabilities that this process could identify include legacy or otherwise unsupported operating systems, poor patch management and exposed systems.

It is essential that workstations, servers and laptops are updated and patched on a regular basis. The WannaCry ransomware attack quickly infected 150 countries and targeted computers that were unpatched. It is important that not only Microsoft updates/patches are consistently applied but also third-party software such as Adobe, Java and anti-virus programs need to be maintained. There are managed systems available to ease administration and ensure timely and consistent updating/patching occurs.

Back Up

Having a backup and understanding where your data is stored is critical. There are several backup scenarios available. Whichever scenario fits your business, the important factors remain the same: Make sure your data is in a secure location, is encrypted during transit and storage, and is regularly tested so that the data can be restored. You do not want to be in the position where your back up is needed and find that hardware is not available, the time to recover is days or weeks longer than expected, or the data won't restore properly. Consider keeping redundant backups.

Security Policies and Procedures

With the ongoing concern about keeping business and client data safe, it is vital to have security policies and procedures in place. Employees need to understand what is expected of them and be given the proper tools and technology to safeguard business and client data. For many businesses, writing security policies and procedures can seem like a daunting task. There is no reason why you can't start small and add to them.

One simple yet very important policy is a password policy. According to Verizon's 2017 Data Breach Investigations Report, 81 percent of hacking-related breaches leveraged either a stolen and/or weak password. Every password can be hacked. It is just a matter of how much time it takes. A basic seven-character password consisting of lower case letters can be cracked in seconds. The longer and more complex a password is the longer it takes to crack. Make it difficult for the hackers and they will move onto lower hanging fruit.

Security Awareness Training

Security awareness training, another required layer of security, is the missing link across many small businesses. But even if the previously mentioned safeguards are implemented, though, if your employees are not trained on how to recognize and handle everyday security threats your business is still at serious risk. Employees are the number one target of attackers, who take advantage of workers who have not been given the necessary training and tools. One of the main problems the title industry is facing now is phishing emails. The FBI reported a 480 percent increase in wire fraud attacks in 2016. Many of these attacks involved phishing emails. Implementing a comprehensive and ongoing security awareness training program is your best line of defense against these attacks. Educate and empower your employees; everyone is part of the security team!

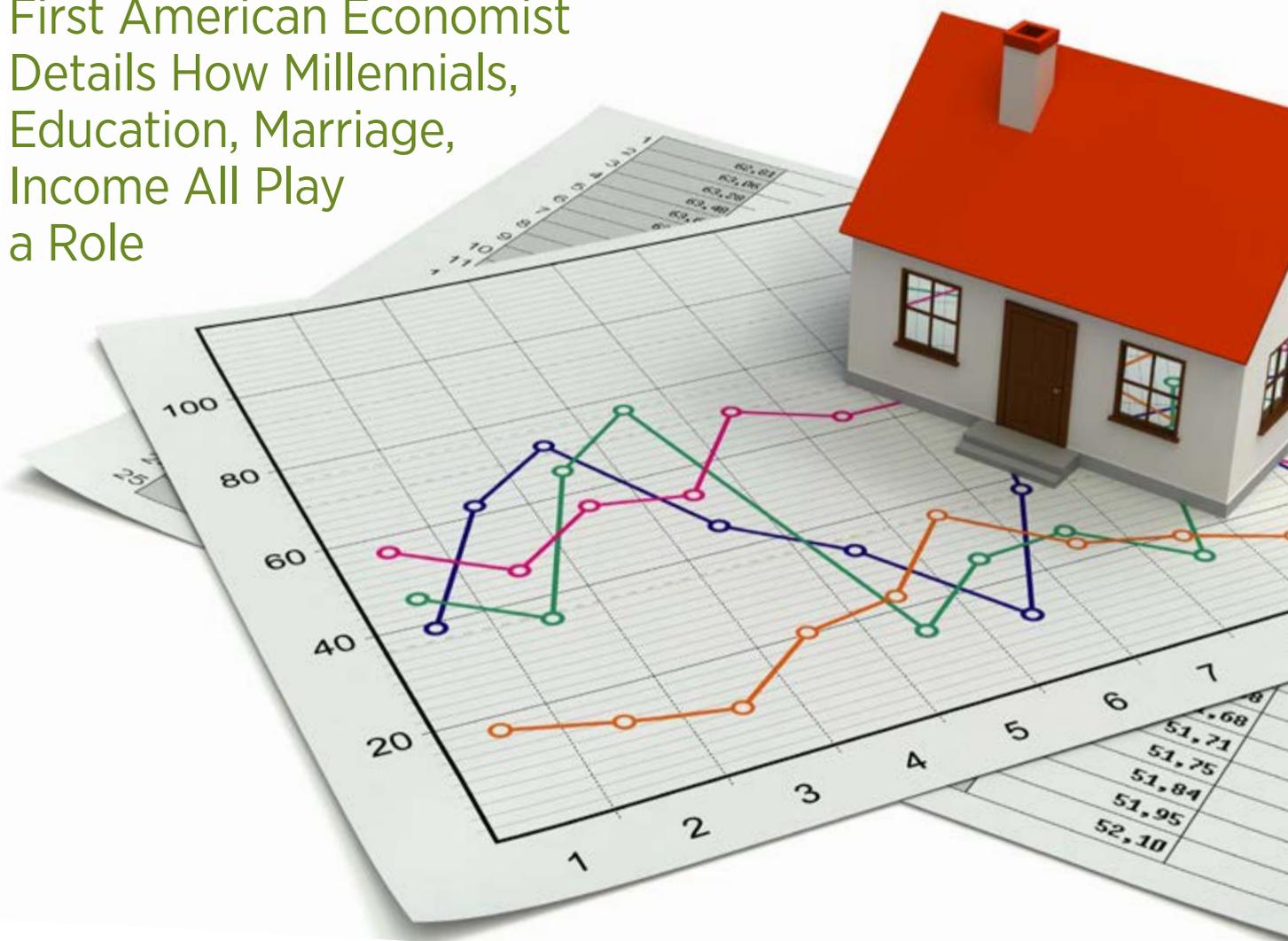
It is very important that small businesses take proactive approaches to IT security. Avoiding the necessary steps is only going to increase your chances of falling victim to an attack. Implementing and maintaining the proper layers of security can be complex, requiring knowledge of the everchanging landscape of the IT security world. When selecting a company to assist your business, it is important to choose a company with proven expertise in IT security. Cybersecurity threats are continuing to rise. Now is the time to take action to protect your business and client data. ■



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6 Trends That Will Reshape Homeownership Demand

First American Economist Details How Millennials, Education, Marriage, Income All Play a Role



While analyzing the homeownership rate, First American Chief Economist Mark Fleming discovered six key trends that will transform homeownership demand and the understanding of achieving the American Dream.

ISTOCK / DAFT_LION_STUDIO



As U.S. homeownership rates hit half-century lows, many are afraid that this dream is fading. However, the dream of homeownership is far from dead. Nearly 77 percent of people who responded to a recent Chase survey agreed that homeownership was a part of achieving the American Dream. After owning a home, half of respondents selected going to college, getting married and having children as other elements that are vital to the fulfillment of that dream. Another survey confirms this sentiment as it found that 94 percent of millennials between the ages of 20 and 29 are planning to buy a home.

“While it may not be a surprise that homeownership remains a priority, it may come as a surprise that millennials have not been discouraged from this goal,” Fleming said. “Millennials are often referred to as a ‘renter generation,’ because they have prioritized their education and tend to concentrate in metropolitan areas. They have, for now, chosen to share cramped apartment space with roommates over making the commitment to buy a home. The American Dream is not the mere act of owning a home, but rather an ethos or set of ideals that allows citizens the opportunity to pursue prosperity and upward mobility through hard work. In this context, homeownership is not just about shelter, but a primary vehicle for wealth creation for middle-class Americans.”

Here’s a look at the six trends that will affect homeownership, according to Fleming:

1. The Most Educated Generation in the U.S.: Despite the popular narrative surrounding Millennials as “over-educated and under-employed,” a Millennial with a college degree earns approximately \$17,500 a year more than a Millennial with only a high school diploma, according to the report. As First American’s Homeownership Progress Index (HPRI) shows, markets and states with growing educational attainment rates often experience significant improvements in homeownership. The importance of education to homeownership has only increased over time. The good news is

educational attainment is growing. So, it is reasonable to expect homeownership rates to grow as well. As more people achieve greater levels of education, they are able to generate higher income and then use that higher income to buy homes.

2. Homes and Marriage Go Together Like a Horse and Carriage:

Most would say that they plan to buy a home when they “settle down,” but what does that mean for a millennial nowadays? This is a serious question because marriage and homeownership, perhaps the two most enduring institutions of our society, have shaped the economic fortunes of many Americans. Over the past half century, there has been an overall decline in the marriage rate. According to government data, the share of married households has fallen from a high of 72 percent in 1960 to approximately 50 percent today. Have Americans lost that loving feeling? Many reasons are cited for the decline in the rate of marriage, including the increase in the participation of women in the labor force and the increased level of educational attainment. Most recently, millennials are largely prioritizing higher educational over marriage. The share of young adults (aged 24 to 34) who are married has dropped from 70 percent in 1995 to 54 percent in 2014. According to analysis from First American, the homeownership rate is 30 percent higher among married couples than other households. If married households are more likely to be homeowners, and marital rates are falling, how much of the decline in homeownership is due to the changing attitudes toward marriage? Because the marriage rate was increasing between 1995 and 2005 as Generation X got hitched, marriage was a net contributor to the growing overall homeownership rate, but from 2005 to 2014 the declining marriage rate alone has reduced the homeownership rate by 3.5 percentage points. This trend turned around in 2015, with marriage being a contributor to homeownership in 2015 and 2016.

The homeownership rate is 1.7 percent higher for households with one or two children compared to households with no children, and it is 5.4 percent higher for households with three or more children.

3. Home is a Family Formation Station: A recent study by the Urban Institute found that between 2007 and 2012, birth rates among women in their 20s declined by more than 15 percent. The drop was, in part, caused by the decline in the rate of marriage. This doesn't necessarily suggest that either the marriage rate or birth rates won't increase as millennials choose to have children at a later age, but it does delay the decision to buy a home. First American finds that just as the decision to marry influences the decision to own, so does the decision to have children. As one might suspect, the more children in a household, the more likely the decision to own versus rent. The homeownership rate is 1.7 percent higher for households with one or two children compared to households with no children, and it is 5.4 percent higher for households with three or more children.

4. Finally, Income Growth: It's not just the decisions to marry or have children that increase the likelihood of being a homeowner. Economic conditions also play an important role. If the economy is in recession and it's hard to find a job, or one's income is flat or declining, it would make sense that there would be less demand for homeownership. But, could the converse also be true? According to First American's index, households with an average income of \$110,000 or more in 2016 have a homeownership rate of approximately 87 percent. At the lowest annual income bracket of \$28,000, the homeownership rate is 45 percent. As one might expect, homeownership increases as household real incomes increase. For a household earning \$50,000, an extra \$10,000 a year would increase the likelihood of homeownership by 2.1 percent. Going from an income of \$50,000 to \$100,000 increases the likelihood of homeownership by approximately 10 percent. The good news for the real estate industry is that there are some positive trends in income growth. After a period of stagnant wage growth, median household income in the United States increased from \$53,718 in 2014 to \$56,516 in 2016. This upward trend in income translates, all other factors held equal, to an almost 1 percent rise in the likelihood of homeownership.

5. Is It All About the Economy? Household income is only one measure of overall economic conditions. Equally important is whether one can get a job, change a job or keep a job. Changes in economic conditions and consumer access to mortgage financing are also important influences on homeownership. Our decision and ability to buy a home is closely tied to all of these economic factors. Between 1992 and 2005, the strong economy of the 1990s and the housing boom of the early aughts increased homeownership, all else held equal, by 5.6 percent. The recession that followed the

housing boom peak forced the homeownership rate to decline 5.1 percentage points. More recently, improving economic conditions have helped fuel resurgence in the homeownership rate.

6. Closing the Gaps: Homeownership is a goal shared among people regardless of race or ethnicity, and remains the main driver of wealth creation for the majority of households in the United States. Since homeownership is one of the key components of achieving the American Dream, understanding the observable differences in homeownership rates by ethnicity may help identify ways to advance the prospects for homeownership across all ethnicities. Differences in homeownership rates can be attributed to many household characteristics, making it difficult to draw broad conclusions. For example, a lower homeownership rate in a particular ethnic group may be the result of economic, demographic and educational factors that are causally related to homeownership, but only correlated with ethnicity. A 2015 Census16 study showed that 15 percent of Hispanics had a bachelor's degree, compared to 22 percent of African-Americans—a difference of 7 percentage points. The education gap between Whites and African-Americans remained stable, between 11 and 14 percentage points from 1988 to 2015. Since achieving higher educational typically leads to greater income, these ethnic differences in education levels also influence income disparities across ethnicities. So, one reason a homeownership gap between different ethnicities exists is because disparities in educational attainment levels and, subsequently, income levels, also exist. It's important to identify the relationship between ethnicity and homeownership after controlling for the directly attributable economic, demographic and educational relationships that are also correlated with ethnicity.

Controlling for other homeownership-related characteristics reduces the homeownership gap for all ethnicities, but it does not remove the gaps all together. Even after accounting for all of the other important factors influencing homeownership rates, substantial unexplained gaps in homeownership rates between ethnicities remain. The real challenge is to better understand why this gap persists. After accounting for all the other factors, are the differences in the homeownership rate by ethnicity due to the challenges of raising a down payment, access to credit, or the impact of financial obligations to extended family members? Fleming says that this research can't answer that question, but it does help to inform the policy discussion about where one might look to further understand why homeownership gaps by ethnicity exist. ■

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A close-up photograph of a hand holding a silver pen, poised to write on a document. A yellow highlighter is visible at the bottom right of the frame. The background is a soft, out-of-focus blue.

Lessons From Losses:

Don't Let the Finish Line Become a Starting Line for Trouble

By Jordan Rubenstein



REMEMBER WHEN GRAND POOBAH FRED sold the Loyal Order of the Water Buffaloes' land without authority and absconded with the proceeds of the sale (See article *The Unlikeliest of Crooks* from July 19, 2016 on the ALTA website). Well, fraud is not the only reason to make sure the person signing corporate documents has authority to do so. Even honest mistakes by a buyer or seller, when they are not caught by the title agency, can lead to significant losses.

Imagine the following:

The Facts

Ms. Bigshot got her start 40 years ago when she bought a small farm on the outskirts of town. Ms. Bigshot thought that too many chemicals were being introduced into the farming process, so she decided to grow her own fruits and vegetables without chemicals. When Ms. Bigshot learned that many others in town shared her opinion, she saw a market. Ms. Bigshot's farm was the first and, for a long time, the only organic farm in the state.

Ms. Bigshot started small. Initially she planted only tomatoes, harvested them herself, and sold them in the local market. Her tomatoes flew off the shelves. Ms. Bigshot's idea of selling organic food was a hit. She quickly expanded her farming and business operations.

Initially, Ms. Bigshot incorporated her business, Organic Inc. Next, she created several subsidiary companies to manage the various aspects of the business. These companies included, but were not limited to, a company that employed workers to harvest the crops—Organic Pickers, a company that managed distribution of the crops—Organic Movers, and a company in which the business' real estate holdings were held—Organic Owners.

As time went on, the Organic businesses grew, and so did Ms. Bigshot's family. Ms. Bigshot had kids, and her kids had kids. Everyone wanted to be in, and was welcome in, the family business. The ownership and leadership structure was complicated, yet simple. While all of the kids and grandkids had a hand in different aspects of the companies and had authority to act within their own areas of the company, Ms. Bigshot oversaw all areas of the companies. Each and every company's operating agreement stated that Ms. Bigshot's signature was needed for any significant transaction, including the buying and selling of land.

Three years ago, Organic Owners decided to purchase another farm. Ms. Bigshot's granddaughter, Littleshot, handled every aspect of the transaction. Littleshot negotiated the price and terms of the sale, found a lender to finance the purchase and found

the title company to conduct the closings. While Ms. Bigshot attended some of the meetings, she was not particularly involved in what was being discussed. Rather, she sat back and smiled proudly as Littleshot ran the show. When the time came to close the transaction, because Littleshot had been calling the shots all along, she, and only she, signed all of the documents on behalf of Organic Owners. Nobody thought twice about Littleshot's authority to sign the documents. The title company recorded the documents and issued owners and lenders policies.

The organic farming business hit a rough patch; Organic Owners fell behind in its payments and the lender commenced foreclosure. At that point it was discovered that in addition to Ms. Bigshot not signing the documents, Littleshot had no authority to act on behalf of Organic Owners. Littleshot, officially, had authority to act on behalf of only Organic Movers, where she had started when she joined the family business. In financial distress, Organic Owners contested the validity of the mortgage that Littleshot had signed.

The lender tendered a claim to the title insurer. The title insurer resolved the claim—and then pursued a claim against the title company for not checking the corporate records and obtaining the necessary signatures to properly complete the transactions.

The Lesson

It is important to work closely with your corporate clients to ensure that everything is in order and the right person is signing the documents on behalf of the right corporate entity. This is particularly important when there are multiple entities within the corporate structure and when people (particularly family members) move frequently within the corporate structure. As discussed in *The Unlikeliest of Crooks*, request and maintain a copy of the corporate by-laws, which typically states who has authority to sign on behalf of the entity. Sometimes, as was the case with

It is important to work closely with your corporate clients to ensure that everything is in order and the right person is signing the documents on behalf of the right corporate entity.

Organic Inc., multiple signatures are needed to bind a corporation. If there are no by-laws, ask for a specific resolution from the board of directors which grants the signor the necessary authority. Further, be sure that the correct entity is listed on the relevant documents. Particularly when you are dealing with companies under common ownership that have similar names, it is important to make sure that the right person is signing for the right company. If the right person signs for the wrong company, it can be as if the document was never signed in the first place.

In summary, when you get to the end of the transaction, after doing all of the heavy lifting, slow down and make sure that the proper people are taking you over the finish line. If you don't, the finish line may be the starting point for trouble.



JORDAN RUBENSTEIN is an attorney with the law firm Troutman Sanders, claims counsel for the Title Industry Assurance Company.

While Lessons From Losses draws upon the claims handling experience of TIAC's claims counsel, Troutman Sanders LLP, the circumstances described are for illustrative purposes only. This material is not intended to establish any standards of care or to serve as legal advice appropriate for any particular factual situations. Lessons From Losses also does not create an attorney-client relationship; please consult counsel for appropriate advice regarding the specific circumstances of any claim or transaction." ■



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TRID Final Rule and Proposal Published in Federal Register

CFPB Issues Support Material to Aid Implementation

The Consumer Financial Protection Bureau's (CFPB) amendments and proposal to the TILA-RESPA Integrated Disclosure (TRID) rule were published to the Federal Register on Aug. 11.



ISTOCK / TURK_STOCK_PHOTOGRAPHER

The official effective date of the amendments is Oct. 10, 2017. From that date until Oct. 1, 2018, each lending institution will get to choose which of the amendments to comply with. Title and settlement companies will need to be flexible during this period to account for settlements that will use different rules on the same day.

A good first step to prepare for the inevitable confusion is to talk to your largest lender customers to understand which items they are prioritizing during implementation.

Additionally, the comment deadline for the proposal to fix the so-called “TRID black hole” ended Oct. 10. The CFPB has proposed to allow lenders to update tolerances during a valid changed circumstance using a Closing Disclosure at any time after the initial disclosure is issued. This would replace the complex timing requirements in the current rule.

In August, the CFPB issued a summary of changes and clarifications to support implementation of the revised final rule. The document summarizes most of the final rule clarifications and changes, and provides relevant citations.

Here are some key sections included in the bureau’s support material:

Good Faith Requirement (i.e., Tolerances) and Revised Disclosures

The rule provides that the best information reasonably available standard (i.e., that there is no tolerance limit on charges as long as they are based on the best information reasonably available) applies to bona fide charges for third-party services if, based on the facts and circumstances:

- A consumer is permitted to shop for the service, and
- Selects a provider not on the written list of service providers issued to the consumer, and
- Those estimated charges are based on the best information reasonably available, even if the bona fide charge is paid to the creditor’s affiliate.

According to the rule, the 10 percent cumulative tolerance standard applies to a required third-party, non-affiliate settlement service charge, even if the creditor has failed to disclose on the written list of service providers that required service or the written list was not provided at all, as long as the creditor permitted the consumer to shop for the service.

The zero tolerance standard applies to required settlement service charges paid to anyone, if, based on the relevant facts and circumstances, the consumer was not permitted to shop. Creditors are allowed to issue revised written lists of service providers.

The final rule allows creditors to provide a revised Loan Estimate for informational purposes as well as to reset tolerances. A creditor may not provide a revised Loan Estimate after it issues a Closing Disclosure even if the interest rate is locked on or after the date the Closing Disclosure is provided to the consumer. If a rate is locked or changes after a Closing Disclosure was provided to the consumer, the creditor must provide a corrected Closing Disclosure at or before consummation to reflect the changes. If the

changes trigger a new three-day requirement, the creditor must provide the corrected Closing Disclosure at least three business days before consummation.

The rule provides that a post-consummation corrected Closing Disclosure is not required if the only changes that would be required to be disclosed are changes to per-diem interest and disclosures affected by per-diem interest. However, if a creditor is providing a post-consummation corrected Closing Disclosure for reasons other than changes in per-diem interest but the per-diem interest has also changed, the creditor must disclose the corrected per-diem interest in the corrected disclosures. Additionally, the creditor must provide corrected disclosures for any disclosures that are affected by the change in per-diem interest. It also provides that a corrected Closing Disclosure must be based on the best information reasonably available to the creditor, even if the corrected disclosures may not be used for purposes of determining good faith.

Shopping for Settlement Services

The rule provides that whether a consumer is permitted to shop is determined by the relevant facts and circumstances. The itemization of the settlement service providers doesn’t need to include all settlement services that may be charged to the consumer, but must include at least those settlement services required by the creditor for which the consumer may shop.

For example, according to the bureau, if the creditor requires lender’s title insurance and permits the consumer to shop, the creditor must disclose the service (i.e., lender title’s insurance) and the fee for the service on the Loan Estimate, and must identify at least one available provider of the service on the written list of service providers. However, the creditor is not required under the written list of service provider requirements to provide a detailed breakdown of all related fees that are not explicitly required by the creditor but that may be charged to the consumer, such as a notary fee, title search fee, or other ancillary and administrative services needed to perform or provide the settlement service required by the creditor.

The rule identifies the tolerance standard for when the creditor permits shopping for settlement service providers, but fails to provide the written list.

Settlement service providers disclosed on the written list of service providers must correspond to the settlement services required by the creditor for which the consumer may shop. Further, those service providers must be available to the consumer such that they are in business and provide services in the consumer’s or property’s area.

Although a creditor is not required to use the model form for the written list of service providers, the proper use of the model form (including any permitted changes) provides a safe harbor. In addition, some revisions to the model form may still allow the creditor to maintain the safe harbor. For example, deleting the column for estimated fee amounts is an example of an acceptable change to the model form for the written list of service providers.

Disbursement Date

The rule details the disbursement date that should be used on the Closing Disclosure for several transactions:

- **Purchase transaction:** The disbursement date is generally the date that the Cash to Close amount is expected to be paid to the consumer or seller.
- **Non-purchase transaction:** The disbursement date is the date some or the entire loan amount is expected to be paid to the consumer or a third party other than the settlement agent.
- **Simultaneous subordinate lien transaction:** The disbursement date is the date that some or the entire loan amount is expected to be paid to the consumer or a third party other than the settlement agent.

Simultaneous Subordinate Lien Loans

The rule also provides guidance for purchase transactions

involving a subordinate lien loan. If the Closing Disclosure for the first lien loan has all the required disclosures related to the seller, then:

- A settlement agent may provide the seller with only the first lien Closing Disclosure (that relates to the seller's transaction reflecting the actual terms of the seller's transaction) instead of also providing the seller with the Closing Disclosure for the subordinate lien loan.
- The requirement to disclose the Summary of Seller's Transaction table does not apply to the Closing Disclosure for the simultaneous subordinate lien loan.
- A creditor may use the optional alternative disclosures, (i.e., the alternative disclosures formerly used only for transactions without a seller) when disclosing the simultaneous subordinate lien loan. ■

Finalized TRID Rule Applies to All Residential Deals Involving Cooperatives

In July, the CFPB finalized a uniform rule regarding the application of the TILA-RESPA Integrated Disclosure (TRID) requirements for cooperative units.

Under the existing rule, coverage of cooperative units depended on whether cooperatives were classified as real property under state law. Some states treat cooperatives as personal property, while others treat them as real property. Because state laws sometimes treat cooperatives differently for different purposes, there was uncertainty and inconsistency in the manner in which lenders would classify these transactions. This could lead to potential liability. The final rule extends coverage to include all cooperative units without regard to the state-level designation of cooperatives. In the final rule, the bureau also reiterated that TRID does not apply to loans for business, commercial or agricultural purposes.

The official effective date of the amendment is Oct. 10, 2017, but the CFPB said there is an optional compliance period in effect until Oct. 1, 2018. ■

TRID: Coop Rule

On July 7, 2017, the Consumer Financial Protection Bureau amended the federal mortgage disclosure requirements under the Truth in Lending Act provision by creating a uniform rule for its treatment of cooperative units.

BEFORE

TILA-RESPA integrated disclosure coverage of cooperative units depended on the treatment of cooperatives, under state law. Only states that treated cooperatives as real property had to comply.

Classification Options:

Real Property Personal Property



AFTER

The TILA-RESPA integrated disclosure rule applies to all transactions involving cooperative units, whether or not cooperatives are classified under state law as real or personal property.

Real Property



Information Source:
<https://www.consumerfinance.gov/policy-compliance/rulemaking/final-rules/amendments-federal-mortgage-disclosure-requirements-under-truth-in-lending-act-regulation-z/>



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FinCEN Says ‘Aloha’ to Cash Buyers

Money Laundering Prevention Effort Extended and Expanded to Include Honolulu, Wire Transfers

THE FINANCIAL CRIMES ENFORCEMENT NETWORK (FINCEN) renewed and expanded existing Geographic Targeting Orders (GTO) that require U.S. title insurance companies—along with their subsidiaries and agents—to identify the individuals behind companies used to conduct high-end, all-cash real estate transactions in certain major jurisdictions.

Following the recent enactment of the Countering America’s Adversaries Through Sanctions Act, FinCEN revised the GTOs to capture a broader range of transactions, including those involving wire transfers. The order also includes transactions above \$3 million conducted in the city and county of Honolulu, Hawaii. FinCEN also issued an advisory that provides information on how to detect and report these transactions to FinCEN.

In January 2016, FinCEN originally ordered GTOs requiring certain underwriters to identify and report the true “beneficial owner” behind a legal entity involved in certain high-end deals in Manhattan and Miami-Dade County. FinCEN broadened and extended the GTO in July 2016 and February 2017.

The latest GTO went into effect Sept. 22 and runs through March 20, 2018.

“Through this advisory and other outreach to the private sector, FinCEN, industry and law enforcement will be better positioned to protect the real estate markets from serving as a





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Details of FinCEN's Geographic Targeting Orders

The extended GTO includes these areas and price thresholds:

- Borough of Manhattan, N.Y.; \$3 million
- Borough of Brooklyn, Queens and Bronx, N.Y.; \$1.5 million
- Miami-Dade, Broward and Palm Beach counties, Florida; \$1 million
- Los Angeles, San Francisco, San Mateo, Santa Clara and San Diego counties, California; \$2 million
- City and County of Honolulu; \$3 million
- Bexar County, Texas (San Antonio); \$500,000

A currency transaction report must be filed with FinCEN if these things occur:

- Location (deal occurs in one of the areas included in the GTOs)
- All-cash deal (no financing)
- Purchase price exceeds threshold determined for each jurisdiction (see below)
- There's a corporate buyer
- Purchase price paid via monetary instrument
- Wire transfers

The report must include:

- Information about the identity of the individual primarily responsible for representing the buyer. The title company must obtain a record of the individual's driver's license, passport or other similar identification
- Date of closing of the covered transaction.
- Total amount transferred in the form of a monetary instrument
- Total purchase price of the covered transaction
- Address of real property involved

If the purchase involved in the covered transaction is a limited liability company, the underwriter must provide the name, address and taxpayer identification number of all its members. Additionally, covered title companies must retain all records relating to compliance with the order for five years, store the records so they are accessible with a reasonable period of time and make the data available to FinCEN or other law enforcement or regulatory agency, upon request.

ALTA provides several resources to help members comply with the GTO. For more information, go to www.alta.org/fincen.

vehicle to launder illicit proceeds," said FinCEN Acting Director Jamal El-Hindi. "FinCEN also thanks Congress for its modification of the Geographic Targeting Order authority, the first use of which will enable FinCEN to collect further information to combat the potential misuse of shell companies to purchase luxury real estate."

According to FinCEN, the data collected indicate that about 30 percent of reported transactions involve a beneficial owner or purchaser representative who was also the subject of a previous suspicious activity report. This corroborates FinCEN's concerns about this small segment of the market in which shell companies are used to buy luxury real estate in "all-cash" transactions.

A beneficial owner is an individual or entity who directly or indirectly owns 25 percent or more of the equity interest in the legal entity. FinCEN provides the information to law enforcement investigators as part of FinCEN's database.

In its advisory, FinCEN provided several examples of investigations involving money laundering and real estate stemming from the GTO. One a high-profile case illustrating money laundering risks in the real estate sector involves 1Malaysia Development Berhad (1MDB), a Malaysian sovereign wealth fund. In 2016, the U.S. Department of Justice sought forfeiture of over \$1 billion in assets—including luxury real estate—associated with funds stolen by corrupt foreign officials from 1MDB. This included a hotel, two homes, and a mansion in Beverly Hills; a home in Los Angeles; a condominium, two apartments, and a penthouse in New York; and, a townhouse in London, England. The collected value of these assets was estimated at approximately \$315 million.

About 30 percent of reported transactions involve a beneficial owner or purchase representative who was also the subject of a previous suspicious activity report.

"Since January 2016, ALTA members have collected this essential information to help FinCEN identify money laundering schemes and the illegal purchase of real estate," said Michelle Korsmo, ALTA's chief executive officer. "So far, the data collected has helped the government identify suspicious transactions and advanced criminal investigations. FinCEN continues to recognize the essential role title insurance companies play in providing information about real estate transactions of concern. We will continue to work with our members and FinCEN to collect the needed information as efficiently as possible."

In a release, FinCEN said it appreciates the continued assistance and cooperation of title insurance companies and ALTA in protecting the real estate markets from abuse by illicit actors. ■

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Several ALTA Member Companies Named to Inc. 5000

SEVERAL ALTA MEMBERS were named to the Inc. 5000 list for being among the fastest-growing private companies in the United States.

Companies on the list include PropLogix, A-LIGN, RynohLive, Priority Title & Escrow, First National Title Insurance Company, TitleSmart, Alliant National Title Insurance Company and Westcor Land Title Insurance Company.

The 36th Annual 2017 Inc. 5000 list represents a unique look at the most successful companies within the American economy's most dynamic segment—its independent small and mid-sized businesses. Companies such as Microsoft, Dell, Domino's Pizza, Pandora, Timberland, LinkedIn, Yelp, Zillow, and many other well-known names gained their first national exposure as honorees of the Inc. 5000.



ISTOCK / ERHUI979

North American Title Co. Expands Identity Theft Program for Customers

North American Title Co. (NATC) has expanded its arrangement with AllClear ID for home buyers, sellers and refinance customers who close with the company. The new AllClear Proactive Benefit Program still includes identity repair, and has now expanded to include identity theft and credit monitoring, backed by \$1 million identity theft insurance. The program is offered to NATC customers at no cost for 12 months after closing.

Qualia Launches New Marketplace to Simplify Real Estate Closings

Qualia announced the launch of the Marketplace, an extension of its title settlement software, to help simplify the procurement, management, payments, fulfillment and reconciliation of vendor transactions for services such as title search,

surveys, release tracking and notary. Vendor payments have been arduous for title agents and real estate attorneys due to their inability to integrate orders with payments. Qualia said the launch of the Marketplace solves this by providing an easy way for title agents to manage bulk payments, offer instant transfers, simplify record keeping and eliminate accounting fees associated with instant audits and end-of-month balancing horrors.

Simplifile, Title Guaranty Complete First E-recording of Hawaii Land Court Document

Simplifile announced that Title Guaranty has completed the first electronic recording of a Land Court document in Hawaii using Simplifile's service. The mortgage document was submitted into the public record on July 26 in a process that took only minutes, the companies reported.

Unlike most U.S. states, Hawaii does not have a county recording system. Instead, mortgages, deeds and other real

property documents are recorded through the State of Hawaii Bureau of Conveyances, which manages two systems of recordation: the Regular System and the Land Court System. While Hawaii has allowed e-recording of Regular System documents since 2010, this marks the first time a Land Court document has been recorded electronically in the state's history.

RamQuest Adds Free Patriot Search to Closing Market Network

Closing Market is RamQuest's digital marketplace that allows participants to order, exchange and market products and services required in the real estate closing process without ever leaving their RamQuest title production solution. Now, using Closing Market, RamQuest customers can perform free Patriot Searches that utilize up to nine data sources, including the Office of Foreign Assets Control (OFAC) Specially Designated Nationals (SDN) List and Financial Crimes Enforcement Network (FinCEN).

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WFG Unveils Online Dashboards to Improve Transaction Transparency

WFG National Title Insurance Co. has deployed a series of online transactional dashboards to keep consumers, real estate agents and mortgage lenders updated in real time as to the status of the real estate transaction during the settlement process. The dashboards are known as My Home and have been deployed nationally with more scheduled for roll out shortly.

According to WFG's President and COO, Steve Ozonian, the My Home dashboards have already resulted in a dramatic reduction in call volume where they have been deployed.

"Realtors, lenders and borrowers are already seeing a real savings in time and cost with My Home, not to mention a vastly improved experience," he said. "All involved parties are able to see where the process is the instant it changes, and to anticipate relevant dates—thereby alleviating one of the periods of highest anxiety in the course of the home buying process."

The My Home dashboards are mobile friendly as well as customizable to user preference. Notifications can be generated to the preferences of the consumer or real estate agent (SMS text, email, etc.). The User Interface is "gamified," in that it is dominated by images rather than text (e.g. timeline and completion percentage charts/icons). My Home is also integrated with multiple programs designed to assist the borrower in the moving and home ownership process, including a home value tracking program (Keep) and a portal for numerous ancillary home/moving services (Updater). My Home also includes resources designed to explain and clarify the settlement process itself.

WFG Unveils Online Dashboards to Improve Transaction Transparency

Millions of dollars in claims are made every year as the result of fraudulent mortgage releases, deeds and powers of attorney acknowledged outside the presence of title company staff and lenders, according to Stephen D. Ruben, CEO of Notary Guard.

Deeds, power of attorneys and mortgage releases created with the use of this new app can be verified before abstractors and title agencies accept them as legitimate, Ruben said.

According to a press release, the Notary Guard application preserves the date and location of the acknowledgment, and permanently records identifications and images of the signer and notary, and the unsigned and signed documents.

Recent Software Integrations

- **ShortTrack**, a cloud-transaction management software for real estate professionals, announced a new integration with **dotloop**, a platform for aimed at simplifying the real estate buying and selling process. Dotloop users will now be able to automatically create an order and securely transfer documents to their preferred title agency.
- **Stewart Title Agency Services** and
- **Landtech Data Corporation** announced their systems are now integrated. Stewart Access is now integrated with the Landtech XML Settlement System. Benjamin Bell, director of sales and marketing at Landtech, said the integration allows Stewart Title agents to create closing protection letters, policy jackets and post policy endorsements without having to leave the Landtech system.
- **TowneBank Mortgage** recently integrated with **LodeStar Software Solutions** to quote closing costs throughout the nation. This partnership enables TowneBank employees to obtain quotes through Ellie Mae's Encompass mortgage management solution.
- **Title Data Inc. (TDI)** and **NextAce Corporation** announced an exclusive relationship for the 38 metropolitan Texas counties served by TDI's "thick" title plants, which cover more than 80 percent of the Lone Star State's population. TDI's customers will be able to order NextAce's TitleEdge product from TDI's TIMS title plant/title production platform. The integration gives NextAce access to TDI's databases and image libraries.
- **Qualia Title & Closing Software** has expanded its vendor marketplace to include **Direct Title Solutions (DTS)**, enabling thousands of real estate professionals to order title abstract and recording services in Florida, Maryland, New Jersey and Virginia. ■



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Mary Gomez

RynohLive Names President, Announces Additional Hires

RynohLive, which was founded in 2007 by CEO Richard Reass, recently named Mary Gomez as the company's new president. Reass

will remain an active member of the company's executive leadership team.

As an accomplished executive with 25 years of experience managing business and financial operations, Gomez has worked as a finance executive in roles such as vice president and CEO at various mortgage firms.

Additionally, RynohLive named Kristen Littlewood as vice president of marketing and Matt Field as director of security and product development.

WEST CTO Named Inman Innovator of the Year

Gorkem Kuterdem, chief technology officer (CTO) for WEST, was honored by Inman as Innovator of the Year. WEST is a subsidiary of Williston Financial Group, which also owns WFG National Title Insurance Company and ValuTrust.

Kuterdem was among several honorees announced Aug. 10 at the Inman Connect conference in San Francisco.

Kuterdem was named CTO for WEST in 2016. He came to WFG in 2011 as part of its acquisition of an independent title company in Seattle, Wash. After obtaining his Masters of Science in Electrical Engineering from the University of Washington, he worked with a startup that was one of the first participants in electronic delivery of title market share data via the internet. He has since been involved in developing and implementing platforms for title and escrow production, integration, business intelligence and workflow management. He is currently the technical lead and architect for WFG's transformation to a single operating platform.

"Perhaps more than ever before, the mortgage and real estate industry is ripe for significant inte-



Gorkem Kuterdem

gration and enhanced connectivity," said Patrick Stone, chairman and CEO of parent company WFG. "Gorkem embraces those possibilities on a daily basis and is focused on eliminating the rekeying of data, the mistakes that come from that and the possibilities that arise from making the real estate process a single continuum."

FNF Hires SVP of Product and Business Development

Fidelity National Financial, Inc. has hired Leanne Zinn as senior vice president of product and business development. Zinn has an extensive career in the title industry working with several underwriters and agents, as well as running her own consulting business. She has served in a number of roles that include leading and growing a sales team, managing direct operations, and creating and implementing strategic initiatives. Most recently she served as chief operating officer and executive vice president of sales of a nationwide provider of real property title data, search, exam and technology solutions.

North American Title Appoints President of Colorado Division

North American Title Company (NATC) has named Natalie Koonce president of its Colorado division. She will oversee the company's 11 branch offices throughout the state. Koonce most recently served as NATC's vice president and Southern Colorado manager.

AmTrust Appoints Southwest Regional Manager

AmTrust Title Insurance Company recently named Read Hammond as senior vice president and southwest regional manager. In this role, Hammond is charged with growing the business in Texas as well as establishing agency title operations in New Mexico, Arizona and Nevada.



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The Checkered Flag

IN AUTO RACING, AN ASSORTMENT OF FLAGS is used to communicate important messages to drivers, signaling everything from a pit stop to unsafe track conditions. While there is no universal system of racing flags across all of motorsports, most series have standardized them, with some flags carrying over between series. For example, the checkered flag is commonly used across all of motorsport to signify the end of a session. Green, of course, is standard for the start of a race. Yellow universally means caution and slow down.



DANIEL D. MENNENO ITP, NTP
ALTA president

The past year serving as your president flew by. There weren't many yellow flags slowing the pace. I feel I was running at qualifying pace for most of the year, but as you may know, I like speed. I had the pleasure of attending 10 state land title association conventions during 2017. Discussions centered on ALTA's strategic priorities and what businesses must do to be ready for what's next. My wife, Merry, joined me on many trips and we had the opportunity of meeting countless wonderful people. We've made so many new friends. Thank you all for your hospitality and the experience.

Before we start thinking about the next race, we must acknowledge our many successes over the past year. Here's just a small sampling (there's only so many words that fit on a page):

- ☒ Set a new membership record for the ninth consecutive year
- ☒ Generated a record amount of TIPAC donations in 2017, while getting support from the most donors ever in a year
- ☒ Launched the ALTA Registry, the industry's only online, searchable database that can be used to identify title and settlement agents and real estate attorneys early in the real estate transaction
- ☒ Developed a new set of advertisements for the growing Homebuyer Outreach Program to help members easily explain the benefits of title insurance
- ☒ Completed the reconfiguration of all our major conferences: ALTA ONE, Advocacy Summit and ALTA SPRINGBOARD
- ☒ Successfully developed Innovation Boot Camps, brand new meetings focused on sales and marketing for title professionals
- ☒ Developing needed resources to provide awareness about wire transfer fraud
- ☒ Redesigned ALTA's print magazine, *TitleNews*

Like the winners of each year's Indianapolis 500, we should take a drink of milk and savor these victories.

The checkered flag may be waiving for my year as ALTA president, but you can be sure that I'll continue to advocate for our great industry—a professional industry dedicated to protecting property rights and helping drive the economy.

The association and industry are in great hands as Steve Day NTP takes the wheel. He's already shifted into top gear, green-lighting a program called Our Values, which ALTA members can use to enhance or develop their own identity, principles and beliefs.

My year in the driver's seat has ended, but the call to be ready for next year has already been announced. "Drivers, start your engines!" ■

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