MARCH 2019

# TITLE News

AMERICAN LAND TITLE ASSOCIATION

## iTitle Agent

Robots Are Not Taking Your Job

Also Inside:

- Bet on Innovation to Survive
- Our Values Profile
- Commercial Market Survey


# iN This Issue

VOLUME 98 | NUMBER 3 | MARCH 2019

## COVER STORY



## FEATURES



## DEPARTMENTS

AMERICAN LAND TITLE ASSOCIATION

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# TiTLENews

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

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# Plan for Change Through Innovation

**JEREMY YOHE**
ALTA vice president of communications

**IN FEBRUARY, UTAH BECAME THE LATEST STATE** to pass legislation that permits remote online notarizations (RON), which allows notaries to do their work using audio-visual technology over the internet instead of being physically present.

While Utah joins Indiana, Michigan, Minnesota, Montana, Nevada, Ohio, Tennessee, Texas, Vermont and Virginia with laws explicitly allowing the practice, many more states are considering similar bills. In fact, another 19 states have pending RON bills. (To monitor other RON bills, check out ALTA's state legislation tracking map.)

What's great about the Utah bill and many others is that it follows the key principles of the ALTA-MBA model legislation. This is important because having a uniform and consistent framework based on a common set of core principles helps create legal certainty across the country. Meanwhile, the Mortgage Industry Standards Maintenance Organization (MISMO) is creating RON standards to enable title and closing agents, lenders and other organizations to quickly adapt new practices to facilitate the use of online notaries and meet consumer demand. The standards will also help secretaries of state adopt consistent policies for electronic and online notarizations.

MISMO's RON Development Workgroup plans to deliver a set of industry standards for using online notarization, which may include verifying credentials, identifying signees, and recording documents while fostering retention, security and privacy. It also plans to provide implementation guides and educational materials.

This workgroup also is developing standards to promote consistency across the states that have passed RON legislation. The standards, which are under a comment period through April 22, 2019, will provide a blueprint to expedite promulgation of regulations by secretaries of state.

Having uniform regulations and best practices will benefit all industry participants, from title companies and notaries to lenders and regulators. It is one of ALTA's 2019 strategic priorities to help our members plan for change through innovation and quality operations. We want to put the industry in the best position to inspire innovation and improve the real estate transfer process. We are also here to be the authoritative resource for information and requirements on technology advances, including digital closings.

As you'll read in this edition's cover article, technology isn't just changing the closing space. Automation and artificial intelligence are being applied to various parts of the title production and customer interaction processes. While nebulous to many, these technology advancements have stirred up fears that computerized systems would soon replace industry jobs. We've seen this isn't accurate. Rather, certain innovations can simplify tasks, improve quality, reduce cost and unlock valuable employee time to work on revenue-generating business.

# ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS, NEWS, UPDATES & EVENTS

## ALTA Policy Forms Update: Final Publications and Technical Corrections

The ALTA Board of Governors approved a recommendation to revise the ALTA Closing Protection Letters and adopt new Endorsements during an Oct. 10 meeting. The subject forms have passed through an industry comment period and are published in final form.

Comments were received and resulted in changes to ALTA Endorsements 3.3[-06] and 3.4[-06]. Note also that ALTA Endorsement 34.1[-06] has been withdrawn from final publication for further development.

Forms may be downloaded at alta.org/policy-forms. If you have questions or need more information, please forward them to Kelly Romeo, staff liaison for the Forms Committee, at kromeo@alta.org.

## ClosingCorp Partners With ALTA Registry

ClosingCorp announced that it has agreed to integrate data from ALTA's Title & Settlement Agent Registry (ALTA Registry).

"We're pleased ClosingCorp plans to include the ALTA ID on its title agent fee sheets," said Paul Martin, ALTA Registry director. "We share a goal of improving the accuracy of title-agent-related data, and the emergence of the ALTA Registry as an effective and easy-to-use source of data and information comes at the perfect time to improve the accuracy of fees on the TILA-RESPA Integrated Disclosure (TRID) Closing Disclosure."

ALTA launched the ALTA Registry in 2017 as the first national database of title insurance agents and settlement companies. In addition to contact information and branch locations for agents and title companies, each ALTA Registry listing also includes a unique location identification number, the ALTA ID.

The availability of unique ALTA IDs allows lenders to have access to branch location details, accurate legal entity names and direct contact information for underwriters to request authorizations and approvals. In addition, because the ALTA ID is the same across the service, lenders can check who is licensed for what with speed and confidence.

"Under the TRID rule, lenders must be confident that their third-party providers are quoting accurate rates and fees. Not having reliable vendors creates a greater risk of fraud, tolerance violations, uninsured losses and a negative customer experience," said Bob Jennings, chief executive officer of ClosingCorp. "The ALTA Registry will help improve accuracy, efficiency and compliance for our clients throughout the mortgage process."

Nearly 6,500 company locations have already been confirmed. Joining the ALTA Registry is free. Just because you're an ALTA member or have an ALTA Policy Forms License does not mean your company is in the registry.

To get your company confirmed, go to alta.org/registry.

### ALTA 2019 TIPAC Donors

**The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan political action committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. TIPAC has received $125,850 from 90 donors so far in 2019. Check out who has supported the industry at alta.org/tipac.**


Not Just Reporting...
True Business Intelligence
Data and reports only tell part of the story. Instead, imagine a tool that helps you dig in and understand why things happened, shows not just where but also how to improve and supports better decision making. Now stop imagining. That tool is Business Intelligence and you'll find it in our RamQuest One title, closing and escrow production solution.
See how to turn data into informed business decisions. Watch a FREE on-demand webinar at: RamQuest.com/Intelligence
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## Take ALTA's Cyber Crime Experience Survey

ALTA is asking members to take its cyber-theft survey to assess the nature, frequency and financial impact of wire transfer fraud crimes against title agents and consumers.

Survey results are intended to help title and settlement agents benchmark their threat and training experiences. By providing the most accurate responses possible, title agents will reap the benefit of survey results that will help everyone understand the current threats posed by cyber crimes and what other title agents are doing to protect against monetary and reputational losses. Individual information will not be collected. Only aggregated data will be shared.

To take the survey, go to surveymonkey.com/r/wiretransferfraud.

## Membership by the Numbers

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

- New Members: 90
- New Associate Members: 4
- New Attorney Members: 40
- Total Members: 5,298
- State With Most New Members: Florida

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

## Win a VIP Capitol Hill Experience

Want to win a trip to Washington, D.C., for a VIP Capitol Hill experience?

All you must do is take our Congressional Liaisons survey and start reporting your activity with members of Congress.

The top three Congressional Liaisons will win a free trip—including airfare and hotel—to the nation's capital. Winners will be selected based on reported activity.

Here are the steps to help you win:

1. If you haven't done so, take the Congressional Liaisons survey at cladvocacysurvey.com.
2. Communicate with ALTA staff about Congressional Liaisons activity opportunities.
3. Report all Congressional Liaisons activity at surveymonkey.com/r/ALTACLActionReport.
4. Watch for monthly email updates on the Congressional Liaison rankings.
5. The competition runs until ALTA ONE (Oct. 21-25, 2019) in Austin, Texas, where the winners will be announced.

If you have questions, email Elizabeth Blosser, ALTA's director of grassroots & state government affairs, at eblosser@alta.org.

# CALENDAR

## 2019 ALTA CONFERENCES

**ALTA ADVOCACY SUMMIT**
**May 6-8**
Washington, D.C.

**ALTA ONE**
**Oct. 21-25**
Austin, Texas

## 2019 STATE CONFERENCES

**TENNESSEE**
**April 3-5**
Abingdon, Va.

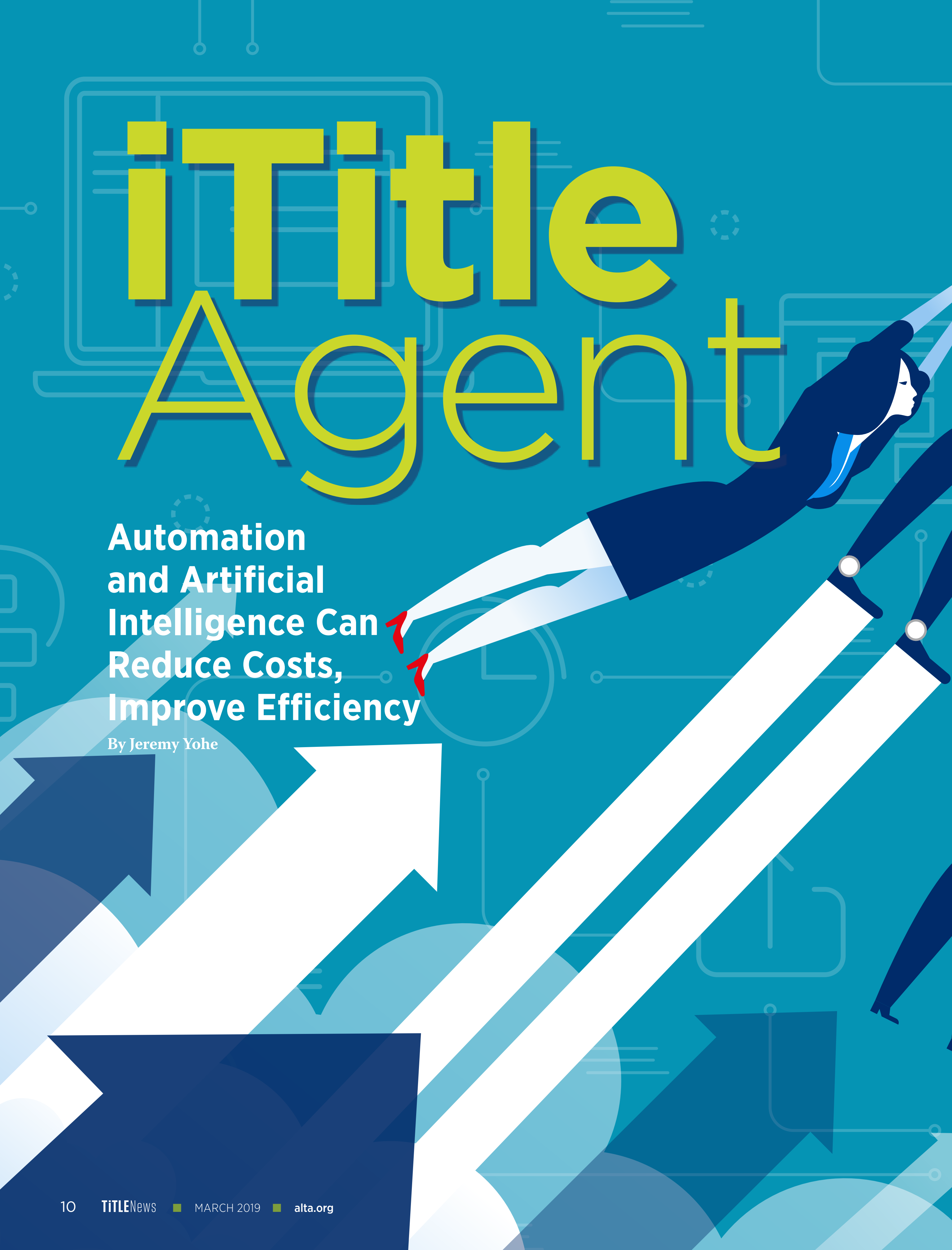
**CALIFORNIA**
**April 4-7**
Napa Valley, Calif.

**PALMETTO**
**April 10-12**
Charleston, S.C.

**OKLAHOMA**
**April 14-16**
Norman, Okla.

**ARKANSAS**
**May 2-4**
Memphis, Tenn.

**IOWA**
**May 5-7**
West Des Moines, Iowa



# iTitle Agent

## Automation and Artificial Intelligence Can Reduce Costs, Improve Efficiency

By Jeremy Yohe

# Are the Robots Coming for Your Job?

**DISCUSSIONS** around artificial intelligence (AI) and automation often range from apocalypse to utopia. The truth lies somewhere in between.

According to the Metropolitan Policy Program at Brookings, the power and prospect of these technologies initially alarmed experts, fearing that machine advancements would destroy jobs. The conversation now seems to be more balanced, accepting that robots are coming while also acknowledging there's no need for scary dystopian alarms. The Brookings report found that about a quarter of U.S. jobs (36 million in 2016) face high exposure to automation in the coming decade. The most vulnerable include office administration, production, transportation and food preparation.

For title professionals, the emergence of artificial intelligence, automation and other technologies may seem daunting and alarming, but the solutions offer opportunities to help title and settlement companies meet evolving customer needs.

To understand how these technologies could help your operation, you need to know what each can accomplish. First, automation completes a specific task using technology—generally taking over repetitive and monotonous duties. There are plenty of these tasks in our world. Once called macros, they're now known as robots. Meanwhile, artificial intelligence is the effort to mimic human thinking and reasoning using programs that write themselves via machine learning. To explain further, machine learning uses programs that update algorithms without additional human intervention based upon the analysis of large data sets to identify patterns of behavior, actions and results.

"The title industry is constantly automating more tasks. This isn't new," said David Floyd, chief data officer at NextAce. "What's new is the application of AI to automation, which allows a huge leap forward in the things you can automate and how quickly you can automate."

Marvin Stone, senior vice president of business integration for Stewart Title Guaranty, said this "Fourth Industry Revolution" is being driven by the combination of advances in computer technology and big data. He said cloud-based platforms opens the opportunity for more to utilize this technology.

"It would require a huge investment if we all had to develop these on our own, but they are available through various cloud providers," Stone said. "As the title insurance industry more effectively collects, standardizes, digitizes and compiles data, it will allow for the enhanced application of AI and dramatic opportunities for automation."

**Automation potential and labor productivity growth for 20 major "industry groups"**

| Industrial family | Annual labor productivity growth, 2000-16 | Automation potential |
|---|---|---|
| Accommodation and Food Services | –0.8% | 73% |
| Manufacturing | 2.9% | 59% |
| Transportation and Warehousing | 0.2% | 58% |
| Agriculture, Forestry, Fishing and Hunting | 3.3% | 57% |
| Retail Trade | 0.9% | 53% |
| Mining, Quarrying, and Oil and Gas Extraction | 3.2% | 51% |
| Other Services (except Public Administration) | –1.6% | 49% |
| Construction | –1.0% | 47% |
| Wholesale Trade | 1.7% | 44% |
| Utilities | –0.2% | 43% |
| Finance and Insurance | 1.1% | 42% |
| Arts, Entertainment, and Recreation | 0.4% | 41% |
| Administrative and Support and Waste Management and Remediation Services | 2.1% | 41% |
| Real Estate and Rental and Leasing | 2.1% | 40% |
| Government | –0.1% | 37% |
| Health Care and Social Assistance | 0.2% | 36% |
| Information | 6.2% | 35% |
| Management of Companies and Enterprises | 0.1% | 34% |
| Professional, Scientific, and Technical Services | 0.9% | 34% |
| Educational Services | –0.7% | 27% |
| **U.S. total** | | **46%** |

Source: Brookings analysis of BLS, Census, EMSI, Moodys, and McKinsey data

The application of artificial intelligence with machine learning is the next stage. Other lines of insurance are looking at AI in three big ways, according to Stone. These include setting pricing at individual levels based on risk, underwriting and analyzing data, and claims handling.

Stone said the claims process looks different in the title industry compared to other lines, but "we deal with this every day in title insurance, so we can expect to see application of this in a few years."

In one example, video card manufacturer Nvidia is applying its facial recognition technology to collect data on homes following storms to find out the level of damage based off drone photography. Stone said this could be extended into the real estate and title space. Meanwhile, real estate agents are using autonomous cars to ferry people to home showings. Amazon's suggestion engines have been around for years. Additionally, the suggestion engines employed by Amazon when shopping online are now being applied in the home shopping space.

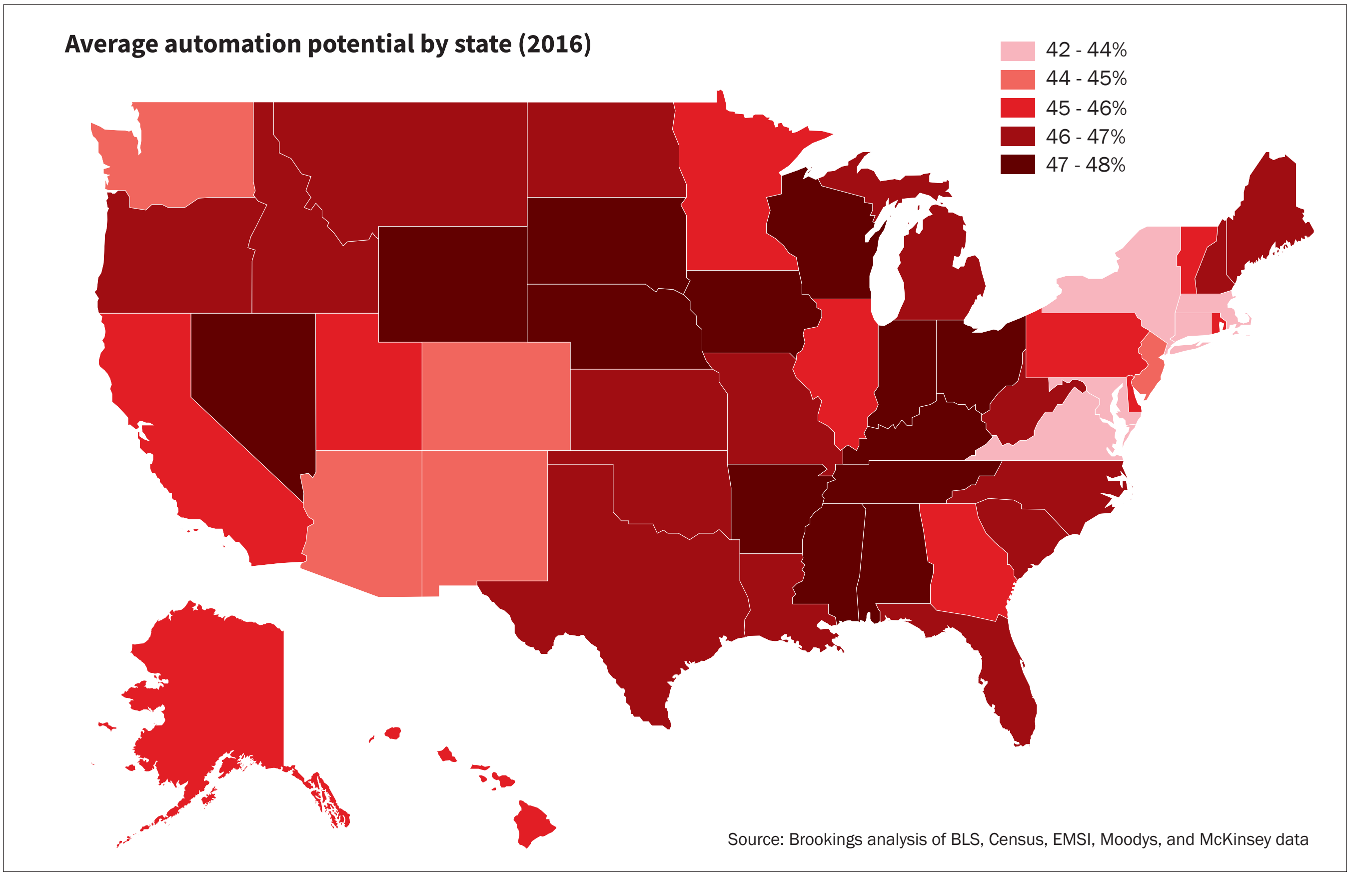
"Automation is not about Terminator or HAL 9000—it's really about bringing efficiency and addressing what you can do today and utilize technologies that are out there," Floyd said.

## Why Automate?

The chief reasons to automate tasks is to reduce costs and improve efficiency. Citing a *Forbes* article from 2018, Floyd said it costs 10 times more to run a title agency than it did 15 years ago.

"There's huge pressure to reduce operating costs and figure out how to do things more efficiently," he added.

Improving speed and accuracy of the transaction are other drivers for automation. "Every time a new technology makes turn times more effective, there's greater pressure, and it becomes an expectation," Floyd said.




An aging workforce and knowledge loss also fuel the need to automate certain tasks. Floyd said automation and AI can help memorialize the knowledge held by those retiring and spur the development of new ways to complete processes.

"As we look at automation and AI, we always must look at it through the lens of improving the customer experience through efficiency, quality and ease of use," Floyd said. "Whether it's the consumer, lender or real estate agent, we always want to make it a more efficient process. The use of technology is now an expectation and a driver for why someone will want to do business with you."

## Where Is Industry Applying Automation?

The title industry has used automation in various parts of the process for many years. Here's a look at a few:

1. **Task and Process Tracking via Production Software (order through closing):** Over the years, title production software companies have made great strides in automation that eliminates rekeying and the transferring of data from one application to another. This streamlines the order process and eliminates duplicative tasks.
2. **Automated Reconciliation:** This allows title companies to reconcile accounts in a more timely manner and address issues more effectively.
3. **Workflow Management:** As the industry improves automating tasks, it can start automating workflow a little more.
4. **Communications (automated emails, reminders, confirmations, notifications):** Automating communications such as email are things that can be simple to implement in a title production system and are often overlooked.
5. **Title Production Automation:** Floyd said we are starting to see quite a few players offering title production automation, including underwriters, third-party vendors and business process outsourcers.
6. **Commitment Preparation:** The application of Optical Character Recognition (OCR), which is technology that enables different types of documents—such as scanned paper documents, PDF files or images—to be converted into other documents, continues to improve as the digitization of records has increased.
7. **Search and Examination:** Searching is a pretty automated task that typically involves going into a database or title plant and pulling search results onto a screen or printout. The examination process follows.

Floyd said this is based on decision trees and a "very definable process with lots of ifs and buts. But through technology, you can automate more of the search and title exam process."

"Some items such as communications are much easier to implement, but this goes to the fact that this is a continuous process in innovation and development to ensure we are all getting a little better," Stone said.

## Implementing Automation

Two terms people should become familiar with are bots (short for robots) and Robotic Process Automation (RPA). Nearly every repeatable computer task is open to using this RPA technology, according to Floyd. As an example, say a title company has a searcher who on a daily basis logs into a county website and enters a search that could include a name or legal description. After hitting Enter, results can be extracted.

"That whole process can be automated," Floyd said. "Using RPA or other automation tools can deliver results back to another application."

Many business process outsourcing (BPO) vendors already have applied these robotic processes to make searches more efficient and deliver faster turn times. Now, these companies are applying AI on top of the automation and making a leap forward on how quickly tasks can be updated.

Challenges with some automation tools include the ongoing management costs. Floyd said companies need to look at the cost of monitoring and programming for changes in procedures or source data versus labor to perform the task.

"It might be difficult to automate points that change constantly," he said. Assessor data is one example. While there are automation tools that can capture this data, Floyd said assessors are notorious for updating information, and changing screen layouts and how data is formatted.

"This needs to be accounted for because now you're switching some of your labor costs to management and programming," Floyd said.

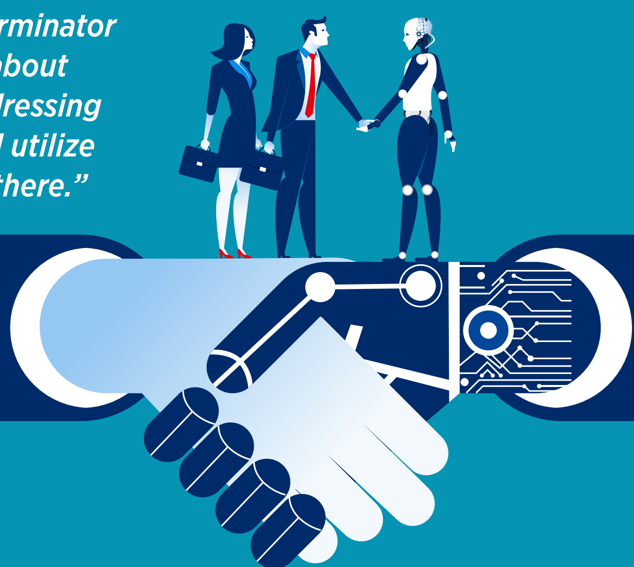
An item to think about is that frequent changes to source data and procedures will result in higher management cost and might drive implementation of technologies. The benefits include quicker turnaround, reduced labor management and more consistent procedures and quality.

"When implementing this in the title space, one of the things to think about in general is that most of the work we do is a pretty straightforward lot and block, subdivision type search on a resale or a refi where you aren't going back that far," Floyd said. "When looking at how to apply automation, start with the easy stuff. You can use RPA and pull in search results, and based on underwriting standards, you can deduct how many deeds back you need to go. Is the chain present? Are there additional names that need to be run?"

Stone said many title companies get hung up on the 100-percent rule versus the 80-20 rule. To help make automation more palatable, he suggested focusing on a particular segment of the business or a particular process that could be improved through automation.

"People are often unwilling to get started because

***"Automation is not about Terminator or HAL 9000, it's really about bringing efficiency and addressing what you can do today and utilize technologies that are out there."***



they can't do the big stuff," Stone said. "Pick something and get a feel for it."

## Where Does AI Fit?

AI is already being used in many areas in the transaction, including:

**1.** Valuation models
**2.** Risk assessments
**3.** Workflow management
**4.** Fraud detection
**5.** Customer experience

Floyd said AI can identify the type of transaction based on search results. Running against algorithms, the complexity of an order can be determined and assigned to a specific person who's best prepared to handle the transaction.

"One of the key areas helping to limit risk and workflow management is being able to direct a transaction to the best resource within your organization. In terms of automation, it allows a company to reassign an entire workforce from the mundane task-based processes and get them focused on revenue and risk. One of those is fraud. AI will play a major role moving forward in fraud prevention."

Stone added that, through available technology and various vendors, title companies can bucket orders.

"The integration of more software with title production systems allows companies to analyze risk on a particular property or search and help them figure out how to manage the workflow and put it into the appropriate bucket, so the right things are being done by the right people."

Despite all the benefits of automation and AI on the front end of the transaction with the search, Floyd says the industry must stay mindful not to forget about the curative process.

"That's a large part of our lives and a reason why our datasets are so strong," Floyd said. "We cure as we go along. As we look at title automation, that side of it can't be missed and will be part of that risk profile. What curative actions need to happen and how do you automate the curative actions."

Ultimately, the technology should lead to better customer service by analyzing the transaction on the front end. Interaction with customers can be tailored similar to the experience users have grown accustomed to Amazon—when you log in, it knows your trends and makes suggestions.

"That will cross into our realm in the next few years," Floyd added.

The basis of artificial intelligence is really data—the accumulation of smaller data sets and bringing them together to paint a bigger picture. Floyd said that most documents are digitized at least back to the 1980s—and is constantly being pushed back further. Streamlining starter files could be one area to improve the process and be used to automate the search. Newer areas of application deal with consumer data, such as the types of deals they typically handle. Data sources include:

- Digital documents
- Public records
- Assessor
- E-recording
- Starter files
- Customer demographic data
- Consumer profiles
- Credit histories
- Economic data
- Transaction histories
- Customer interaction histories

## Roadmap to Automation

**Inventory Tasks**—Review tasks you do every day
**Prioritize**—Don't do everything at once
**Educate**—Develop internal subject matter expertise
**Partner**—Put their expertise to work for you
**Experiment**—Proof of concept/Pilot with customers
**Execute**—Plan then execute

## What's a Title Agent to Do?

From a title agent perspective, Stone said this can become a big, daunting list. He said agents should reach out to vendors who can help and untangle different data sources. Floyd recommends examining each computer task to understand what you're doing and how to prioritize. He said to start with easier transactions such as refinances and expand to other products.

Title agents also don't have to develop these technologies on their own. Floyd suggested finding partners. The best advice is to complete a full review of workflow and processes, and then decide where improvements can be made.

"Everyone needs to pick up the phone and find out what their vendors can do. And tell them what you want to do," Stone said. "Vendors are looking at this technology and thinking of ways to make title agents' lives better. They are listening and want to provide automation where they can." ■

**JEREMY YOHE** *is ALTA's vice president of communications. He can be reached at jyohe@alta.org.*

# Title Tech Outlook: Bet on Innovation to Survive

By Tony Franco

# 2018 HAS BEEN A BOOM YEAR FOR THE REAL ESTATE INDUSTRY.

## This statement seems counterintuitive until you look at what has happened over the past year from a technology and innovation perspective.

Just as a rising tide lifts all boats, a growing problem raises the level of innovation and investment for an entire industry. In recent years, tech developers and the private investment community have turned their eye toward addressing the inefficiencies and outdated processes plaguing the mortgage and title industries. However, just like the tide, the housing market is cyclical, and as we start to see a decline in the industry, we are also going to see which technology companies will stay afloat.

Across the board, industry experts are predicting that 2019 is going to be a down year for the housing market. However, that does not mean it is going to be a down year for technology or innovation within the industry. The down market will certainly impact other players in the title space negatively, but it will also cause companies to look more closely at their investments in technology and attempt to drive down operating costs while increasing productivity.

This creates an opportunity for companies to be creative and innovative in adding efficiency to the title industry. After all, necessity is the mother of invention. The same will ring true for the title industry in 2019. By increasing efficiency in title operations, some market players will not only fare fine in the down market, but will actually prosper.

One challenge that continues to threaten the real estate industry is wire fraud. Some are surprised to learn that title wire fraud attempts are up 11,000 percent over the last two years. The problem is serious and significant, and in 2018, regulators started to take notice. For example, the Federal Reserve Board is currently considering adding a payee matching requirement for wire transfers, among other ideas, to combat wire fraud. However, criminals will always move faster than the wheels of government, so it's up to title agents and their partners to adopt innovative solutions to address this ongoing and growing threat.

Of course, wire fraud is only one example of how technological transformation can help the real estate industry address some of its biggest challenges. Historically, innovation has been slow in coming, especially on the title side of the transaction, but today's title agent has much to gain by becoming an early adopter of some of the tools and platforms now at their disposal.

Technology can give title agents a significant advantage over their competition, which becomes crucial to withstanding a down market. The ability to gain market share while others are declining is the best-case scenario any company can hope for, and forward-thinking title agents will want to invest in solutions that will drive down costs and improve efficiencies.

More specifically, technology adoption could force an industry shift. In 2019, tech-savvy title companies are going to start to pull away from the pack, and the industry could see market share among insurance underwriters change as a result.

However, over the past year, there have been several technology entrants into every single section of the real estate industry supply chain, and it's still yet to be determined who the winners and losers of this fintech boom are going to be. In terms of title technology specifically, the new market entrants that succeed will be those that are focused on enhancing the industry, rather than those seeking to remove or replace parts of the industry. The real estate transaction is simply far too monumental and complex to completely eliminate the human element, and tech companies that try to do so will ultimately find themselves on the losing end of that bet.

It is a widely accepted notion that one cannot move forward without looking back. With 2018 firmly in the rearview mirror, title agents and other real estate professionals now have the opportunity to evaluate the wealth of technological innovations that have arisen over the past year and determine which solutions will help them best address their needs going forward. As the industry moves into 2019, anticipating a down market, the decisions made about where to invest in technology could be what ultimately helps keep the ship afloat in the stormy waters ahead.

**TONY FRANCO** *is CEO and co-founder of SafeChain, a provider of wire fraud prevention software for the land title insurance industry. He can be reached at tony@safechain.io.*

# DELIVERING. ONE TRANSACTION AT A TIME.

## Aames Title Branch Manager Jackie Mitchell Goes Extra Mile to Carry Out Company Values


Indiana-based Aames Title & Closing opened in 2006 with the mission statement "When and Where." Having closed loans while sitting on a tractor, at a Little League game and even at a funeral home, the title company's customers know they will deliver for them.

Jackie Mitchell, branch manager at Aames Title & Closings, is one of the employees that goes the extra mile to make sure the company follows through on its values.

Mitchell was one of three ALTA members honored at the 2018 ALTA ONE conference with an inaugural Our Values award. The awards program showcases the title insurance industry's Our Values initiative, which serves as the industry's cultural compass and highlights the core ideals ALTA members embrace.

**WE LEAD**

**WE DELIVER**

**WE PROTECT**

**We Lead:** We are the authority in real estate transactions. We innovate for the benefit of our customers.

**We Deliver:** Our customers trust us to do the right thing, the right way—before, during and after the transaction. We sweat the small stuff to assure that land transfer is accurate, swift and secure.

**We Protect:** We protect the property rights of those we serve. We reduce risk so our customers have peace of mind.

Mitchell won the We Deliver Award for going the extra mile to helping close a deal for a customer.

On a Friday in early August last year, one of Mitchell's closers informed her about a change on the Closing Disclosure. No big deal in most cases. However, the consumer in this transaction suffered from severe social anxiety. The $1 change on the Closing Disclosure threw him off entirely. Mitchell talked to the buyer on the telephone for nearly two hours until he felt comfortable proceeding with the transaction.

Because of his anxiety, however, he did not feel safe to drive. So, Mitchell and the loan closer went to the customer's house and handled the more than two-hour closing, going through every document so the purchaser was confident in what he was signing.

"Jackie delivered for the customer who needed more patience and grace than our everyday consumer," said Elizabeth Wysong Berg ITP, NTP, underwriting counsel for Agents National Title Insurance Co. "She took time on a crazy Friday to recognize what this individual needed instead of simply canceling the closing."

## Our Values Profile

**Name:** Jackie Mitchell **Title:** Branch Manager **Company:** Aames Title & Closing

**How would you describe your company's culture in 10 words?**
Integrity, innovative, accommodating, flexible, family, rewarding, professional, collaborative, respect, energetic

**How does the organization support these values?**
We are innovative through providing up-do-date technology to serve the consumer, which gains respect from industry professionals. We treat our staff as family, allowing them flexibility in work schedules and closing times. We are known for being very accommodating to all parties.

**What makes you proud to work at your company?**
Even though we have only been in business for 13 years, which is considered a short time in our industry, we have led the industry locally in meeting the consumers' needs. Our fresh approach removed barriers that frustrated many consumers and real estate agents for years.

**What role do company values play in hiring and performance reviews?**
We expect every new hire and seasoned veteran to be eager to grow and change with the business. Thinking outside the box and collaborating with teammates is the type of mindset we hope to inspire.

*cont. on next page*

## Our Values Profile, cont.

**What is a common way your staff exhibits the company culture during a closing?**
We offer flexible closing times to the consumer so that no one is stressed trying to attend their closing. We handle everything with confidence and a can-do attitude. We try to make the experience personal and make all parties feel at ease in a calming environment.

**Which of We Lead, Deliver or Protect speaks to you the most as a title professional and why?**
We Deliver. To be successful, we must set ourselves apart from the competition. For each client, we must identify what is important to them and determine how we can deliver it effectively and efficiently. If you can do that, then you've created a memorable experience for the client and set yourself above the rest.

**How did you get into the industry?**
I was working for a lender, attending a closing at a local title company and heard they were hiring. Since I was on the lending side, I understood enough about title to be dangerous. I was always intrigued by what a searcher did. So, I applied.

**What excites you about what you do or what is the most challenging aspect of your job?**
What really excites me is when I get to take off my manager/closer hat and go to the courthouse and do a title search or read an old abstract since my passion is history. Since that's not something I get to do very often, I enjoy seeing that initial smile on the buyer's face when I get to congratulate them on the purchase of their new home.

**Why is the title industry a great career opportunity for those entering the workforce?**
Our industry is ripe for transformation from innovative technologies, thus we need to attract tech-savvy talent. This industry seems to be a more family friendly industry than most. Title will be around for decades to come. Maybe not as we know it, but in some way or form.

**What advice do you have for professionals starting their career in the industry?**
The first thing is to know it is important to learn every part of the process from searching to closing. It gives you a better understanding of how it all ties together. This is how I came up through our company, and I know it gives you an edge to do a better job. For example, as a closer trying to answer a question about the commitment, you can educate the consumer how and why the information is gathered. The second thing is to join your local and national title associations to develop friendships and a network willing to help you grow within in the industry.

**Who has been your professional mentor and why?**
Rhonda Louderback was a local small business owner that I waited on every morning in the drive-through where I worked as a young adult. She always had a smile and a kind word for me. As we would talk each morning, she would give me her outlook on how young women should achieve their goals and believe in themselves. I would ask her to expand on how she reached her goal. I know this sounds funny for all this to happen in a drive-through, but you never know where you might get your inspiration. I will always think of her with admiration.

**Tell us something that others in the industry may not know about you.**
Along with my many hats I wear at our title company, I have represented my district as a county councilwoman for the past four years. I was just re-elected in January to serve a second four-year term.

## ALTA Our Values Awards

We Lead. We Deliver. We Protect. ALTA is celebrating our members who live these values in the best possible ways with the ALTA Our Values Awards. These awards are given annually to individuals who have put one or more of ALTA's core values—leading, delivering and protecting—into action. In its second year, the awards program will include a fourth award for one entire ALTA member office or operational team that exemplifies Our Values.

We want to know how you, your friends or your coworkers go to extraordinary lengths to personify Our Values. ALTA is accepting nominations through June 7. Submit nominations at surveymonkey.com/r/ALTAvalues.

Winners will be recognized during ALTA ONE, Oct. 22-25, 2019, in Austin, Texas.

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- Customize the header, sections, signatures, and footer of each settlement statement – not just for each office, but for each order
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# Commercial Market Survey:

# Majority of Firms Expect Originations to Increase

Commercial and multifamily mortgage originators expect 2019 to be another strong year in lending activity, according to the Mortgage Bankers Association's (MBA) 2019 Commercial Real Estate Finance (CREF) Outlook Survey.

More than half of the top commercial/multifamily firms (55 percent) expect originations to increase in 2019, with one in eight (13 percent) expecting an overall increase of 5 percent or more across the entire market. When forecasting just their own firm's originations, nearly two-in-five (38 percent) expect to see an increase of 5 percent or more in 2019.

"Mortgage bankers look to 2019 as another strong year for the commercial and multifamily mortgage markets," said Jamie Woodwell, MBA's vice president of research and economics. "The majority of top firms expect that 'strong' appetites from both lenders and borrowers will drive commercial mortgage originations higher. A number of factors—including long-term interest rates, new construction activity and the broader economy—are seen by a majority of originators as potentially somewhat negative to the markets in 2019, helping to explain the slight downshift in expectations this year compared to 2018."

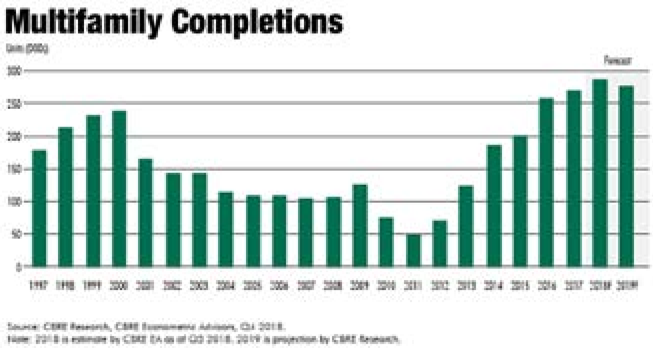
Added Woodwell, "Even so, only two in five expect commercial and multifamily mortgage originations to slow this year, and only one in 20 expect their own firm's loan volume to decline."

## Highlights of MBA's 2019 CREF Outlook Survey include:

- Lenders remain eager to make loans: All surveyed originators reported that in 2018, lenders had a "strong" or "very strong" appetite to make new loans, and all expect lenders' appetites this year to be "strong" or "very strong."
- Borrowers are still eager to take out loans: Eighty-eight percent of originators reported that borrowers had "strong" or "very

strong" desires to take out new loans last year, and 78 percent expect borrowers' desires this year to be "strong" or "very strong."

- Nearly all originators (97 percent) reported their own firm had a "strong" or "very strong" desire to make new loans last year. A similar share (91 percent) expect their own firm's desire to be "strong" or "very strong" in 2019.
- A majority of originators expect the market to grow in 2019 (and their own firms to grow more quickly), with 13 percent expecting total market originations to increase 5 percent or more. Nearly 40 percent expect their own originations to increase by 5 percent or more.




- There is a wide range of opinions about how origination volumes for specific capital sources will change in 2019. Respondents are generally split about whether to expect an increase or decrease in originations for commercial mortgage-backed securities and Fannie Mae/Freddie Mac. More expect growth than declines in originations for bank portfolios (7 percent anticipate growth greater than 5 percent), FHA loans (12 percent anticipate growth greater than 5 percent) and life and pension companies (7 percent anticipate growth greater than 5%). The greatest growth is expected from alternative lenders such as mortgage REITs and debt funds (49 percent anticipate growth greater than 5 percent).
- Loan returns are expected to remain muted and risks are expected to increase slightly in 2019.
- Strong majorities of originators expect 10-year Treasury rates, office capitalization rates and retail cap rates to rise. Most also expect apartment cap rates to rise and industrial cap rates to remain flat.
- Majorities of firms also expect long-term interest rates, new construction activity and the broader economy to have potentially negative impacts on the markets. Majorities expect short-term interest rates, a move away from LIBOR and regulatory and legislative changes to have little potential impact in the year ahead.

MBA's 2019 CREF Outlook Survey was conducted between Nov. 26 and Dec. 22, 2018. The survey request was sent to leaders of 60 of the top commercial/multifamily mortgage origination firms, as determined by MBA's 2018 Annual Origination Rankings Report. The survey had a response rate of 50 percent. Percentages shown are calculated based on applicable responses.

## Q4 Commercial and Multifamily Mortgage Originations Up 14 Percent

Fourth-quarter 2018 originations for commercial and multifamily mortgages were up 14 percent on a year-over-year basis, according to new data from the Mortgage Bankers Association (MBA).

On an annualized measurement, the final three months of last year saw a 61 percent increase in the dollar volume of loans for healthcare properties, a 32 percent increase for multifamily properties, a 28 percent increase for industrial properties and a 1 percent uptick for retail properties. Two property types saw originations decline in the fourth quarter: Hotel property loans (4 percent) and office property loans (3 percent).

Among investor types, the dollar volume of loans originated for the government-sponsored enterprises (GSEs) increased year-over-year by 32 percent, while life insurance loans saw a 22 percent increase for life insurance company loans and commercial bank portfolio loans saw a 5 percent rise. But the dollar volume of loans for commercial mortgage-backed securities (CMBS) sank by 35 percent.

"The year 2018 ended on a strong note for commercial mortgage borrowing and lending, with fourth quarter originations 14 percent higher than a year earlier, despite the broader market volatility," said Jamie Woodwell, MBA's vice president of research and economics. "Investor and lender interest in multifamily and industrial properties continues to drive transaction volumes while questions about retail and office property markets have slowed activity for those property types. The market as a whole ended the year roughly flat compared to 2017, continuing a plateau we've seen in mortgage borrowing and lending since 2015."

Looking ahead, the MBA forecast that $110.5 billion of the $1.9 trillion of outstanding commercial and multifamily mortgages held by non-bank lenders and investors, a six percent share, will mature this year, while loan maturities this year will rise 8 percent from the $102.2 billion that matured in 2018.

"The upcoming roll of commercial and multifamily mortgage maturities is relatively stable, after seven years of instability," said Woodwell. "Many commercial and multifamily mortgages have 10-year terms, and a decade ago, the Great Recession meant fewer new loans were being made. As a result, 2018 and 2019 loan maturity volumes have been smaller than would otherwise be the case. However, a sizable share of shorter-term loans financed in the last few years have made up the difference."

## Top Multifamily Markets in 2018

According to a report released by the CBRE, nearly 268,000 multi-family units were built in 2018. Most of the apartments built last year were built in the top 20 markets, the commercial real estate services and investment firm reported. Specifically, 80 percent of all apartments completed last year were in the top 20 markets.

Here's the full list of the top 20 markets where the most multifamily units were built last year:

1. **New York Metro:** 32,300 units completed
2. **Dallas/Ft. Worth:** 20,500 units completed
3. **Los Angeles/Southern California:** 20,000 units completed
4. **Seattle:** 14,400 units completed
5. **Washington, D.C.:** 13,600 units completed
6. **Denver:** 11,700 units completed
7. **Boston:** 9,700 units completed
8. **Miami/South Florida:** 9,500 units completed
9. **San Francisco Bay Area:** 9,300 units completed
10. **Chicago:** 8,900 units completed
11. **Orlando, Fla.:** 7,700 units completed
12. **Austin, Texas:** 7,400 units completed
13. **Charlotte, N.C.: 7,000 units completed**
14. **Atlanta:** 6,900 units completed
15. **San Antonio:** 6,800 units completed
16. **Phoenix:** 6,400 units completed
17. **Minneapolis:** 6,300 units completed
18. **Tampa, Fla.:** 6,100 units completed
19. **Nashville, Tenn.:** 5,900 units completed
20. **Portland, Ore.:** 4,900 units completed

According to CBRE's report, based on recent data on multifamily construction starts and under construction totals, multifamily construction is expected to remain elevated near 2018's figures through the first half of 2020, at least.

## Register for the 2019 ALTA Commercial Network

ALTA's Commercial Network provides networking opportunities and a forum for discussion of topics and policy related specifically to commercial title.

- **When:** June 10-12
- **Where:** Ojai Valley Inn, Ojai, Calif.
- **Register: meetings.alta.org/commercial**

ALTA COMMERCIAL NETWORK

### Tentative Sessions

- **It's More Than Just a Map:** This is your chance to survey our panel of experts on surveys. Our group of experienced surveyors and counsel will provide you the ins and outs of the *Lawyers Title v Doubletree* case and other cases impacting your customers' surveys. You will learn the latest on the ALTA/NSPS survey standards and trends that could impact your next deal.
- **From the Case Files:** Members of ALTA's Title Counsel Committee will discuss some of the latest cases involving commercial real estate. Discover how court decisions and claims could impact your next transactions and underwriting decisions.
- **A Penny for Your Thoughts:** A panel of national experts will discuss the latest trends in commercial real estate and take your questions. Learn about what's driving investments and the economic and demographic data impacting the market.
- **It's All About the Benjamins:** Come hear about the latest trends in financing commercial development. Our panel of experts will talk about the state of the CRE finance market. They will explain the differences between non-traditional financing structures. Then participate in roundtable discussions about how to approach alternative financing in your business.
- **Regional 411 Roundtable:** It's like speed dating for the commercial title professional. Join your peers for a conversation about how business is conducted in other regions of the country. Take the opportunity to join three small group discussions about regional nuances in commercial title work. These discussions will be hosted by regional experts from across the country.
- **The Coverages, They Are A-Changin':** Get the latest information from members of ALTA's Forms Committee on expected updates. Discuss with panel members the reasons behind the endorsement requests you and your colleagues are receiving.

# CFPB Issues TRID FAQs

## Questions Address Timing of Closing Disclosure Requirement and Use of Model Forms

**IN JANUARY, THE CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) POSTED** updated frequently asked questions (FAQs) on its TILA-RESPA Integrated Disclosure (TRID) rule.

The FAQs clarify:

- a creditor's obligation to provide a new three-day waiting period along with a corrected Closing Disclosure when a term previously disclosed has changed
- how creditors may use model forms that do not reflect the CFPB's 2017 amendments to the rule
- the impact of a recent TILA amendment to the requirement for corrected disclosures
- safe harbor if a model form is used

## New Three-day Waiting Period

TRID requires a creditor to provide a consumer with a Closing Disclosure (CD) at least three business days before consummation. The FAQ explains that if a disclosed term changes after the form is provided, the creditor must provide a corrected Closing Disclosure. The FAQ states that only three circumstances require the creditor to provide the consumer with a corrected disclosure at least three business days before consummation:

1. if the previously disclosed APR becomes inaccurate under Regulation Z
2. if the loan product type changes
3. if a prepayment penalty is added to the loan. For any other changes, the creditor must provide a corrected CD at or before consummation.

## A New Three-Day Waiting Period May Be Required If the APR Decreases

TRID requires a corrected CD and a new three-day waiting period if the previously disclosed APR becomes inaccurate under Regulation Z. The FAQ states that an APR is accurate if the difference between the APR and the actual APR is within an applicable tolerance in 12 CFR § 1026.22(a). The FAQ states that, for mortgage loans, Regulation Z provides that an APR that decreases, such as if it is overstated, is considered accurate "if the overstatement results from an overstated finance charge." (See 12 CFR § 1026.22(a)(4).) In such a case, the creditor must provide a corrected Closing Disclosure at or before consummation. However, if the APR previously disclosed is overstated for a reason unrelated to the finance charge, and no other tolerance is available under § 1026.22(a), the creditor must provide a corrected disclosure at least three business days before consummation.

## The Economic Growth, Regulatory Relief, and Consumer Protection Act

The FAQs also clarify that the "No Wait for a Lower Rate" provision in Section 109(a) of the recent Economic Growth, Regulatory Relief, and Consumer Protection Act does not change TRID's requirements for corrected disclosures. Section 109(a) states that if a creditor makes "a second offer of credit with a lower annual percentage rate, the transaction may be consummated without regard to the [waiting] period … ." The CFPB points out that Section 109(a) amended TILA's requirement for special disclosures for certain high-cost loans, and does not impact a creditor's obligation to provide a corrected Closing Disclosure and a new three-day waiting period otherwise.

## Safe Harbor

In 2017, the CFPB made several amendments to the TRID rule but did not make corresponding changes to certain model forms. According to the CFPB, "a creditor is deemed to be in compliance with the disclosure requirements associated with the Loan Estimate and Closing Disclosure if the creditor uses the appropriate model form and properly completes it with accurate content." For example, the 2017 amendments direct creditors to drop any trailing zeros to the right of the decimal point when disclosing the rate for prepaid interest. Model form H-24(C), however, shows the rate for prepaid interest with trailing zeros. The CFPB states that a creditor satisfies the safe harbor by either including the trailing zeros or by dropping them.

## CFPB Director Says Bureau Will Examine TRID Effectiveness

The new director of the Consumer Financial Protection Bureau (CFPB) indicated the bureau plans to examine how title fees are disclosed under the TILA-RESPA Integrated Disclosure (TRID) rule.

In a letter to Sen. John Hoeven (R-N.D.), CFPB Director Kathleen Kraninger said the bureau shares the senator's goal that consumers should receive clear and accurate information regarding the cost of their real estate transactions.

Hoeven and other senators informed Director Kraninger in a December letter that under current regulation, the CFPB does not allow title insurance companies to disclose available discounts for loan policies on the government-mandated disclosures. This results in the inaccurate disclosure of title insurance premiums in about half of the states.

Director Kraninger indicated that under the Dodd-Frank Act, the CFPB is required to assess significant rules it issues and publish a report on its findings within five years of the rule's effective date. In her letter, Kraninger wrote that the bureau plans to launch an assessment of the TRID rule, "which will provide an opportunity for the bureau to study whether the rule has been effective in achieving its stated purposes."

"This assessment includes assuring that consumers are provided with timely and understandable information to make responsible decisions about financial transactions," Kraninger wrote.

# Survey: TRID Tops Lender Quality Control Issues

Three years after implementation of the TILA-RESPA Integrated Disclosures (TRID) rule, lenders continue to be plagued with quality control issues (QC) complying with Closing Disclosure requirements.

According to a survey from Mortgage MetaSource, which compiled data from tens of thousands of post-close quality control audits over the past year, three of the top five pain points for originators involved the Closing Disclosure.

The top QC issue involved tolerance violations, followed by calculating cash to close at number two. The Consumer Financial Protection Bureau's rule for disclosing title fees causes consumer confusion and leads to the inaccurate cash to close in areas where it's common for the seller to pay for the owner's policy. Timing violations came in fifth among QC issues.

"Despite everyone's understanding of TRID and efforts to correct for it, we're not really seeing the improvement we should be seeing," said Brady Meadows, strategic account manager at MetaSource. He added that the findings also suggest lenders could be issuing too many versions of Closing Disclosures as circumstances change. Some lenders, he said, reissue documents for every small change, creating multiple re-disclosures "when it's not necessarily required."

Also in the top 10 list of quality control issues was missing or defective settlement service provider lists. The ALTA Registry serves as a single source of the truth for title agent identities and their locations. It provides precise identification of an agent through the unique ALTA ID assigned down to the individual branch level. This is ideal for solving the same name, different agent issue. Title and settlement agents should become registered because lenders will want to look them up in the Registry by their ALTA ID number to confirm and verify their identities and use the information to contact them for verifications. Additionally, lenders like the national "phonebook" nature of the registry to counter wire fraud.

## Top 10 Quality Control Issues

1. **Closing Disclosure – Tolerance Violation**
2. **Closing Disclosure – Calculating Cash to Close**
3. Intent to Proceed – Missing or Defective
4. **Closing Disclosure – Timing Violation**
5. Incorrect Income Calculation
6. Loan Estimate – Timing Violation
7. Insufficient Assets to Close
8. Verification of Employment – Missing or Defective
9. **Settlement Service Provider List – Missing or Defective**
10. Security Instrument – Missing or Defective

Source: MetaSource

**Make sure your company is listed in the ALTA Registry at alta.org/registry.**

# “We will begin by examining your bank reconciliation.”

Being out of compliance can disrupt operations and end careers. Rely on experts to help you stay current on compliance requirements and prepare you for that moment when the auditors arrive.

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## Fidelity Acquisition of Stewart Title Insurance Company Hits Hiccup in New York

The New York Department of Financial Services (NYDFS) disapproved of Fidelity National Financial's application to acquire Stewart Title Insurance Company, a New York-domiciled title insurance company that is licensed only in New York.

In a regulatory filing, Fidelity and Stewart reported they are "evaluating the appropriate course of action in light of the NYDFS' determination." The companies may meet with the regulator to better understand concerns.

Kroll Bond Rating Agency reported that, while the transaction is expected to close in the first or second quarter of 2019, it believes regulators may have concerns over the combined market share. According to ALTA market share data, Fidelity's family of underwriters accounted for nearly 29 percent of the total premiums written in New York in 2017. Stewart Title Insurance Co. captured 19 percent of the New York market in 2017.

"This does not mean the deal will not got through, but some concessions and/or divestitures would likely be needed," the rating agency reported.

Fidelity announced in March 2018 plans to acquire Stewart Information Services Corp. for $1.2 billion. The companies received a second request from the Federal Trade Commission's Hart-Scott-Rodino as part of the antitrust determination process for approving the deal. The deal has been approved in 28 other states.

## Indiana Orders First American to Reimburse Consumers for Alleged Overcharges

The Indiana Department of Insurance (IDOI) concluded First American Title Insurance Company allegedly overcharged some consumers for title insurance from 2006 to 2008.

Following a market conduct examination, the Indiana IDOI ordered First American to pay the department $3.7 million, which includes interest on the overcharges. The IDOI will then issue refunds to affected consumers. First American must also pay $38,000 for violating the state's gross premium tax statute by underpaying taxes on the premium charged to consumers during this time.

First American filed a petition for judicial review asking the trial court to review the order. After a hearing, the trial court agreed that First American overcharged consumers and underpaid premium taxes.

## New York Reminds Title Companies of New Rate Requirements

In a Jan. 31 letter, the New York Department of Financial Services (NYDFS) reminded title companies of new expense reporting and rate-filing rules that went into effect Jan. 16 in the state after an appellate court overturned a lower court's ruling that annulled new title industry regulations.

The regulations require title insurance companies to submit new rate applications to establish rates to be charged in the future that exclude all expenses deemed to be prohibited under the regulation.

In its letter, the NYDFS said that all title insurance policies issued after Feb. 15, 2019, at rates that don't reflect compliance with the regulation will be in violation of New York law. Title Insurance Rate Service Association has requested 120 days for the industry to execute the rate reduction.

In January, the Appellate Division of the New York State Supreme Court overturned a lower court's ruling that annulled new title industry regulations promulgated by the NYDFS, including a 5 percent rate reduction.

In July 2018, a Manhattan Supreme Court justice struck down the state regulation that barred title companies from passing along marketing expenses to customers, and ancillary fees that title agents or title insurers may charge the insured at closing. The NYDFS appealed the decision in August. Writing for the panel, Justice Anil Singh said that NYDFS did not overreach its authority and overturned the lower court's holding regarding the prohibition on inducements, and expense reporting and rate filing.

## Radian Acquires Data Analytics and Predictive Model Provider

Radian Group Inc. recently acquired Maryland-based Five Bridges Advisors LLC, a developer of proprietary software, data analytics and predictive models leveraging artificial intelligence, machine learning and traditional econometric techniques.

In a release, Radian said the acquisition is consistent with its growth and diversification strategy, as well as its focus on the core product offerings such as title, mortgage and real estate services. Five Bridges uses analytics to provide customers with valuation and risk management tools that span the entire loan lifecycle, from underwriting and origination to servicing, secondary market purchase and securitization.

Last year, Radian acquired Entitle Direct, which is licensed as a title insurance underwriter in 40 states. In addition, Radian announced in December that it had rebranded ValuAmerica as Radian Settlement Services Inc.

"We are delighted to welcome Five Bridges to the Radian family of companies, expanding our capabilities and providing our customers across the country with new levels of service and innovation across the residential mortgage and real estate spectrum," said Rick Thornberry, CEO of Radian. "This acquisition is another example of how Radian is reengineering and revolutionizing existing industry business models to enhance the overall value proposition for our customers."

In 2019, Five Bridges will transition to the new One Radian brand identity as an integral part of the company's title, mortgage and real estate services.

## Heartland BancCorp Merges Title Companies

Ohio-based Heartland BancCorp announced plans to merge two of its title companies.

BancCorp, parent company of Heartland Bank, will merge TransCounty Title Agency, a community focused boutique agency acquired by the bank in July 2018, with All Ohio Title Agency. Specializing in commercial real estate transactions, All Ohio Title Agency has been 49 percent owned by Heartland Bank since 2000.

"End-to-end satisfaction and risk mitigation are the reasons for having a title company as part of Heartland BancCorp," said Scott McComb, president and CEO of Heartland BancCorp. "The service and expertise we offer our clients in these very important transactions are our first priority."

All Ohio Title will adopt the TransCounty Title Agency name.

## Black Knight Digital Closing Solution Helps Determine Best Way to Close a Loan

Black Knight's digital closing solution has been enhanced with data recognition capabilities that can automatically determine the best way to close any given loan based upon a lender's preferences and business rules, as well as jurisdiction-specific requirements.

Whenever possible, Expedite Close supports fully digital closings—including e-sign, e-notary and e-close components. For closings that are not fully digital, Expedite Close identifies and executes whatever combination of wet-ink and digital closing works best for the lender and/or the property jurisdiction, saving significant cost and time. Expedite Close also enables lenders to adopt digital elements at their own pace, without requiring the purchase of additional technology when the lender—or the jurisdiction—is ready to embrace completely digital closings.

This closing solution also digitally audits the entire closing package at completion. Additionally, advanced document-recognition capabilities enable static PDFs of closing documents to become searchable, e-signable and data-centric, allowing Expedite Close to streamline the post-closing process.

## Nevada Now E-recording Statewide With Simplifile

Nevada recently became the ninth state to use Simplifile electronic recording statewide. Mineral County joined Nevada's 16 other counties that e-record with Simplifile. In 2007,

Carson City County became the first Nevada county to join Simplifile's network.

More than 1,887 jurisdictions nationwide e-record with Simplifile, making it the largest e-recording network in the U.S. Nevada joins Alaska, Arizona, Colorado, Delaware, Hawaii, Iowa, Massachusetts and Oregon in offering e-recording statewide through Simplifile.

## Nevada Issues Unlawful Inducements Bulletin

The Nevada Division of Insurance in December issued a bulletin reminding the industry how the department interprets and enforces marketing practices that may violate the states rebate and inducement laws.

According to the department, the regulation (NRS 686A.130(3)) prevents a title insurer or underwritten title company from paying directly or indirectly any commission, rebate, part of its fees or charges or any other consideration as inducement or compensation for the placement of any title, escrow or other service to any of the following:

- The insured
- The owner, existing or prospective, of the real property
- The lessee, existing or prospective, of the real property
- The mortgagee, existing or prospective, of the real property
- Any person acting as agent, representative, attorney, or employee of any of the above

The bulletin provides guidelines for the following items:

- Title and escrow fees
- Promotional materials
- Other gifts
- Advertising real property
- Other advertising
- Educational activities
- Business entertainment
- Office space
- Real estate facilitator events
- Third-party vendors
- Trade associations

## IRS Issues Final Regulations on Pass-through Business Deduction

The U.S. Treasury on Jan. 18 issued final regulations on a provision of the Tax Cuts and Jobs Act (TCJA) that allows owners of sole proprietorships, partnerships, trusts and S corporations to deduct up to 20 percent of their qualified business income on their taxes.

To the benefit of ALTA members, the Treasury maintained a narrow view of which businesses constitute a specialized service trade or business.

Under the final rule, the term "financial services" is defined as the provision of services for "managing wealth, advising clients with respect to finances, developing retirement plans, developing wealth transition plans, the provision of advisory and other similar services regarding valuations, mergers, acquisitions, dispositions, restructurings (including in title 11 or similar cases), and raising financial capital by underwriting, or acting as a client's agent in the issuance of securities and similar services."

While the IRS did not provide a blanket exclusion, it did say that insurance and real estate professionals will not generally fit this definition.

## Southern Title Honored with State Award by Women's Council of Realtors

Daytona Beach, Fla.-based Southern Title Holding Company received the 2018 Strategic Business Partner of the Year Award for the Women's Council of Realtors (WCR) Florida at the Network's Mid-Winter Meetings.

The achievement highlights the company's commitment to the mission of WCR, in terms of time and talent, as well as continued financial support.

## Recent Integrations

- Real estate technology company **Qualia** announced an integration with **Fidelity National Financial's TitleWave** system. The integration allows Qualia customers to submit their title search orders to TitleWave without having to rekey order details.
- Through a new integration, **SoftPro 360** business exchange platform users will be able to produce automated title reports using **NextAce**'s smart search capabilities.
- **SafeChain**'s wire fraud prevention platform, **SafeWire**, now incorporates information from the **Accuity Bankers Almanac Routing and Transit Number** (RTN) file. Now, when wire instructions are sent to SafeWire, users can leverage the Accuity payment data to verify that all necessary routing information for the transaction is present and correct.
- **LodeStar Software Solutions**, a residential real estate closing cost data and technology company, has integrated national real estate taxes into its closing cost data. Lenders can obtain quotes instantly through **Ellie Mae's Encompass** digital mortgage solution.

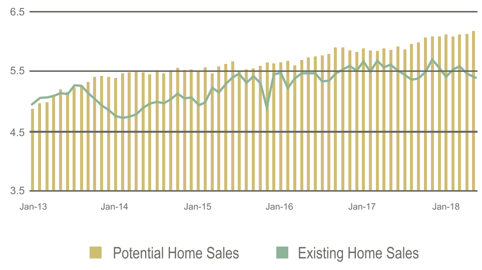
# Housing Market Potential

Existing and Potential Home Sales* (in Millions, Seasonally Adjusted Annualized Rate)

**5.22** SAAR
Existing Home Sales

**6.13** SAAR
Potential Home Sales

**-14.9%**
Market Performance Gap




*Potential home sales measures what a healthy market level of home sales should be based on the economic, demographic and housing market environments.

## National Consumer House-Buying Power

How much home one can afford to buy given the average income and the prevailing mortgage rate

**October 2018**

**$354,740**
House-Buying Power

**-7.7%**
Year-Over-Year

## Where House-Buying Power is Strongest

Top States and Cities

### States

1. Maryland: **$469,174**
2. New Jersey: **$453,597**
3. Connecticut: **$452,626**
4. Hawaii: **$450,312**
5. Massachusetts: **$436,605**

### Cities

1. San Jose, CA: **$654,043**
2. Washington, DC: **$595,169**
3. San Francisco, CA: **$575,794**
4. Boston, MA: **$505,336**
5. Seattle, WA: **$488,429**

Source: Mark Fleming, Chief Economist at First American Financial Corporation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# Movers & Shakers

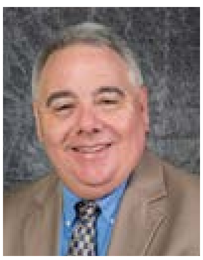
Demmon

## North American Title Company Names President

States Title, Inc. has named Dia Demmon president of its newly acquired subsidiary, North American Title Co. (NATC). She will oversee the company's extensive title insurance, escrow and closing operations throughout the country. States Title acquired the majority of NATC's retail business along with North American Title Insurance Company (NATIC) from Lennar Corp. on Jan. 7. Demmon's previous positions at North American Title include western region president, senior vice president of corporate development, president of North American Exchange Company and vice president, division manager of National Title Services.

## Orange Coast Title Appoints New COO

Orange Coast Title Company announced the appointment of Mike Marconi to the position of chief operating officer. Marconi began his career with Orange Coast Title in 1990 and was promoted to executive vice president in 2004. He replaces Rich Macaluso, who continues as president of Orange Coast Title. Marconi founded the company's Lender Services Group and has led that division to become a national 50-state solution for institutional lenders.



Cotler

## NATIC Names Director of Audit and Compliance Services

Adam Cotler has been promoted to vice president, director of audit and compliance services for North American Title Insurance Co. (NATIC). For the past two years, Cotler served as NATIC's assistant director of quality assurance and compliance, handling the department's day-to-day audit operations. He has more than 28 years of auditing and risk management experience.

## WFG Adds Senior National Commercial Underwriting Counsel

WFG National Title Insurance Company announced that Jessica M. Figueroa has joined the company as senior national commercial underwriting counsel in its New York division. Figueroa has more than 10 years of title insurance industry experience in all aspects of major commercial transactions, both in New York and nationally. Prior to joining WFG, she served as a national commercial underwriter at Commonwealth Land Title Insurance Company.

## Fidelity's Carroll Awarded N.Y. State Bar's Professionalism Award

Frank Carroll, regional counsel for Fidelity National Title Group (FNTG), was awarded the Professionalism Award of the New York State Bar Association's Real Property Section during its annual meeting in January. Each year, the Real Property Section honors an outstanding real estate practitioner with this award. Early in his career, Carroll was trained and mentored by attorneys who emphasized that public service was an essential part of the life of the practicing attorney.

## First American Promotes Kushi to Deputy Chief Economist

Kushi

Odeta Kushi has been promoted to deputy chief economist at First American Financial Corporation. Kushi previously served as senior economist, helping First American's Economics team research, create and publish unique perspectives on the housing market. Kushi regularly publishes analysis to the First American Economics Center and speaks frequently at conferences and events.

# Build It, For When They Come

**CYNTHIA DURHAM BLAIR NTP**
ALTA president

**WHILE WALKING THROUGH HIS CORNFIELD** in the 1989 movie "Field of Dreams," Kevin Costner's character, Ray, hears a voice whisper, "If you build it, he will come." The voice is accompanied by a vision of a baseball diamond in the cornfield. After twists and turns, and despite possible financial ruin, Ray plows under his cornfield to build the baseball diamond.

Baseball players of old—including his father—did show up. Ray's desire and effort gave the men a second chance to experience living their dream of playing baseball.

The movie made me think of how the industry is in the middle innings of providing digital closings across the country to help consumers realize the dream of homeownership. At ALTA's winter Board of Governor's meeting in February, our innovation conversation focused on digital closings and the work of our new Digital Closing Committee. A survey of committee members found their top concerns are tracking remote online notarization (RON) legislation and monitoring trends in emerging digital technologies.

As more states pass RON bills and promulgate rules, it's important we keep the consumer experience a priority. Why? According to a recent Fannie Mae survey, consumers prefer using online services for simple banking tasks like paying bills. However, when it comes to complex tasks likes applying for and closing on a mortgage, their preference is still to talk to a live person. Fannie Mae found 79 percent of consumers prefer working one-on-one with when applying for a mortgage. Conversely, only 20 percent prefer applying online.

When we equate the digital mortgage and closing experience with buying on Amazon, we don't consider that online shopping is impersonal. You find what you want and buy it. It's do-it-yourself shopping. Most first-time homebuyers, on the other hand, are unsure of what they are doing. They want guidance and explanation. They need someone to help lead. Someone to use their real estate expertise to help them. These buyers want someone to deliver and help make sure things go smoothly. They want to feel protected.

Buying a home is exciting and people want an experience that matches their excitement. They want the Instagram moment. They want to celebrate getting their keys. They want you to provide a Field of Dreams. For some, a digital closing option may be the best option. For others, they may prefer a traditional closing.

As Ray found, people did come. If you build an operation that can handle digital closings, consumers might not demand that option. However, if you don't build it, they won't come. So, build it, for when they do.

OLD REPUBLIC TITLE

# MYTH: MILLENNIALS ARE NOT BUYING HOMES.

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

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