MARCH 2018

TITLE News

AMERICAN LAND TITLE ASSOCIATION

Who Is Fifth Wall and Why You Should Care

Venture Capital Firm Partnering With Several Companies to Leverage Technology in Title and Settlement Space


Technology
The pace at which title technology moves is exhilarating. It's the vehicle that allows us to increase the speed of title related services, from underwriting support to products and platforms. There's a rush to anticipating what's next and how we're going to get there. We are focused on helping you navigate the unique technology landscape of the real estate and title insurance industries.
What new and innovative technology can we bring to you?
FIDELITY NATIONAL
TITLE GROUP
With you…for what's next
fntg.com/next

COVER IMAGE: SHUTTERSTOCK

iN This Issue

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COVER STORY

FEATURES

DEPARTMENTS

AMERICAN LAND TITLE ASSOCIATION

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TITLENews

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

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Delivering Happiness

ALTA'S BOARD OF GOVERNORS gathered last month for its regular winter meeting. Most of the meeting focused on proposals for new programs and projects arising out of ALTA's strategic priorities.

There was also a sizable amount of time set aside for strategic conversations. These discussions typically involve topics of emerging impact on the industry—such as new technology or the new leadership and shifting priorities of the Consumer Financial Protection Bureau (CFPB). The conversations may not lead to a need for immediate action, but they help provide an intellectual floor for ALTA to think about the issue.

The day after the full-day meeting, the Board toured Zappos to learn about the online retailer's path to delivering happiness. We toured the company's Las Vegas headquarters and saw and heard first hand how values and culture have made the difference for a company that does more than $1 billion in gross merchandise sales annually.

Zappos' CEO Tony Hsieh embraces a customer-first culture that is a powerful model for achieving success. Hsieh firmly believes that a strong culture and committable core values are important because they create alignment for all employees. The end game for Zappos is delivering happiness. As we saw on the tour, it was evident that his employees embrace that philosophy.

If you think about it, that's really what our industry delivers as we lead, deliver and protect. At the end of the day, we're delivering happiness every day by helping people get the keys to their homes and protecting property rights.

According to global leadership giant McKinsey, the best boards go beyond mere oversight and take a more active role in developing strategy and constructively challenging assumptions. ALTA's Board excels at this. We rely on board members to be independent thinkers. They engage deeply in the development of our strategy, values, culture, brand, risk management, talent and marketing.

They think about how technology will change the industry and how ALTA can help educate members about new innovations and trends. We hope you enjoy this edition's cover article focusing on how Fifth Wall hopes to improve the real estate transaction by partnering with companies that embrace their same values.

Continuous improvement is essential to our industry's culture. This dedication to constantly making small improvements helps us ensure we are providing long-term value for our customers—and constantly delivering happiness.

Michelle L. Korsmo, *ALTA's chief executive officer*

ALTA News

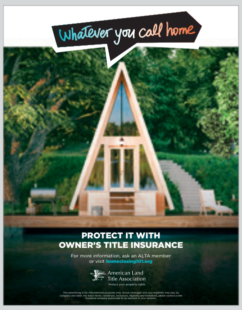
AMERICAN LAND TITLE ASSOCIATION

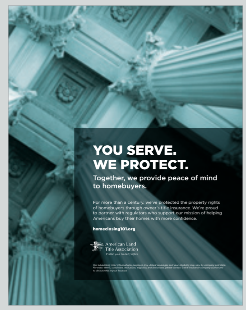
HAPPENINGS, NEWS, UPDATES & EVENTS

Boost Your Marketing Efforts With These New Ads

ALTA and its Homebuyer Outreach Program Committee have developed several new advertisements for members to use as handouts to first-time hombuyers, ads for real estate clients or flyers in coffee shops.

Members can customize material and download PDFs for free or order prints that can be delivered directly to your office. To download the ads or purchase branded material, go to altaprints.com.





Help Protect Your Industry: Take the Congressional Liaisons Survey

By John Voso Jr.

About six years ago, I made a commitment to be an advocate for the title industry. I would like to challenge you to do the same.

You can get started today by taking our Congressional Liaisons survey at www.cladvocacysurvey.com. Doing so will help inform ALTA if you know an elected official. You're an asset to ALTA's advocacy team by sharing information about any relationships you have with elected officials. We can't utilize what we don't know. So far, we have identified 503 relationships that title professionals have with elected officials. Additionally, many more have stepped forward, starting the process to build these key relationships that help us educate legislators about our industry.

The Congressional Liaisons program is critical to legislative efforts. In fact, Congressional Liaisons played a major role in the recent fight regarding gains on the sale of a primary residence during the tax reform debate.

Advocacy efforts strengthen our industry and benefit us all. The concept is straightforward; legislators need information, and you are the experts. These relationships are a springboard for addressing issues early and sharing the professionalism of the title industry.

Participation so far is impressive, but we are just hitting our stride. Will you be part of the movement and volunteer your time to advocate for the title industry?

I hope you'll join me advocating for and protecting our industry. Start today by taking our survey at www.cladvocacysurvey.com.

Make the Grade With ALTA's Title 101 Online Course

With 18 revised chapters that will introduce or refresh basic title insurance concepts to anyone, Title 101 topics include Searching, Abstracting, Land Descriptions, Underwriting, Policy Forms, Closing and Escrow, Industry Regulations and more.

ALTA's Title 101 online course is perfect for industry members who:

- Are new to title insurance
- Want to advance their careers
- Need continuing education credits (Credits are available in 18 states!)
- Wish to earn the National Title Professional Designation

Study at your own pace and in your own place. For more info, go to alta.org/education.

OLD REPUBLIC TITLE

MYTH: MILLENNIALS ARE NOT BUYING HOMES.

FACT: BUYERS 36 AND YOUNGER REPRESENT 34% OF HOMEBUYERS, THE LARGEST GENERATIONAL GROUP TO PURCHASE HOMES.*

Old Republic Title® provides time-saving, data-driven tools and resources that help title agents succeed in a fast-paced environment. Educate customers with our market-focused materials and keep your deals on track with tools that streamline the closing process. When you work with us, you're backed by industry professionals who understand your market and are there to support you every step of the way.

GET THE FACTS: **OLDREPUBLICTITLE.COM/FACTS**

OLD REPUBLIC INSURANCE GROUP

 | *Source: 2017 National Association of REALTORS® Home Buyer and Seller Generational Trends.

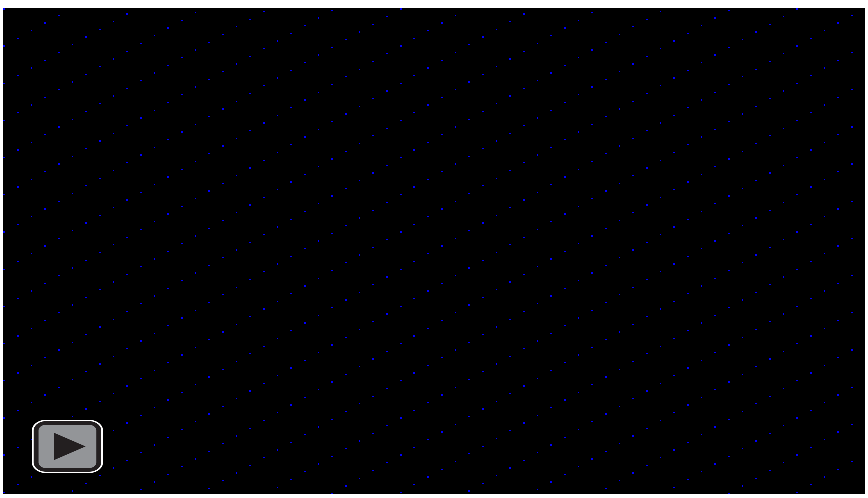
ALTA Registry Hits Critical Mass: Almost 4,000 Confirmed Locations Already

With 29 confirming underwriters onboard, the national ALTA Registry sped past the 3,000 confirmed locations at year's end and is now on course to break the 4,000-location barrier. Be part of the solution: Get confirmed today at *alta.org/registry*.

Before the ALTA Registry, no online, searchable database existed to identify to identify title and settlement agents and real estate attorneys early in the real estate transaction. The ALTA Registry is a first-of-its-kind utility listing title insurance agents that have been confirmed by their underwriters. The ALTA Registry also assigns a unique identification number, the ALTA ID, to each agent and underwriter location for more precise identification. With the ALTA Registry, title and settlement agents may be identified earlier in the real estate transaction to reduce errors when placing or closing title orders. The ALTA ID also makes things easier for your lender customers. Did you know that lenders often have their own internal lists of vendors? However, locating you in these lists often requires "stare and compare" processing: time-consuming and sometimes inaccurate.

Having a confirmed ALTA ID helps lenders locate, identify and confirm your company details. This leads to more secure and accurate communications. With your ALTA Registry listing you can be the best business partner—not just another vendor. So, tell your lender about the national ALTA Registry—tell them about your ALTA ID and let them know they can learn more at *alta.org/registry.*

Digital TitleNews Extra:
TitleTopics Webinar: Exploring E close Technology and Processes Industry Trends and How to Be Ready



CALENDAR

2018 ALTA CONFERENCES

ALTA SPRINGBOARD
March 20-21
Atlanta, GA

ALTA INNOVATION BOOT CAMP
April 17-18
New Orleans, LA

ALTA ADVOCACY SUMMIT
May 21-23
Washington, DC

ALTA INNOVATION BOOT CAMP
June 19-20
Minneapolis, MN

STATE CONFERENCES

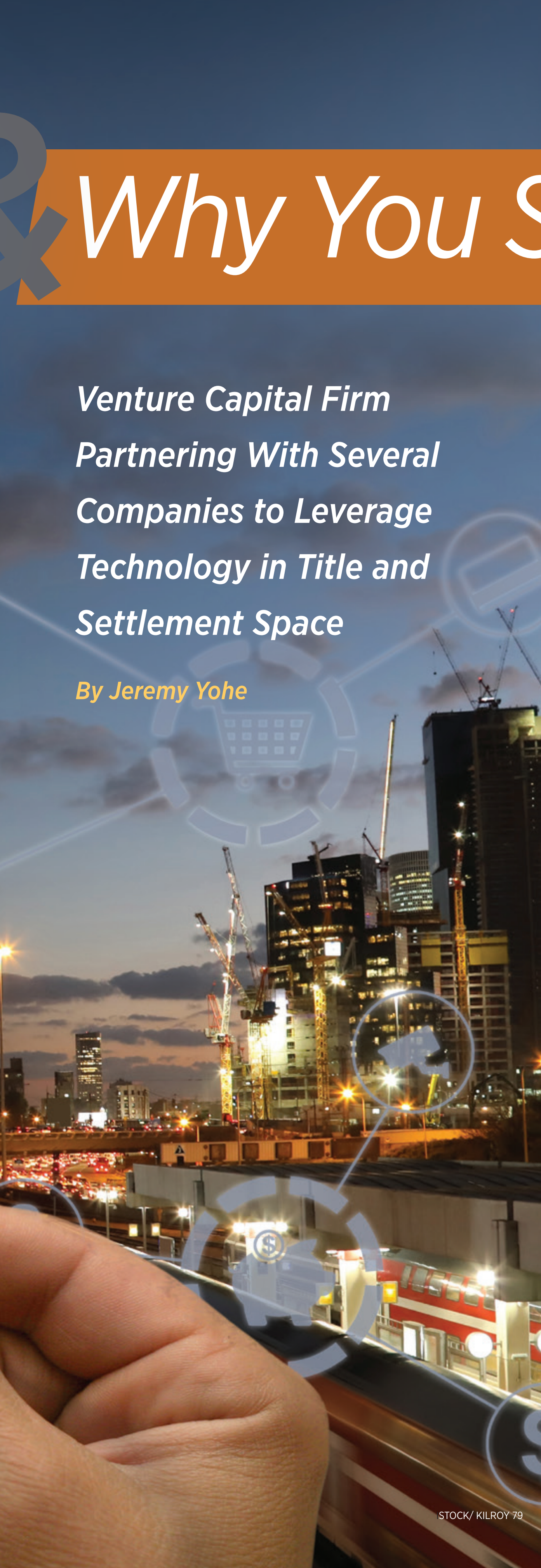
TENNESSEE
April 5-6
Mt. Juliet, TN

OKLAHOMA
April 19-21
Tulsa, OK

CALIFORNIA
April 22-24
Ojai, CA

PALMETTO
April 25-27
Myrtle Beach, SC

Who Is Fifth Wall



STOCK/ KILROY 79

Why You Should Care

Venture Capital Firm Partnering With Several Companies to Leverage Technology in Title and Settlement Space

By Jeremy Yohe

ACCORDING TO A REPORT from World Economic Forum in collaboration with Deloitte, fintechs have materially changed the basis of competition in financial services but have not yet materially changed the competitive landscape. Many fintechs (small, technology- enabled new entrants) came into existence with the goal of overtaking incumbents as the new dominant players in financial services. The model has shifted to building partnerships as fintech's struggle with scale and customer adoption.

Los Angeles-based venture capital firm Fifth Wall Ventures is a company that's stepped to the forefront partnering with several companies leveraging technology in the real estate, and title and settlement space. Fifth Wall reportedly raised $212 million last year to invest in real estate technology.

The venture capital firm believes it can optimize and transform the real estate process through technology. Founders Brendan Wallace and Brad Greiwe blend a unique background in technology and real estate. Wallace, who co-founded Identified (acquired by Workday), previously worked in real estate investment banking at Goldman Sachs and in real estate private equity at The Blackstone Group. Prior to Fifth Wall, Greiwe co-founded and served as CTO of Invitation Homes, a Blackstone-backed company which pioneered the use of real estate technologies to value, acquire, rehabilitate, lease and manage single family rental properties.

"Buying a home is the most important financial decision an American consumer makes in his or her lifetime," Greiwe said. "Home equity is the largest source of consumer wealth, and home mortgages the largest consumer obligation. And yet, despite the profound impact of homeownership on the U.S. economy and individual families, it remains slow, arduous, and hopelessly antiquated. Increased liquidity, consumer transparency and greater mobility has remained elusive, and one need look no further than the 2008 housing crisis and ensuing recession to see how far-reaching the economic and social implications of this are."

Companies that have invested in Fifth Wall include CBRE Group Inc., the largest commercial real estate services and investment firm in the world, and Lennar Corp., the second largest U.S. homebuilder based on the number of homes closed.

Where Fintechs Have Succeeded

- Fintechs have seized the initiative—defining the direction, shape and pace of innovation across almost every subsector of financial services—and have succeeded as both stand-alone businesses and crucial parts of financial value chains
- Fintechs have reshaped customer expectations, setting new and higher bars for user experience. Through innovations like rapid loan adjudication, fintechs have shown that the customer experience bar set by large technology firms, such as Apple and Google, can be met in financial services

Where Fintechs Have Fallen Short

- Customer willingness to switch away from incumbents has been overestimated. Customer switching costs are high, and new innovations are often not sufficiently material to warrant the shift to a new provider, especially as incumbents adapt*
- Fintechs have struggled to create new infrastructure and establish new financial services ecosystems, such as alternative payment rails or alternative capital markets. They have been much more successful in making improvements within traditional ecosystems and infrastructure

*Caveat: In geographies where incumbent service providers did not exist and in segments where incumbents where not meeting customer segments' needs, new entrants to financial services have been able to build significant scale.

Source: World Economic Forum

Housing

Fifth Wall's biggest holding is Opendoor, which promises quick home sales by buying properties without showings and was valued at $1.1 billion during an investment round last fall. In January, Fifth Wall and Lennar provided $135 million in funding to Opendoor. The additional money is on top of $35 million in equity financing Fifth Wall provided Opendoor in 2016.

"Making homes more liquid is the single most transformative event that could happen today in the U.S. economy, well outsizing the potential impact of blockchain, autonomous driving and even tax reform," Wallace said. "With Lennar and Fifth Wall investing and partnering with Opendoor, first-time homeownership is being completely re-imagined. Seeing the opportunity for Lennar to be a 'kingmaker' for Opendoor and dramatically accelerate the company's pace of growth, Fifth Wall brought these two firms together through this significant investment and helped orchestrate this partnership to address this market at scale."

Opendoor currently operates in the Phoenix, Dallas-Fort Worth, Las Vegas, Atlanta, Orlando and Raleigh-Durham metro areas, but plans to double its markets in 2018.

Opendoor values the homes sight unseen. Sellers enter their address, validate their identity and input additional information about the property. Then, Opendoor sends an offer. If the seller accepts the offer, they fill out a few forms and choose a move out date. Then, according to the site, it takes about three days to close the sale. For the convenience, Opendoor adds a fee of about 1 to 1.5 percentage points, on top of the 6 percent commission real estate agents typically charge. In Las Vegas where the companies tested the trade-up program, Lennar offered up to $2,000 to help cover moving expenses of those who sold homes through the program.

"Trading in a car is second nature to Americans, but no one thinks about that relative to a home," Jon Jaffe, chief operating officer of Miami-based Lennar told *Bloomberg*. "What we've found is that the customers love it. It's something that they didn't think about as a possibility because it didn't exist before."

Greiwe added that this is an example of incumbent-disruptor symbiosis at its finest.

"Industry disruption doesn't have to end with a company's demise. When incumbents embrace startups, businesses are not only enhanced, but they thrive," he added. "The validation on both sides is clear: Lennar is establishing themselves as the leading tech-enabled home builder and Opendoor is going to market with buy-in and support from the largest incumbent in its category. Consumers across the country benefit when homes become more frictionless to transact, imagine the wealth creation for tens of millions of Americans, especially lower- and middle-income families, who can finally make a homeownership decision they never otherwise could without this safety valve."

Title Insurance

Indicative of wanting to canvas the entire transaction, Fifth Wall also is examining ways to digitize other residential financial products including title insurance. The venture capital firm has invested in San Francisco-based States Title.

On its website, Fifth Wall describes States Title this way:

States Title is building a groundbreaking analytics-driven solution to one of the biggest time and cost problems endured by banks and borrowers in the home mortgage process: title insurance. Driven by the frustration of homeowners and mortgage originators all over the country, the company has identified a proprietary technology platform that will help reduce mortgage closure time (and associated cost) by upwards of 30%. States Title's initial focus is an existing $15 billion market in the U.S., which is ripe for change, but its platform and approach will set them up in the long term to become one of the largest diversified mortgage technology and service providers in the world.

Founded in 2016, States Title currently is licensed as an underwriter in Arizona and is seeking approval to issue policies in California. Both states require capital of at least $500,000 and a surplus of $500,000 to be licensed. States Title recently gave a presentation to the National Association of Insurance Commissioners (NAIC). The presentation explained that title insurance is a needed product, but that it is a slow, expensive process for everyone involved. States Title claims its automated, data-driven underwriting can speed up the process.

On its website, States Title says its underwriting uses advanced predictive analytics, high-performance APIs, and flexible and adaptable data ontologies and rules engines to create a product that complies with myriad regulatory requirements.

Fifth Wall isn't the only venture capital firm that's targeted title insurance. In February, Missouri-based underwriter Agents National Title Insurance Co. was purchased by Incenter, a subsidiary of The Blackstone Group. ➔

Vermont Launches Blockchain Pilot to Record Real Estate Transfers

Propy Inc., a Palo Alto California-based blockchain startup, has launched a project in collaboration with the City Clerk's Office of South Burlington, Vt., to utilize blockchain technology to record real estate conveyance documents.

"The Propy pilot will showcase the savings of blockchain distributed technology—furthering Vermont's and the City of South Burlington's goal to achieve more cost-effective government," said Natalia Karayaneva, CEO of Propy. "In parallel to making land record management systems significantly more efficient, Propy's additional safeguards ensure additional data integrity."

Propy offers a blockchain-enabled platform featuring an online and mobile global real estate property store and peer-to-peer marketplace, a transaction recorder for the remote handling of fiat and other cryptocurrencies, and a land records registry that is globally applicable and free of jurisdiction.

Karayaneva told Inman News that his company targeted Vermont because it was the first state to propose blockchain legislation.

Additionally, Karayaneva said Propy will likely target other blockchain-friendly states for future pilots, starting with Nevada, Arizona, Delaware and Illinois.

Michael Schirling, secretary of Vermont's Agency of Commerce and Community Development, said the announcement of a pilot project to utilize blockchain technology in real estate transactions is emblematic of Vermont's long history of innovating business, insurance and financial technology.

"We are fortunate to have a cutting edge statutory framework that enables the use of blockchain technology, and we will continue to work with the legislature to ensure Vermont remains at the forefront of these innovations," he said.

The South Burlington-Propy pilot includes the Burlington based legal team of Gravel & Shea, a group of attorneys focused on the legal aspects of commercial development using blockchain technology.

In 2016, Vermont's state legislature released results of a report that concluded "At present, the costs and challenges associated with the use of blockchain technology for Vermont's public recordkeeping outweigh the identifiable benefits."

The report's authors noted they could see some benefits from a system that was able to verity when a document was recorded and by whom. The report also noted that a blockchain-based system offer protection against fraud and errors.

"The hash of a document existing outside the blockchain and the hash registered within the blockchain will be identical if the documents are identical. If the documents are different (due to forgery, corruption, error or other problems) the hashes will not match," the report stated. "Thus, the blockchain can potentially provide an immutable registration of a record, to which future records can be compared for authenticity."

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Closing

In 2016, Fifth Wall turned its sights to the closing process by funding Notarize, which offers a remote online notary platform. Wallace called the notarization and closing process "one of the final impediments to the real estate industry going fully digital."

"It is often described as the most inefficient part of their operations but required in both residential and commercial real estate," Wallace said. "Notarize will fundamentally improve how the industry operates, and Fifth Wall is thrilled to support the team's bold vision for a truly digital, end-to-end notarization process."

"It would seem Fifth Wall is making a smart move. However, let's not forget there are some established firms inside the industry that are doing similar things."

The Money

In additional to digitizing the entire transaction, Fifth Wall sees opportunity in the value that blockchain and cryptocurrencies can bring to the real estate industry if the right legal and regulatory structure is developed. That's why Fifth Wall co-led a $10 million Series A funding round in blockchain technology company Harbor. The money will help finance the development of a decentralized compliance protocol for standardizing cryptosecurities issuance and trading.

Why is Fifth Wall interested in blockchain technology? Greiwe says the lack of crypto-securities compliance is hindering the tokenization of real estate securities. The value of U.S. real estate alone is $40 trillion, significantly larger than all U.S. stock markets ($35 trillion).

"Real estate is the U.S.'s largest capital market, the largest lending category, the largest store of consumer wealth, and comprises over 13 percent of U.S. GDP," Greiwe said. "Despite their vast size, real estate capital markets are among the least liquid and transparent in existence, not to mention among the most heavily regulated asset classes."

The Regulated Token (R-Token) standard, one of Harbor's first initiatives, a new, open-source compliance framework for embedding regulatory compliance at the token level, only permitting transactions to occur if they meet applicable rules. Issuers, broker dealers, underwriters, and/or regulatory bodies can implement the R-Token standard to meet jurisdictional securities regulations, know your customer (KYC) policies, anti-money laundering (AML) requirements, tax considerations, and more. The R-Token standard is a system of ERC-20 smart contracts built on the Ethereum blockchain and compatible with the ERC-20 ecosystem.

In a release, Harbor said real estate assets including real estate funds, private REITs, land and building ownership can benefit greatly from the improved efficiency, transparency, liquidity and fractional ownership possibilities of blockchain. However, real estate has unique and complex legal and tax requirements beyond standard securities regulations. For example, private domestically controlled REITs have several restrictions that must be addressed, including limits on non-U.S. investors, the minimum number of investors, tax withholdings for foreign investors and more.

Greiwe believes applying Harbor's technology to the commercial real estate industry will likely come first, but the technology could be applied to individual investors in residential real estate in the future.

"Harbor's flexible approach addresses the complex compliance requirements for real estate," said Greiwe, who also is a Harbor board member. "Harbor represents the key to unlocking an unprecedented amount of value by providing the rails to democratize access to the most valuable asset on Earth, real estate."

Why You Should Care

Shanon Lake-Catello, chief technology officer for Commonwealth USA Settlements in Pittsburgh, believes Fifth Wall sees an opportunity for a competitive advantage and that not all existing companies in the industry have reacted to changing customer demands.

"It would seem Fifth Wall is making a smart move," Lake-Catello said. "However, let's not forget that there are some established firms inside the industry that are doing similar things. Both are responding to changing drives in the market: increased compliance demands, increased demand for data security, increased pressure to decrease production costs, improved borrower experience and more."

She added that her company has been moving in a similar direction the past few years, such as automating and integrating processes, eliminating inefficiencies, tightening their vetting and oversight processes, upgrading security and making centralized purchase options available to clients.

"This is a basic business principle: Firms who adapt to and meet client demands will win more business," Lake-Catello said. ■

Living Our Values

Last year, ALTA released its Our Values initiative, which serves as the industry's cultural compass and highlights the universal core ideals ALTA members embrace. The key words in the values are We Lead, We Deliver and We Protect.

These are simple phrases but have a deeper meaning that get to the core of what the title industry provides to its customers. A few years ago, ALTA developed its Best Practices. These evolved into an industry standard. Best Practices are what companies do, but values define a company. To succeed, it's vital for companies to truly understand who they are. Having an established set of values serves as the foundation for a strong culture, which in turn provides clarity and focus for collective action and decision making.

Eric Schneider NTP, title group manager for Lakeside Title Company, was among the group of title professionals that helped develop the Our Values program. Discussions started around the idea that compliance is a culture, not just a policy. Using ALTA's Principles of Fair Conduct as a guide, the group incorporated concepts of ethical behavior and best practices, and created something that could be memorable and useful in day-to-day operations. From there, the group developed the three phrases, each with a short, one-sentence explanation.

To help members understand how these values can be applied to their operations, Schneider shared how Lakeside Title approached the development and implementation of its values.

How did your company go about developing its values?

Being involved in the process, I jumped right in and helped to apply the concept of "values" to the staff at Lakeside Title. Sherri Landauer, our CEO; Yvonne Deardorff, our COO; and I met with a strategic planner who made us look at our company past, present and future. We then spent the better part of a half day analyzing what we thought was important for us to be a successful business and one that we could be proud of.

Many oversized Post-it notes were on walls throughout the conference room as we struggled with creating values that we felt should guide our daily operations. When we finished, we were content with our product while realizing that it would need to be periodically reviewed. We were ready to share it with our employees and adopt it as our corporate philosophy.

How did your company approach getting staff to buy into the values?

Yvonne and I went on road trips around the state to meet with everyone who works at Lakeside and share with them the values we seek to strive for, the plans we had for the future and, most importantly, to solicit input from employees so they could feel as though they were part of the process. We learned much from the "SWOT" approach as things were pointed out to us that we didn't realize were issues in the field, and we adjusted our plans based on that input. For those not familiar with the term, SWOT refers to Strengths, Weaknesses, Opportunities and Threats, which are four ways to look at one's own business model and gauge its potential for success. It also is a fantastic way to encourage input from everyone who works in an organization, and helps employees feel empowered in the workplace.

Now that the values have been assimilated into the company's culture, what's been the result? What has leadership learned about the company?

Following the meetings, we started to institute changes in certain procedures we had been following and are addressing the number-one issue across the board: Employees really want to learn more about our business in general—what everyone else does and how they can improve themselves through additional training. This will always be a work in progress, but I really feel as though the Our Values project initiated by ALTA has made us look at our company in a new light and address some things that we may not have considered otherwise. Hopefully other ALTA members will find the same benefits in their own companies. ■

OUR VALUES

For more on the Our Values initiative, go to **ALTA.ORG/VALUES**.

GET eCLOSING GUIDANCE YOU CAN TRUST.

CFPB Memo:

‘Less Regulation by Enforcement’

Bureau Issues New Strategic Plan That Refocuses Mission on Regulating Under Existing Federal Consumer Financial Laws

IN A JANUARY STAFF MEMO, ACTING DIRECTOR OF THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) MICK MULVANEY LAID OUT THE BUREAU’S NEW GOVERNING PHILOSOPHY.

In his memo, Mick Mulvaney informed CFPB employees that the bureau would no longer “push the envelope” with regards to enforcement of federal consumer financial statutes. It’s a deviation from the type of enforcement the financial services industry came to expect under former director Richard Cordray.

The memo said that the businesses regulated by the bureau should have the right to know the rules before being charged. “This means more formal rulemaking on which financial institutions can rely, and less regulation by enforcement,” Mulvaney wrote.

Mulvaney also said that he took issue with the leadership of his predecessor, Richard Cordray, writing that “the days of aggressively ‘pushing the envelope’ of the law in the name of the ‘mission’ are over.”

“In fact, the entire governing philosophy of pushing the envelope frightens me a little bit,” Mulvaney said. “I would hope it would bother you as well.”

Mulvaney said the bureau works for everyone, including the companies it regulates.

“There is a reason that Lady Justice wears a blindfold and carries a balance, along with her sword,” Mulvaney wrote. “When it comes to enforcement, we will be focusing on quantifiable and unavoidable harm to the consumer. If we find that it exists, you can count on us to vigorously pursue the appropriate remedies. If it doesn’t, we won’t go looking for excuses to bring lawsuits.”

Joseph Otting, head of the Office of the Comptroller of the Currency (OCC), issued a statement in February supporting the actions

taken by Mulvaney. Otting, who became Office of the Comptroller of the Currency last year, served as the CEO of OneWest Bank from 2010 until 2015. When he took over at the OCC, Otting pledged to reduce the "unnecessary burden" that banks face when trying to operate.

"We have a common belief that our financial system functions best when it works for everyone—meeting the financial needs of consumers and businesses, creating jobs, and fueling economic growth," Otting said. "Our jobs as regulators are to help our system fulfill its important role in society by ensuring it operates in a safe and sound manner and treats customers fairly. But, unnecessary regulatory burden is a waste that places a drag on our entire economy without making the system safer or fairer."

In addition, the bureau released a five-year strategic plan that establishes its mission, strategic goals and strategic objectives. To summarize the changes, Mulvaney said the bureau has "committed to fulfill the bureau's statutory responsibilities, but go no further."

"By hewing to the statute, this strategic plan provides the bureau a ready roadmap, a touchstone with a fixed meaning that should serve as a bulwark against the misuse of our unparalleled powers," he added.

The plan draws directly from the Dodd-Frank Wall Street Reform and Consumer Protection Act and refocuses the bureau's mission on regulating consumer financial products or services under existing federal consumer financial laws, enforcing those laws judiciously, and educating and empowering consumers to make better informed financial decisions. The Dodd-Frank Act authorizes the CFPB to exercise authority to ensure that consumers have access to markets for consumer financial products and services and that such markets are fair, transparent and competitive.

Among changes from the prior strategic plan, the bureau will now focus on equally protecting the legal rights of all, including those that it regulates, and will engage in rulemaking where appropriate to address unwarranted regulatory burdens and to implement federal consumer financial law and will operate more efficiently, effectively and transparently. Meanwhile, Democratic state attorneys general said they will pick up the baton if the CFPB slows down efforts to enforce consumer and financial services regulations.

"If incoming CFPB leadership prevents the agency's professionals from aggressively pursuing consumer abuse and financial misconduct, we will redouble our efforts at the state level to root out such misconduct and hold those responsible to account," the 17 state attorneys general, led by New York Attorney General Eric Schneiderman, said in a letter to President Trump.

The New York Department of Financial Services (NYDFS) also said it would fill the void if the CFPB shifts its policy away from consumer protection. In a statement, NYDFS Superintendent Maria Vullo said her department would protect New York residents even if the CFPB does not.

"Since its founding, the CFPB has been a strong and vital partner with the New York State Department of Financial Services and state regulators nationwide on many important consumer protection issues," Vullo said. "I am disappointed by the new administration's sudden policy shift, which is clearly intended to undermine necessary national financial services regulation and enforcement. DFS remains committed to its mission to safeguard the financial services industry and protect New York consumers, and will continue to lead and take action to fill the increasing number of regulatory voids created by the federal government."

Residential lenders are hopeful that recent leadership changes at the CFPB open the door for greater dialogue with the agency. The latest survey from Stratmor Group focuses on how leadership changes at the bureau may affect the mortgage regulatory landscape and examines the impact of the TILA-RESPA Integrated Disclosures (TRID) rule.

"If it comes to fruition, the move away from 'regulation through enforcement' would be a huge benefit to lenders who continue to act as if they are but one mistake away from a CFPB penalty and having their net worth slashed," said Rob Chrisman, senior advisor for Stratmor Group. "As an industry, we seem to be in a 'quiet time' versus the past when well-publicized enforcement actions were the norm."

Chrisman added that the resignation of Cordray and the appointment of Mulvaney has helped promote the feeling that the CFPB's tactics will change.

"The initial implementation steps for TRID did not go well, especially in setting expectations with settlement agents," Chrisman said. "And, TRID increased the per-loan costs and impacted approval-to-close cycle times in such a way that it wasn't clear, long-term, what the overall costs would be.

"But, because TRID—in both its front-end and back-end disclosure requirements—has had a decidedly positive impact on borrower satisfaction, it is a relatively unlikely candidate for material regulatory change. And even if TRID rules were significantly lessened, we believe that relatively few lenders—and certainly not large banks and independent lenders—will back off their current TRID-compliant disclosure practices and policies." ■


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Court Rules RESPA Allows Referral Arrangements

D.C. Circuit Court of Appeals Also Finds CFPB Structure Constitutional

The U.S. Court of Appeals for the District of Columbia Circuit on Jan. 31 issued a ruling in PHH Corporation v. Consumer Financial Protection Bureau (CFPB), a landmark case challenging the bureau's constitutionality and a controversial anti-kickback enforcement action for alleged RESPA section 8 violations.

In a 7-3 decision, the court issued a 250-page en banc opinion that held that the CFPB's single-director structure is constitutional and that its director can only be fired by the president for "inefficiency, neglect of duty or malfeasance in office." PHH is likely to appeal this decision to the U.S. Supreme Court.

Although the appeals court upheld the CFPB's structure, it tossed out a $109-million penalty that the CFPB had levied against to PHH Corp. The CFPB alleged PHH violated RESPA each time it accepted mortgage reinsurance premiums on or after July 21, 2008. The CFPB said the arrangement between the companies amounted to an illegal referral arrangement under RESPA Section 8(c)(2), which prohibits payments of anything of value for referrals of business in connection with real estate settlements. Despite prior precedent from when the U.S. Department of Housing and Urban Development (HUD) enforced RESPA, the CFPB alleged that the term "bona fide" applied to both the cost and rationale

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behind obtaining a service. In his opinion, former CFPB Director Richard Cordray concluded that an agreement could still violate RESPA, even if the company paid market value, if the reason for buying the service was to obtain a referral. PHH contended that the director's decision removed years of precedent from both HUD and previous court cases without any notice or rulemaking process, in violation of the CFPB's authority.

RESPA Sections 8(a) and (b) prohibit certain conduct such as kickbacks and referral fees made in connection with real estate settlement services. By contrast, Section 8(c)(2) sets forth a safe harbor for permissible conduct, and states that: "Nothing in this section [i.e., sub-sections 8(a) and (b)] shall be construed as prohibiting … the payment to any person of a bona fide salary or compensation or other payment for goods or facilities actually furnished or for services actually performed."

The ruling in this case is important to title and settlement companies that enter into marketing service agreements with lenders, real estate professionals or other companies they refer business to.

"The decision by the full D.C. Circuit Court of Appeals to uphold the panel's ruling to overturn former Director Cordray's decision under RESPA with respect to our former mortgage reinsurance activities, which includes vacating the $109 million penalty, is an important and gratifying outcome for PHH and the industry," PHH said in a statement. "We continue to believe that we complied with RESPA and other laws applicable to our former mortgage reinsurance activities in all respects. Regarding the remand, we will continue to present, if necessary, the facts and evidence to support our position that mortgage insurers did not pay more than reasonable market value to PHH affiliated reinsurers."

By electing to reinstate the three-judge panel ruling, the court said the bureau's interpretation of RESPA violated PHH's due process rights and that the CFPB is bound by statutes of limitation regardless of whether the CFPB is enforcing consumer financial laws through a civil action or administrative proceeding.

The court said: "the panel opinion, insofar as it related to the interpretation of RESPA and its application to PHH and Atrium in this case, is accordingly reinstated as the decision of the three-judge panel on those questions."

Despite prior precedent from when HUD enforced RESPA, the CFPB alleged that the term "bona fide" applies to both the cost and reason for the service. Earlier in the case, former CFPB Director Richard Cordray concluded that an agreement could still violate RESPA, even if the company paid market value, if the reason for buying the service was to obtain a referral. The original three-judge panel found this reading to be incorrect and stated that the CFPB could not change precedent without any notice or rulemaking process. Following the 68-page opinion by the D.C. district court, Judge David Tatel wrote a concurrence that would have overturned the three-judge panel decision.

The court also held that the CFPB overreached by applying its interpretation retroactively to PHH conduct that occurred prior to the time of that interpretation, since PHH was acting in accordance with the law as previously set forth by HUD. According to the court, the arrangement is lawful under RESPA if the services provided are bona fide and paid for at fair market value.

Once any appeals are resolved, the case will go back to the CFPB for a new ruling by the Administrative Law Judge on the RESPA issues.

In an alert, law firm K&L Gates said the decision restores some clarity both in how real estate settlement service providers can run their businesses as well as defend against RESPA claims.

"What's next for this long and serpentine litigation remains to be seen," the law firm wrote. "Given the constitutional issues, the PHH Corp. decision may end up before the U.S. Supreme Court. If the case does not progress to the Supreme Court, it will be remanded to the CFPB for further proceedings. And, as the D.C. Circuit made clear, '[i]n order to hold PHH liable, the CFPB must … show that the … [amount] paid [for reinsurance is] more than reasonable market value ….'"

Covington & Burling LLP opined that the opinion is call for the bureau "to exercise humility, transparency, and deliberative process when proceeding with controversial or new legal theories."

"These are the same concerns and goals that Acting Director (Mick) Mulvaney expressed in his Wall Street Journal op-ed and email to bureau staff regarding the bureau's new mission and goals," the firm wrote in an alert. "Together, this joint call for less regulation by enforcement and more clarity and predictability regarding the bureau's interpretation of the law signal a new direction for the bureau in the years ahead." ■

Big 4 Report Full-year and 2017 Results

Strong Purchase Market Drives Earnings as Companies Look to Technology Solutions to Drive Efficiency

Fidelity

Fidelity National Financial reported that its title insurance segment generated pre-tax earnings of $955 million during 2017. This compared to pre-tax earnings of $1.03 billion in 2016.

During the fourth quarter of 2017, the title group reported $248 million in pre-tax earnings compared to $273 million during the same period in 2016.

"The residential purchase and commercial markets continue to drive our performance in the fourth quarter as residential opened and closed purchase orders per day increased 5 percent and 1 percent respectively in the quarter," said Raymond Quirk, Fidelity's chief executive officer."

During Q4 2017, Fidelity's direct operations opened 445,000 orders and closed 357,000 orders. The fee per file was $2,425, and the company paid $63 million in claims. During Q4 2016, Fidelity's direct operations opened 474,000 orders and closed 419,000 orders. The fee per file during this period was $2,091 and the company paid $76 million in claims.

Fidelity acquired 10 title and escrow companies for a total of approximately $130 million in 2017, Fidelity Chairman William Foley said during the company's earnings call. The most significant purchase was the acquisition of Title Guarantee of Hawaii in August. Foley added that Fidelity has targeted additional companies to grow its agency acquisition strategy in 2018.

Over the past year, Fidelity continued building out its real estate technology platform aimed at the real estate broker and the agent markets through the acquisitions of Real Geeks and SkySlope.

"We are now focusing on integrating our lead management, CRM and digital transaction management technologies to offer a suite of best-of-breed technology solutions for our real estate agent customers and further solidify our relationships with this vital group of clients," Foley said.

First American

First American Financial reported that its title insurance and services segment generated pre-tax income of $642.4 million in 2017. This compared to pre-tax income of $598.9 million in 2016.

During the fourth quarter of 2017, the company's title segment reported $165.6 million in pre-tax income. This was up from $150.1 million in pre-tax income during the same period in 2016.

During the latest quarter, First American's direct offices opened 231,500 orders and closed 204,200 orders. This compares to 265,800 direct orders opened and 252,700 orders closed during the fourth quarter of 2016.

The provision for policy losses and other claims was $45.3 million in the fourth quarter of 2017. This is down from the $63.7 provision for policy losses in the fourth quarter of 2016.

Personnel costs during Q4 2017 decreased 2 percent to $414 million compared to the same quarter in 2016. The company attributed the decline to lower temporary labor, overtime and incentive compensation expenses, partially offset by personnel costs associated with recent acquisitions.

"In 2018, we will maintain our efforts to develop innovative solutions for our customers and acquire companies that strengthen our core business. In addition, we believe the company will continue to benefit from the ongoing improvement in housing and the general economy," Gilmore said. "We will remain focused on operating efficiently and strategically deploying our capital in ways that create shareholder value."

Old Republic

Old Republic reported that its title insurance group generated $237.1 million in pre-tax income during 2017. This is up from $210.2 million in pre-tax income the previous year.

To close out the year, Old Republic reported $64.2 million in pre-tax income during the fourth quarter of 2017. This compared to $85.6 million in pre-tax income during Q4 2016.

"2017 was a record-setting year in many ways and, most importantly, in revenues and profits," said Rande Yeager, chief executive officer of Old Republic Title Insurance Company. "We're approaching 2018 with cautious optimism. The real estate market, by most accounts, will hold steady on the purchase side of the equation while refinances will continue to decline relative to the total origination market. While projections for the commercial market are flat, we believe we'll continue to gain market share based on our expertise and an expanding customer base. In all, we remain optimistic about the near term and the future success of Old Republic's title business."

Old Republic's claims costs continued to decrease. In 2017, the company paid $20.8 million in claims. This compared to $84.3 million in paid claims in 2016.

During the company's earnings call, Yeager shared thoughts on how new technologies could have long-term implications for the title business. He said Old Republic is involved in several technology initiatives through several of its subsidiaries.

"One of the most exciting to me is a company called Pavaso, which is deeply involved in the digital closing market and has signed a number of contracts with large national lenders to provide digital services and some other things we're working on that go beyond that," Yeager said. "And there's a lot of talk about where blockchains and cryptocurrencies fit into the mortgage origination markets. As much as it almost looks like Flash Gordon's in charge, those things aren't that far down the road. And I think we're well prepared. I think that units like Pavaso put us at the head of the pack to service those customers' needs.""

Stewart

Stewart Information Services Corp. reported that its title insurance segment generated $27 million in pre-tax income during the fourth quarter of 2017. This compared to $38.1 million during the same period in 2016.

Stewart attributed the lower pre-tax income to increased employee costs related to investment in stabilizing and growing target markets, a lower agency remittance rate and slightly higher title loss expense as a percent of title revenues. Also included in the segment's results for the fourth quarter of 2017 are approximately $3.5 million of office closure costs and $1 million related to acquisition integration costs.

"We continue to be encouraged by the success of our recruiting efforts in replacing revenue impacted by staff departures earlier in the year as well as expanding further in our high-priority markets," said Matthew Morris, Stewart's chief executive officer. "While investing in this growth temporarily elevated our expenses in 2017, we enter 2018 with strong momentum and improving productivity, ready to take advantage of improving residential purchase trends and continued penetration in the commercial market."

Title loss expenses increased to $25.9 million in the fourth quarter 2017, compared to $24.5 million in the fourth quarter 2016. Title losses were 5.1 percent of title revenues in the fourth quarter 2017 compared to 4.8 percent in the fourth quarter 2016. Looking ahead in 2018, Stewart expects its loss provisioning rate will be approximately 4.8 percent.

During Stewart's earnings call, Morris said the company has closed on acquisitions of several title and escrow companies and is in discussions to complete more. Morris said the deals will give Stewart "greater presence in key" markets.

"We have a good pipeline of additional acquisition opportunities to help supplement our organic growth plans for the year," he added. ■

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Westcor Partners With Notarize to Offer Online Notarization in 16 States

Westcor Land Title Insurance Company has partnered with Notarize to expand online notarization to real estate transactions in 16 states. The partnership enables borrowers, independent title agents and lenders to benefit from online closings utilizing Notarize's platforms, Notarize for Mortgage and Notarize for Title Agents.

Notarize for Mortgage was initially introduced in August to enable lenders to conduct an entirely online mortgage closing process. The new partnership with Westcor expands the list of supported states to include Florida, Indiana, Kansas, Ohio, Maine, Maryland, Missouri, Nebraska, Nevada, New Hampshire and Tennessee. With this expansion, online closings are now available to more than 103 million Americans or roughly 33 percent of the national population, the companies said in a release. Westcor and Notarize are continuing to evaluate expansion into additional states throughout 2018.

After months of review, Westcor selected Notarize as its preferred partner and the designated online closing and signing platform available for Westcor

agents across the country. The partnership will give independent title agents a secure, scalable platform that empowers them to serve lenders' online closings, as well as initiate their own online notarizations and signings, the companies said in a release.

"Buying a home is a complex process, and we believe buyers and sellers get the best experience when they work with independent title agents. At Westcor, we're focused on giving agents the tools they need to compete and win in today's changing market," said Mary O'Donnell, president and CEO of Westcor. "We have been impressed by the Notarize team and their online signing platform, which will enable our title agent partners to meet clients online for the first time, when and where they want. It offers borrowers the option of an online closing and reduces agents' operational costs. We are live with Notarize and are pleased to support any lender or title agent looking to offer their clients an online closing or signing in these markets. Oftentimes, world-class technology such as Notarize stays in the hands of only the large underwriter direct operations. We see this as an opportunity to make this technology available to every one of our independent agents who would like to offer this to their lender clients and consumers."

Notarize for Mortgage will be made available in the new states effective immediately and for all transactions types, including purchase, refinance, HELOCs and all cash transactions. These changes will be reflected in the Notarize Smart Routing Service, ensuring participants can find partners and execute transactions everywhere possible. Existing Notarize customers will be the first to offer online closings in the identified markets. The companies will work to onboard additional lenders and title agents.

Hit by Wire Transfer Fraud? Use the Kill Chain Process

Criminals launder billions of dollars overseas through financial fraud schemes like wire transfer fraud, corporate account takeovers, business e-mail compromise scams and other financial crimes.

The FBI offers a Financial Fraud Kill Chain (FFKC) process to help recover large international wire transfers stolen from the United States.

The FFKC is intended to be utilized as another potential avenue for U.S. financial institutions to get victim funds returned. Normal bank procedures to recover fraudulent funds should also be conducted.

The FFKC can only be implemented if the fraudulent wire transfer meets the following criteria:

- the wire transfer is $50,000 or above
- the wire transfer is international
- a SWIFT recall notice has been initiated
- the wire transfer has occurred within the last 72 hours.

Any wire transfers that occur outside of these thresholds should still be reported to law enforcement, but the FFKC cannot be utilized to return the fraudulent funds.

Resources to help raise awareness about wire fraud can be found at ***alta.org/wirefraud.***

OneTitle Partners With Sovereign Title Agency to Expand Into N.J.

OneTitle National Guaranty Company has formed a partnership with Sovereign Title Agency to offer title insurance policies for residential and commercial properties in New Jersey.

In addition, Sovereign Title clients will now be able to work with OneTitle for New York transactions. The partnership will also expand the underwriting and operations expertise and capacity of both companies. The out-of-state expansion is a first for both companies.

"OneTitle has long planned to extend our services to the New Jersey real estate market, but first we needed to find the right partner," said Daniel Price, co-founder and CEO of OneTitle. "Sovereign Title and its CEO Paul Mascera perfectly complement OneTitle. Both of our companies are wholly dedicated to serving as trusted and valued partners to our customers. We are thrilled to welcome Paul and his team to the OneTitle family and excited that Paul will continue his leadership in the New Jersey market."

Florida Agency Network Launches Collaboration Portal

The Florida Agency Network announced the completion of its Closing Manager collaboration portal with the help of its technology partner Premier Data Services. The portal combines wire fraud security best practices with the benefits of a consumer-friendly closing experience, Florida Agency Network said in a release. Consumers, real-estate agents and other parties to the transaction can minimize their email exposure when utilizing the Closing Manager.

With the rampant escalation in business email compromise (BEC), the security features associated with the Closing Manager provide clients with a safe-haven to conduct business and protect all components of the transaction. These features include:

- Secured chat allows parties to discuss sensitive, transaction-specific items without the exposure of traditional email.
- Multifactor authentication strengthens all parties' control of information. This is currently a standard in the state of New York and its adoption is anticipated industry-wide.
- Infosheets allow buyers and sellers to submit information requested by title insurance companies without the need for traditional email.
- Two-way document sharing provides all parties associated to the transaction the ability to upload or receive documents without email delivery.

WACO Title, Pavaso Deliver E-notary Closing in Arkansas

WACO Title Company and Pavaso Inc. reported that the companies recently completed Arkansas' first full e-notary closing since the state legislature passed The Arkansas Electronic Notary Public Act in early 2017.

The closing took place in the WACO Title's headquarters in Springdale, Ark. The real estate transfer document was electronically signed, notarized and filed in the public records of Washington County.

"The idea of moving the closing process to a more electronic experience for consumers has been in the works for over a decade," said Patrick Curry, president and CEO of WACO Title. "WACO Title and Pavaso have been among the leaders in this movement, which empowers the consumer and transforms the closing experience into one built upon transparency and efficiency. We look forward to continuing to utilize e-closing and e-notary technologies to benefit our customers and improve efficiencies."

Curry also observed that WACO Title has 30 associates certified by the Arkansas Secretary of State with e-notary commissions.

The e-closing process gained speed in Arkansas recently as the Arkansas Secretary of State began the process of commissioning e-notaries. In early 2017, the Arkansas General Assembly passed the Arkansas Electronic Notary Public Act, defining many standards necessary to protect the legitimacy of e-signed and e-notarized documents in the state.

ZOCCAM Enhances Platform That Facilitates Escrow Payments

ZOCCAM announced an enhancement to its platform that expedites onboarding of escrow agents and financial institutions. ZOCCAM enables real estate agents and consumers utilizing the ZOCCAM mobile app to send earnest money and closing costs to the escrow agent via mobile capture.

"Facilitating payments to the escrow account is a core function of ZOCCAM, and bringing this in house allows us to expedite the onboarding of title companies to support rapid expansion throughout the United States," said Ashley Cook, CEO and founder of ZOCCAM.

ZOCCAM, which is an ALTA Elite Provider, currently facilitates payments directly to Bank of America, Wells Fargo, United Bank, Stockman Bank, Congressional and Texas Capital.

Title Midwest Acquires Title Company in Oklahoma

Title Midwest Inc. announced its recent acquisition of Main Street Title, which has locations in Tulsa and Edmond.

"Adding Main Street Title to our family of title companies is exciting for us as we make our first venture into the state of Oklahoma," said David Stauffer, vice president of Title Midwest. "We are very grateful that Dax Junker, president of Main Street, will continue in that role for the new company. This is truly a wonderful chance to serve the Oklahoma communities."

Junker added, "I am very excited to be able to work with Title Midwest and to utilize the platforms they will bring to our clients and customers. We will be able to improve our technology, security and processes to enhance our customer's experience. Title Midwest is one of the most innovative and security minded companies in the industry. This allows us to provide more and better services than we have had the capability to in the past. The corporate support they provide and the experience they bring in the title industry makes this an excellent fit."

While this is the first venture into Oklahoma for Title Midwest, it owns affiliated companies in Kansas, Missouri, Nebraska, Texas, Minnesota and Wisconsin.

Simplifile Expands E-recording in Florida

Manatee County in Florida became the latest jurisdiction to implement Simplifile's e-recording platform. Manatee County joins 51 other Florida counties that also offer e-recording through Simplifile. More than 1,735 counties e-record with Simplifile.

Title Tap Launches Solution for Online Complaint Tracking

TitleTap, a provider of real estate law and title insurance website marketing tools, announced a new solution that combines a way for consumers to share reviews on places like Facebook and Google, while satisfying the requirement for consumer complaint resolution tracking.

"While logging and resolving complaints is a requirement in the industry, Googling a business to look for negative reviews has simply become a norm among consumers. This makes it more important than ever to encourage customers to leave reviews of positive experiences on social channels like Facebook," said TitleTap COO Eliot Dill.

In fact, according to a recent *Forbes* article, 90 percent of consumers read online reviews before visiting a business, and moreover, 84 percent trust online reviews as much as a personal recommendation.

TitleTap CEO Dean Collura stated, "Currently many of our customers track consumer complaints with Excel spreadsheets in order to maintain compliance with Pillar 7 of ALTA's Best Practices. Making this process less manual has been a big request over the past couple of years.

Demotech to Help Consumers Make Better Decisions

Demotech and Tridster have partnered to provide consumers with financial stability ratings when they are shopping for title insurance companies. Demotech provides independent financial analysis firm that evaluates and rates the financial stability of insurance companies, while Tridster is a price comparison provider.

AmTrust Title Partners With A.S.K. Services

AmTrust Title Insurance Company has formed an alliance with A.S.K. Services, a title production and public record research firm, to support the underwriter's agents in Michigan, Indiana and Ohio.

"We are very excited to join forces with A.S.K., arming our agents in the Midwest with a comprehensive menu of sophisticated, data-driven resources, enabling them to provide improved and accelerated services to our customers," said Jason Gordon, president of AmTrust Title. "We feel confident this alliance with A.S.K., one of the nation's most forward-thinking title research firms, will lead to greater operating efficiencies, and record delivery."

Utah-based Cottonwood Title Acquires Competitor

Cottonwood Title Insurance Agency Inc., a Utah-based title insurance company, announced the acquisition of Founders Title Company and Founders Title Company of Davis.

Cottonwood Title has served Utah since 2000, while Founders Title has been in operation for nearly 34 years.

"We are thrilled to welcome Founders Title to the Cottonwood Title family," said Frank Ivory, president of Cottonwood Title. "We have always had great respect for Founders Title and the integrity with which they run their business. Now, more than ever, we will have more resources available to our clients with increased speed and efficiency."

House Passes Mortgage Choice Act

The U.S. House of Representatives on Feb. 8 voted 280-131 to pass H.R. 1153, the Mortgage Choice Act of 2017, which would relax the restriction on fees paid to lender-affiliated title companies in Qualified Mortgage (QM) transactions.

The QM rule—established by the Dodd-Frank—set underwriting standards for mortgages that are generally considered to be more affordable. Mortgage lenders that meet certain criteria are presumed to satisfy requirements ensuring the consumer's "ability to repay" and are afforded a safe harbor from associated liability.

One requirement is that upfront points and fees paid by the consumer can't exceed 3 percent of the loan amount for mortgages of $105,158 or more.

The current QM rule excludes certain real estate-related fees from the points-and-fees calculation—such as fees for title services, deeds, appraisals and credit reports—if the charge is reasonable and paid to a third party unaffiliated with the lender, and if the lender doesn't receive direct or indirect compensation.

The bill would exclude the following additional charges from the definition of points and fees:

- Charges paid to an affiliate of the lender for title examination or title insurance services
- Compensation paid to the lender for a real estate-related fee as part of an "affiliated business arrangement"
- Insurance premiums held in escrow

The bill was introduced last year by Rep. Bill Huizenga (R-Mich.), chairman of the Capital Markets, Securities, and Investment Subcommittee. The CFPB would have to issue a final rule implementing the changes within 90 days of the bill's enactment.

ALTA has not lobbied for or against the bill since it has members on both sides of the issue. For more information, contact Justin Ailes, ALTA's vice president of government and regulatory affairs.

CATIC and CATIC Foundation Support Law Center

CATIC and CATIC Foundation announced a pledge of $45,000 in support of the Connecticut Community Law Center, an initiative of the University of Connecticut School of Law and the Hartford County Bar Association. The Law Center is a postgraduate program for recently admitted lawyers and provides office space and support to these lawyers as they establish their law practices. The subsidized working environment and professional mentoring allow these solo practitioners to provide legal services at a modest cost to low-income and moderate-income clients.

James Czapiga, president and CEO of CATIC, added, "The $45,000 donation is supported in large part by those CATIC members who, in redeeming their stock upon CATIC Financial's recent corporate reorganization, decided to donate their redemption proceeds to CATIC Foundation. We wanted to do something with those donations that would benefit the Connecticut legal community and the Law Center does great work."

Recent Software Integrations

- **Adeptive Software** announced the integration of its ResWare title production software with **National Title Information Services** (NTIS). NTIS provides tax and municipal lien searches in all 50 states to ensure properties are free and clear before closing. By integrating directly with ResWare, customers can seamlessly order search services directly within the ResWare platform.

- **CoreLogic**'s income verification solution and fraud report are now available on the **LendingQB Loan Origination System** (LOS). The CoreLogic 4506-T Direct service validates applicant information directly from the IRS. The service is also approved for use in Fannie Mae's Day 1 Certainty program, and that functionality is available to users ordering the product via LendingQB.

- **Adeptive Software** announced the integration of A**lliant National Title Insurance Company**'s policy jackets and closing protection letters (CPLs) directly within ResWare. Alliant National agents can now generate policies and CPLs from the title production system for improved efficiency and accuracy.

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Movers & Shakers

Barbara Griest

Lisa DeWolf

Trident Announces Leadership Changes

Barbara Griest has been named president of The Trident Group, while Lisa DeWolf was appointed president of Trident Land Transfer Company. Larry Flick V, the current president of The Trident Group, was promoted to CEO of BHHS Fox & Roach and The Trident Group.

Greist, who previously served as president of Trident Land Transfer Company, joined Trident 29 years ago. She's chaired RES-PRO and continues to serve on its executive committee. DeWolf previously led Trident's Pennsylvania title operation. She has over 30 years of experience in the title business.

"These individuals have shown an outstanding commitment and dedication to our company," said Gerry Griesser, vice chairman of Trident's board, "and I have full confidence that each of them will continue to serve our clients, sales sale associates and company well."

NATIC Appoints Georgia Agency Manager

North American Title Insurance Co. (NATIC) has hired John Kotleba as state agency manager for Georgia. Kotleba will oversee agency operations throughout the state, while securing and servicing title insurance agents to promote new and increased business activity. Most recently, Kotleba served as vice president and national commercial account executive for a major title insurance company.

WFG Grows National Commercial Services Division

WFG National Title Insurance Company announced the addition of Erin Scheckler to its National Commercial Services Division. As senior vice president of the division, Scheckler's primary focus will be to expand the commercial presence in WFG's direct-owned western operations while leveraging the WFG agency network in the eastern states through its Florida-based National Agency Commercial Services group. Sheckler, who joined WFG in May 2017, brings almost 20 years of commercial real estate and escrow experience to the position.

Stewart Names District Manager of New England

Stewart named Gary Bernier as senior vice president of Stewart Title Guaranty Company and district manager of New England. He will be responsible for agency operations in Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island and Vermont. Part of Stewart since 2004, Bernier has more than 22 years of real estate industry experience. Most recently, he served as vice president and Stewart Agency Services manager for New Hampshire, Maine and Vermont, as well as provided counsel to numerous corporations and municipalities and serving as a special assistant U.S. attorney.

AmTrust Selects New Southeast Counsel

AmTrust Title Insurance Company announced that Richard H. Himes Jr. has joined the firm as Southeast counsel to oversee business in Florida and neighboring states. Himes will be responsible for providing underwriting assistance to agents in Florida and the Southeast as well as to support company management as it launches business operations in those states. Just prior to joining AmTrust Title, Himes was partner in Title Experts and Management, serving as consultant and expert witness on title insurance agency and underwriter management, escrow, title, regulatory and related matters. Before that, he was president and senior underwriting counsel of Mason Title & Escrow Company, a multi-office title agency operating throughout Florida.

Collaborate and Engage

STEVEN G. DAY NTP
ALTA president

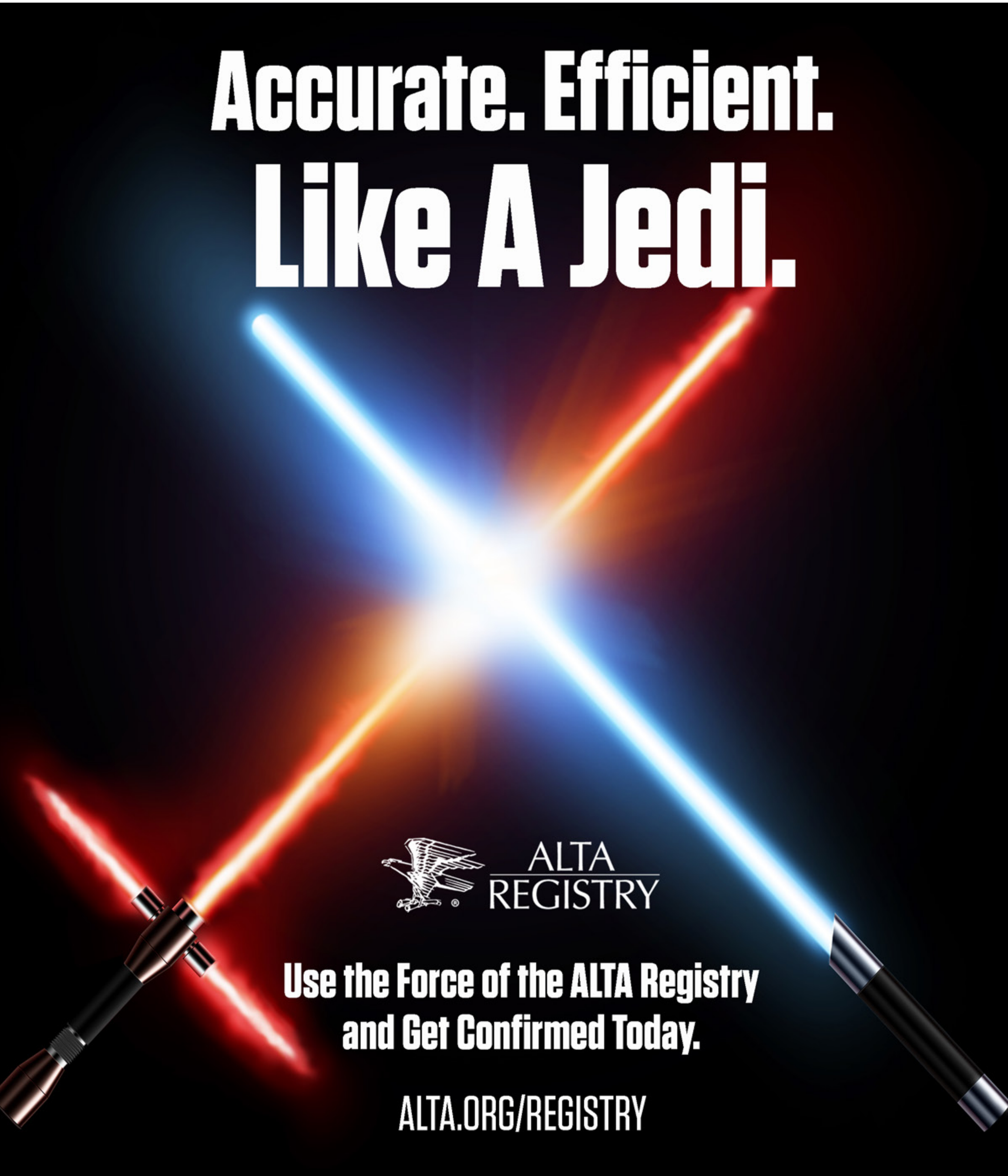
TECHNOLOGY IS TRANSFORMING mortgage and real estate transactions, but we can navigate the winds of change because we believe in the fundamental importance of our industry. Successful outcomes happen when people and organizations collaborate. Together, we can discover innovative ideas and trends to help drive long-term success.

While ALTA membership is the first step to promoting industry professionalism, the heart of the association's work comes from volunteers who serve on our various committees. ALTA's committees work together toward a common goal of protecting, promoting and advancing the land title insurance industry.

To encourage a broader group of members to become active on our committees, ALTA will post to its website information as to the agenda and minutes of the meeting of the Board of Governors. This will allow members to be aware of the focus of the Board, and their efforts toward providing the resources to help our members meet the changing needs of the market.

Participation drives positive outcomes for our industry. We thank those who already share their time and knowledge. We believe providing the agendas and minutes from the Board meetings will give members insight into the issues your association is discussing and focusing on. We constantly think about how we can better serve our membership. This is one way to share how your Board is working for you. We will also be including the agenda items for each of the respective committees. In return, you can identify areas where you can lend your expertise and participate!

It may seem daunting to think about competing in the face of potential new market entrants, evolving technology and changing regulations. Getting involved with ALTA's committees connects you with others who can inspire change and help you lead, deliver and protect. Successful outcomes happen when people and organizations collaborate. Together, we can discover innovative ideas and trends to help drive long-term success.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