

# TITLE News

JUNE 2018

AMERICAN LAND TITLE ASSOCIATION

## Blockchain Can't Protect Property Rights, but Title Insurance Can

Tech Enthusiasts Believe These Systems Would Eliminate Need for Title Insurance, Ignoring the Fact It Protects Against Undiscovered Title Issues and Provides Assurances of Property Rights





# Step One...

*you're already done.*

## Introducing RamQuest's EZ-ALTA.

Because sometimes all you really need is an ALTA Settlement Statement.

With RamQuest's new EZ-ALTA, we've made it faster and easier to create an ALTA Settlement Statement and fund your file. Plus, with every EZ-ALTA Settlement Statement, a Closing Disclosure form is created simultaneously. So, if you need it, you've already got both forms, no rekeying required!

**Join us for a free EZ-ALTA Webinar on June 21 to see it all for yourself!** Register at [RamQuest.com/EZALTA](http://RamQuest.com/EZALTA)



RamQuest.com | 800.542.5503





# iN This Issue

VOLUME 97 | NUMBER 6 | JUNE 2018

## COVER STORY

### **10** Blockchain Can't Protect Property Rights, But Title Insurance Can

Tech Enthusiasts Believe These Systems Would Eliminate Need for Title Insurance

## FEATURES

### **16** CFPB Finalizes TRID Amendment Fixing 'Black Hole'

Rule Clarifies Time Frame for Addressing Closing Cost Increases With Consumers

### **18** ALTA Registry Q&A

### **19** ALTA Registry Easy Guide

### **20** Title Industry Mentoring: Together is Better

ALTA Members Benefit from Connection Made Years Ago

### **24** What Do Consumers Really Want From the Mortgage Process?

### **26** Underwriters Post Solid Q1 Results

Fidelity, Stewart Begin Regulatory Process for Acquisition, Meet With Employees to Help With Transition

### **28** New ALTA Committee Looking to Help Industry Recruit, Develop Retain Talent

### **30** NTP Profile

Check out a profile of Marilyn De Luna NTP

## 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 webinar recording that discusses technology and trends in the e-close space to handle different types of digital closings.

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."

©2018 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**

## Delivering for You

### YOUR ALTA ADVOCACY TEAM CAN TEACH POLICYMAKERS



about the title and settlement industry, but it's your stories that make them care. Last month, nearly 250 title professionals came to Washington, D.C., for ALTA's Advocacy Summit. These volunteer advocates held 240 meetings on Capitol Hill to tell policymakers how we protect our customers and provide them peace of mind.

Our goal was to help Congress understand how title professionals lead, deliver and protect. Before hitting the Hill, attendees had the opportunity to hear from several policymakers, including U.S. Rep. French Hill, CFPB Acting Director Mick Mulvaney and Special Assistant to the President for Financial Policy Andrew Olmem. All three reiterated the same message: real-life stories are so important when talking to members of Congress and regulators. And we delivered. By sharing our stories, we made connections with policymakers they will remember and, hopefully, have an impact when they make policy decisions. Your personal stories make an impact because they show that what you do is important to the people who turn up to vote on election day. Here are two local and power stories:

■ Maureen Pfaff of Olympic Peninsula Title Co. in Washington shared a story of a retired woman relocating to Arizona to be near her family. The woman had a buyer ready to purchase her house, but two weeks before closing, the lender learned the home was marketed as a stick-framed building. An appraiser discovered that it was a manufactured home, and the title had never been resolved once it was placed on the land. Pfaff's title company worked with the lender to extend the buyer's loan lock to allow time to get a court order so the transaction could close. In the meantime, they discovered two other homes in the development had the same issue. The title company alerted the other owners and fixed the problem so they wouldn't end up in the same spot down the road.

■ Randy Bradley of Mother Lode Holding Co. shared that a man bought a home for his family in Beverly Hills, Calif. The original owner of the home was the daughter of the king of Saudi Arabia. Later, she claimed that she never transferred the property. The princess, with unlimited resources, sued the buyer, who had purchased a title insurance policy and referred the matter to his title insurer. It was discovered a group of criminals had been recording fraudulent deeds, and eventually sold the property to the current owner. The insurer secured a summary judgment in favor of the owner, who was able to keep his home.

The industry's story needs to be told—and not just during ALTA Advocacy Summit. As the push for faster mortgages continues, there's talk that it's the title, recording and closing that hold up the process. We know that's not the case. We need to make sure our stakeholders know. Now's the time to explain your value and how you save the day for consumers every day. Title professionals from across the country represented the industry well during Advocacy Summit. We will continue our work by listening to customer desire for better, faster and cheaper, and delivering for ALTA members.

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 Supports Bipartisan Bill Requiring CFPB to Issue Useful, Timely Regulatory Guidance

U.S. Reps. Sean Duffy (R-Wis.) and Ed Perlmutter (D-Colo.) on April 18 introduced a bipartisan bill that would standardize the Consumer Finance Protection Bureau's (CFPB) process of providing rules and guidance to better protect consumers.

ALTA thanked the representatives for introducing HR 5534, the Give Useful Information to Define Effective Compliance Act (GUIDE Compliance Act).

"We thank Reps. Sean Duffy and Ed Perlmutter for introducing bipartisan legislation that would require the bureau to issue useful guidance to the consumer financial laws it regulates," said Michelle Korsmo, ALTA's chief executive officer. "Having the CFPB provide more clarity to the regulations it enforces, such as the



U.S. Rep. Sean Duffy



U.S. Rep. Ed Perlmutter

Real Estate Settlement Procedures Act (RESPA), will allow ALTA members to make more informed business decisions, better serve consumers and deliver peace of mind to homebuyers every day. Regulations create the rules of the game for consumers and business, and when everyone understands the guidelines, markets operate more efficiently."

Title Action Network members can encourage Congress to support the GUIDE Compliance Act at [alta.org/tan](http://alta.org/tan).

### Specifically, the GUIDE Act:

- Mandates that the director issue "guidance" that is necessary or appropriate to carry out the purpose of the laws it is responsible for including facilitating compliance
- Defines "guidance" to include a range of written issuances from interpretative and legislative rules, to bulletins and frequently asked questions
- Requires the bureau to publish in the Federal Register within one year of enactment the definitions, criteria, timelines and process for issuing each type of guidance the bureau shall provide, with a final rule required within 18 months of enactment
- Prohibits liability for reliance in good faith on guidance from the bureau

or any predecessor agency that was in effect at the time of such act or omission

- Requires the bureau to establish a process and time frames for requests for guidance, including time limits to provide answers in response to requests for guidance
- Requires the bureau to create a process for amending or revoking guidance, including a process for public notice and comment
- Requires the bureau to develop guidelines for determining the size of any civil money penalties and publish these guidelines in the Federal Register within 18 months of enactment

"The CFPB has historically ignored requests for guidance and clarification from American businesses, consumers and Congress—especially in relation to the Know Before You Owe rule," said Congressman Duffy. "That's why I'm proud to sponsor bipartisan legislation to bring predictability and transparency to the CFPB's rule-making process. The CFPB should focus on its mission to actually protect consumers rather than play 'gotcha' with ambiguous and surprising guidance for mortgage lenders."

## GSE Reform Unlikely Until 2019

Congress is unlikely to take up reform of Fannie Mae and Freddie Mac this year, but GSE reform will be a major focus of the Treasury Department in 2019, according to Treasury Secretary Steven Mnuchin.

"Unfortunately, I just don't think this is going to be a focus in this Congress. But we'll come back to this next year,

and this will be a big focus of mine post the elections," Mnuchin told *Fox Business News* in May.

In the interview, Mnuchin noted that the administration will have more opportunities when it replaces Federal Housing Finance Agency (FHFA) Director Mel Watt. Watt's term ends in 2019.

ALTA is currently setting up a joint agent and underwriter working group on the government-sponsored entities to help enhance our engagement with Fannie, Freddie and the FHFA. If you have any questions, please contact Justin Ailes, ALTA's vice president of government and regulatory affairs at [justin@alta.org](mailto:justin@alta.org).

# Being adventurous can be fun. *Unless it involves your closing.*

If you could eliminate risks with the highest standard of due diligence, why wouldn't you? **PropLogix is here to make due diligence easy.**

- ✓ Association Research
- ✓ Land Surveys
- ✓ Association ID
- ✓ Lien Searches
- ✓ Payoff Tracking
- ✓ Tax Certificates
- ✓ Curative Services



## ALTA Endorses Bill to Create CFPB Commission

ALTA joined 22 other financial services and housing groups in a letter supporting a bipartisan bill that would transition the leadership structure at the Consumer Financial Protection Bureau (CFPB) from a sole director to a commission.

The Financial Product Safety Commission Act (H.R. 5266) was introduced by U.S. Reps. Dennis Ross (R-Fla.), Kyrsten Sinema (D-Ariz.), Ann Wagner (R-Mo.) and David Scott (D-Ga.).

The letter states that the bipartisan commission will provide a balanced and deliberative approach to supervision, regulation and enforcement by encouraging input from all stakeholders.

“The current single director structure leads to uncertainty as we have witnessed in the recent transition in CFPB leadership from the Obama Administration to the Trump Administration,” the groups wrote in the letter. “This uncertainty is not only borne by financial institutions providing significant lending services, but it negatively impacts America’s consumers, small businesses and our local economies. Dramatic shifts in the CFPB’s philosophy and approach with each change in presidential administration make it difficult for lenders and small businesses to plan for the future.”

Last year, ALTA commissioned a poll showing that most Americans support converting the CFPB’s leadership to a bipartisan commission.

## FTC, DOJ Hold Workshop on Competition in Real Estate Brokerage Industry

The Federal Trade Commission (FTC) and Department of Justice (DOJ) held a joint public workshop “to explore competition issues in the residential real estate brokerage industry” on June 5.

The FTC and DOJ are looking at the need to update their 2007 Report on Competition in the Real Estate Brokerage Industry. That report focused on such competitive issues as internet-based real estate brokerages and traditional brokerages. This partially paved the way for a 2008 consent order with the National Association of Realtors on access to multiple listing service data. That consent order sunsets later this fall.

Topics discussed at the workshop included:

- Existing and emerging consumer-facing platforms for accessing listings information
- Availability of listings information to consumers
- Regulatory and competitive hurdles facing listings platforms
- Effect of listings platforms on consumers’ use of real estate services
- Changes in traditional real estate broker, brokerage, and Multiple Listing Service (MLS) practices
- Emergence and growth of nontraditional fee and service models
- Obstacles and catalysts to innovation in real estate fee structures and service models
- Competitive impact of nontraditional real estate fee and service models
- Effect of antitrust enforcement actions and consent decrees on competition in the residential real estate industry
- State licensing regimes relating to residential real estate transactions

# CALENDAR

## 2018 ALTA CONFERENCES

### ALTA COMMERCIAL NETWORK

June 3-5  
Chicago, IL

### HOP LEADER TRAINING

June 18  
Minneapolis, MN

### ALTA INNOVATION BOOT CAMP

June 19-20  
Minneapolis, MN

## STATE CONFERENCES

### PENNSYLVANIA

June 3-5  
Gettysburg, PA

### WYOMING

June 3-5  
Jackson Hole, WY

### ARKANSAS

June 7-9  
Bentonville, AR

### VIRGINIA

June 7-9  
Richmond, VA

### NEW JERSEY

June 10-12  
Hershey, PA

### TEXAS

June 10-13  
Austin, TX

### SOUTH DAKOTA

June 14  
Custer, S.D.

### NEW ENGLAND

June 21-24  
Newport, R.I.



# More Than Title Plants... DataTrace is Title @ Your Service.

DataTrace® provides *Title @ Your Service* that seamlessly aligns with your business objectives by providing **turnkey, nationwide title and property report solutions** that adhere to best practice standards, offer instant scalability and are professionally fulfilled.

It's *Title @ Your Service* so you can focus on what makes your business the best - caring for your customers and growing your bottom line. Leave the rest to DataTrace, with search products to preliminary commitments, including **Property Reports, Title Reports** and **Ancillary Searches**.

Go Beyond Where Your Title Business is Today with DataTrace's Title @ Your Service.

[DataTraceTitle.com/TitleAtYourService](https://DataTraceTitle.com/TitleAtYourService) | 800.221.2056

Title Data. Title Automation. Market Share Report.  
Property Research. Managed Services.  
Award Winning Customer Service.

DataTrace®



Blockchain  
**CAN'T** Protect  
Property Rights,  
but Title Insurance  
**CAN**



## Tech Enthusiasts Believe These Systems Would Eliminate Need for Title Insurance, Ignoring the Fact It Protects Against Undiscovered Title Issues and Provides Assurances of Property Rights

By Zachary Kammerdeiner and Ashley Sadler

It's hard to open a newspaper today (or, more accurately, scroll through the news) without seeing an article about blockchain. This new technology is taking our society by storm with many touting its wide-ranging benefits. There are potential applications of blockchain technology that touch the title insurance industry—including, but not limited to, land recording systems. Enthusiastic proponents argue that these systems would be so efficient and secure that they would eliminate the need for title insurance. However, this argument ignores the fundamental purpose of title insurance: to protect a homeowner against undiscovered title issues and provide assurances of property rights. Blockchain technology will not replace title insurance; rather, it will ensure that the title insurance industry will endure.

### The Basics of Blockchain

At a most basic level, blockchain is like a database. How it functions, however, is more complicated. Blockchain utilizes distributed ledger technology to store data, meaning that the data “on the chain” (in blockchain community parlance) is shared by thousands of nodes across a network. This means that no one source holds the database, but rather it is held by each “node” (think: computer) in the network. When a transaction is executed, the information that forms the transaction is held on a “block” that is connected to other related transactions through unique digital fingerprints, called “hashes.”

Luckily, much like how few of us know the complexities of our car's engine, there is not a need for all of us to understand the intricate mechanisms that underlie the blockchain. What is helpful for most of us to understand is why blockchain may provide solutions to some of the biggest issues plaguing our society. It is also important to keep in mind the limitations of this new technology.

### Applying Blockchain to the Title Insurance Industry

There are many current functions relative to land transfers that a blockchain cannot perform. In a real property conveyance, there are a multitude of parties necessary to ensure a seamless transaction. Real estate agents, loan officers, title insurance professionals and real estate attorneys are all integral to the settlement process in the United States. Each party provides specialized knowledge that helps ensure the buyer and seller are getting the deal they want.

Perhaps the community within the real estate industry that would be affected most by the application of blockchain technology is the title insurance industry. Some have argued that the implementation of blockchain technology will diminish the need for title insurance. Such a belief points to an inherent misunderstanding of what title insurance is and the protections it provides.

## Necessity for a gatekeeper

Implementing a blockchain land registry system would not replace the need for human oversight. Much like the current need for a town or county clerk to review documents submitted for recording in a traditional land registry, there will be a similar need for such a party to review documents submitted to a blockchain land registry. This gatekeeper will need to perform functions similar to those performed by town or county clerks today, including reviewing documents to be certain they conform with state and local requirements and to ensure that no non-public, personal information (such as Social Security numbers) is included in any document submitted for recording.

While blockchain has the ability to promote more efficient and transparent title searches, the benefits of the blockchain are only as good as the data provided to it. As detailed in a blockchain study conducted by the state of Vermont, “blockchain technology offers no assistance in terms of reliability or accuracy of the records contained on the blockchain; if bad data is used as an input, as long as the correct protocols are utilized, it will be accepted by the network and added to the blockchain.” Thus, while the blockchain helps to ensure that the data retained has not been tampered with, it

offers no protection against the recording of incorrect or inaccurate data.

Not only does this limitation of blockchain necessitate a gatekeeper to keep intrinsically bad data off the blockchain, it also requires the expertise of title insurance professionals to perform the title review functions commonly practiced today.

## Insurable risks will still exist

What happens when a gatekeeper does not prevent bad data from being recorded on the blockchain? In the title insurance industry today, we often deal with that very situation. Any title insurance underwriter can attest to the fact that human error generates more underwriting calls from our agents than anything else. Typos in parties’ names, omission of a property description in a deed, and ineffective notarial clauses are all examples of common “garbage in, garbage out” dilemmas that affect the integrity of property records today, and which would plague a blockchain ledger. Some in the blockchain community, including experts at the MIT Center for Transportation & Logistics, wonder whether data integrity is the technology’s Achilles heel. While it is possible that technology may provide solutions for some of the specific types of human error that lead to

# ALTA Responds to Blockchain Articles

**B**LOCKCHAIN is an interesting concept and the technology may eventually provide some serious benefits in the real estate sector. However, there have been inaccurate and sweeping generalizations about the process title professionals take to search the public record and issue a title insurance policy to protect property rights. Below are several examples of why title insurance will remain extremely beneficial to consumers and lenders even as more information becomes digitized and potentially migrate to blockchain. Feel free to use content to help counter

- Our public recording system is an example of a public blockchain in real life; albeit a non-digital and non-self-executing process.
- Documents that have been recorded in the public record—either electronically or by paper—are not erased. In fact, it’s the opposite. Over time, the chain of title gets longer and requires additional analysis to determine if any issues exist that could limit use of the property.
- Land titles are complicated. It’s not simply a question of “who owns the title,” like a Monopoly deed.

There’s much more to the process than making sure there’s no fraud involved. There are covenants, easements, mortgages, leases, legal descriptions, on and on and on, that impact the title of a property.

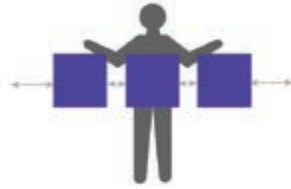
- Forged documents are one of the most common title problems found, but invalid deeds and incorrect property descriptions, are just some of the title issues that must be examined. Other title risks include recording mistakes, deed indexing errors, unpaid mechanics’ liens, judgment liens, income tax

# Building a blockchain.

As each transaction occurs, it's put into a block.



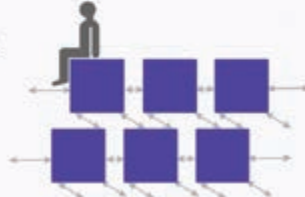
Each block is connected to the one before and after it.



Transactions are blocked together.



Each block is added to the next in an irreversible chain.



Source: IBM

ISTOCK/ SASIN PARAKSA

or property tax liens, undisclosed easements, claims by missing heirs, and claims by ex-spouses.

- There is no way that even the best title search or examination will detect a good forgery. The items identified above are so-called “non-record defects.” These types of defects you cannot search for—in a courthouse or via Google using blockchain—but are covered by an owner’s title insurance policy.
- Because title insurance covers these non-record defects—which are also found in online records—it will remain extremely beneficial to consumers and lenders even as more information becomes digitized.

- Blockchain is an interesting technology with the potential to provide real efficiency into the entire real estate transaction.
- Most of what is seen in the press is more hype than reality. To reach that potential, all the relevant players will have to come together, real estate agents, mortgage finance, title and local governments to invest in the tech and new laws to make blockchain potentially work.
- Blockchain’s greatest potential is in helping to provide trust where government or industry has not been able to do so to date. Thankfully, in U.S. real estate, we have solved that problem through our public records and title insurance.

- Blockchain makes more sense when it tracks ownership of new assets like bonds or swaps. In real estate the history of the property matters. For block chain to be successful someone will have to pay to digitize, hash and encrypt 300+ years of real property data. As the industry pushed for electronic recording, we learned that persuading governments to put up the money to do this is not particularly easy.
- The best summation comes from the state of Vermont, “At present, the costs and challenges associated with the use of blockchain technology for Vermont’s public recordkeeping outweigh the identifiable benefits.”

bad data being recorded on the blockchain, such errors will never be *fully* eliminated as long as people are involved in the process. The title insurance industry will continue to insure against these risks as we always have.

There are many other risks that are not conspicuous in a land registry that call a recorded real estate title transaction into question. For example, in a judicial foreclosure state such as Connecticut, procedural legal errors made by a party in a foreclosure lawsuit can render a title unmarketable. Failing to name lienholders as defendants could result in a buyer purchasing real estate at the foreclosure auction that is still encumbered by outstanding liens. In the business, we call these issues “off-record” title defects—meaning defects that arise due to events unobservable from the land records.

Some blockchain developers claim that their technology will eliminate the need for title insurance. However, it is difficult to imagine how a digital ledger could identify the foreclosure defect in the example above. Title insurance agents and underwriters will continue to be on the front lines identifying these risks in the years to come, regardless of whether blockchain

technology is implemented.

If insuring real estate titles over the past century and a half has taught the industry anything, it would be that risks are constantly evolving as conveyancing practices and requirements change. If full-scale implementation of blockchain technology occurs, it may eventually change the way that title insurance is provided to our customers. However, it will be just like any other development that has affected property rights throughout history. The flaws that exist in the system will be the lifeblood of new categories of risk that we cannot imagine today. The title insurance industry will likely be called upon to insure over such risks. We will answer the call.

### What title insurance can do that blockchain can't

Typically, purchasing a home is the largest investment a person will make in his or her lifetime. A homebuyer's lender acquires a stake in the home as well. A title insurance policy is the only way to protect both the homebuyer's and lender's investment against another's claim of ownership in the property, as well as a host of



## FITCH:

# Does Blockchain Represent a Paradigm Shift for Insurance?

## Directors at Ratings Firm Believe the Technology Could Transform Insurance Industry, but Challenges Remain

**IN A REPORT** titled “Blockchain and Insurance—The Trust Machine,” Fitch Ratings portrays blockchain as a potential game-changing technology for the insurance industry over the long term.

Fitch concludes that blockchain offers several benefits, but says that it does not see it affecting insurer ratings over the short to intermediate term because the technology remains unproven. Further, the ratings agency predicted that greater clarity around blockchain's advantages and risks will be revealed over the next three to five years.

Blockchain, also known as distributed ledger technology, is used in a

decentralized fashion to digitally record and verify a wide range and volume of information relating to commercial transactions. Blockchain's transparency, security and information storage capacity have recently attracted other industries to explore opportunities to leverage this technology.

For the title industry, Gerry Glombicki, a director at Fitch Ratings, says the evolution to smart contracts is where true benefits exist beyond gaining efficiencies.

“Smart contracts are the goal of some of these companies,” Glombicki said. “Insurance has mostly been a paper business with a lot of human touch. If

you can get a smart contract and move to an algorithm-based transaction, you can complete deals more timely by automating some of the processes without some of the additional cost and friction.”

In addition, Glombicki said blockchain could provide value to the title industry from a legal indemnity perspective. He says one of blockchain's biggest benefits is that it provides a central authority for verifying data.

“When you look at title insurance, you're looking to the county recorders in various counties throughout the country,” Glombicki said. “This is currently a manual process in general with some title plants

other title defects. Title insurance helps to provide the homebuyer and lender with peace of mind knowing that they will not be required to pay certain existing debts or resolve covered legal problems related to the home following the closing.

When a homebuyer or a lender suffers a covered loss, the title insurer pays or settles the claim.

The title insurance industry paid approximately \$546 million in total claims in 2017. Can blockchain technology make whole a homebuyer or a lender who suffers a title loss? No, but the title insurance industry can.

Moreover, the unique way in which title insurance coverage operates—protecting against undiscovered title issues that arose in the past—creates an incentive for underwriters and title agents to resolve title problems prior to closing and issuing a title policy. This process has resulted in cleaner land recording systems in the United States, which has been recognized as one of the reasons for the success of the U.S. economy throughout the country’s history. Embracing blockchain technology in land registries will not provide means for paying claims. Thus, the title

insurance industry will continue to play our important role in the health of the United States economy if and when blockchain technology is adopted.

## Conclusion

Blockchain technology holds infinite possibilities that could help make current processes in our industry and society more efficient; however, it will never be able to do what title insurance professionals do each day: provide peace of mind and protect property rights. Homeowners and lenders have relied on our services for generations. Emerging technologies will not replace the assurances that title insurance provides. ■



**ZACHARY KAMMERDEINER**

*is title counsel in CATIC’s Rocky Hill, Conn., office, and*

**ASHLEY SADLER** *is business and*

*compliance strategist for CATIC. The authors acknowledge the assistance of James M. Czapiga, president and CEO of CATIC; and Reese Lacasse, Jason Blair and Steve Gallichio, all of CATIC’s IT department.*

## Blockchain Benefits According to Fitch

- Gain expense and operating efficiencies through greater automation of core operating functions
- Capture more customer-specific data from remote electronic devices
- Price risk more accurately through increasingly granular data analysis
- Boost speed and transparency in customer service via web-based tools
- Reduce distribution costs by optimizing product design and understanding agent behavior better

## Blockchain Risks and Challenges

- Uncertain investment requirements
- Market acceptance and use
- Regulatory/legal constraints
- Ultimate benefits/return on investment
- Attracting talent and expertise
- Demonstration of security

and automation of the data, but you still have to provide the underwriting. To the extent that some of this can be moved to a blockchain to provide a better process, this is being talked about in this space.”

Fitch believes the insurance industry is fertile ground for blockchain’s capabilities.

“Blockchain could theoretically offer significant cost reductions, improved processing speed and enhanced underwriting and pricing, while reducing fraud. Efficiencies and cost reductions could be achieved by reducing the need for reconciliation and audits, automating certain processes and improving access to data,” according to Fitch.

Despite the possibilities, Fitch says the uncertainties around the technology remain pronounced, resulting in major unknowns for when and how blockchain will be adopted. Chris Grimes, also a Fitch Ratings director, said companies can’t just toss out legacy platforms. Existing claims management systems would need to be molded around a blockchain platform to

garner the efficiencies that companies hope to achieve. Additionally, regulatory and compliance uncertainty is also a challenge. Grimes said that with any technology or system adopted by an insurance company must work within regulatory guidelines.

“Part of the challenge is that investment costs relative to benefits are uncertain, and there are numerous legal, regulatory and security issues that need to be addressed to facilitate wide-scale adoption,” Fitch reported. “There is also no particular urgent crisis that blockchain would address to necessitate immediate application. The ultimate viability of the technology for the insurance industry will depend on a select group of industry leaders adopting blockchain to gain competitive advantages.”

Glombicki said traditionally, there has been a first-mover advantage to the companies who can implement new technologies early.

Grimes added, “If you’re not thinking about it and getting it on your risk radar, that’s where you are falling behind.” ■

# CFPB Finalizes TRID Amendment Fixing ‘Black Hole’

## Rule Clarifies Time Frame for Addressing Closing Cost Increases With Consumers



Consumer Financial  
Protection Bureau

### **IN APRIL, THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)**

finalized an amendment to its TILA-RESPA Integrated Disclosure (TRID) rule that addresses the so-called “black hole” issue, giving lenders flexibility to adjust closing cost estimates and pass those increases on to borrowers.

The change is aimed at eliminating complex timing requirements for disclosing cost increases to consumers when there is a valid changed circumstance. The CFPB’s update is the final piece to last year’s TILA-RESPA Integrated Disclosure (TRID) amendments.

Under TRID, a Loan Estimate is primarily used to reset tolerances. Because the final revised Loan Estimate must be received by the consumer no later than four business days before consummation, TRID rule commentary includes a provision under which a creditor may use a Closing Disclosure to reset tolerances if “there are less than four business days between the time” a revised Loan Estimate would need to be provided and consummation. Because of the four-business-day timing element, in various cases when a creditor learns of a change, the creditor is not able to use a Closing Disclosure to reset tolerances. This situation is what the industry termed the “black hole.”

In the finalized amendment, the CFPB removes the four-business-day timing element, making it clear that either an initial

or a revised Closing Disclosure can be used to reset tolerances. In October 2017, ALTA submitted a letter urging the CFPB to make this change, but also to monitor the market for signs of abuse. “At the same time, we believe simple changes are needed to prevent any degradation of the rule’s strong good faith and advance disclosure requirements,” ALTA wrote in its letter.

The bureau received feedback that the industry needed clarification on when creditors may pass on increased costs to consumers and disclose them on a Closing Disclosure. Specifically, the CFPB should stipulate a timing restriction on when the creditor may use a Closing Disclosure to communicate closing cost increases to the consumer that could prevent a creditor from charging for those cost increases despite a valid reason for doing so, such as a changed circumstance or borrower request. In response, the bureau proposed an amendment removing that timing restriction in July 2017.

The final rule will take effect 30 days after publication in the Federal Register.





# BE YOUR CUSTOMERS' SUPERHERO!

## Let automation do the work for you.

Now, with automated features of SoftPro Select, you are able to automate processes that are currently done manually with no additional action required from you.

It's like getting a super-talented multi-tasker in your office who does all the work for you!

Think of automation as another user in your company who can multitask and do the work for you, while you focus on what's most important - servicing your customers!



### THESE AUTOMATED ACTIONS CAN INCLUDE:

- Adding tasks based on specific order information
  - Adding or updating a task when a commitment is published
  - \*Sending a letter to a customer when a contract is received
- Updating order status when title and/or escrow status has been updated
  - Running reports at scheduled times and saving to a file location
  - \*Sending pre-closing letters to buyers and sellers when a file is assigned to the escrow team
- Applying specific templates to an order
  - Ordering and accepting products from integrated vendor services
  - **AND SO MUCH MORE!**
- \*Requires Task Notification Tool add-on

DOWNLOAD THE FREE E-BOOK TODAY!

[WWW.SOFTPROCORP.COM/AUTOMATION](http://WWW.SOFTPROCORP.COM/AUTOMATION)

**SOFTPRO**  
www.softprocorp.com



# ALTA Registry Q&A

Lenders want more information about the companies they do business with and need to ensure their risk management procedures are being met. That's where the ALTA Registry comes in.

**T**he ALTA Registry is a web-based industry utility that utilizes the ALTA ID to help the industry more confidently identify title agents, underwriter direct offices and real estate attorneys performing settlements. The goal of the ALTA Registry is to help industry participants confirm the identity of title and settlement entities and work with business partners to obtain speedy authorization to proceed with a specific transaction. The ALTA Registry will contain only title agents which have been confirmed by at least one title insurance underwriter and real estate attorneys performing settlements who have provided their attorney licensing information.

Here are answers to some frequently asked questions. For more information, go to [alta.org/registry](http://alta.org/registry).

## **Q Can I see my listing on the ALTA Registry website?**

A Yes, once at least one of your selected confirming underwriters has confirmed your request your listing will appear in the ALTA Registry. You can visit the ALTA Registry and search for your company using your ALTA ID.

## **Q Does an ALTA Registry listing replace a CPL?**

A No, the Closing Protection Letter process is enhanced but not replaced. The information available to lenders in the ALTA Registry, especially the unique ALTA ID assigned to each location, will speed the process by which they can perform verifications with the underwriter.

## **Q How do I get access to manage ALTA Registry listings for my company in the ALTA Registry Management System (RMS)?**

A You must be a primary contact or secondary contact for your company's ALTA Business Structure to manage your ALTA Registry listing information. To find the primary contact for your company visit the ALTA website and login. Select My Account to see your company's profile including the name of the primary contact. You can also reach out to ALTA Staff at [service@alta.org](mailto:service@alta.org) if you need help or to update your primary contact.

## **Q Is there a cost or fee to participate as an ALTA Registry Confirming Underwriter?**

A There is no cost or fee associated with participating as an ALTA Registry confirming underwriter.

## **Q Is the ALTA Registry open to all?**

A The ALTA Registry is open and free to all who wish to locate company and contact information for title agents, underwriter direct offices and real estate attorneys. Any title agent that can be confirmed by an underwriter is eligible to be listed, at no charge. The ALTA Registry will not present a barrier to entry in the market place: lenders are asking for this sort of tool to help support their processes and third party oversight activities.

## **Q We are a large agency with lots of branches, is there a limit to the number of listings we can have?**

A No, once your principal business location is established there is no limit to the number of branches you can add.

## **Q What ensures that the ALTA Registry will be current and error-free when a lender or third party seeks information from it?**

A The ALTA Registry record is established and maintained by either the title agent and real estate attorney. By establishing the ALTA ID, which can be shared with underwriters, lenders and others in the transaction, entities listed in the ALTA Registry have a better chance of making sure a lender can find them and confirm their identity. One or more staff employees are selected to update, organize and submit listing information for confirmation.

## **Q What if I am both a law firm and title agent?**

A You are encouraged to first submit your requests for your confirmed underwriter relationships to be included in the ALTA Registry and then you may also include your individual real estate attorneys performing settlements.

**For more information, go to [alta.org/registry](http://alta.org/registry)**

# ESTABLISH YOUR ALTA REGISTRY LISTING WITH 4 EASY STEPS



## STEP ONE:

Visit [alta.org/rms](http://alta.org/rms) and login with your ALTA ID and password. **BUT WHAT IF** you don't have an ALTA ID? There's a section on the website that allows you to apply and receive an ID in real time. Can't remember your ALTA ID? Simply visit [alta.org](http://alta.org) and click "forgot password" in the top right of the page. You'll receive an email with your ID and password immediately.



## STEP TWO:

Make sure you're the company contact that has access to the ALTA Registry. **BUT WHAT IF** you aren't listed? Your current company contact's name will appear. ALTA staff can help you update that information if it's out of date.

Need more help? The ALTA Registry staff is available to assist you by contacting [altaregistry@alta.org](mailto:altaregistry@alta.org) or 855-618-2582



## STEP THREE:

Now that you're logged into the Registry Management System (RMS), review the bulleted instructions for each step to take next. **BUT WHAT IF** you're still confused? Simply check the info-dots and watch for the green buttons. Remember: lenders won't be accessing the ALTA Registry data until 2018.



## STEP FOUR:

Select your office location(s) to be listed in the ALTA Registry and your underwriter(s) for each location from the drop down menu. **BUT WHAT IF** you have incorrect addresses, etc.? Follow the on-screen instructions to make address updates and select/add contact info for each location. If your underwriter isn't available yet, it's OK. Many underwriters are in the on-boarding process.

# Title Industry Mentoring: Together Is Better



ALTA Members Benefit From Connection Made Years Ago

**T**ITLE COMPANIES CONTINUOUSLY FACE THE CHALLENGE OF **RETAINING TOP TALENT.** Establishing a mentoring program is one value-add that can extend the longevity—and loyalty—of employees. If your company does not have a mentor program, encourage your team to seek mentors to help them grow as leaders. The most effective mentoring relationships are not company assigned and they often grow out of friendships, as Betsy Russo and Elizabeth Daniel NTP can attest.

Russo, president of MCP Title Services in Maryland, and Daniel, vice president of operations for Continental Title Company in Kansas, recently shared the bond they've developed over the years as ALTA members and as mentor and mentee. Many ALTA members join to keep up with industry trends, regulations and changing customer expectations. In addition to providing valuable information, ALTA meetings and committees also offer numerous opportunities for networking with other industry professionals and leaders.

Russo has been in the title industry for more than 30 years, starting with her first job as a teenager at her father's title agency.

Daniel had been in the industry for over 20 years. They met at an ALTA conference several years ago. Their connection grew via their work on the Membership Committee and as mothers of sons. They formalized their connection over a year ago when Elizabeth asked Betsy to be her mentor.

"We should learn from our experiences, but who wants to revisit what you should have done?" Russo said. "But when you are a mentor and trying to learn and share, you spend time evaluating what you've done. Sharing my stories and experiences with Elizabeth has been so rewarding."

The key for anyone wanting a mentor, according to Daniel, is that



Betsy Russo and Elizabeth Daniel NTP

you need to be teachable, open about your goals and clear about expectations.

“We both appreciate each other’s time,” Daniel said. “It takes time to develop the relationship. We schedule calls so we can keep up with each other. Staying in touch helps avoid a crisis as we deal with concerns before they become urgent.”

Daniel’s team at Continental also benefits from the mentoring sessions as she shares many of the insights and resources with her team. She reminds her team that “technology is great, but the personal experience between your staff and your customers makes a difference.”

Russo correlates mentoring to developing a personal board of directors for your career—a group of people you consult regularly to get advice and feedback. She credits her husband, Mike Russo, for the idea to create her own board.

“Like any good board, you want people who can offer different contributions to your career and thinking,” Russo said. “You need someone who will push you out of your comfort zone. If you want to grow, you must face your fears and go through it.”

Daniel said you need a growth mindset when seeking a mentor or developing a personal board of directors. Russo added that good leaders are always students and should always be learning. Mentoring adds purpose to the experiences and helps mold the industry’s next generation.

“The goal is to create other leaders; not mini-mes,” Russo said.

## ALTA Ambassadors

ALTA provides ambassadors—industry veterans to foster first-time attendees at its major conferences. The ambassadors help the first-timers learn their way around the events to get the most out of the experience. Russo and Daniel encourage any ALTA member to request an ambassador at the next conference. To learn more about the program, email Taylor Spolidoro, ALTA’s director of member engagement and development, to [taylor@alta.org](mailto:taylor@alta.org).

## 20 Benefits of Mentoring

The benefits of mentoring are many, and they’ll vary from program to program, participant to participant. Here’s a list of benefits often seen by the mentor, mentoree and organization.

### For the Mentor

1. Allows the mentor to “give back”—to both the organization and the mentoree
2. Reminds the mentor how to listen actively rather than passively
3. Encourages the mentor to share knowledge, which helps increase the mentor’s sense of self-worth
4. Strengthens the mentor’s interpersonal relationship skills
5. Teaches the mentor about other areas/departments within the organization
6. Helps re-energize the mentor’s career
7. Leads to more personal satisfaction on the mentor’s behalf

### For the Mentoree

8. Increases the mentoree’s self-confidence
9. Helps the mentoree learn to take better control of his or her career
10. Teaches the mentoree how to speak up and be heard
11. Educates the mentoree on how to accept feedback in important areas, such as communications, technical abilities, change management and leadership skills
12. Improves the mentoree’s interpersonal relationship skills
13. Provides an important networking contact for the mentoree
14. Helps the mentoree better understand the organization’s culture and unspoken rules, both of which can be critical for success

### For the Organization

15. Conveys to people within the organization that management is willing to invest in its members/employees
16. Shows the outside world that the organization values its members/employees
17. Fosters more loyal employees/members -- this can lead to reduction in turnover rates (which saves money on recruitment and training costs)
18. Creates a more positive work environment
19. Fosters leadership skills in mentors
20. Encourages the mentoree’s growth from junior-level members/employee to future leader

Source: *Management Mentors*

# 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™**

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.

©2018 First American Financial Corporation and/or its affiliates. All rights reserved. NYSE:FAF

atclose

www.atclose.com

visionet



# Title Closings Made *Simpler*

**Close Faster**  
Reduce Turn Time

**Manage Vendors**  
Reward Performance

**Improve Margins**  
Leverage Automation



**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

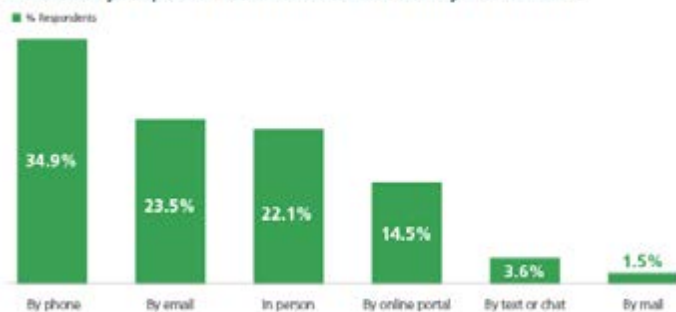
# What Do Consumers Really Want From the Mortgage Process?

Consumers are getting more comfortable with a digital mortgage process but still want someone to hold their hand and explain things to them when buying a home, according to Ellie Mae's second annual Borrower Insights Survey.



Ellie Mae surveyed 3,006 U.S. adults who are current homeowners and renters above the age of 18. With a focus on driving a true digital mortgage experience, Ellie Mae was interested in learning about borrower expectations and experiences with online components of the mortgage process. Overall findings showed that borrowers across all generations are expecting digital options to be part of their loan process, but would still like the capability and flexibility of speaking to a lender, when needed.

How did you prefer to communicate with your lender?

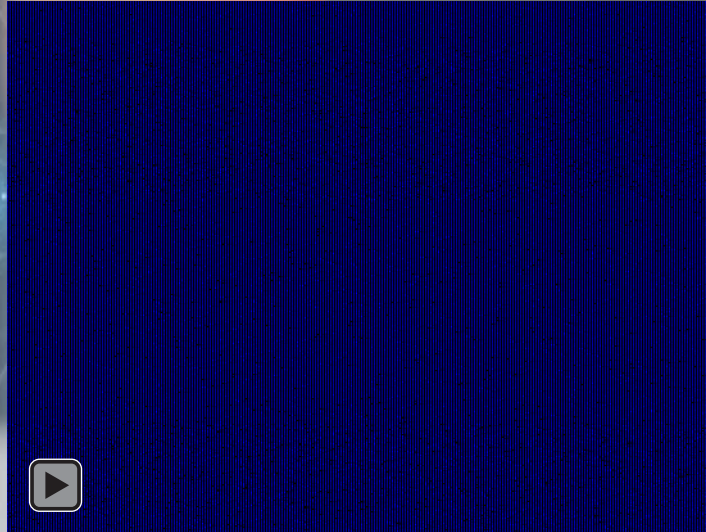


## Survey highlights include:

- The majority (61%) of respondents expected to be able to apply for and complete a mortgage application fully online.
- 17% of current borrower and renter respondents shared that they have applied for a mortgage in the past year; comparatively, of respondents ages 18-24, 50% said they applied for a mortgage in the past year. This demonstrates the continued momentum of the Millennial generation's purchase power and interest in homeownership.
- 49% of mortgage holders surveyed indicated that their last experience with a lender was for a purchase, and 47% responded that their last experience with a lender was for refinancing. Respondents age 44 and under were more likely to said their last experience with a lender was for a purchase, whereas more than 55% of those age 45 and over said their last experience with a lender was for a refinance.
- For renters, when asked what is preventing them from buying a home, 64% of respondents between ages 65 and 70 said they are happy renting, while 56% of respondents ages 25-34 said they haven't saved enough.



# Digital Edition Extra: Exploring E close Technology and Processes Industry Trends and How to Be Ready



- While it's true some may not have enough money saved to purchase a home, the survey indicated that there's opportunity for greater education for consumers around available loan options and how much is needed for a down payment toward a home. More than 50% of respondents age 45 and over said they believed they needed to put down 20% or more to purchase a home, while 50% of 18- to 24-year-old respondents said they needed to put down between 4-19%.
- Regardless of income, most renters agree that the suburbs are the ideal place to settle down. Those renters making \$100,000 or more showed a slight preference for suburban areas if they were to buy a home (50% compared to 45% who would prefer a city/urban area). For those making less than \$100,000, the gap widened with all groups saying they would be more interested in living in a suburban area.

## What This Means to You

According to the survey, communication preferences vary by generation, but consumers have a strong preference for a combination of in-person and online interaction. People want the


freedom and time to complete their loan process online at their convenience, but they also want to be able to speak directly with their loan officer when needed.

"These trends point to a significant opportunity for more assertive lender communications that build stronger borrower relationships and accelerate the loan process," the survey concluded. "An increasing number of high-growth lenders have recognized the potential to help reinvent the entire mortgage experience for today's digitally integrated consumers."

While there is untapped opportunity for lenders at the front end of the process, the same potential holds true for title and settlement agents closing transactions.

Technology can be used as a catalyst to spend less time on the process and paperwork, allowing title and settlement companies to focus on delivering an efficient and secure closing.

While many define a digital mortgage as one component of the entire process, there is a much larger opportunity to improve the entire experience for homebuyers, as well as all parties involved in the transaction.



# Underwriters Post Solid Q1 Results

## Fidelity, Stewart Begin Regulatory Process for Acquisition, Meet With Employees to Help With Transition

### Fidelity

Fidelity National Financial reported that its title segment generated pre-tax earnings of \$163 million during the first quarter of 2018. This compares to pre-tax earnings of \$151 million during the same period a year ago.

“The first quarter was a solid start to the year for our title business,” said Fidelity Chairman William P. Foley II. “We feel our title business is well positioned as we enter the seasonally stronger spring and summer months.”

During the first quarter, Fidelity’s direct operations opened 478,000 orders and closed 313,000 orders. This compares to 472,000 direct title orders opened and 334,000 orders closed during the same period a year ago. Claims paid during the latest quarter totaled \$51 million, which was the same amount in Q1 2017.

Randy Quirk, Fidelity’s chief executive officer, said a continued shift in business to more purchase orders, reduction of employees and a strong commercial market played a role in the strong quarter.

Purchases comprised 62 percent of Fidelity’s closed direct orders during the latest quarter. This was up from 58 percent during Q1 2017. During the first quarter, Fidelity cut 346 positions in its field operations. That followed with the elimination of 407 positions during the fourth quarter. In the commercial space, Fidelity reported revenue of \$230 million, which was a 3 percent increase over total commercial revenue in the first quarter of 2017.

In March, Fidelity announced its acquisition of Stewart Information Services for \$1.2 billion. Fidelity has started the

regulatory process necessary to get the deal approved. The deal is expected to close during the first or second quarter of 2019.

“There are a number of state and federal filings needed, but the two major filings are the Hart-Scott-Rodino Antitrust filing and the Form A filings with the states of Texas and New York, as those are the states of domicile for the two major Stewart underwriters,” Foley said. “We made the initial HSR filing on March 30, and will work through the anticipated information requests over the coming months. We filed the Form As with Texas and New York on April 27, and will wait for any feedback or information requests from those states.”

Over the past six weeks, management of both companies has held more than 20 town-hall style meetings for Stewart employees at locations around the country.

“At those employee meetings, we reiterated our intent to preserve the Stewart legacy as a part of our long-time, successful strategy of operating multiple title insurance brands under the FNF umbrella,” Foley said. “The meetings were well received and we consistently heard the employee excitement of putting the prolonged uncertainty that has existed at Stewart behind them and a desire to getting back to a focus on their customers and growing their brand.”

### First American

First American Financial reported that its title insurance and services division generated \$102.4 million in pre-tax income

during the first quarter of 2018. This compares to \$98.2 million in pre-tax during the same period in 2017.

Dennis Gilmore, First American's chief executive officer, said revenue growth in the company's purchase and commercial businesses largely offset the impact of the downward trend in refinance transactions.

"We benefited from our continued focus on operating efficiency and from higher investment income driven by the rise in short-term interest rates," he said. "As we approach the peak of the spring selling season, we remain optimistic about the outlook for 2018. Given the ongoing economic expansion and current trends in the housing market, we expect further revenue growth in our purchase business. Our commercial business has a healthy pipeline of activity and we will continue to benefit from rising investment income."

Gilmore added that the 8.6 percent pre-tax margin is the company's highest first-quarter margin since First American became a public company in 2010.

During the latest quarter, First American's direct offices opened 254,500 orders and closed 173,600 orders. This compares to 259,600 direct orders opened and 191,300 closed orders during Q1 2017.

First American reported that its provision for policy losses and other claims was \$38.5 million in the first quarter, or 4 percent of title premiums and escrow fees. This is unchanged from the first quarter of 2017.

Personnel expenses increased during the first quarter due to recent acquisitions, according to First American. Personnel costs were \$393.6 million in the first quarter, an increase of \$8.8 million compared with the same quarter of 2017.

"Longer term, First American is well positioned in the marketplace, with a strong balance sheet and ample financial flexibility to take advantage of strategic growth opportunities," Gilmore said. "We are focused on growing our core title and settlement business and leveraging our unique assets, such as our data, technology and bank, to provide innovative solutions to our customers."

## Old Republic

Old Republic International reported that its title insurance group generated pre-tax income of \$29.5 million during the first quarter of 2018. This is down from \$40.4 million reported during the same period a year ago.

In a release, Old Republic reported that claims cost increased 17.4 percent during the latest quarter. The company attributed the increase to lower favorable development of prior years' claim reserves in the first

quarter of 2018. Old Republic paid \$12.9 million in claims during Q1 2018.

Year-over-year comparisons of revenues from title premiums and fees reflected relatively flat volume reported by independent agents, and a small decline for directly-produced business.

## Stewart

Stewart Information Services reported its title segment generated \$5.1 million in pre-tax income during the first quarter of 2018. This compares to pre-tax income of \$12.3 million during the same period a year ago.

During the first quarter, Stewart's direct operations opened 91,610 orders and closed 61,195 orders. This compares to 100,744 direct orders opened during Q1 2017 and 69,934 closed orders. Stewart paid \$19 million in claims during the first quarter of 2018, which was down from \$20.7 million in claims paid during the first quarter of 2017.

"With respect to our first quarter 2018 results, we saw lower homes sales and weaker refinancing volumes while our commercial business continued its momentum from last year by outperforming expectations and growing 12 percent in what typically is the most challenging quarter seasonally," said Matthew Morris, Stewart's chief executive officer.

Morris reported that Stewart started conversations with its associates and customers to discuss the opportunities that exist with the pending approval of Fidelity's acquisition of Stewart. The regulatory approval process for the acquisition started with preliminary Hart-Scott-Rodino filings to the Federal Trade Commission on March 30. The Form A filings to the states of domicile for Stewart's two underwriters, Texas (Stewart Title Guaranty Company) and New York (Stewart Title Insurance Co.) have also been made.

"(Fidelity) management has been very supportive in helping make sure the message comes across of retaining that brand and providing more resources and a stronger balance sheet to help them grow their business," Morris said. "So I think it's been a collaborative process, and obviously, but we are attentive to making sure we have the message in front of our associates on a consistent basis."

## Industry Data

For first-quarter market share data, go to [alta.org/industry-research](http://alta.org/industry-research).



# JOIN OUR TEAM

## New ALTA Committee Looking to Help Industry Recruit, Develop Retain Talent Group Seeks Members to Participate

**T**hank you for taking a few moments to read this update on a topic we feel to be very critical and timely to our industry: TALENT! We are ALTA's newly formed Talent Committee, created to help ALTA members recruit, develop and retain the best talent available both inside and outside the industry. Our charter, which aligns to one of ALTA's six strategic initiatives, was formed from the collective recognition that our industry is headed toward a talent shortage. Our workforce is aging, and our knowledge base is retiring. While we are all addressing this in our own ways, we would all benefit from the industry joining forces to brand our industry and make our career opportunities known to the world!

Our committee is small but motivated. We are working on several initiatives to help you recruit, develop and retain great talent. These initiatives include:

- Adding a career section to the ALTA website that will provide potential candidates with an understanding of careers and benefits within our industry and links to members' websites.
- Develop sample career path options for recruiting and retention purposes.
- Collecting testimonials of successful title and settlement professionals.
- Creating a branding toolkit our members can use to promote opportunities within their companies and the industry at large.
- Contributing to an industry benefits compensation survey developed by ALTA's Research Committee.

This is a big challenge, but we are up for it!

To be successful, we need more members! We welcome any ALTA member to our Talent Committee. We have a diverse group of organizations: large and small; national, regional and local; affiliated and unaffiliated, operations and functional members. But we need more input.

Lastly, we would like to remind members about the Human Resources Sample Library. ([alta.org/human-resources](http://alta.org/human-resources)). This library offers a wealth of resources for member companies, including

sample interview guides, job descriptions and employment ads developed by ALTA's Education Committee. We are building upon these tools to provide you with more great talent resources!



**DEBORAH HIGGINS** serves as Title Resource Group's senior vice president for human resources, overseeing the company's 2,000 employees. She can be reached at [deborah.higgins@trgc.com](mailto:deborah.higgins@trgc.com).

### Help Wanted

If you have an interest in participating on the Talent Committee, have feedback or questions, contact Deirdre Green, ALTA's director of professional development, at [deirdre@alta.org](mailto:deirdre@alta.org). In addition to being committed to the work, the requirements to join is approval by the standing ALTA president, and membership of ALTA and the Title Action Network ([alta.org/tan](http://alta.org/tan)), ALTA's free grassroots organization.



OLD REPUBLIC TITLE



## MYTH: BABY BOOMERS DON'T USE THE INTERNET TO SEARCH FOR HOMES.

### FACT: BABY BOOMERS USE THE INTERNET AS THEIR PRIMARY INFORMATION SOURCE FOR FINDING 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](https://oldrepublictitle.com/facts)



OLD REPUBLIC INSURANCE GROUP

2018 | © Old Republic Title | This material is for educational purposes only and does not constitute legal advice. We assume no liability for errors or omissions. Old Republic Title's underwriters are Old Republic National Title Insurance Company and American Guaranty Title Insurance Company. | \*Source: 2017 National Association of REALTORS® Home Buyer and Seller Generational Trends.

# NTP PROFILE



## Marilyn De Luna

**COMPANY:** Edwards Abstract and Title Co.  
**TITLE:** Vice President Director of Education and Training/Senior Escrow Officer/ Commercial Escrow Officer  
**CITY/STATE:** Edinburg, Texas  
**DATE OF DESIGNATION:** September 2017  
**INDUSTRY EXPERIENCE:** 34 years

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

I chose to work toward a National Title Professional designation to demonstrate my dedication to our internal and external customers in the title industry. I believe that we should always seek to provide the best level of service to our customers. I feel it is very important to continue to expand our knowledge, and always stay informed and be aware of changes that affect our industry. Most of all, I want to make a difference, by providing mentoring and training to the generations of tomorrow.

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

Working toward becoming a National Title Professional designation is a reflection of one's commitment and dedication to the title industry and a reflection of the pride in the role one plays in the closing process. It reflects the integrity, commitment and seriousness of the work ethic of the escrow officer, to confidently assist with the transfer of real estate.

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

I started my career at Capital Title in Houston, Texas, and worked in the executive offices for that company. I was very fortunate to start my career in that department, working with the executive vice president, president and vice president—all of whom were very involved in closing very large, complicated commercial transactions. I got to witness the “magic” behind the scenes. Plus, I love working with numbers!

### *What's your best industry “war” story?*

Oh, my goodness. I have so many, as I am sure most do. I'll have to talk about one of my first closings. I recall asking the seller who was in the lobby, if the spouse would be in soon to sign, or if he was running late I got response of, “Unless he is being resurrected, he will not be here. But, don't worry,” she told me, “I have his power of attorney!” I think I passed out twice, and recomposed myself, to advise her that the power of attorney was void if he had passed away. Her comment to me was, “Didn't you see the announcement in the paper last month in the obituaries?” Lesson learned—now I always confirm and re-confirm the marital status of the parties and ask to make sure they are both attending closing. Even when they say yes, I always insist on making sure they will be there in person.

### *Tell us something that others in the industry may not know about you.*

I am the only one in Texas, that I am aware of, that has earned the National Title Professional designation, in addition to being a Certified Escrow Settlement Professional, Certified Title Insurance Professional and Certified Abstract Examination Professional. I am also a licensed cosmetologist.

## 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 [www.alta.org/ntp](http://www.alta.org/ntp).

# READY TO BECOME AN eCLOSING LEADER?

Business today is a digital experience in which easier processes separate the leaders from the followers. Don't miss the opportunity to set yourself apart. When you partner with Stewart, the industry's eClosing leader, you've got access to underwriters with eClosing expertise helping you over obstacles and providing solutions. That lets you deliver the smooth experience your customers expect. Don't go it alone in ramping up for the "new normal"; you've got the eClosing leaders, and a partner, here to help.

Visit [stewart.com/alta182](http://stewart.com/alta182) to learn more.



**stewart**



## Beware of Fictitious Consumer Complaint Email from CFPB

The Consumer Financial Protection Bureau (CFPB) has warned title and settlement agents about fake emails regarding consumer complaints that purport to come from the bureau.

Scott Steckel, stakeholder engagement program manager for the CFPB, told ALTA that a title company in Florida reported it received a suspicious email that appeared to include a consumer

complaint. Any email that directs the recipient to download an attachment to view a consumer complaint about their company is bogus, according to Steckel.

“To protect consumer and company privacy, we do not email any consumer complaints to companies,” Steckel said. “Companies receive, review and respond to consumer complaints only through the secure company portal.”

The bureau confirmed April 11 that it was victim of nearly 250 cyber hacks, which may have compromised mortgage information, Social Security numbers and personal banking information of thousands of Americans. Acting CFPB Director Mick Mulvaney disclosed the security breaches during congressional testimony about the bureau’s collection of consumer data.

---

## U.S. House Passes Bill to Modernize IRS, Automate Income Verification

The U.S. House of Representatives on April 18 passed legislation (H.R. 3860, the IRS Data Verification Modernization Act of 2017) to automate income verification through a modern digital interface at the Internal Revenue Service (IRS).

H.R. 3860 is part of a larger tax modernization package, H.R. 4554, the 21st Century IRS Act.

H.R. 3860 requires the IRS to automate the Income Verification Express Services process by creating an Application Programming Interface (API) allowing small businesses and consumers to access accurate credit assessments more efficiently.

In January, the IRS instituted a new identity verification process requiring third parties calling on behalf of a taxpayer to verify their identity by providing personal information such as their Social Security number and date of birth.



## WFG National Title Acquires Washington-based Agency

WFG National Title Insurance Company has acquired Spokane, Wash.-based Inland Professional Title LLC.

Inland Professional Title is a title and settlement services provider serving Okanogan and Spokane counties. The firm operates five offices and has 65 employees. Former owner/county manager Kevin Ferguson will become an executive vice president with Inland Professional Title and continue to manage the operation. The company will soon undergo a name change to WFG National Title Company of Eastern WA.

“We are delighted and honored to be able to add the Inland Professional staff and client base to the WFG community,” said Patrick Stone, chairman and CEO for Williston Financial Group. “Like WFG, Inland Professional Title has always regarded itself as a part of its clients’ process, and has conducted its business with the upmost professionalism.”

## Title Financial Corp. Expands Montana Footprint With Acquisition

Title Financial Corporation (TFC) and its subsidiary, First American Title Company of Montana Inc., recently acquired American Title & Escrow and Carbon County Abstract & Title. TFC operates in Montana, Idaho and Wyoming. The deal expands the company’s geographic network.

“We are very excited to be combining teams with American Title & Escrow and Carbon County Abstract & Title,” said Quinn Stufflebeam, chief executive officer

of TFC. “By leveraging our collective strength and coverage, we will be able to better serve our customers by providing a service experience designed to make the real estate transaction easy for our customers.”

In addition to First American Title Company of Montana, the TFC family of companies consists of Insured Titles, Gillette Title Services, Jackson Hole Title & Escrow, Laramie County Abstract and Title Co., Title Financial Specialty Services and Title Financial Exchange Services.

The merger unites two companies with a long history of collaboration. The companies jointly purchased First American Title Company in Ennis in 2002 and First American Title Company in Bozeman in 2004. This expanding alliance creates a footprint that covers 66 counties in Montana, Idaho and Wyoming.

“This exciting transaction unites two companies with deep roots in Montana and Idaho, who both pride themselves on providing an excellent customer experience and we are looking forward to the new opportunities this presents,” said Ted Lovec, president and chief executive officer of American Title & Escrow and Carbon County Abstract & Title.

Lovec and Carol Kirby will remain on the corporate team. Lovec has accepted a position on the Board of Directors of TFC. He will also be serving as executive vice president, while Kirby will serve as vice president of operations.

## Arizona Passes Flat-fee Recording Legislation

Arizona passed a bill that amends the state’s recording fee statute. The legislation, which goes into effect June 30, 2019, introduces a flat-fee structure and replaces individual fees that are currently

charged in connection with the transfer of property to be collected.

Senate Bill 1043 amends Section 11-275 of the Arizona Revised Statutes to read, “The recorder shall receive the following fees:

- For recording papers required or authorized by law to be recorded, if the fee is not otherwise specified in this section, \$30 per instrument;
- For recording papers to which the United States, this state or a political subdivision of the state, including cities, towns and irrigation, drainage and electrical districts, is a party, when recorded at the request of the United States, this state or the political subdivision, \$15 per instrument;
- For preparing and certifying copies of a record in the recorder’s office, \$1 for each page or partial page. In addition for attaching the recorder’s certificate and seal, \$3; and
- For issuing a certificate pursuant to section 47-9523, \$10 for each name, plus \$1 for each financing statement or statement of assignment reported therein.”

The new law also states that “For each separate affidavit of annual work on affidavit of claim maintenance fee payment recorded, the county recorder, by the 10th day of each month, shall forward to the state treasurer for deposit in the state general fund \$4 of each total fee collected pursuant to Section 11-475 during the previous month.”

Other jurisdictions with predictable or flat recording fees include Idaho, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Mexico, North Carolina, North Dakota, South Dakota, Wisconsin and Wyoming.

To track pending bills, check out ALTA’s state legislation tracking map at [alta.org/advocacy/state-advocacy.cfm](http://alta.org/advocacy/state-advocacy.cfm).

## ATA National Title Group Acquires Chicago-based Title Company

Farmington Hills, Mich.-based ATA National Title Group LLC (ATA) recently acquired Greater Metropolitan Title to expand its coverage in the Chicago area. Operating under the ATA umbrella, the new company will be branded GMT Title Agency. Terms of the transaction, which closed April 30, were not disclosed.

“As the largest independent title insurance agency in the Midwest, ATA is continually looking for opportunities to grow and diversify within our key markets,” said William L. Robinson Jr., president, ATA. “This expansion with GMT Title Agency enables ATA to further develop our capabilities within the dynamic Chicago market with a company whose values and vision match ours.”

GMT Title Agency will maintain its four offices—in the Loop, Arlington Heights, Vernon Hills and Oak Brook—as well as its 12 employees. Currently, ATA operates three offices in Illinois (Tinley Park, Joliet and Chicago.)

“This acquisition is a great next step for Greater Metropolitan Title,” said Dave Walker, owner and manager of Greater Metropolitan Title. “As part of the ATA family, we are gaining access to new resources that enhance the service we provide to clients. They’ll still get the care and professionalism they’ve come to expect from us, along with a few new benefits from a leading Midwest firm.”

## International Document Services Offers Hybrid E-closings

Mortgage document preparation vendor

International Document Services Inc. (IDS) reports that its platform now supports hybrid electronic mortgage closings.

The promissory note and any documents requiring notarization will still need to be wet-signed. IDS reports that it will soon add e-notarization and remote notarization capabilities as those processes become legal in more states.

“IDS’s philosophy has always been to provide solutions that help our clients meet the challenges they face today while planning for the challenges they could face tomorrow,” said Mark Mackey, vice president and general manager of IDS. “Now that investors are starting to accept hybrid e-closings, we felt the timing was finally right to add that capability to idsDoc so that our clients are able to keep pace with industry acceptance of electronic processes along the e-mortgage continuum.”

## FFIEC Issues Statement on Cyber Insurance

The Federal Financial Institutions Examination Council (FFIEC) issued a statement discussing considerations for financial institutions contemplating the purchase of cyber insurance as a component of their risk management programs.

The statement applies to all institutions supervised by the Office of the Comptroller of the Currency (OCC).

Although the FFIEC does require financial institutions to maintain cyber insurance, the evolving cyber insurance market and the shifting cyber threat landscape may prompt institutions to consider whether cyber insurance would be an effective part of their overall risk management programs. The statement notes that:

- Cyberattacks are increasing in volume and sophistication and that traditional

general liability coverage insurance policies may not provide effective coverage for potential exposures caused by cyber events.

- Cyber insurance may help reduce financial losses from a variety of exposures, such as data breaches resulting in the loss of sensitive customer information.
- Cyber insurance does not diminish the importance of a sound control environment; rather, cyber insurance may be a component of a broader risk management strategy.

## Recent Integrations

- **RamQuest Inc.** announced that its Closing Market digital network is now integrated with **CloseSimple**, which provides title and settlement agents an automated communication tool. CloseSimple helps title companies better communicate during the closing process through automated text messages, email updates and their Pizza Tracker for Title. Using CloseSimple, users of RamQuest’s Closing Market can customize branded messaging specific to their needs and processes. The CloseSimple application delivers these communications as the closing process progresses, saving users up to 90 minutes per file.
- **Pavaso** will collaborate with Virginia-based **MBH** to offer digital closings. Pavaso’s technology digitizes the process so that lenders can provide a more complete loan package and reduce errors by eliminating under signing and over signing of the closing documents leading to lower loan costs. The platform gives consumers access to the closing documents prior to closing. Pavaso’s Digital Close platform can produce hybrid closings (part ink, part digital) as well as complete eNote and eVault transactions.

# STRENGTH STABILITY FOCUS

With the rest of the industry consolidating rapidly, the AmTrust Title philosophy remains the same...

// COVERING EVERY ANGLE



AmTrust Title  
An AmTrust Financial Company

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



Michael Frederick

---

## AmTrust Appoints North Atlantic Regional Manager

AmTrust Title Insurance Company recently promoted **Michael Frederick** to vice president and North Atlantic regional manager. In this role, he will have oversight of operations in New Jersey, Pennsylvania and Delaware. Frederick will focus on recruiting personnel, growing the agency base and increasing revenue throughout the North Atlantic region, among other things. He has worked in the industry for various underwriters for more than 25 years. Prior to joining AmTrust, Frederick served as vice president and agency services manager for Stewart Title Guaranty Company in New Jersey.

---

## Stewart Title Names Sales Director for Upper Midwest Region



Bill Alvarez

**Bill Alvarez** has been named sales director for Stewart's Eastern United States and Upper Midwest direct operations. His expanded responsibilities will support the direct operations growth strategy in Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin, in addition to Northeast and Mid-Atlantic states. Alvarez will lead a sales strategy that includes training and support for sales-focused associates, enhancing Stewart's visibility and generating additional revenue in the expanded territory.

---

## Westcor Appoints Agency Rep for California and Utah

Westcor Land Title Insurance Company announced the appointment of **Jim Johnson** as agency representative to continue to increase the company's footprint in the Utah and California markets. Johnson has over 25 years of experience in the real estate and title insurance industry. Most recently, he worked as regional agency representative for an underwriter. In this capacity, he grew the underwriter's agency

network in Utah and Colorado. Johnson also served as market development manager for RedVision Systems.

---

## Attorneys Title Guaranty Fund Bolsters Agent Support Team

Attorneys Title Guaranty Fund Inc. (ATGF) has hired **Devin Storms** as Colorado and Utah agency manager to strengthen the support provided to its independent agents throughout the region. She will be responsible for growing the company's footprint and agent services. Storms has 15 years industry experience. Prior to joining ATGF, she oversaw Colorado sales and escrow at a large national title company. She also grew the footprint of a start-up title company in Colorado.

---

## Action Title Research Adds to Exec Team

Action Title Research recently hired **Bill Drobins NTP** as vice president of title production at its office in Norristown, Pa. In this role, Drobins will direct and manage the company's title production operations in Pennsylvania. Drobins has over 15 years of experience serving lenders, attorneys, title insurers and industry groups throughout Pennsylvania and New Jersey. He received his ALTA National Title Professional designation in 2015.

---

## CATIC Appoints New Member to Board of Directors

CATIC recently appointed **Linda B. Meyers**, a managing member of the law firm Webber & Meyers, to its Board of Directors. An attorney since 1984, Meyers has focused on real estate and the representation of lenders, buyers and sellers. She has expertise in handling short sales, foreclosed properties, bankruptcies and probate matters as they relate to all aspects of the real estate transaction. Meyers is a member of the Connecticut Bar Association and the New England Land Title Association (NELTA).

# 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)

## Flexibility Name of the Game for Ultimate Consumer Experience



**STEVEN G. DAY NTP**  
ALTA president

### **THERE ARE MANY THINGS THAT CAN HAPPEN OVER**

the course of the 162-game Major League Baseball season, including injuries to key players. When injuries occur, having a utility player who can fill in at multiple roles can be extremely valuable. An athlete who can play multiple positions, field, hit and run brings additional value to the team.

Think about your team. The coveted employees are the ones who can do a search, examine title, type a commitment, handle a closing, and maybe if you're lucky, bring in new business! Those are the five-tool employees all managers want.

Now, how does having flexibility with your staff and processes translate to your customers? Think about the various ways you must adapt your products to meet their needs. It comes down to delivering products that provide meaningful and relevant experiences to users.

Don Norman, inventor of the term "User Experience" has been quoted as saying:

"No product is an island. A product is more than the product. It is a cohesive, integrated set of experiences. Think through all of the stages of a product or service – from initial intentions through final reflections, from first usage to help, service, and maintenance. Make them all work together seamlessly."

A positive user experience is one that meets a consumer's needs in the specific context where he or she uses the product. The real estate transaction is one area where consumers are demanding a digital process. For various reasons, the closing piece has lagged behind the loan applications process in moving processes online. However, companies are implementing new technology—such as remote online notarization—to deliver efficiencies and make closings more transparent. These advances have the potential to improve the customer experience and understanding at the closing table. ALTA has been engaged with various stakeholders to ensure legislation that allows for remote online notarization is safe for consumers, that the transaction can be insurable and is technology neutral.

Not all consumers will want a digital process. Many will want to sit across the table from their title professional—to be assured, in person, that their property rights are being protected. But just like that key utility player, you need to be prepared for those who request a digital process. We need to have the mindset that we are a customer service industry that happens to be involved in title insurance and settlement services. Delivering on this promise means being able to provide closings that the consumer finds valuable. Just like in a baseball season, unexpected things can arise leading up to any closing. Having flexibility in your processes will ensure a positive user experience that will pay dividends for future business.

## Knowledge

In our fast-paced, ever-changing industry, the key to shining above the rest is knowledge. We are committed to helping you reach for the stars by making sure you have educational opportunities and access to the tools you need when you need them.

**Where do you look for knowledge?**



With you...for what's next

[FNTGLead.com](http://FNTGLead.com)



**Be the apple  
of their eye**

**or maybe not**

**Give Your Lenders Better Service  
By Confirming Your Company  
In The National ALTA Registry**



**ALTA.ORG/REGISTRY**

