

# TITLE NEWS

NOVEMBER 2017

AMERICAN LAND TITLE ASSOCIATION

**We Lead.  
We Deliver.  
We Protect.**

**ALTA President  
Steven G. Day  
Captures Industry's  
Essence with  
Development of Our  
Values Initiative**



**There are no words. Only places.**

Houston

Florida

Puerto Rico

Caribbean

Las Vegas

Northern California

Thankful for our ability to pull together as an industry and rebuild our communities together.  
Thankful for every day we are given.



With you...for what's next

[fntg.com/next](https://fntg.com/next)



# iN This Issue

VOLUME 96 | NUMBER 11 | NOVEMBER 2017

## COVER STORY

### **10** We Lead. We Deliver. We Protect.

ALTA President Steven G. Day Captures the Industry's Essence With Development of Our Values Initiative

## FEATURES

### **18** Collaboration Tech Should Put Settlement First

### **20** Real Estate Industry Vulnerable to Hacking Techniques That Hit the DNC

Staff Training, Two-way Authentication and Strong Passwords Vital to Protecting Your Company

### **24** CFPB Continues to Target Affiliated Business Arrangements

CFPB Fines Indiana-based Meridian Title \$1.25M for Failing to Disclose Underwriter Affiliation

### **26** CoreLogic Reports Jump in Mortgage Fraud Risk

Continued Shift to Purchase Market, Growing Wholesale Channel Key Drivers

### **28** NTP Profile

Check out a profile of Chuck Sheffield NTP.

### **30** Past ALTA President Charles Hon III Passes Away

Hon served as president during the San Francisco Earthquake of 1989

## DEPARTMENTS

**5** Publisher's Desk

**6** ALTA News

**32** Industry Update

**36** Movers & Shakers

**38** Closing Comment



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

# TITLENews

The digital edition of **TITLENews** includes a short video that you can use to help raise awareness about the dangers of wire fraud. The video provides four tips on how consumers can protect their money.

Go to **[www.alta.org](http://www.alta.org)**  
to get your copy of  
*Digital TitleNews Today.*



*TitleNews* is published monthly by the American Land Title Association. United States and Canadian subscription rates are \$100 a year for members and \$300 a year for nonmembers. For subscription information, call 800-787-ALTA.

Send address changes to *TitleNews*, American Land Title Association, 1800 M Street, Suite 300 S, Washington, D.C. 20036-5828.

Anyone is invited to contribute articles, reports and photographs concerning issues of the title industry. The Association, however, reserves the right to edit all material submitted. Editorials and articles are not statements of Association policy and do not necessarily reflect the opinions of the editor or the Association.

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

©2017 American Land Title Association

Members Call Toll Free: 800-787-ALTA  
Members Fax Toll Free: 888-FAX-ALTA  
Visit ALTA Home Page: [www.alta.org](http://www.alta.org)  
Email Feedback to: [service@alta.org](mailto:service@alta.org)

# TITLENews

OFFICIAL PUBLICATION OF THE **AMERICAN LAND TITLE ASSOCIATION**

PUBLISHER  
**Michelle L. Korsmo**

EDITOR IN CHIEF  
**Jeremy Yohe**

DIRECTOR OF DIGITAL  
AND PRINT MEDIA  
**Shawn Sullivan**

## ASSOCIATION OFFICERS

PRESIDENT  
**Steven G. Day NTP**  
Fidelity National Title Group  
Jacksonville, FL

PRESIDENT-ELECT  
**Cynthia D. Blair NTP**  
Blair Cato Pickren Casterline, LLC  
Columbia, SC

TREASURER  
**Daniel M. Wold**  
Old Republic National Title Insurance  
Company  
Minneapolis, MN

CHAIR, FINANCE COMMITTEE  
**Jack Rattikin III**  
Rattikin Title Company  
Fort Worth, TX

CHAIR, TITLE INSURANCE UNDERWRITERS  
SECTION  
**Mary O'Donnell**  
Westcor Land Title  
Insurance Company  
Winter Park, FL

BOARD REPRESENTATIVES,  
TITLE INSURANCE UNDERWRITERS  
SECTION

**Patrick H. Beall**  
Stewart Title Guaranty Company  
Houston, TX

**Don Kennedy**  
First American Title Insurance  
Company  
Santa Ana, CA

CHAIR, ABSTRACTERS AND TITLE  
INSURANCE AGENTS SECTION

**William Burding Jr. NTP**  
Orange Coast Title Family of  
Companies  
Santa Ana, CA

BOARD REPRESENTATIVES, ABSTRACTERS  
AND TITLE AGENTS SECTION

**Richard H. Welshons**  
DCA Title  
Hastings, MN

**Maureen Pfaff**  
Olympic Peninsula Title Company  
Port Angeles, WA

IMMEDIATE PAST PRESIDENT

**Daniel D. Mennenoh ITP, NTP**  
H.B. Wilkinson Title Co.  
Galena, IL

## ASSOCIATION EXECUTIVE STAFF

CHIEF EXECUTIVE OFFICER  
**Michelle L. Korsmo**

VICE PRESIDENT OF  
GOVERNMENT AFFAIRS  
**Justin Ailes**

CHIEF OPERATING OFFICER  
**Cornelia Horner, CMP**

VICE PRESIDENT  
**Kelly Romeo, CAE**

VICE PRESIDENT OF COMMUNICATIONS  
**Jeremy Yohe**



## The Future Is Already Here

**MORE THAN 20 YEARS AGO**, author William Gibson reportedly said, “The future is already here. It’s just not evenly distributed.” This implies that some things that will eventually exist in our everyday lives already exist for some today. There’s a lot of wisdom in this thought. It gives us some direction as we ponder the potential changes in our industry. The future is already here.



Self-driving cars, Amazon drones and solar roof shingles are all products that are already available—just not commonly used, yet. An example closer to the title industry is remote online notaries. Legislation allowing these types of closings has already passed in a few states. Online notaries are here and it has been used, but the practice is not evenly distributed. Online notary is not yet part of our daily work flow. The question is, will it be? If so, how and where? Customer needs will play a large role in how and when title and settlement companies implement online notary processes into their work flow. Having a culture that is connected to your customers and responsive to their needs is critical to understanding what innovation changes will take hold.

In his annual letter to shareholders, Amazon CEO Jeff Bezos described his process for remaining relevant and providing solutions to his customers with what he calls “true customer obsession.” He observes that “customers are always beautifully, wonderfully dissatisfied, even when they report being happy and business is great. Even when they don’t yet know it, customers want something better, and your desire to delight customers will drive you to invent on their behalf.”

“Beautifully, wonderfully dissatisfied”—that resonates with me. Just because everyone seems happy doesn’t mean they don’t want something more or different. Recognizing this dissatisfaction can drive you to invent on your customers’ behalf. What can you do to deliver a better closing experience? How can you provide information about the benefits of title insurance earlier in the transaction?

ALTA constantly thinks about new tools and resources our members need to succeed. We don’t shy away from change. Formulating the ALTA Best Practices, starting the Title Action Network and creating the Homebuyer Outreach Program are just a few examples of products tools we’ve rolled out the last few years. At ALTA ONE last month, we unveiled an initiative called Our Values, a plain-language statement of standards highlighting the integrity and professionalism of our industry. You can read about the program in this edition’s cover article. You can also get to know a little more about our 2018 president, Steve Day, who was a driving force behind the Our Values initiative. Steve’s wisdom and enthusiasm as a title insurance executive are well regarded throughout the industry and he inspires confidence as we work to better serve consumers. We are fortunate to have his professionalism and commitment as we tackle the opportunities and challenges confronting the land title industry. Steve’s knowledge of and passion for our industry make him an excellent leader to help our members prepare for what’s next.

The future is here, and Steve and the ALTA Board are here to help ensure all ALTA members have the knowledge to make sure it’s evenly distributed. ■

A handwritten signature in black ink that reads "Michelle L. Korsmo". The signature is fluid and cursive, written in a professional style.

**MICHELLE L. KORSMO**, ALTA's chief executive officer

## ALTA-supported Bipartisan Bill to Fix TRID Introduced in House

U.S. Reps. French Hill and Ruben Kihuen introduced today an ALTA-supported bipartisan bill to correct the inaccurate disclosure of title insurance premiums on the TILA-RESPA Integrated Disclosures (TRID). The main goal of the bill is to help consumers understand the true cost of their real estate transaction.

The TRID Improvement Act of 2017 amends the Real Estate Settlement Procedures Act (RESPA) to require the Consumer Financial Protection Bureau (CFPB) to allow the accurate disclosure of title insurance premiums and discounts to homebuyers. Under the current regulation, the CFPB does not allow title insurance companies to disclose available discounts for lender's title insurance on the government mandated disclosures.

"We're thankful Representatives Hill and Kihuen recognize the simple truth that consumers deserve to know how much they will pay when buying and selling a house," said Daniel D. Mennenoh ITP, NTP, president of ALTA. "For more than three years, we've urged the CFPB to make this straightforward change. Our research shows that 40 percent of consumers feel confused by the CFPB's requirement to provide inaccurate pricing on title insurance. We're eager to work with Congress and the bureau to eliminate this confusion. Buying a home is an exciting and emotional time for many people. They deserve transparency when making one of the largest purchases of their life, and they ought to receive disclosures that accurately show the cost of the one-time fee that protects their property rights." ■



Rep. French Hill



Rep. Ruben Kihuen

## ALTA Joins Letter Urging for Continued Focus on GSE Reform

ALTA joined 14 other groups in a letter urging the U.S. Department of the Treasury and the Federal Housing Finance Agency (FHFA) to continue working with Congress to end conservatorship of Fannie Mae and Freddie Mac through comprehensive legislative reforms.

The letter, which was sent to U.S. Treasury Secretary Steven Mnuchin and FHFA Director Mel Watt, says that key structural changes must be implemented by Congress before a decision can be made regarding the government sponsored entities and capital retention.

"We urge Treasury, FHFA and Congress to remain focused on addressing the long-term housing finance reform efforts necessary to end GSE conservatorship permanently and create a stronger, stable system for the future that helps ensure all in America have access to affordable housing opportunities," the letter states. ■

## Warn Your Customers About Wire Fraud

Use this video to help raise awareness about the dangers of wire fraud. The video provides four tips on how consumers can protect their money. ■

## Meet Jackye.

Hiker. Mentor. A 33-year Company veteran. Senior Vice President of Old Republic Title Company and Hawaii State Manager.

Family is everything to Jackye. Growing up in a family of seven children taught this California girl that hard work, compassion and teamwork are the keys to happiness and success. They're lessons Jackye shares with her three children, and with her team of escrow officers, who she considers extended family.

Jackye loves the warmth of the land and people in The Aloha State, and sharing her expertise in residential and commercial real estate with her team there. She challenges and inspires them to grow, while providing unwavering service and support... that's doing business the right way.



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

We make it easy for our title agents to succeed. Accessibility, underwriting prowess, unsurpassed financial strength, convenient resources and support. Visit [oldrepublictitle.com/rightway](https://oldrepublictitle.com/rightway) to learn more!

Title Insurance | Real Estate and Mortgage Loan Settlement Services | National Commercial Title Services  
Mortgage Servicing Solutions | Default Management Services | Real Estate Information Services  
Real Estate Valuation Services | Flood Reports | Section 1031 Exchanges | Notary Services  
Nationwide Commercial Due Diligence Services | Nationwide Commercial Survey Services  
Relocation Services | Timeshare/Fractional Interest Services | Residential Information Services

**oldrepublictitle.com**

2017 | © Old Republic Title | Old Republic Title's underwriters are Old Republic National Title Insurance Company and American Guaranty Title Insurance Company



OLD REPUBLIC INSURANCE GROUP



## ALTA Vice President Continues Service on PRIA Board

Kelly Romeo, vice president of ALTA, continues her second year representing the business sector on the Board of Directors for the Property Records Industry Association (PRIA).

Romeo joins 12 other directors in three categories who serve two-year terms on the PRIA board.

Those also continuing to serve the second year of their two-year terms include:

- Annette Hill, assistant commissioner/city register, New York City Department of Finance, N.Y.; and Diane Swoboda Peterson, real estate/recorder deputy, Woodbury Co., Iowa, representing government recorders
- Ann Richards, director of sales and marketing, Pioneer Technology Group
- Jerry Lewallen, president, eRecording Partners Network; and Nancy Sotomayor, deputy of recording, Douglas Co., Colo., will continue on the board for a second year as at-large directors.

Those elected to two-year terms include:

- Larry Burtness, recorder, Washoe Co., Nev.; Chris Walker, clerk, Jackson Co., Ore.; and Cathy Recker, recorder, Putnam Co., Ohio, representing the Ohio Recorders Association; were elected directors in the recorder category. This is Recker's first term on the PRIA Board of Directors.
- Zachary Zaharek, senior corporate counsel, Data Trace – a Subsidiary of First American Financial Corp.; Charlie Epperson, chief technology officer, SigniaDocs; and Myron Finley, chief legal officer, Nationwide Title Clearing, Inc., were elected directors in the business category. This is Finley's first term on the PRIA Board of Directors.

Mark Ladd, vice president of regulatory and industry affairs for Simplifile, was re-elected for a two-year term as an at-large director.

Additionally, Ladd was re-elected as board president, while Burtness continues as vice president, with Swoboda Peterson serving as secretary and Zaharek as treasurer. ■



Kelly Romeo

## ALTA Participates in Effort to Create New Closing Instruction Standards

ALTA has joined the effort to collaborate on new closing instruction standards, which will be designed to improve communication and avoid delays during the closing process.

MISMO, the mortgage industry's technology standards organization, has invited industry participants to collaborate on new closing instruction standards. Currently, there is no standard lender template for closing instructions, which includes information such as how funds are to be wired or disbursed and where the closing package should be sent. Because every lender uses a different format, there is often confusion among settlement service providers and other parties to real estate transactions, which leads to errors and delays that require last-minute changes or post-closing corrections.

"Developing a standard template for closing instructions will bring greater clarity to the closing process and should result in fewer last-minute hurdles," said Justin Ailes, vice president of government and regulatory affairs for ALTA. "We look forward to partnering with MISMO and other organizations on this important endeavor."

A standard template for closing instructions will ensure that the same type of information can be found in the same place on every lender's closing instructions. ■

## 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 \$609,325 from 1,140 donors so far in 2017. Check out who has supported the industry at [www.alta.org/tipac](http://www.alta.org/tipac).

# CALENDAR

## 2017 ALTA CONFERENCES

### ALTA SPRINGBOARD

March 21- 22  
Atlanta, GA

### ALTA INNOVATION BOOT CAMP

April 17-18  
New Orleans, LA

### ALTA INNOVATION BOOT CAMP

June 19-20  
Minneapolis, MN

## STATE CONFERENCES

### FLORIDA

November 8-10  
Orlando, FL

### KENTUCKY

November 15  
Lexington, KY

### LOUISIANA

December 6-9  
New Orleans, LA



# Are you using the right title and closing software?



It's always great to find the right tool for the job, so you can accomplish a lot more with less effort. SoftPro has been the nation's leading provider of real estate closing and title insurance software for more than 30 years.

Whether you're a one-person shop or a large organization, our scalable, award-winning solutions can dramatically reduce your time to close – helping increase your volume, boost your revenue and grow your business. No one knows your business like SoftPro!

## Why to choose SoftPro

- Fully customizable software
- Workflow automation
- Robust reporting
- Underwriter and vendor integrations
- Mobile apps for transaction management
- Leader in regulatory compliance
- Award-winning service, support and product development

[Request a demo](#)

[softprocorp.com](http://softprocorp.com)  
or 800-848-0143

SOFTPRO®

©2017 SoftPro. All Rights Reserved. SoftPro is a trademark and the property of SoftPro, its subsidiaries, and affiliated companies. All other trademarks are the property of their respective owners.



# We Lead. We Deliver.

*ALTA President Steven G. Day  
Captures Industry's Essence with  
Development of Our Values Initiative*

By Jeremy Yohe

**M**ANY CHILDREN, when asked what they want to be when they grow up, say they'd like to become a doctor, a teacher, or a pro athlete. Not Steve Day. From the age of 8, he wanted to be an attorney. That's when Day received an old law book from his 26-year-old cousin. Day didn't know what the book was about, but he was proud to have it.



# iver. We Protect.

“I brought it to school for show-and-tell at a career day, so I always dreamed of being a lawyer,” Day said.

When it came to college, however, Day changed course and enrolled as a business management major. During his junior year at the University of Bridgeport, one of Day’s good friends was studying for the LSAT. That rekindled the desire to be an attorney. He studied for the exam, scored well, and, after earning his Bachelor of Science in Business Management, he was admitted to Suffolk University, where he earned his law degree.

From there, he coupled his love for law with his business acumen to propel him into a successful 36-year career in the title insurance industry. In October, Day was installed as ALTA’s 109<sup>th</sup> president.

“Professionally, I started in this industry as an attorney agent in a small town in the very small state of Rhode Island,” Day said. “I am humbled by the thought that I now have the opportunity to lead this trade

association as its president. Serving our more than 6,200 members and the broader land title insurance industry this year as president is a privilege.”

## The Early Years

Born in the northeast corner of Philadelphia, Day views his childhood through two distinct lenses. First, his mother was part of a large Italian family who all lived within five blocks of each other in Philadelphia. Day lived in the city until the age of 10—surrounded by his mother’s family, travelling to camp by bus, and enjoying access to sports teams, museums and downtown shopping. His father, however, was from rural Sulphur Springs, Ark.

“My Dad would pile us into the car each summer for a two-week trip across the country to visit his childhood home,” Day said. “It was a great contrast for this ‘city’ kid.”



His parents met when his father—a career serviceman—was serving in the U.S. Army stationed in Philadelphia. During these years, his father was deployed to Korea, Germany, and then back stateside, but to a base 200 miles away in Massachusetts.

A few months later, his father’s final deployment landed him in Coventry, R.I. This time, the family followed. “So we went from this large family around us, to just the four of us in Rhode Island,” he remembered.

Day described his father—the Midwestern first sergeant—as the disciplinarian. However, he was always there for everything Day participated in, from Little League baseball and Pop

Warner football, to school events and graduations.

“He was certainly my model as to how to be a great father,” Day said.

While his father instilled the discipline, Day’s mother showed him how to get involved and make a difference. Describing her as “the outgoing one” and “involved in everything,” Day said his mother headed up the school Parent Teacher Association, the annual church fundraiser and the historical society for the town. In addition, she often housed exchange students for the high school.

“I marveled at how she juggled this involvement with part-time employment and still had all the time that my sister and I needed,” Day said.

As an empty-nester, Day said his mother “upped her game” and ran for town council at the age of 56 and state senator at 62. She served six years on council and eight as a senator.

“I’ve always strived to have half of the drive and initiative of my Mom,” Day said.

Steve and his grandson, Josh, proudly sport their Boston Red Sox attire at a Yankees/Red Sox game at Yankee Stadium.



Steve and his wife, Pat, during their 40th wedding anniversary trip at the Notre-Dame Basilica in Marseille, France.



Steve and his family, including his 90-year-old father, participated on “Team Jennie” Alzheimer’s fund-raising walk in honor of his mother, Jennie.

A selfie of Steve and his granddaughter at the top of the Empire State Building.



Steve and some of his friends during a golf trip in Ireland.





## Career in Title

After law school, Day practiced as an in-house counsel for a company in Boston. He then moved to Rhode Island and joined a small law practice. As a general practitioner, Day said he pursued all opportunities to drive revenue, but his practice moved toward a concentration in real estate.

Five years later, in 1986, he joined Chicago Title as underwriting counsel in Providence, R.I. He's been with Chicago Title—now part of Fidelity National Title Group (FNTG) following the 2000 merger ever since. Over the years, Day has held a variety of positions including Rhode Island state manager for Chicago Title, as well as New Jersey state manager for both Chicago Title and Ticor Title's direct and agency operations. He's currently executive vice president and division manager for FNTG. In his role, Day has management responsibility for the direct, agency and commercial title operations in the Northeast and Mid-Atlantic Regions. This February, Day will assume the role of president of agency operations for FNTG.

At different times in his career, Day pondered going back into private practice, however his focus would have still been on real estate. Over the years several things occurred to keep his passion for the industry alive. During his time closing deals in Rhode Island, Day garnered satisfaction helping people get the keys to their home or refinance to pay for a new addition or a college education.

"As I joined Chicago Title, the transactions were larger. I worked on the title review and eventual series of transactions that formed the redevelopment of downtown Providence, construction of their Civic Center and the first major mall in the city," Day said. "With my move to New York City, the deals became even larger, but I had the same sense of satisfaction and accomplishment that I felt those many years past as in Smithfield, R.I."

## The Personal Side of Steve Day

- Steve says he's fortunate that over the years, his family has stayed near to him and his wife, Pat. Two of his children and their families live in the same town; and one daughter and her family live 45 minutes away. Steve said, "As a result, we have remained close, and enjoy getting together for holidays, birthdays and kids' sporting events. We are big Rutgers football fans, with tickets for everyone, and like to attend all of the home games together—and an away game here and there. We also get together, all 15 of us, for a family vacation at the beach each summer."
- Steve was president of his senior class at the University of Bridgeport and gave the introduction speech during his graduation ceremony.
- If there was an emergency and Steve could grab only one item from his house or office, what would it be and why? Well, Steve would make sure to grab from his office the three Mickey Mouse figurines that each of his children made and gave him when they were 4, 6 and 8 years old. "The figurines remind me of them every day," he said.
- Steve loves playing golf and wishes he had more time to enjoy and improve his game.



## Mentors and Friends

In addition to his parents, who helped instill their work ethic, leadership and faith in family, Day pointed to several industry peers as those he respects and turns to for advice.

Day met Chris Abbinante, ALTA's 2011-12 president, in 1995. At the time, Abbinante was part of a program offered by Chicago Title to help smaller operations become more efficient. The two successfully worked on the program together, which led Abbinante to offer Day an opportunity to work with him in New York City. They worked together for the next 15 years, until Abbinante's retirement.

"Steve knows the business—all aspects of the business," Abbinante said. "He has worked on the agency side of the title industry as well as on the direct side. He has worked as an underwriter as well as a manager, and excelled at both. Steve is a person of integrity. He is compassionate, thoughtful and caring. He has a great analytical mind as well as a great sense for business and he knows when to be practical and use common sense."

**"In business and in life, values dictate behavior—they guide people in deciding what is right and wrong, and they help companies to achieve their missions and goals."**

Throughout the years, Abbinante has been impressed by Steve's dedication to his family. "When you see him with his wife, Pat, or his children or grandchildren, you know he is a person of outstanding values. He knows what's important in life. He brings together his life values and business skills in a way that allows him to make thoughtful, tough decisions. He is well respected by those who have ever worked with him."

The relationship with Abbinante led to Day getting involved with ALTA. Active in local land title associations for years, Day had not been exposed to the national efforts provided by ALTA. Day first attended the Annual Convention in 2000 and approached Abbinante about joining a committee. Day became the company representative on the Public Relations Committee. He became more involved and joined other committees, which led to his election to the Underwriters Section and ultimately to the Board of Governors.

Regarding Abbinante, Day said, "His strong work ethic was always evident, and I learned much from his management style. I also appreciated Chris' involvement with ALTA, and his focus on the needs of the Industry. His example was certainly a factor in my ALTA involvement."

Erika Meinhardt, president of national agency operations for Fidelity National Title Group, has worked with Day since the early 1990s, following Chicago Title's acquisition of Ticor Title. From those early days in their careers to their current roles as executives in Jacksonville—where they have adjoining offices—the two professionals developed a close working relationship built on respect, trust and collaboration.

"Steve has risen steadily through the ranks of the Fidelity Family of Companies because of those characteristics and more," Meinhardt said. "He has an innate ability to get to the root of an issue quickly, to be able to explain it to others in layman's terms and then to help develop solutions."

Day's experience in all facets of the title business—from underwriting to agency, and direct and commercial operations—not only serve as Meinhardt's sounding board but also make him uniquely suited to lead ALTA.

"In addition to all of those characteristics that have made him so successful in our business, there's the personal side of Steve—kind, compassionate and totally committed to his wife, children and grandchildren," Meinhardt added. "His passion for family carries over to business endeavors as Steve is uniformly respected throughout our company and the industry. I'm proud to call him both co-worker and friend."

## Strategic Priorities

As ALTA grows and evolves to best suit its members' needs, Day's leadership and deep, practical knowledge of the land title industry will serve as a tremendous asset over the next year.

"Across many industries, we're seeing innovation improve processes and enhance the consumer experience" Day said. "Just like the cell phone made us mobile with our communications, and the tablet and iPhone brought computer power to wherever we go, the land title and settlement industry is innovating through new technologies and with improved processes that provide better service to the home buyers and sellers"

Day said ALTA remains a forum to help our members improve the real estate transaction for consumers and businesses. To help guide the industry, ALTA's Board of Governors established six strategic priorities for the next year.

- ALTA's 2018 strategic priorities include:
- Promoting the Our Values initiative, which serves as the industry's cultural compass and highlights the universal core ideals ALTA members embrace.
  - Serving as the hub for information on innovation in the title insurance and settlement space.
  - Educating our members about threats to the security of personal information and funds entrusted to their





Steve gives a presentation during the 2017 ALTA SPRINGBOARD on the importance of values.

businesses in a cyber and physical environment.

- Encouraging simple and concise communication with homebuyers to explain the benefits of title insurance.
- Increasing the skills of the industry's workforce and attracting future leaders to the industry.
- Focusing on continued promotion of ALTA's "Title Insurance and Settlement Company Best Practices" as the industry standard for compliance management programs.

"Cybersecurity and fraud is a major concern," Day said. "The thieves are becoming very sophisticated, and just one incident of misdirected funds could destroy an agency. We are also dealing with rapidly evolving technology that is impacting our industry. We must work to embrace these new technologies, and look to utilize them to provide even better customer service. I'll work to support our efforts toward our strategic priorities for the next year—all are focused on key issues impacting our members. But I certainly have a personal interest in the rollout of the Our Values initiative."

### **We Lead. We Deliver. We Protect.**

In October, ALTA unveiled the Our Values initiative to serve as the industry's cultural compass and highlight the universal core ideals ALTA members embrace. To develop these values, ALTA spent more than a year listening to members to understand the pride they take in their work helping consumers close real estate transactions and protecting property rights. These conversations served as the foundation of Our Values and reflect the enduring, memorable and aspirational

values of ALTA members.

The values are:

- **We Lead:** We are the authority in real estate transactions. We innovate for the benefit of our customers.
- **We Deliver:** Our customers trust us to do the right thing, the right way—before, during and after the transaction. We sweat the small stuff to assure that land transfer is accurate, swift and secure.
- **We Protect:** We protect the property rights of those we serve. We reduce risk so our customers have peace of mind.

"In business and in life, values dictate behavior—they guide people in deciding what is right and wrong, and they help companies to achieve their missions and goals," Day said. "Roy Disney, Walt Disney's elder brother, once said, 'It's not hard to make decisions when you know what your values are.' This is so true. When you truly understand your values, your actions come naturally. We must promote these standards and look to make them a part of our everyday discussion in our organizations, our local markets and across our industry. We will continue to promote the Homebuyer Outreach Program, and share our story at the consumer level, as well with Realtors, lenders, legislators and regulators. The Our Values initiative also gives us the opportunity to explain not only what we do, but who we are." ■



**JEREMY YOHE** is ALTA's vice president of communications. He can be reached at [jyohe@alta.org](mailto:jyohe@alta.org).



# IF YOU'VE GOT 'EM, USE 'EM.

**You Lead. You Deliver. You Protect.**

You're an ALTA member, which means you live by these values every day. Now, put them to work for you. Use these free, new tools to drive customer loyalty and grow your business.



**VALUES**

For more information and to get started,  
visit [alta.org/values](https://alta.org/values)



American Land  
Title Association

Protect your property rights





# You Time

...brought to you by RamQuest

No more worrying about audits, downtime and never-ending IT expenses. Instead, have confidence in knowing that the security, reliability and convenience of RamQuest's hosted solution is right at your fingertips. And that leaves more time for...well, you!

See how at [RamQuest.com/youtime](http://RamQuest.com/youtime)



[RamQuest.com](http://RamQuest.com) | 800.542.5503





# Collaboration Tech Should Put Settlement First

By Vicki DiPasquale

**S**ETTLEMENT AGENTS HOLD A GREAT DEAL OF INFLUENCE over one of the most memorable parts of the borrower experience: the closing transaction. Hiccups and delays caused by poor coordination between settlement agents and lenders can erode borrower confidence, delay closings, and ultimately leave borrowers with a negative impression of all parties involved.

As if those stakes weren't high enough, today's regulatory environment also requires close coordination between settlement agents and lenders on disclosure data, documents, and transaction details. Intense regulatory scrutiny has made the process less tolerant than ever of mistakes and delays that originate from the settlement side of the transaction.

Online platforms that facilitate the real-time exchange of information between settlement agents and their lender partners have the potential to solve both issues — so why has the settlement industry been slow to get on board with technology?

Quite simply, most collaboration solutions on the market are geared towards the party that is liable for the transaction (i.e. the lender) and not the party that owns the most responsibility for the completion of the transaction, which is the settlement agent. As a result, these solutions fail to create an environment that truly automates and simplifies collaboration between settlement agents

and their lender partners.

## The New Reality

Collaboration. Borrower experience. Post-closing documentation. With the advent of the TILA-RESPA Integrated Disclosure (TRID) rule in late 2015, these phrases became the new buzzwords for lenders and settlement agents alike. In the pre-TRID world, roles and responsibilities were clear and distinct. Lenders took ownership of the Good-Faith Estimate (GFE) and Truth in Lending (TIL) disclosures, while settlement agents were responsible for the final, executed HUD-1 Settlement Statement.

Under TRID, the lender is held accountable for every action undertaken in completing the transaction, including the accuracy of both the Loan Estimate (LE) and the Closing Disclosure (CD), even though the settlement agent is the ultimate resource for much of the information required to complete these documents.



Furthermore, at the time TRID was enacted, the mortgage industry was in a period largely dominated by refinances, which is important because lenders are typically the decision-maker in the settlement selection process for refinances, whereas realtors often influence the selection for purchases. Given the shift in liability and the market conditions at the time, it's no surprise that the charge to improve lender-settlement collaboration came from the mortgage side of the transaction.

## The Collaboration Conundrum

While TRID changed the "rules of engagement," the truth is lender-settlement collaboration is an age-old problem. For example, fee tolerances were introduced in the reforms to the Real Estate Settlement Procedures Act (RESPA) back in 2010. These changes required a certain amount of collaboration between lenders and settlement agents to ensure that specific fees quoted on the GFE did not deviate beyond certain thresholds on the final HUD-1. Furthermore, lenders also struggled with getting the data from the HUD-1 back into the loan origination system (LOS) to create a complete record of the final transaction.

For this reason, lenders began using web portals to deliver closing documents to settlement agents. However, many of these were little more than secure document repositories, though some offered a degree of true collaboration. Regardless of the degree of functionality provided, these systems were all still designed with the lender's convenience in mind.

To the mortgage industry's credit, when RESPA reform gave way to TRID, many vendors chose to build a collaboration tool from scratch rather than attempt to retrofit previously designed solutions. Yet, as pointed out earlier, the post-TRID push for collaboration was still driven largely from the lender side of the transaction, with system design following suit. As a result, many of the solutions launched thus far have failed to gain widespread adoption with settlement agents, making them all but useless.

## The Right Approach

Collaboration is absolutely a requirement in today's regulatory environment. There's no question on that front. However, the push for collaboration must come from settlement, and platforms designed to facilitate that collaboration must do so with closing convenience in mind.

After all, settlement agents very often work with a broad network of lender partners because of how each party gets drawn into the transaction. Typically, the borrower selects the lender, a decision based largely on who can offer the best financing. The Realtor can make recommendations, but given the Consumer Financial Protection Bureau's (CFPB's) hard-line stance on marketing service agreements (MSAs), the days of tight-knit lender-Realtor referral relationships are no more, resulting in far more variety in lender selection when all other factors (property location, selling agent, etc.) remain the same.

However, Realtors still have a tremendous amount of influence in the selection of the settlement provider, putting this decision far outside of lenders' control and often requiring them to establish a new relationship with the settlement agent. In the long run, this

new relationship may evolve into a long-standing partnership, but depending on the transaction, it may also be a one-time deal.

As such, any push to adopt new technology from the lender side forces settlement agents to access and learn how to use a different collaboration portal for each lender partner, and because these systems are not designed with the settlement agent in mind, agents often must manually import documents into their own title software.

This state of affairs is problematic for several reasons. First, if the relationship with the lender turns out to be short-lived, the settlement agent invests a significant amount of time, effort and expense for a one-time transaction. In addition, this learning curve can also create unnecessary delays in closings, which collaboration systems are intended to mitigate, resulting in significant negative impact on borrower satisfaction. Furthermore, if the collaboration platform does not create efficiencies for settlement agents, who are really the drivers of the closing process, then the platform has failed to deliver on its purpose.

Conversely, settlement-focused collaboration platforms enable lenders and settlement agents to exchange and validate documents, fee data and transaction details in real time to ensure a smooth, accurate and compliant closing that leaves borrowers feeling satisfied at the conclusion of the transaction. In addition, making settlement agents the "hub" for automated collaboration eliminates the complications that can arise from conducting multiple transactions on disparate systems, further ensuring that closings aren't held up due to unnecessary delays.

Furthermore, settlement-focused collaboration platforms also provide significant value to post-closing by providing a direct loop back to the lender to ensure recorded documents make their way back to the loan file. As more and more settlement agents have adopted e-recording, adding on collaboration technology for disclosure creation and post-closing creates a digital pathway that connects lenders, settlement agents and county recorders in an unprecedented way, resulting in a far more streamlined process with a built-in, comprehensive audit trail.

The benefits of automated collaboration are undisputed. What has ultimately prevented this from taking hold is a misunderstanding from regulators and the mortgage industry of settlement's role in the homebuying process. The settlement agent is the main driver of the closing transaction, and though regulatory liability lies with the lender, it's the settlement company that ultimately bears the responsibility for the timeliness and accuracy of the transaction.

With so much at stake, there can be no doubt that digital collaboration is in the settlement agent's best interest. Thus, it's time for the settlement community to consider investing in automated collaboration solutions that put settlement agents in the driver's seat. ■



**VICKI DIPASQUALE** is vice president of Simplifile. In her more than 30 years of title industry experience, DiPasquale has worked for underwriters, attorneys and corporate agents and real estate-related companies. She can be reached at [vdipasquale@simplifile.com](mailto:vdipasquale@simplifile.com).





# Real Estate Industry Vulnerable to Hacking Techniques That Hit the DNC

Staff Training, Two-way  
Authentication and  
Strong Passwords Vital to  
Protecting Your Company

By Dominic Fahey

```
input pin (GPIO, 5, 10, 1) then
state = true
else
state = false
end

(<) oldstate then
state = true
se below depending on
es high or low on trigger
transmit2(true)
oldstate = state
end if

state = false then
site of above (change )
transmit2(true)
oldstate = state
end if

end if

d sub

ain:
! assign prescaler to TMR0
! designate gpio as output
! configure pin 5 of GPIO as input
! initialize gpio
! initialize cnt
= 96
```



## CAN YOU SPOT THE IMPOSTER? Don't feel bad if you can't. Many Democratic National Committee (DNC) employees couldn't either.

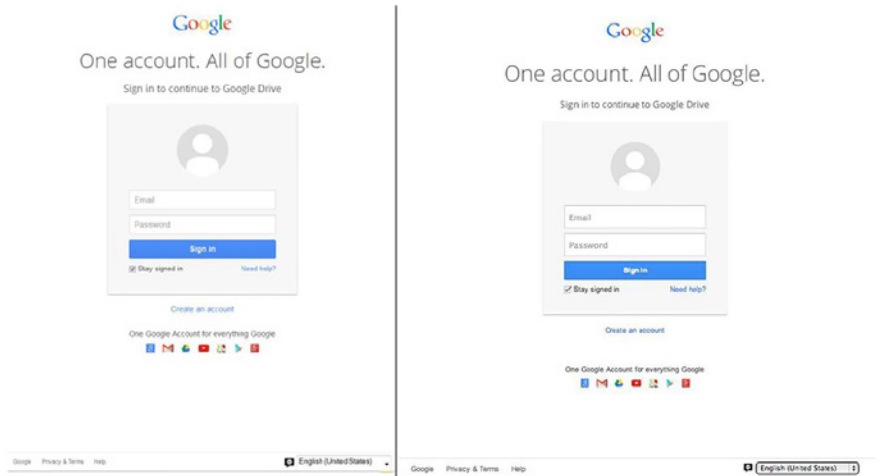


Figure 1-Fake Google Sign-in page on the left, legitimate on the right.

Whether you believe the DNC was hacked last year by Russians or a 400-hundred-pound guy from New Jersey, there is little dispute in the information security community on the methodology used. The cybercriminals did not discover a previously unknown flaw in the Microsoft Windows operating system; they exploited the weakest link in the cybersecurity chain—the person behind the keyboard. In a modern twist on a classic confidence scam, hackers were able to fool DNC employees to hand over the keys to the digital kingdom—their passwords.

The cybercriminals sent phishing emails to thousands of DNC employees purporting to be from their email service provider, Google, claiming that the employees' email had been compromised and that they should reset their passwords. Once an unsuspecting DNC employee was conned into believing his email has been compromised, he clicked on the link in the email and was sent to a website that appeared to be Google but was actually a cloned site controlled by the criminals. The counterfeit email and websites were very good forgeries. As with many things digital, it is not difficult to produce an exact copy of Google's logo, font and password reset webpage.

Google's standard sign-in page is located at <https://accounts.google.com>. In the DNC case, the hackers registered a similarly spelled domain: <https://accounts-google.com>. (Figure 2) Notice the subtle difference in the period and hyphen after 'https://accounts.' This minor change makes all the difference in cyberspace. Also, note the hacker's use of the encrypted hypertext transfer protocol (HTTPS). HTTPS is an Internet standard for encrypting communication between parties like banks, retailers and their customers. The problem is that, while the communication between a server and the web browser may be encrypted, HTTPS does not ensure the veracity of the identity of the server. That is to say, just because the server appears to be related to Google, HTTPS does not ensure that it is.

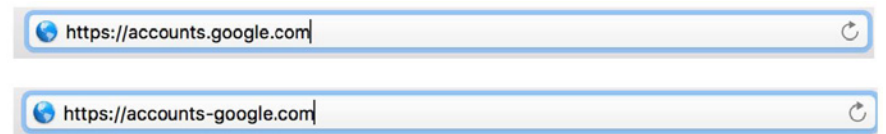


Figure 2-Spoofed domain names for Google.

Furthering the con, the mark's email address was prepopulated in the email address field on the spoofed password reset page. Upon entering his password and clicking reset, the mark was redirected to the actual Google password reset page, none the wiser that his or her password was captured by the hacker in the background.

Armed with a DNC employee's username and password, the hackers were able to download every email ever sent or received by the individual. Unfortunately, it appears a number of DNC employees fell prey to this scam.

## Prevention

Real estate industry participants—including settlement service providers, attorneys, real estate agents, homebuyers and sellers—are vulnerable to similar attacks. Hackers have discovered that once they get access to real estate industry members' email credentials, they can convince real estate transaction parties to divert funds sent via the U.S. Federal Reserve Banks' Fedwire (AKA wire transfer) system with forged wire instructions.

Sadly, information security experts warned of this exact phishing attack against Google users as early as 2014. Had the DNC read Symantec's warning, they may have taken steps to protect their employees.

Practically any unsuspecting email user could become a victim of a similar phishing technique. And this isn't just a Google problem. The same type of attack can target Microsoft, Apple, AOL and Comcast users. Below are some steps you can take to prevent a hack:

- Train your associates to have healthy skepticism regarding any incoming emails, especially those with shortened URLs/links or a call to action to type in a username and/or password.
- Enable multi-factor authentication (MFA) on every account that offers it.
- Never re-use passwords between sites, especially sites like your email or financial service providers that contain confidential information.

## Shortened URLs/Links

URL/link shortening services came into existence in the early 2000s to make it easier for people to deal with long web links such as <https://www.alta.org/title-news/2017/v96i04/>. One such popular service is Bitly. To create such a link, a user visits bitly.com and pastes the long link into the "Shorten" field to generate a short link. When someone clicks on one of Bitly's short links, such as bit.ly/2yTgTgh, users are redirected to the longer location—in this case, a previous edition of *TitleNews*. While shortened links have advantages, they can also be used by fraudsters to hide attacks. For example, a user cannot easily determine if a

shortened link will redirect them to the official Google website or an imposter. Such was the case in the DNC email hack.

## Multi-Factor Authentication

Single-factor authentication grants access based on a password alone. If your password is stolen, a fraudster can get access to your stored information. Verizon's 2016 Data Breach Investigations Report found that "sixty-three percent of confirmed data breaches involve using weak, default or stolen passwords." Multi-factor authentication (MFA) gives an extra layer of security by requiring an additional mechanism to prove identity besides just a password. This second factor could be a barcode sent to your cell phone, or security token on a flash drive, or a security code generated by your mobile device.

You may be utilizing MFA in your everyday life and not realize it. That PIN number you use with your debit or ATM card, or that RSA SecurID hardware token you use to sign into your banking website—both are examples of two factors for authentication.

Security experts recommend enabling MFA on all services that offer it. Many online providers, including Google, Apple, Microsoft and Yahoo, offer MFA. Had the DNC enabled MFA on its Google email service, it is possible that WikiLeaks would not have had anything to publish about the party's inner workings. For more information on enabling MFA on your accounts, check out the site [turnon2fa.com](http://turnon2fa.com).

## Password Reuse

Did you ever register for a Myspace account? Did you happen to use your "regular password" and have long since forgotten about the site? Well your password reuse may come back to haunt you. In 2016, over 300 million Myspace usernames and passwords were discovered on a hacker forum. What this means is that hackers have likely tested these credentials against hundreds of other sites, including Google, Apple and Microsoft. People who used the same password for multiple sites have probably already suffered the consequences.

If remembering complex and unique passwords for every site is the last thing you want to do, take a look at a password manager such as Dashlane or LastPass. But if you do, be sure to enable MFA on that password manager; otherwise, your emails could end up as fodder for WikiLeaks or even worse, involved in wire fraud. ■



**DOMINIC FAHEY** is a Bruce Springsteen fan who does title insurance, in that order. Find him on Twitter and LinkedIn @domfahey.



# The Apex of Title Data, Technology & Production

## Elevating Your Title Business to New Heights

### Title Data & Solutions to Expand Your Business

547 title plants nationwide and the most advanced database of real estate, tax and recorded property data and documents. Data Trace helps your business achieve maximum growth.

### Drive Innovation with Powerful Title Technology

Data Trace® and RedVision® provide advanced title search production and industry expertise for unmatched quality, coverage and operational flexibility to advance your title business.

[DataTraceTitle.com/Apex](http://DataTraceTitle.com/Apex) | 800.221.2056



RED | VISION |





# CFPB Continues to Target AfBAs

## CFPB Fines Indiana-based Meridian Title \$1.25M for Failing to Disclose Underwriter Affiliation

**THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)** fined Indiana-based Meridian Title Corp. \$1.25 million for violating Section 8 of the Real Estate Settlement Procedures Act (RESPA) by failing to provide affiliated business arrangement (AfBA) disclosures to consumers.

According to a Sept. 27 consent order, Meridian Title referred over 7,000 customers between 2014 and 2016 to its affiliated title insurer, Arsenal Insurance Corporation, without providing written disclosures notifying consumers of the affiliation. Because three owners of Meridian Title also are owners and executives of Arsenal, the CFPB asserts the relationship between the companies constitutes an AfBA under RESPA.

This relationship, according to the CFPB, allowed Meridian to retain more than the title premium split it was entitled to retain under its agency contract with Arsenal. The CFPB ordered Meridian Title to ensure that it ceases the illegal practice, provide disclosures whenever it makes a covered referral and pay up to \$1.25

million to consumers.

In a statement, Meridian Title said it worked cooperatively with the bureau and appreciated the guidance it received through the investigatory process.

“The applicable statutory and regulatory regimes can be complex, and Meridian Title welcomes clear direction from the bureau,” the company said in its statement. “While Meridian Title denies that any consumers were negatively affected by its actions and denies any wrongdoing, resolving this matter allows Meridian Title to focus on what it does best—helping to facilitate the timely and orderly transfer of title from seller to buyer in real estate transactions—without distractions.”



Under RESPA, companies may make referrals to an affiliated business but are required to disclose such relationships to consumers. RESPA prohibits any person from receiving a kickback, fee or anything of value as part of a real estate settlement service. RESPA Sections 8(c)(1)(B) and (2) provide an exemption for title agents that receive payments from their insurers for services actually performed. The CFPB, however, concluded that because Meridian Title did not provide AfBA disclosures, it did not meet the safe harbor exception and the additional funds it received constituted impermissible payments for referrals in violation of Section 8 of RESPA.

“Meridian Title illegally steered consumers into purchasing a product from an affiliated company to add to its bottom line,” said CFPB Director Richard Cordray. In the consent order, the bureau continued by saying the title company “failed to disclose its relationship with the title insurer and illegally benefitted from the referrals for title insurance.”

What surprised many is that the CFPB applied the RESPA affiliated business provisions to the title agent/underwriter relationship.

According to Ken Trepeta, president and executive director of RESPRO, “The key takeaway is that CFPB believes that where there is an ownership interest, even in a title agent/underwriter relationship under 8(c)(1)(B), it must be disclosed promptly in accord with section 8(c)(4) and otherwise comply with 8(c)(4). One could argue this reading is improper because section 8(c)’s five exemptions are each independent and separated by “or.” One might win in litigation on this point albeit at significant expense. Unless one wants to risk litigation, the conservative approach is to simply disclose any ownership interest at the earliest opportunity and otherwise comply with section 8(c)(4).”

Trepeta recommends that anyone with ownership interests in title agent/underwriter relationships should double-check disclosures and the structure of those relationships in light of the consent order. ■

***Anyone with ownership interests in title agent/underwriter relationships should double-check disclosures and the structure of those relationships.***

## AfBAs in the Crosshairs

This is not the first time the CFPB has targeted disclosure of affiliations. In 2013, the bureau filed a complaint in federal court against Kentucky-based law firm Borders & Borders, alleging the firm operated nine AfBAs in violation of RESPA because, among other things, proper AfBA disclosures were not provided. While Borders & Borders prevailed against the CFPB in court this summer, the case demonstrates the significance that the CFPB imposes on the disclosure requirement.

In May 2014, Alabama-based real estate firm RealtySouth reached a settlement with the CFPB after the agency alleged it used inadequate disclosures. The CFPB accused RealtySouth of using an AfBA disclosure that did not use capital letters and did not properly highlight the consumers’ right to shop around. According to the bureau, the “required language was buried in a section of text that also made marketing claims about the company’s prices.” The CFPB also said RealtySouth’s preprinted purchase contracts either explicitly directed or suggested that title and closing services be conducted by its affiliate, TitleSouth. RealtySouth immediately changed its disclosures when contacted by the bureau. The CFPB said RealtySouth’s disclosure did not follow the format provided in the Affiliated Disclosure Statement. RealtySouth modified its disclosure and training materials to emphasize that its agents cannot require the use of affiliates.

“Over the past six years, the CFPB has demonstrated that RESPA enforcement is a priority and that AfBAs raise a red flag for compliance,” Phil Schulman, a partner at the law firm Mayer Brown, wrote in an analysis of the consent order. “Responding to the agency’s inquiries and charges is costly and time-consuming. Accordingly, it is critical that settlement service providers stay up-to-date on CFPB examination findings and enforcement matters shared in the CFPB’s Supervisory Highlights and elsewhere, and heed the CFPB’s concerns and warnings in its published Consent Orders.” ■





# CoreLogic Reports Jump in Mortgage Fraud Risk

Continued Shift to Purchase Market, Growing Wholesale Channel Key Drivers

**THE RISK OF FRAUD IN MORTGAGE APPLICATIONS INCREASED 16.9 PERCENT** in the second quarter compared to the second quarter of 2016, according to CoreLogic's latest Mortgage Fraud Report.

The analysis found that during the second quarter of 2017, an estimated 13,404 mortgage applications, or 0.82 percent of all mortgage applications, contained indications of fraud, as compared with the reported 12,718, or 0.70 percent in the second quarter of 2016. The CoreLogic Mortgage Fraud Report analyzes the collective level of loan application fraud risk the mortgage industry is experiencing each quarter.

The report says that the continued shift to a purchase market is a key factor in the rise in application fraud risk due to stronger motivations and increased opportunities to commit mortgage origination fraud. A second factor leading to the fraud risk was a 48 percent increase in the share of loans originated through wholesale channels, the report found. According to CoreLogic, wholesale applications have shown a higher risk level than retail channels.

"This past year we saw a relatively large increase in the CoreLogic National Mortgage Application Fraud Index," said Bridget Berg, principal of fraud solutions for CoreLogic. "If the factors that influenced the increase continue, including a shift to purchase transactions and growing wholesale channel origination activity, it is likely that mortgage application fraud risk will continue to rise as well. Fraud on cash-out refinance transactions and home equity loans may become more of a factor in the coming years as home values and equity rise."

According to the report, New York has the highest level of application fraud risk. Florida, which held the top spot for the last several years, dropped to number 3, thanks to a 3 percent decrease in application fraud risk from 2016.

States with the greatest year-over-year growth in risk include:

- Iowa
- Indiana
- Missouri
- Louisiana
- Idaho

With the exception of Louisiana, according to the report, the states listed above have the highest growth in risk, but are still outside the top 25 in terms of overall risk.

CoreLogic found that jumbo refinance loans are the segment showing the greatest fraud risk increase by loan type.

## Occupancy Fraud Risk

↑ 7.0%

- This fraud occurs when mortgage applicant deliberately misrepresent their intended use of a property (primary, secondary or investment)
- States with largest YOY increase: Hawaii, Colorado, Nevada, Montana and Nebraska

## Transaction Fraud Risk

↑ 3.5%

- This fraud occurs when the nature of the transaction is

misrepresented, such as undisclosed agreements between parties and falsified down payments. This risk includes third-party risk, non-arm's-length transactions and straw buyers

- States with the largest YOY increase: South Dakota, Wyoming, Montana, New Hampshire and North Dakota

### Income Fraud Risk

↓ 1.9%

- This fraud includes misrepresentation of the existence, continuance, and source or amount of income used to qualify
- States with largest YOY increase: Alaska, Indiana, Maine, Alabama and Utah

### Property Fraud Risk

↓ 2.7%

- This fraud occurs when information about the property or its value is intentionally misrepresented
- States with largest YOY increase: Wyoming, Washington, D.C., Vermont, New Mexico and Indiana

### Undisclosed Real Estate Debt Risk

↓ 7.3%

- This fraud occurs when a loan applicant intentionally fails to disclose additional real estate debt such as mortgages and real estate taxes.
- States with largest YOY increase: North Dakota, Nebraska, Iowa, Wyoming and Indiana

### Identity Fraud Risk

↑ 3.9%

- This fraud occurs when an applicant alters, creates or uses a stolen identity to obtain a mortgage.
- States with largest YOY increase: Maine, Alaska, Michigan, Montana and South Dakota

### Multi-Closing Fraud Risk

According to the report, multi-lien fraud is a profitable scam that takes advantage of the lag between closing and recording to solicit multiple loans on a property. A spike in this fraud risk was reported in 2014. This activity decreased in 2015 and 2016, but CoreLogic projects this to increase in 2017. ■

# Value. Quality. Service.

Customer-focused title and settlement software to simplify the real estate closing process.



StreamLine™ | TitleExpress®  
800.767.7831  
sales@smcorp.com

Settlement Management Solutions (SMS), a division of First American Professional Real Estate Services, Inc., makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. SMS, StreamLine, and TitleExpress are registered trademarks or trademarks of First American Financial Corporation and/or its affiliates. © 2017 First American Professional Real Estate Services, Inc. and/or its affiliates. All rights reserved.



Providing good value and controlled costs



Implementing high-quality enhancements on a quarterly basis



Delivering industry-leading customer support



## Chuck Sheffield NTP

**COMPANY:** AmeriTitle, Inc.

**TITLE:** Senior Vice President and  
Corporate Title Manager

**CITY/STATE:** Bend, OR

**DATE OF DESIGNATION:** December 2013

**INDUSTRY EXPERIENCE:** 38 years

## NTP Can Help Establish Industry Credibility

### *Why did you become an NTP?*

I viewed the NTP designation program as both a challenge and something of value that I should work to obtain. My past experience at the local, state and national level provided the foundation but obtaining the designation would require additional time, energy and effort.

### *Why should others get their NTPs?*

I think challenging yourself helps you grow in so many ways, regardless of whether you succeed or come up short. Achieving the designation helps to establish credibility in the industry.

### *How have you used the NTP designation to advance your career or promote your business?*

My designation is displayed on my business cards, email signature line, in my office and at industry events. On many occasions it has been the catalyst of a conversation about our business and the services we provide.

### *Who do you think should get their NTP? What types of professionals would benefit?*

I think anyone with the experience, knowledge and desire to earn their NTP designation would benefit for all the same reasons it has benefitted me. Whether in title, escrow, sales or management, the designation is evidence of your level of industry achievement.

### *How did you get into the industry?*

I was introduced to the world of title insurance by a man who would later become my father-in-law. He owned his own mortgage business in San Diego where I lived at the time and thought it would be a good fit while attending college. I started in a part-time position as a file clerk at a small agency.

### *What is your best professional trait?*

My desire to always treat people with respect, empathy and kindness. ■

## Earn Your NTP

The National Title Professional (NTP) designation recognizes land title professionals who demonstrate the knowledge, experience and dedication essential to the safe and efficient transfer of real property. Start earning your NTP designation at [alta.org/ntp](http://alta.org/ntp).



# TrustLink™

## Keeps Your Best Practice on Course

Daily 3-way Reconciliation | Unclaimed Property Service | 1099 and W-9 Service

Let our team of experts with over 40 years of experience provide the best practice trust accounting processes you're looking for. Safe, secure, and reliable.



**TrustLink™**

The Premier Trust Accounting Service

800.767.7833 | [trustlink.support@firstam.com](mailto:trustlink.support@firstam.com) | [www.trustlinkservices.com](http://www.trustlinkservices.com)

# Past ALTA President Charles Hon III Passes Away

**A man noted for his keen intellect, compassion and once bringing 10 neckties to an ALTA Board of Governors meeting, past ALTA President Charles O. Hon III passed away Sept. 28 at the age of 73. Hon served as ALTA's 1988-89 president.**

Hon graduated from Vanderbilt University, where he met his future wife, Emily Ann Eliot, during the first week of school at freshman orientation. He earned his law degree in 1970 from Cumberland School of Law. After passing the Tennessee bar exam, Hon started working for his father at The Title Guaranty and Trust Company of Chattanooga. He worked at the title company until his death. Hon was the great-grandson of the founder and served as the sixth president of Title Guaranty and Trust, which opened its doors in 1890. Title Guaranty was the first title insurance company south of the Mason-Dixon Line. Hon valued the local service his company provided.

"This makes us special in two important ways," Hon stated on the company's website. "First, it enables us to make decisions locally on what or how to insure, whereas at other companies the decisions are made out-of-town and usually out-of-state without that personal feel of the people or property involved. Second, and perhaps most importantly, it keeps the premium dollars in Chattanooga. They become part of the economy, rather than going to a corporation in some other city."

In the November/December 1998 edition of TitleNews, Hon said two of his role models were Jim Boren and his father, Charles Hon, Jr. He respected Boren, a fellow Tennessean and 1980-1981 ALTA president, for his honesty and commitment to the industry. Hon admired his father's strong work ethic.

"My father taught me not to take any shortcuts in the title business," Hon once said. "He taught me the value of the moral obligation of providing people with the services they intended to receive and not necessarily what they ordered."

Hon had the distinction of serving as ALTA president during the San Francisco Earthquake of 1989.

"As a past president, you look forward to your convention, and it was shame that his ended the way it did," said Mike Currier, who was the 1994-1995 ALTA president and served on the Board with Hon.

"Charlie was a dear friend who had an outstanding sense of humor, but at the same time he was very intelligent," Currier said.

"He was excellent in Board meetings, thinking through problems and articulating what he thought"

Highlighting Hon's quick mind, Currier recalled a trip he took to Sea World with his wife, his daughter Missy, and Hon and his wife Emily.

"Our daughter was crawling over some chairs and fell and hit her head on the pavement," Currier said. "We rushed to the first-aid stand and the nurse on duty walked in and gruffly asked who we were and what was wrong. After my wife and I told her who we were, Charlie said he was our attorney. After that, the nurse became sweet as could be and took care of us."

Parker Kennedy, who served as ALTA's 1993-1994 president, enjoyed spending time with Hon and his wife at the Annual Conventions. Kennedy recalled a Board of Governors meeting during Hon's presidency.

"We had a Board meeting at a resort in Northern California and I forgot my tie," Kennedy said. "I asked to borrow one of Charlie's and he gave me a choice among 10 ties. For years, he needled me for not bringing a tie and I needled him for bringing so many. Charlie was a great guy in every way."

In addition to serving the industry at the national level, Hon was active at the state level as well. He served as president of the Tennessee

Land Title Association (TLTA) in 1979-1980. He was later honored as an honorary member of TLTA. Hon also was named by the Tennessee Commissioner of Insurance to serve on a Blue Ribbon Committee to rewrite the title insurance law for the state.

"We fellow TLTA members are saddened to hear of Charlie's passing," said Kelley Hinsley, a past TLTA president and founder of Heartland Title Services in Morristown, Tenn. "He was known by his larger-than-life commitment to friends and family, his defense and promotion of those of us whose business and profession were derived from title insurance and his direct, no-frills approach to addressing important industry issues. Charlie was a bear of a man with a keen intellect, confident boldness and a profound compassion for his fellow man. His presence and wise counsel will be missed, as will his gregarious smile and joyful fellowship. Hail and farewell, Charlie." ■





# Your competitive advantage.

Streamline your closing processes and gain a competitive edge with First American's **Agent Advantage**, a suite of business services targeted to help you meet your growth and compliance needs.

Learn more about **Agent Advantage** services including title production, policy typing, escrow disbursement and lender solutions at [firstam.com/AgentAdvantage](http://firstam.com/AgentAdvantage).



*First American Title*<sup>™</sup>

866.701.3361 • [www.firstam.com](http://www.firstam.com)

First American Title Insurance Company makes no express or implied warranty respecting the information presented and assumes no responsibility for errors or omissions. First American, the eagle logo, First American Title, and firstam.com are registered trademarks or trademarks of First American Financial Corporation and/or its affiliates.

©2017 First American Financial Corporation and/or its affiliates. All rights reserved. NYSE:FAF



## CFPB Compiles List of Top TRID Gaffes

### THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

released a list of common mistakes following the first round of mortgage origination examinations for compliance with the TILA-RESPA Integrated Disclosures (TRID) rule.

Referred to by the CFPB as Know Before You Owe, the bureau reported the findings in the summer edition of its Supervisory Highlights. While the CFPB failed to provide a formal hold-harmless period, the bureau did state that it would be sensitive during these early examinations.

In the report, the bureau noted that supervised entities “were able to effectively implement and comply with the Know Before You Owe mortgage disclosure rule changes.” However, the CFPB did compile a list of most common mistakes relating to the content and timing of Loan Estimates and Closing Disclosures:

- Amounts paid by the consumer at closing exceeded the amount disclosed on the Loan Estimate beyond the applica-



ble tolerance threshold.

- The entity or entities failed to retain evidence of compliance with the requirements associated with the Loan Estimate.
- The entity or entities failed to obtain and/or document the consumer’s intent to proceed with the transaction prior to imposing a fee in connection with the consumer’s application.

most residential mortgage transactions. In order to be less onerous on lower-risk loans, the TRID rule allows for a partial exemption from the disclosure requirements. On July 7, the CFPB amended the qualification requirements for the partial exemption for housing financing loans and down payment assistance loans—an act the bureau believes will make the program more flexible, encouraging its use.

In order to qualify for the partial exemption, the loan must be amortizing, forgivable and include fees that cannot exceed 1 percent of the principal of the loan. Previously, the 1 percent threshold included recording fees and transfer taxes. The CFPB amended the rule to exclude recording fees and transfer taxes from the 1 percent threshold.

- Waivers of the three-day review period did not contain a bona fide personal financial emergency.
- The entity or entities failed to provide consumers with a list identifying at least one available settlement service provider, if the creditor permits the consumer to shop for a settlement service.
- The entity or entities failed to disclose the amount payable into an escrow account on the Loan Estimate and Closing Disclosure when the consumer elected to escrow taxes and insurance.
- Loan Estimates did not include the date and time at which estimated closings cost expire.
- The entity or entities failed to properly disclose on the Closing Disclosure the fees the consumer paid prior to closing.

The reports states, “Examiners worked in a collaborative manner with one or more entities to identify the root cause of these violations and determine appropriate corrective actions, including reimbursement to consumers where tolerance violations occurred.”

Proponents of the amendment persuasively argued that excluding recording fees and transfer fees from the 1 percent calculation will make the program more flexible, and thus, increase the amount of HFA loans disbursed. The bureau believes that statutorily predetermined fees do not pose a risk sufficient enough to warrant its incorporation since it is not determined by the market. Since recording and transfer fees are predetermined fees set by state and local jurisdictions—and not the market, there is limited risk in excluding it from the 1 percent threshold calculation.

The bureau believes that excluding recording and transfer fees will increase the availability of low-cost, non-interest bearing, subordinate-lien loans to low- and moderate-income borrowers.

## TRID Allows for Partial Exemption for Housing Assistance Loans

Housing finance agencies (HFA) offer individuals, families and businesses a wide range of support in to help purchase a home. Loans provided by housing finance agencies or by private creditors who partner with housing finance agencies that extend credit within the guidelines of HFA programs are low-cost, non-interest bearing and subordinate-lien loans. These loans allow middle- to low-income families obtain mortgages for which they would have otherwise have trouble qualifying.

As of Oct. 3, 2015, TRID requires that lenders issue disclosures to consumers in

# LEADERS THAT LEND A HAND – AND AN EAR

With some underwriters, it's not always easy to get help when you need it. That's why it matters who's at the helm. You need access to leaders who can help you solve challenges. With Stewart Title Guaranty Company, you do.

- Our upper management is **responsive when you have a problem** and **reachable in a crisis**.
- Our underwriters **listen to your challenges** and **tailor unique solutions**.
- Our professionals use hundreds of years of combined experience to **guide you through deals of all types**.

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)*

Visit [stewart.com/alta2017](http://stewart.com/alta2017)  
to learn how Stewart leaders  
can help your business.

Stewart Title Guaranty Company  
800.STEWART

stewart



---

## Texas Title Expands Operations in Dallas-Fort Worth

Plano, Texas-based Texas Title continued its expansion effort with the opening of several new offices in the Dallas-Fort Worth metroplex. The new locations include Denton, Southlake, Arlington and Fort Worth.

“We are excited to continue to grow our network of branch offices in Texas,” said Christopher Drumm, Texas Title’s DFW president. “The additions of Denton, Southlake, Arlington and Fort Worth will give us access to key real estate markets in Dallas-Fort Worth. We will continue to add additional direct branches locations in 2018.”

---

## MISMO Seeks Input on Online Notary Standards

The Mortgage Industry Standards Maintenance Organization (MISMO) is inviting mortgage industry participants to collaborate on developing new electronic and online notary standards and best practices for use within the mortgage process.

Over the past few years, several states have approved laws that allow the use of a remote, online notary in situations in which it is not convenient for consumers to be located in the same place. Several other states are considering similar laws. MISMO, recognizing the need for consistency across the country, has prioritized an initiative to develop standards for electronic and online notary actions. This will enable states to adopt consistent regulations for electronic and online notarization and permit lenders and other industry participants to quickly adopt new practices to meet consumer demands for convenience and to improve the overall

consumer experience.

The new Online Notary Workgroup will be responsible for creating a set of industry standards for the use of electronic and online notaries, which may include credential analysis, borrower identification, and capturing and maintaining a recording of the notary process electronically. In addition to creating standards, the workgroup will develop best practices, implementation guides and other educational materials. To participate in the effort, please send an email to [info@mismo.org](mailto:info@mismo.org) with “Join MISMO’s Online Notary Workgroup” in the subject line.

---

## New Company Aims to Help Prevent Mortgage Fraud

The validity of documents notarized before and after settlements by parties unable to attend the closing has been an issue for decades. That’s why Ruben launched 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.

---

## Credit Union Opens Title Company

Security Service Federal Credit Union, which has locations in Texas, Colorado and Utah, has expanded its services to offer Security Service Title Company.

“We created the Security Service Title Company to provide our residential and commercial clients and their Realtors with a level of service excellence our credit union is known for,” said Jim Laffoon, president and CEO of Security Service Federal Credit Union.

Open to Security Service members and the general public, Security Service Title Company has 13 staff members.

---

## AmTrust Title Offers Business Protection Coverage to Agents

AmTrust Title Insurance Company launched a new comprehensive proprietary plan designed to offer title agents comprehensive business protection, provided at a discount to those who qualify.

Distributed through AmVenture Insurance Agency Inc., the plan provides the following coverages: Errors & Omissions, Directors & Officers, Fiduciary Bond, Fidelity Bond, Surety Bond, Employment Practice Liability (EPLI), Cyber Liability, Workers’ Comp, General Liability/Business Owners Policy. ■



### NEWS TO SHARE?

If you have information you’d like us to consider for TiTLE News, send company announcements to [communications@alta.org](mailto:communications@alta.org).

# visionet

## Your Complete Mortgage Solutions Provider



At Visionet Systems, our products, people and processes create a solution that best fits your world.



#### Headquarters

4 Cedarbrook Drive, Bldg. B  
Cranbury, NJ 08512  
☎ 609 452 0700  
📠 609 655 5232

#### Processing Center

183 Industry Drive  
Pittsburgh, PA 15275  
☎ 412 927 0226  
📠 609 655 5232

visionet

✉ sales@visionetsystems.com  
🌐 www.visionetsystems.com



---

## Westcor Appoints Underwriting Counsel for Western Agency Region and in Michigan

Phillip M. Schreiber was named underwriting counsel for Westcor Land Title Insurance Company's western agency region, while John Baumbick was appointed underwriting counsel and Michigan agency representative.

Schreiber started his career in the industry in 1992 as legal counsel and vice president of escrow operations for a Colorado title agency. He later developed and managed continuing education training program for employees, real estate agents and lenders. Most recently, Schreiber served as state counsel for Colorado, Utah and Wyoming for a national title insurance underwriter. His primary focus included underwriting assistance, high liability approval to three title insurance companies, local title insurance agents in three states, national agents and national commercial services offices.

In Baumbick's new role, he will continue to increase Westcor's brand presence in Michigan and assist as underwriting counsel for the company's national agency division. Baumbick has served as general counsel for the national lender services division of two different underwriters and has been both a title agent and served as associate corporate counsel for an Ohio agency.

---

## TitleTap Adds Director of Business Development



Robin Cardella

TitleTap recently added to its management team by naming Robin Cardella director of business development. Cardella has held key management positions and served with several national groups. She joined Title Tap in 2016 as a customer experience advisor after receiving certification as a "Secret Service Agent" and Customer Experience Cycle Workshop Facilitator from The DiJulius Group.

---

## AmTrust Title Appoints Agency Manager for Midwest



James M. Casson

AmTrust Title Insurance Company named James M. Casson as vice president and agency manager covering the Midwest. Prior to joining AmTrust Title, Casson served as vice president and regional agency manager for First American Title Insurance Company, where he was responsible for managing some 1,100 agents throughout the nation's heartland.

---

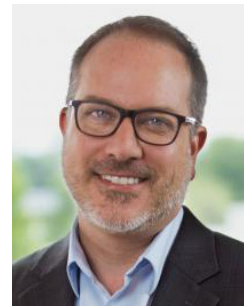
## WFG National Title Names Michigan State Counsel

WFG National Title Insurance Company has appointed Kimberly O'Connor as vice president and Michigan state counsel and underwriter. She joins WFG's current Michigan underwriter, Allan Dick, to support the company's growing base of title agents in the market. O'Connor most recently served with another title underwriter as state counsel.

---

## Equity National Title Bolsters Exec Team

Equity National Title has named David Boyum as executive vice president and national sales manager. In this role, Boyum will be charged with expanding the firm's national sales effort as well as servicing the firm's existing client base. Over the course of his career, he has held roles with Stewart Title Insurance Company, Home Services of America—Berkshire Hathaway, Attorneys' Fund LLC and the Law Offices of Gerald Shapiro.



David Boyum

**Taking risks can  
be fun.**  
Unless it involves  
your closing.



If you could eliminate risks with the highest standard of due diligence, why wouldn't you?

**PROLOGIX IS HERE TO  
MAKE DUE DILIGENCE EASY.**

- ✓ HOA Certificates
- ✓ Lien Searches
- ✓ Land Surveys
- ✓ Release Tracking

[WWW.PROLOGIX.COM](http://WWW.PROLOGIX.COM)





## We Lead. We Deliver. We Protect.

### I STARTED WORKING IN THE TITLE AND SETTLEMENT INDUSTRY



**STEVEN G. DAY NTP**  
ALTA president

in 1981 as an attorney agent in Smithfield, R.I.—a small town of less than 21,000. Over the years I've had the opportunity to work in various roles for direct and agency operations with Chicago Title, and the Fidelity National Title Group.

After 36 years, I'm still surprised at how much we struggle as an industry to tell our story. ALTA's Homebuyer Outreach Program, more commonly known as HOP, has helped the industry take a major step forward in refining our message, not only for the consumer but also our employees, real estate agents and lender customers. We must strive to further educate consumers and our industry partners about the work we do to benefit the real estate transaction.

Two years ago, we focused on compliance and helping our lender customers meet their third-party oversight obligations. That's part of the reason why we developed the ALTA Best Practices. ALTA members that have implemented Best Practices have enhanced their operations and processes.

The Best Practices explain what the industry does. My fellow Board member Mary O'Donnell pointed out that we needed something that says who we are. That's when we set out to develop a statement about our values that is memorable, enduring, universal, truthful and aspirational. I'm proud to have been a part of the team that led the effort to think carefully about what our industry values are and how we can convey them appropriately in each of our companies. What we came up is the Our Values initiative.

The first tenet is We Lead. This is certainly true of our industry. The quality of our services is what defines the best land transfer system in the world. We must also look forward. We must lead in the process of transparency and in leveraging technology to continue to improve our service to the consumer.

The second tenet is We Deliver. Our customers must feel confident and trust in our ability to do the right thing, the right way. They put their faith in us to perform in an efficient, effective and professional manner.

And finally, We Protect. At the core of our business we are the protectors of a person's property rights. What we do to assist in the maintenance and accuracy of land records assures that the public's faith is well placed.

We, as an industry, must promote these standards and look to make them a part of our everyday discussion in our organizations, our local markets and our industry. With our combined efforts, we will strengthen our industry and prepare for the challenges of today, tomorrow and the future. It's my honor to work with each of you toward fulfilling this goal. I thank you for the opportunity to lead this incredible organization, to deliver results and solutions to help you succeed and to protect this amazing industry we all serve. ■



**The Difference  
Between  
A DONE  
DEAL  
VS.  
DEALS  
UNDONE**



---

212.499.0100 / [AmTrustTitleGroup.com](http://AmTrustTitleGroup.com)





# GET CONFIRMED

## WHAT IS THE ALTA REGISTRY?

The national ALTA Registry is a searchable, online database that confirms a title agent's business name and location at the time of an underwriter's confirmation.

## WHY GET CONFIRMED?

The national ALTA Registry is a tool for your title company to show your mortgage lender you are part of the solution to provide more clarification and transparency in the real estate transaction.

**BE PART OF THE SOLUTION:**  
[www.alta.org/registry](http://www.alta.org/registry)



**ALTA**  
**REGISTRY**