

TITLENews

JANUARY 2019

AMERICAN LAND TITLE ASSOCIATION



2019:
The Year
of Fintech?

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DON'T MISS THIS MONTH'S
DIGITAL ISSUE OF

TITLENews

The digital edition of **TITLENews** includes a webinar recording providing details about the 2019 housing and mortgage market forecast.

Go to alta.org
to get your copy of
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It's Always About the Customer

ABOUT FIVE YEARS AGO, I posted A LOT on Facebook. Family photos, commenting on others' posts, rants about sports teams, and of course, the unfortunate pontificating on various topics following too many adult beverages.



JEREMY YOHE

ALTA vice president of communications

I've since pumped the brakes and only occasionally scroll through the feed to get updates on family and friends. While doing this, a post about how tech-based companies have swooped in and crushed existing companies caught my eye. It mentioned about 10 or so of the obvious ones (Netflix/Blockbuster, Amazon/Borders, and Uber/taxi industry to name a few). That wasn't what made me pause to read more. Rather, it was the post's simple message driving home the point that disruption has less to do with the technology and more about losing sight of serving the customer and the failure to meet their needs.

At one time, there was an alleged leaked internal memo to Blockbuster executives titled, "Why Netflix isn't a threat." Some of the reasons in the email included:

- ☒ People like flipping over the DVD case and reading the description.
- ☒ They like picking up snacks at the store.
- ☒ They like running into their neighbors when they return videos.

The writing was on the wall, or at least in the email. Blockbuster stopped serving (or caring about) its customers.

As you'll read in this month's cover article, title professionals across the country understand that implementing technology to improve the closing process is essential to meeting the needs of today's customers. Maybe it's a secure, collaborative portal everyone involved in the transaction can use to send information and money. Maybe it's offering digital closing capabilities, so consumers can close at their convenience and lenders can sell loans quicker on the secondary market. Or it may not involve technology at all. It simply may be offering new services such as 1031 Exchanges or committing to connecting directly with consumers and educating them about the benefits of title insurance.

Whatever decisions you make, they must be customer-centric. As we roll into 2019, the push for fintech won't abate. Pressure to be faster and cheaper will continue. Check out ALTA's Marketplace (alta.org/marketplace) to help you evaluate various technology providers. Before implementing any technology, make sure you understand why you're purchasing it and how it will serve your customers.

ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS,
NEWS, UPDATES
& EVENTS

ALTA to Launch New E-news Publication

In January, ALTA will launch a new publication for members called Digital Fix. The bi-monthly e-newsletter will focus on technology and all things digital to help members understand this evolving market and provide information to customers. We hope you use it to educate yourself and your staff about how digital technologies are shaping the real estate and mortgage industry, and to share with your customers all the innovation taking place in the industry.



Help ALTA Save a Tree or Two

As the cost to print and mail *TitleNews* continues to increase and becomes a larger percentage of ALTA's budget, we'd like you to consider opting out of the print copy of the *TitleNews* magazine.

We've created a simple way for you to opt out of receiving the monthly magazine. You will continue to receive the digital edition every month.

To opt out of receiving the print magazine and to manage the other information you receive from ALTA, go to alta.org/publications.

ALTA Announces HDEP International as an Elite Provider

ALTA recently announced that HDEP International has been named an ALTA Elite Provider.

ALTA's Elite Provider Program features distinguished service providers committed to furnishing extensive benefits to the title insurance and settlement services industry. Elite Providers promote the highest industry standards and provide effective solutions for ALTA members' critical needs.

HDEP International provides high-quality title production services, order entry, commitment preparation, O&E reports, abstracts, foreclosure reports, final polices and more. In addition to title production work, the company builds electronic title plants, maintains existing daily plants, completes legal descriptions and provides other services. HDEP International says it allows its customers to convert fixed costs to variable costs and notes that its customers can save as much as 50 percent of internal costs when using their services. The company's facilities are ISO 27001 security certified, and the company is ALTA Best Practice Pillar 3 compliant. HDEP International offers complimentary project evaluations and project setup services to ALTA members.

For more information about the program, visit alta.org/elite.



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Senate Banking Committee Discusses Real Estate GTOs During AML Hearing

On Nov. 29, the Senate Banking Committee held a hearing on “Combating Money Laundering and Other Forms of Illicit Finance.” Testifying during the hearing were Kenneth Blanco, director of the Treasury Department’s Financial Crimes Enforcement Network (FinCEN); Steven D’Antuono, section chief for financial crimes at the FBI; and Grovetta Gardineer, senior deputy comptroller at the Office of the Comptroller of the Currency.

The main topic of discussion during the hearing was broader efforts to update the federal anti-money laundering laws. As part of this, the witnesses and several senators highlighted the need for reporting of corporate beneficial ownership information to federal law enforcement at the time of incorporation and change in control.

An additional set of questions from senators was on the use of real estate in money laundering and the geographic targeting orders (GTOs). Prior to the hearing, ALTA staff provided background to committee members on ALTA members’ experience with the GTOs. These conversations have helped educate congressional staff on both the opportunities and challenges the industry finds in assisting law enforcement with combating money laundering.

Of note, Sen. Bob Menendez (D-N.J.) asked for details about the success of the GTOs saying that, “the current rules around cash purchases of real estate, in most areas of our country, we’re not set up to catch bad foreign actors” and that “this makes the U.S. a safe and easy place to hide money.” FinCEN Director Blanco responded that he did not want to discuss data from an open collection effort and investigation in public and offered to hold a confidential briefing for senators.

Sens. Catherine Cortez Masto (D-Nev.) and Chris Van Hollen (D-Md.) both asked whether anti-money laundering requirements for the real estate industry should be expanded. Sen. John Neely Kennedy (R-La.) questioned whether it is likely that criminals will provide accurate beneficial ownership information to title companies and banks as part of the GTOs or other anti-money laundering efforts.

For more on FinCEN’s latest GTO, see page 25.

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: 119
- New Associate Members: 1
- New Attorney Members: 72
- Total Members: 6,378
- 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.

CALENDAR

2019 ALTA CONFERENCES

ALTA SPRINGBOARD

March 20-21

Memphis, Tenn.

ALTA ADVOCACY SUMMIT

May 6-8

Washington, D.C.

ALTA ONE

Oct. 21-25

Austin, Texas

2019 STATE CONFERENCES

ALASKA

Feb. 1-2

Anchorage, Alaska

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.



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2019: The Year of Fintech in the Title Industry?



With Total Mortgage Originations Forecast to Decrease, Technology Can Help Drive Efficiency

FROM THE NATIONAL COMPANIES TO SMALLER OPERATIONS

that operate in one state, 2018 proved to be a year of acquisitions and expansion to gain market share. Earlier in the year, Fidelity announced plans to acquire Stewart. In December, States Title publicized plans to merge with North American Title Insurance Co. Both transactions, pending regulatory approval, are expected to close in 2019.

The deals will significantly alter the industry landscape at the underwriter level. The acquisitions will ultimately have some affect on title agencies, which are also trying to decipher how to grow their business and capitalize on the technology wave.

For Kyle Mead, vice president and chief examining attorney for Kansas-based Lawyers Title of Topeka, the past 12 months was about rediscovering the company's core strengths and value to its customers. In 2018, the company took advantage of opening an office in an adjacent county. While the expansion is off to a decent start, Mead believes more growth is possible. To achieve that, he said the company—along with its two other sister operations—will officially change its name to Lawyers Title of Kansas Inc.

“As part of that process, we rediscovered the strength of our original brand, and decided on an official name change to reflect the business expansions we have experienced and the continued growth we are working to produce,” Mead said. “We make efforts to be proactive with our transactions. We want to get to know the preferences of our real estate agents and lenders, so that we can anticipate their needs and address concerns earlier in the process.”

Meeting the needs of customers is what it boils down to.

Deborah Bailey, managing member of the Georgia-based law firm Bailey Helms Legal LLC, also sees an opportunity to serve what she calls the “do-it-yourself” (DIY) consumers. Not wanting to re-create the wheel, Bailey said her firm plans to utilize the myriad of resources available through ALTA's Homeowner Outreach Program (HOP), which provides members marketing and educational material in various formats (Resources are available at alta.org/hop). She plans to incorporate the material into their marketing because they get “positive feedback from our homebuyers when they are provided this information.”

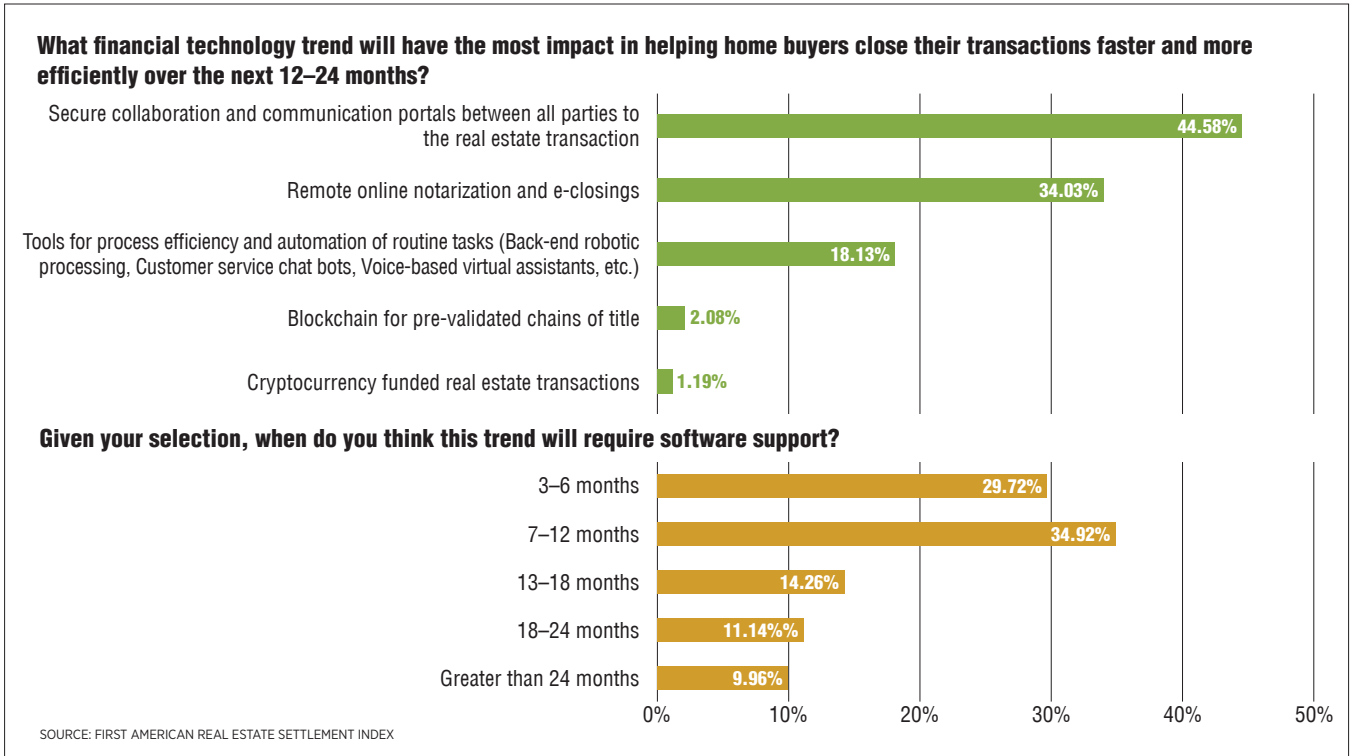
“When ambition and reality collide, we hope to be the experts that DIYers call to get their transaction over the finish line,” Bailey said. “We plan to robustly blend technology with top-notch customer service skills to improve the customer's experience.”

Fintech Tipping Point?

The approach of assimilating technology into the homebuying process seems to be on the minds of other title professionals as well. According to First American Chief Economist Mark Fleming, title agents and real estate professionals are

FANNIE MAE HOUSING MARKET FORECASTED FIGURES

	2018				2019				2020				2017	2018	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Housing Starts and Sales (SAAR, Thousands of Units)																
Housing Starts	1,317	1,261	1,225	1,246	1,247	1,261	1,271	1,282	1,287	1,288	1,289	1,288	1,203	1,262	1,265	1,288
Single-Family (1 Unit)	888	886	877	871	875	885	912	928	934	937	979	940	849	883	903	938
Percent Change: Year-over-Year													8.6%	4.1%	2.2%	3.9%
Multifamily (2+ Units)	428	385	347	375	372	386	359	354	353	351	350	348	354	379	363	351
New Single-Family Home Sales	656	633	598	581	599	618	628	632	635	637	639	640	613	617	619	638
Percent Change: Year-over-Year													9.3%	0.6%	0.4%	3.0%
Total Existing Home Sales (Single-Family, Condos and Co-Ops)	5,507	5,413	5,273	5,240	5,281	5,342	5,395	5,441	5,440	5,454	5,457	5,459	5,510	5,358	5,365	5,455
Percent Change: Year-over-Year													1.1%	-2.8%	0.1%	1.7%
Total Home Sales (New + Existing)	6,163	6,046	5,871	5,821	5,980	5,960	6,023	6,073	6,084	6,081	6,096	6,099	6,123	5,975	5,984	6,092
Home Prices (NSA, Thousands of dollars)																
Median New	331	314	324	354	347	328	338	368	359	337	345	375	323	331	345	354
Median Total Existing	244	266	264	260	256	278	275	270	264	285	281	275	247	258	270	276
FHFA Purchase-Only Index (% Change: Quarterly YoY, Annual Q4/Q4)	7.4%	8.8%	6.3%	5.4%	4.4%	4.8%	4.3%	4.1%	3.5%	2.6%	2.5%	2.2%	6.9%	5.4%	4.1%	2.2%
Mortgage Rates (Percent)																
30-Year Fixed Rate Mortgage	4.3	4.5	4.6	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.0	4.6	4.8	4.8
5-Year Adjustable Rate Mortgage	3.6	3.8	3.8	4.1	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.3	3.2	3.8	4.2	4.3
Single-Family Mortgage Originations (NSA, Billions of dollars, 1-4 Units)																
Mortgage Originations	374	447	419	388	321	442	437	404	334	456	450	411	1,826	1,827	1,805	1,851
Purchase	227	335	319	286	218	338	334	302	234	355	348	310	1,177	1,166	1,192	1,246
Refinance	257	111	100	103	104	103	103	103	100	100	102	101	650	461	413	404
Refinance Share (%)	38%	25%	24%	27%	32%	23%	24%	25%	30%	22%	23%	25%	36%	28%	26%	25%



embracing fintech to enhance the homebuying experience and prioritizing technology that secures collaboration between all parties in a real estate transaction. Additionally, millennials—the largest group of prospective homebuyers—expect greater efficiency and convenience in their homebuying experience. The past year laid the groundwork for the acceleration of financial technology (fintech) adoption. With low supply and house prices at historic highs, prospective homebuyers felt pressured to settle deals quickly, Fleming said.

Secure collaboration and communication portals, electronic closings and remote online notarization (RON), and chat bots stood out as key innovations from title insurance agents and real estate professionals who were surveyed in First American’s fourth-quarter Real Estate Sentiment Index (RESI).

“We anticipate that 2019 will bring increased adoption of these innovations,” Fleming said. “Title agents and real estate professionals are keenly aware that fintech is transforming the industry, and plan to take full advantage of specific technologies for faster and more efficient transactions. Streamlining time-consuming processes, as well as delivering an improved consumer experience, is top of mind for real estate professionals. Fintech is here to stay.”

The survey showed that according to 45 percent of

the title agents and real estate professionals surveyed, the most important financial technology that helps potential homebuyers accelerate transactions is secure collaboration and communication portals.

“Survey respondents indicated that buyers would greatly benefit from a secure platform that allows them to correspond with lenders, real estate agents, escrow officers and other parties involved with the real estate transaction,” Fleming said. “The emphasis on security does not come as a surprise, given that one of the major trends affecting the real estate industry, real estate professionals and consumers is the rise in wire fraud.”

Additionally, the survey revealed that 34 percent of title and real estate professionals believe e-closing and remote online notarization are poised to transform the homebuying experience.

“Remote online notarization has already been accepted as an alternative to traditional in-person notarization in several states, and we anticipate seeing a further uptick in 2019,” Fleming said. “Similarly, e-closing, the electronic execution of mortgage loan closing documents in a secure digital environment, is a faster and more efficient alternative to the traditional paper-based real estate closing. E-closing can also reduce the risk of manual errors in the closing process, improving loan quality alongside efficiency.”

Do the RON, RON

Some title companies are already taking advantage of RON in markets where it's legal. Houston-based Celebrity Title Company successfully completed its first remote online notarization closing shortly after the Texas Secretary of State released final regulations for the use of RON. Andi Bolin, president of Celebrity Title Company, said she is proud to have the support and forward-thinking partnership with Westcor Land Title Insurance Co., which provides RON capability to its agents. Bolin believes this technology will help drive growth in 2019.

"We now have a higher level of adaptability to the needs and requirements of our clients," she said. "As an independent agent, technology advancements are imperative to our growth and ability to thrive in an ever-changing market. Leveraging this new closing platform allows us to further our commitment to clients and to the value we provide as an industry."

The benefit was highlighted by how the homebuyers felt about the process. According to a release from Westcor, the husband of the couple involved in the deal said Celebrity Title and the mortgage company made "our purchase a smooth and seamless transaction. We were able to close from the comfort of my office. We never had to go to the title company"

The availability of RON will only grow as discussions about RON bills for introduction during the 2019 state legislative sessions have already started in about 12 states. Ohio was the latest state to pass a bill that explicitly allows the practice. The legislation is expected to go into effect around July 1. After that, the secretary of state will have one year to promulgate rules under the act.

Other title professionals are still prepping their operations for the digital wave in markets where RON is still not legal.

"We currently do not have the legal infrastructure in our market to do a full digital closing," Bailey said. The firm spent 2018 diligently digitizing its processes where possible and hopes "to continue that trend in 2019 and beyond."

That's a similar sentiment held by Mead. He said digital closings are not common in his market. Despite the lack of demand for the service, Mead is still prepping for when the time comes.

"We are looking into the available options to be able to provide the best service for our clients," he said. "We were one of the first companies in our area to provide e-recording and had been among the first to be e-sign certified when that technology was first

Market Forecast Highlights

Here's a look at some projects from the Mortgage Bankers Association:

2019 Housing Market Forecast

\$1.63 trillion

Overall in 2019, total mortgage originations are forecasted to decrease to \$1.63 trillion from \$1.64 trillion this year. In 2020, the MBA is forecasting purchase originations of \$1.27 trillion, and refinance originations of \$410 billion, for a total of \$1.68 trillion.

1,305 million

Housing starts are expected to increase steadily over the next few years, rising to 1,305 million from 1,261 million. According to

the MBA, housing starts should push to 1,330 million in 2020 and 1,360 in 2021.

5,583 million

Existing home sales are expected to show steady increases in the MBA forecast, with sales rising nationally to 5,583 million in 2019 from 5,400 in 2018. Existing home sales (which include condos and co-ops) are expected to rise further to 5,718 in 2020 and 5,794 in 2021.

introduced years ago. However, e-sign never caught on in our market area. We expect and intend to be at the forefront of the service if and when it becomes common in our area."

Rise of the Bot

Chat bots can also be used to automate certain tasks and make the process more efficient, according to 18 percent of those surveyed by First American.

"With more and more prospective home buyers searching for homes and information online, chat bots can help real estate agents engage potential customers in real time as they are browsing online listings, at any time of day," Fleming said. "This technology has great potential to serve the real estate industry."

While it's clear title professionals understand the need for technology, according to First American's

survey, more than a third of title agents and real estate professionals anticipate needing software support for remote online notarization and secure collaboration and communication portals in the next seven to 12 months.

Market Projections

As these companies navigate technology options and the positive outlook for the potential of fintech, they'll be doing so in a tightening market spurred by rising mortgage rates and high house prices.

CoreLogic Chief Economist Frank Nothaft reported that economic growth in the United States only needs to last six more months in order to set the record for the longest economic expansion in the country's history, based on business cycle dates going back more than 160 years.

Nothaft sees growth starting to slow, but still pushing unemployment to 3.4 percent—marking a 50-year low. As unemployment creeps down, interest rates will continue to rise as the Federal Reserve continues to normalize the level of interest rates and keeps an eye on inflation. CoreLogic expects long-term yields to rise as well, nudging 30-year fixed mortgage rates up to an average of about 5.25 percent by next December—the highest in a decade. This will ultimately affect the housing market and title order volume.

“At the margin, homeowners who currently have low-rate mortgages will be incented to stay in their home rather than sell, keeping the new-listings flow relatively low,” Nothaft said. “The larger monthly payments that come with higher mortgage rates will likely soften buyer demand, leading to less pressure on home prices.”

For mortgage lending, higher rates mean even less refinancing in 2019. The Mortgage Bankers Association (MBA) predicts \$1.24 trillion in purchase mortgage originations in 2019. This is a 4.2 percent increase from 2018. In addition, the MBA anticipates refinance originations will continue to trend lower next year, decreasing by 12.4 percent to \$395 billion. Overall in 2019, total mortgage originations are forecasted to decrease to \$1.63 trillion from \$1.64 trillion this year.

“We are seeing some deceleration in the rate of home price growth, but believe this is a healthy pause for the market, as it will allow income growth to catch up to the recent run-up in home values,” said Mike Fratantoni, MBA chief economist and senior vice president for research and industry technology.

He added that housing demand should continue to grow over the forecast horizon, with the pace of home sales held back primarily by the constrained pace of new building. He expects that home purchase originations will

increase each year through 2021, and that pace should continue to increase given the wave of millennial buyers beginning to hit the market. Nothaft added that growth in home equity and homeowners deciding to stay put rather than sell, should increase home remodeling expenditures and the origination of HELOCs for home improvement purposes.

“While the macroeconomic and housing market backdrops are, and should remain quite favorable, the mortgage industry continues to be challenged by the drop in origination volume, coupled with significant margin compression,” Fratantoni said. “Lenders of all types and sizes are seeing elevated costs, coupled with intensely competitive pricing, to capture more volume. This in turn is depressing revenues.”

Control What You Can

While title professionals can't dictate market conditions and remain reliant on housing and origination volume, companies can actively build a team that can weather market cycles by improving employee engagement and empowering them to make decisions. According to Gallup, 87 percent of employees are not fully engaged at work. However, studies show companies with a highly engaged workforce outperform their peers by 1.5 times. This highlights why cultivating a positive culture and developing company values are so important to driving long-term success.

Bailey said her firm's values are focused on the individual, adding they are passionate about being ethical in every phase of the transaction. “It is hard to defeat values that are centered on ethics and love,” she added.

Mead said his company developed a mission statement and statement of core values over a period of four to six months. In staff meetings, team members are encouraged to share examples where they have observed co-workers exhibiting one of these values. Supervisors work to identify and provide individual recognition when observing staff embodying their values.

“As a small, family-owned company, it was important to include our staff in the discussion as we considered and formulated the core values statement we have today,” Mead said. “Over the course of monthly staff meetings and day-to-day interactions, we were able to identify and clarify those aspects of service that we believe define our business: Connect, Commit, Complete.” ■



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

Lean on FNTG

The roots of a tree serve two vital roles: anchoring the tree to the ground and collecting essential nutrients to help the tree thrive. You can lean on our deep title insurance roots to connect you with education, technology, leadership and more to help you thrive, both now and in the future. We are committed to your agency's success.



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What the Title Industry Should Know About

OPPORTUNITY ZONES



There Are Many Ways Title Professionals Can Benefit From the New Program

By Derek Uldricks

IT'S RARE THAT A TRUE REVOLUTION COMES TO ANY INDUSTRY. That's especially true for the long-standing real estate and title industries. But a dramatic change to the tax code has created a vehicle that has the potential to pour billions of dollars into real estate development, increasing the need for the services of title professionals.

Opportunity zones grant generous capital-gains tax breaks to investors in developments located in areas classified as distressed. U.S. Treasury Secretary Steve Mnuchin estimates that up to \$100 billion in capital may be invested into opportunity zones, which will spur commercial, industrial and residential building in areas that may already be emerging as hot local real estate plays.

This will result in a major demand for title industry professionals who are knowledgeable on local real estate trends and familiar with areas ripe for development. These opportunity zones are a true game-changer for all parties involved in land acquisition.

How will title professionals benefit?

Currently, over 8,700 areas have been designated as opportunity zones. They are located in every state and U.S. territory, and some 35 million Americans live in these designated areas. The potential for land acquisition within opportunity zones cannot be overstated.

There are many other ways that title professionals can gain from the new program.

Few rules limit the types of projects that can be constructed within the boundaries of an opportunity zone. The primary rules state that an opportunity zone fund—the vehicle used to invest in opportunity zones—must double the basis of the property purchased within any 30-month period.

development programs available for these hospitality employees.

But it goes beyond just hospitality. We may see an influx of retail, office and multi-family projects all pop up within the borders of opportunity zones. Industrial uses may also come into play with the development of warehouses and new manufacturing facilities.

Title professionals who maintain great contacts with commercial real estate brokers stand to gain from these programs. And it's not just those with commercial property experience who can benefit from opportunity zones.

Several residential projects located in opportunity zones are also being planned. Certain developers are focusing on workforce and affordable housing, with many containing lease-to-own

Opportunity Zones Frequently Asked Questions

The IRS provided the following answers to several questions about Opportunity Zones

Q. What is an Opportunity Zone?

A. An Opportunity Zone is an economically-distressed community where new investments, under certain conditions, may be eligible for preferential tax treatment. Localities qualify as Opportunity Zones if they have been nominated for that designation by the state and that nomination has been certified by the Secretary of the U.S. Treasury via his delegation of authority to the Internal Revenue Service.

Q. How were Opportunity Zones created?

A. Opportunity Zones were added to the tax code by the Tax Cuts and Jobs Act on Dec. 22, 2017.

Q. Have Opportunity Zones been around a long time?

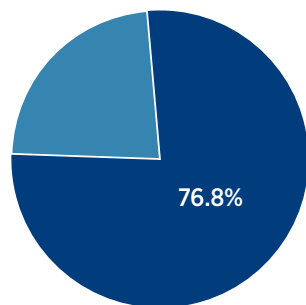
A. No, they are new. The first set of Opportunity Zones, covering parts of 18 states, were designated on April 9, 2018. Opportunity Zones have now been designated covering parts of all 50 states, the District of Columbia and five U.S. territories.

Q. What is the purpose of Opportunity Zones?

A. Opportunity Zones are an economic development tool—that is, they are designed to spur economic development and job creation in distressed communities.

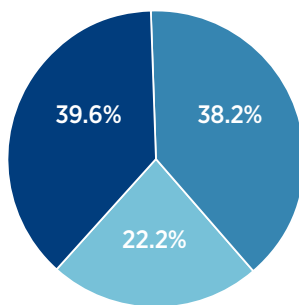
Continued on pg. 18

What Does an Average Opportunity Zone Look Like?



■ Metropolitan ■ Non-Metropolitan

Source: EIG analysis of American Community Survey data



■ High Density ■ Medium Density ■ Low Density

It's likely that an emphasis will be placed on commercial development. The intent of Congress in creating opportunity zones is to generate job opportunities in areas where they might not currently exist. Still, many opportunity zones are located in urban cores and "hot" areas emerging as hubs for millennials or adjoining areas that are already developing.

For example, Virtua Partners has several hotel projects in the works in opportunity zones. These properties are located in or near major cities with great access for guests. Further, Virtua Partners makes long-term personal and career

contingencies. Parcels of land will also need to be subdivided into housing units, which will likely be sold to new homeowners. This will provide opportunities to title workers experienced in residential transactions.

Further, many properties located in opportunity zones may be older or vacant, with a confusing history of ownership. Title professionals who know how to track the historic ownership of land parcels would also be well served to learn more about opportunity zones.

In essence, the title industry will be at the center of a plan that's rapidly changing the face of American real estate.

Opportunity Zones Frequently Asked Questions, cont.

Q. How do Opportunity Zones spur economic development?

A. Opportunity Zones are designed to spur economic development by providing tax benefits to investors. First, investors can defer tax on any prior gains invested in a Qualified Opportunity Fund (QOF) until the earlier of the date on which the investment in a QOF is sold or exchanged, or Dec. 31, 2026. If the QOF investment is held for longer than 5 years, there is a 10% exclusion of the deferred gain. If held for more than seven years, the 10% becomes 15%. Second, if the investor holds the investment in the Opportunity Fund for at least ten years, the investor is eligible for an increase in basis of the QOF investment equal to its fair market value on the date that the QOF investment is sold or exchanged.

Q. What is a Qualified Opportunity Fund?

A. A Qualified Opportunity Fund is an investment vehicle that is set up as either a partnership or corporation for investing in eligible property that is located in a Qualified Opportunity Zone.

Q. Do I need to live in an Opportunity Zone to take advantage of the tax benefits?

A. No. You can get the tax benefits, even if you don't live, work or have a business in an Opportunity Zone. All you need to do is invest a recognized gain in a Qualified Opportunity Fund and elect to defer the tax on that gain.

Q. I am interested in knowing where the Opportunity Zones are located. Is there a list of Opportunity Zones available?

A. Yes. The list of designated Qualified Opportunity Zones can be found at cdfifund.gov/Pages/Opportunity-Zones.aspx.

Q: What do the numbers mean on the Qualified Opportunity Zones list, Notice 2018-48?

A: The numbers are the population census tracts designated as Qualified Opportunity Zones.

Q: How can I find the census tract number for a specific address?

A: You can find 11-digit census tract numbers, also known as GEOIDs, using the U.S. Census Bureau's Geocoder. After entering the street address, select ACS2015_Current in the Vintage drop-down menu and click Find. In the Census Tracts section, you'll find the number after GEOID.

Q. I am interested in forming a Qualified Opportunity Fund. Is there a list of Opportunity Zones available in which the Fund can invest?

A. Yes. The list of designated Qualified Opportunity Zones in which a fund may invest to meet its investment requirements can be found at Notice 2018-48.

Q. How does a corporation or partnership become certified as a Qualified Opportunity Fund?

A. To become a Qualified Opportunity Fund, an eligible corporation or partnership self-certifies by filing Form 8996, Qualified Opportunity Fund, with its federal income tax return. Early-release drafts of the form and instructions are posted, with final versions expected in December. The return with Form 8996 must be filed timely, taking extensions into account.

Q: Can a limited liability company (LLC) be an Opportunity Fund?

A: Yes. A LLC that chooses to be treated either as a partnership or corporation for federal tax purposes can organize as a Qualified Opportunity Fund.

How do they work?

Opportunity zones were designated by Congress in the 2017 tax reform bill, with rare bipartisan support. Under the plan, it is hoped this tax break will steer billions of dollars of capital into areas designated by state governors to be in need of development.

Investors who have capital gains from the sale of any investment can roll those gains into an opportunity zone fund that invests in projects in designated opportunity zones. These investors can then reap the benefits from two levels of tax breaks.

Taxes on capital gains invested in the opportunity fund are initially deferred. If investors hold their opportunity fund investment for at least five years, capital-gains tax liability is reduced by 10 percent via a step-up in basis. If the investment is held for two more years, this liability is reduced by an additional five percent. And if the investors hold for 10 years, they will pay zero capital-gains taxes on any appreciation from the opportunity fund investment.

Anyone in the title industry who has worked with 1031 exchanges will recognize the superior versatility and tax benefits that opportunity zone investments provide.

It's clear to see why so many in the real estate industry are so excited about opportunity zones. Billions of dollars of capital are flooding into them, accelerating development in promising real estate markets. The title industry should take note of what could be an unprecedented opportunity.



DEREK ULDRICKS is president of *Virtua Capital Management LLC*. He oversees financial product development, underwriting and investor relations for all real estate private equity funds sponsored by Virtua Partners.



MYTH: MILLENNIALS ARE NOT BUYING HOMES.

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

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

GET THE FACTS WITH OLD REPUBLIC TITLE. [OLDREPUBLICTITLE.COM/MYTHS](https://oldrepublictitle.com/myths)

Rethinking Closing Cost Quotes

By Jim Paolino





Providing accurate up front costs is an often-overlooked part of the closing process. Many title agents view this as an unimportant part of the transaction and still send quotes manually. However, the need for accurate up front costs has never been higher from both a compliance and a business perspective. There is a tremendous opportunity for business growth for title agents who can leverage technology to get their fees into the hands of lenders, real estate agents and consumers as early as possible.

Many title agents have no formal process in place to accurately quote fees such as title insurance premiums, transfer taxes and municipal recording fees. This leads to tolerance cures costing title agents and lenders thousands of dollars. Other agents choose to overestimate title fees, leading to potentially losing out on business by making their clients less competitive.

The days of posting a PDF of title fees on your website and finalizing closing costs at the table are over. As the speed of transactions increases, the need to quickly deliver accurate closing costs has never been higher. Title agents need to understand and leverage all the new technology platforms used by lenders, real estate agents and consumers to make sure they can ensure their involvement in the transaction.

Lender

Since the advent of the Good Faith Estimate (GFE) document over 10 years ago, title agents have become accustomed to manually sending or even faxing quotes to their lender clients.

Many title agents now have tools on their websites to provide fee quotes. While this is an important first step and an effective way to add some automation, agents are still missing out on opportunities to save their lender clients time and money by further automating the process of quoting fees. In this competitive market, lenders are always looking for a greater degree of automation and accuracy. Providing them with more efficiency is a win-win.

Every lender uses a loan origination system (LOS), which allows them to track and process all their files. Ideally, lenders want to be able to pull in closing costs from a title agent without ever leaving their system to go to the title agent's website and manually re-enter fees.

"It is absolutely vital for title agents to know which LOS is utilized by their clients," said David Spektor, chief technology officer at LodeStar Software Solutions. "We are seeing many lenders that will not enter into a business relationship with a title agent unless they can pull their title quotes within their LOS."

This type of integration is now ‘table stakes’ for any national lender relationship.”

LOS integrations benefit the title agent via added exposure to loan officers earlier in the process. Lenders are mandated to provide at least one title quote from a licensed title agent for each transaction. They can also see serious time and financial savings by leveraging the automation. Jack McAleese, senior vice president of production at Maryland-based Monarch Mortgage, said his company has reduced curing expenses by 85 percent over the past six months since mandating its loan officers to use LodeStar’s fee quoting system prior to loan disclosure. While lenders face the greatest regulatory pressure to quote accurate fees, other parties of the transaction team can also benefit from accurate up front cost estimates.

Communication with lenders and Realtors is vital to the success of a title agent, but it is even more important to keep the end consumer in mind.

Realtor

While lenders are required to quote fees under TRID, real estate agents have a lot of incentive to be transparent about the fee-quoting process when engaging with a client.

There are two types of estimates that can benefit realtors. The first is a “Buyers Estimate” showing the up front cost to the buyer of a new home. The other is a “Seller’s Net Sheet,” which a listing agent can show to a seller to calculate their net proceeds after transfer taxes, settlement fees and their existing mortgage payoff.

“Our Realtor clients are always running quotes in order to provide their buyers and sellers with the highest possible level of service,” said Regina Braga, chief operations officer at Res/Title, a national title agent based in Rhode Island. “The more transparency they can provide up front, the more likely a customer is to return to them or refer a friend.”

While software system integrations are an important tool for lenders’ clients, real estate agents are much more reliant on mobile solutions in order to deliver fees to their clients.

“Solutions like a mobile calculator app enable title agents the ability to extend their service touch around the clock and visually show their investment in helping customers succeed,” said Dean Collura, CEO of TitleTap. “Realtors and lenders are increasingly leveraging mobile solutions when conducting business

and hours tend to extend into nights and weekends. To produce an estimate on demand in seconds not only saves time, but also helps them respond quickly to buyers and sellers on the move, not to mention keeping the title agent top of mind.”

Communication with lenders and Realtors is vital to the success of a title agent, but it is even more important to keep the end consumer in mind.

Consumer

The purpose of the Know Before You Owe regulations, which created the Loan Estimate and Closing Disclosure documents, was to provide a greater level of clarity into the opaque closing process. By comparing estimates from multiple vendors in an easy-to-understand “apples-to-apples” format, the customer can shop for the best available quote.

“We are seeing consumers coming into the homebuying process much more educated about closing costs and the overall process, even first-time homebuyers,” said David Nadzam, chief operating officer at Priority Title & Escrow, a national title agent based in Virginia Beach, Va. “Prospective clients are running quotes on our website and researching title insurance online—all before ever placing an order with us.”

Realtors, title agents and lenders are all trying to be the first to the consumer in order to be the resource who guides them through the process. Technology platforms like Zillow and Trulia are adding more details about service providers and their associated costs.

Lenders are leveraging point of sale systems (e.g. Rocket Mortgage) to take applications and provide quotes to their customers. Title agents must get creative about how to interact with these systems as well as create tools of their own to get in front of prospective clients as early as possible.

Conclusion

As title agents enter 2019, it is more important than ever to carefully examine all aspects of their business to see where technology can be leveraged for greater sales opportunities. Even seemingly tedious parts of the process—like delivering fee quotes—can be leveraged into opportunities for business growth.



JIM PAOLINO is CEO and founder of LodeStar Software Solutions, a provider of closing cost integrations for lenders and title agents. He can be reached at jpaolino@lsssoftwaresolutions.com.

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- Associate sales price, buyers, and sellers to each property

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- Print individual settlement statement types for buyers, sellers, and properties
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NTP PROFILE



John Holt NTP

COMPANY: Old Republic National Title Insurance Company

TITLE: Vice President, Rocky Mountain Regional Claims Manager

CITY/STATE: Eagle, Idaho

DATE OF DESIGNATION: April 2017

INDUSTRY EXPERIENCE: 31 years

NTP Shows You are Credentialed, Credible, Committed

Why did you become an NTP?

I became an NTP as a personal challenge and goal and to utilize it as a building block for creation and implementation of the Idaho Title Professional (ITP) program.

Why should others get their NTPs?

Getting an NTP demonstrates commitment and knowledge and promotes the professionalism of our industry and further distinguishes you as a leader.

How does being an NTP advance your career?

I think being an NTP sets you apart from the pack that you are a leader in your profession; you are credentialed; you are credible; you are committed.

How did you get into the industry?

My route to the industry is unique in that I started out on the regulatory side as deputy attorney general at the Idaho Department of Insurance (DOI). As a new attorney, I was the low man on the totem pole when issues regarding title insurance came up. No one knew much about title insurance. Since nobody wanted to handle those issues, I got to do the title work. I chaired Idaho's governor-appointed committees on the development of rules on rebates and illegal inducements and for good funds requirements. To learn about title insurance, I created working meetings with industry leaders that evolved into monthly liaison meetings with the DOI and an active relationship with the regulator that has been ongoing for 31 years strong in Idaho.

How has your company had to change in order to remain competitive?

The industry is changing fast. Technology and the manner of conducting business strike me as major evolutions in the industry. I recall when the fax machine was a huge evolution and marketing mechanism. Millennials would laugh at that notion. Going into an office and hearing one title officer reading a legal description to another title officer to ensure accuracy is a thing of the past. Speed, accuracy and efficiency have been constant goals of the title industry. Blending old school with new school is a challenging goal.

Earn Your NTP

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

FinCEN Renews Money Laundering GTOs

The Financial Crimes Enforcement Network (FinCEN) announced Nov. 15 the issuance of revised Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in all-cash purchases of residential real estate.

The purchase amount threshold, which previously varied by city, is now set at \$300,000 for each covered metropolitan area. FinCEN is also requiring that covered purchases using virtual currencies be reported. FinCEN also is dropping the confidentiality provision and removing GTO coverage for purchases by trusts. The extended GTOs run from Nov. 17, 2018 through May 15, 2019.

Covered areas include:

- Texas: Bexar, Tarrant and Dallas counties
- Florida: Miami-Dade, Broward and Palm Beach counties
- New York: Boroughs of Brooklyn, Queens, Bronx, Staten Island and Manhattan
- California: San Diego, Los Angeles, San Francisco, San Mateo and Santa Clara counties
- Hawaii: City and County of Honolulu
- Nevada: Clark County
- Washington: King County



- Massachusetts: Suffolk and Middlesex counties
- Illinois: Cook County

FinCEN reported that previous GTOs provided valuable data on the purchase of residential real estate by persons implicated, or allegedly involved, in various illicit enterprises including foreign corruption, organized crime, fraud, narcotics trafficking and other violations. Reissuing the GTOs will further assist in tracking illicit funds and other criminal or illicit activity, as well as inform FinCEN's future regulatory efforts in this sector.

FinCEN praised the continued assistance and cooperation of the title insurance companies and ALTA in protecting the real estate markets from

abuse by illicit actors.

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

- Location (deal occurs in one of the areas included in the GTOs)
- All-cash deal (no financing)
- Purchase price exceeds \$300,000
- There's a corporate buyer
- Purchase price paid via monetary instrument, wire transfer or virtual currencies

ALTA has developed several tools to help members comply with the order.

To access the resources, go to alta.org/fincen.

Companies with questions can email FinCEN at FRC@FinCEN.gov.

IRS Warns of Tax Transcript Email Scam

The Internal Revenue Service (IRS) recently issued a warning about the surge of fraudulent emails impersonating the IRS and using tax transcripts as bait to entice users to open documents containing malware.

The scam is especially problematic for businesses whose employees might open the malware because the software can spread throughout the network and potentially take months to successfully remove.

Known as Emotet, this malware is often attached to emails purporting to be from specific banks and financial institutions in its effort to trick people into opening infected documents.

Scammers have also sent this malware attached to messages, which claim to come from the IRS, more specifically from "IRS Online." The scam email carries an attachment labeled "Tax Account Transcript" or something similar, and the subject line uses some variation of the phrase "tax transcript."

These clues can change with each version of the malware. Scores of these malicious Emotet emails were forwarded to phishing@irs.gov recently.

FHFA Announces Maximum Conforming Loan Limits for 2019

The Federal Housing Finance Agency (FHFA) announced that in most of the United States the 2019 maximum conforming loan limit for one-unit properties will be \$484,350, an increase from \$453,100 in 2018. For areas in which 115 percent of the local median home value exceeds the baseline conforming loan limit, the maximum loan limit will be higher than the baseline loan limit. The new ceiling loan limit for one-unit properties in most high-cost areas will be \$726,525. Special statutory provisions establish different loan limit calculations for Alaska, Hawaii, Guam and the U.S. Virgin Islands. In these areas, the baseline loan limit will be \$726,525 for one-unit properties.

Redfin to Offer Digital Closings Through Its Title Company

Seattle-based brokerage Redfin announced a partnership with Notarize that will allow homebuyers to complete their transactions online.

According to Redfin, the partnership with Notarize will allow buyers to close on their mortgages when they use Redfin's title company, Title Forward, and settlement company, Redfin Mortgage. The companies reported the partnership has already produced two digital closings in Texas. In a statement Redfin said that it "continues to schedule more digital closings as consumers learn about this option."

Jason Bateman, head of Redfin Mortgage, told Inman the company anticipates that 10 percent of its November closings will be digital.

"I would expect in the coming months a good portion of our closings to be performed this way," he said.

The service is available to consumers using Redfin Mortgage in Colorado, Illinois, Minnesota, Ohio, Pennsylvania, Texas, Virginia and Washington, D.C.

"Our closing solution is a natural fit for Redfin because their customers are accustomed to a digital, mobile product," Patrick Kinsel, founder and CEO of Notarize, explained in a statement. "No longer do customers have to leave work, find a babysitter, coordinate schedules or travel to 'The Closing.' Our technology integrates to seamlessly deliver an easy, intuitive experience, so that buyers can get on to moving and unpacking boxes in their new home."

ValuAmerica Rebrands as Radian Settlement Services

Radian Group Inc. announced that its subsidiary ValuAmerica has been renamed Radian Settlement Services Inc.

"Changing ValuAmerica to Radian Settlement Services is a key next step in Radian's evolution as a broad spectrum solutions provider to the mortgage and real estate industries," said Rick Thornberry, Radian CEO. "With every integration, we further strengthen our company and enhance our ability to deliver more of what our customers need to successfully manage and transact risk across the mortgage and real estate spectrum."

Radian acquired ValuAmerica in 2015. Earlier in 2018, Radian acquired Entitle Direct, which is licensed as a title insurance underwriter in 40 states. Following that deal, Radian planned to expand ValuAmerica's geographic reach.

Black Knight Acquires Ernst Publishing

In a move to bolster its origination solutions, Black Knight Inc. announced in November that it acquired Ernst Publishing Co.

Black Knight reported it will augment its existing fee engine with Ernst's capabilities, including recording fees, transfer taxes, inspection fees, property taxes and title premium fees to create a unified access point for all fee-related needs. This fee suite will integrate with Black Knight's Origination Solutions suite, which includes loan origination software, regulatory compliance and e-closing capabilities, enhanced by artificial intelligence technology.

"By tightly integrating this technology and data into our origination product suite, we are able to better serve our existing clients," said Rich Gagliano, president of Black Knight's Origination Technologies division. "This is another step forward in our mission to provide a truly end-to-end origination solution."

Congressman Asks Fed to Consider Payee Matching Requirements on Wire Transfers

With losses due to wire transfer fraud continuing to rise, a member of Congress raised an important question during a hearing Nov. 14 before the U.S. House Financial Services Committee.

U.S. Rep. Brad Sherman (D-Calif.) posed the question about payee matching requirements for banks and other financial institutions to Randal Quarles, a member of the Board of Governors of the Federal Reserve and the vice chairman for Supervision. Sherman started by sharing

some background and startling figures about the growing threat of wire transfer fraud.

Since October 2013, the FBI reported losses of \$2.9 billion in the U.S. due to Business Email Compromise (BEC) or Email Account Compromise (EAC). Since 2013, global losses due to these fraudulent fund transfers has totaled \$12.5 billion. According to the FBI, the number of BEC/EAC victims involved in the real estate transactions has increased more than 1,100 percent while there was a 2,200 percent rise in reported monetary loss.

“These scams are effective because there’s no requirement that the name of the individual intended to receive a wire transfer actually matches the name on the account that the funds are deposited into,” Sherman said. “Has the Federal Reserve considered requiring banks and other financial institutions to apply payee matching when initiating a wire transfer?”

Quarles responded by saying the Federal Reserve payments system group is considering that requirement among several other active efforts regarding wire transfer fraud. “Well, I hope you’d go back and light a fire under them because this is important,” Sherman interjected.

SafeChain Adds Blockchain to Wire Fraud Prevention Software

SafeChain, a provider of wire fraud prevention software, recently announced it has added blockchain to its wire fraud prevention platform SafeWire. The platform safeguards real estate wire transactions by verifying participants’ identities and account ownership and providing a secure portal to transmit wiring instructions. With blockchain, SafeWire now offers a tamper-proof storage mechanism for wiring instructions that notifies users immediately if an unauthorized party attempts to alter the instructions, according to Tony Franco, CEO and co-founder of SafeChain.

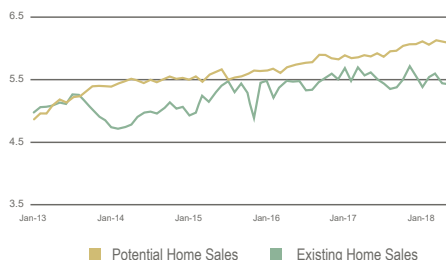
Housing Market Potential

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

5.38 SAAR
Existing Home Sales

6.06 SAAR
Potential Home Sales

-12.6%
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

June 2018

\$354,116 House-Buying Power
-5.00% Year-Over-Year

Where House-Buying Power is Strongest

Top States and Cities

States

- Maryland: **\$496,100**
- New Jersey: **\$462,722**
- Hawaii: **\$460,798**
- Connecticut: **\$457,698**
- Massachusetts: **\$446,019**

Cities

- San Jose, CA: **\$666,646**
- Washington, DC: **\$606,787**
- San Francisco, CA: **\$587,401**
- Boston, MA: **\$514,900**
- Seattle, WA: **\$491,527**

Source: Mark Fleming, Chief Economist at First American Financial Corporation



Sadler

CATIC's Business and Compliance Counsel Named Rising Star

CATIC announced that Ashley Sadler, the company's business and compliance counsel, was named to the inaugural class of the Massachusetts Mortgage Bankers Association's Rising Stars in the mortgage industry. The Rising Star designation was designed to "recognize exceptional up-and-coming association member professionals who, in the eyes of their manager, supervisor or co-worker, possess the professional characteristics that represent an MMBA Rising Star." These characteristics include passion, ingenuity and inspiration in the workplace.

Prior to working at CATIC, Sadler served as ALTA's associate legislative and regulatory counsel.



Carroll

TitleWave Adds to Team

TitleWave Real Estate Solutions announced it has hired Toni Carroll as vice president of Southeast and Mid-Atlantic sales while Terri Smith joined the company as supply chain manager. Carroll has worked in the title industry for 33 years and participates on several ALTA committees. In her role, she will help promote TitleWave's title production productions in the Southeast and Mid-Atlantic. Previously, she served as a national settlement account manager with an e-recording company. Smith has 14 years of experience in title and vendor management. Most recently, Smith was as a vendor relations manager for a national provider of title and real property research.

PropLogix Names Product Director

PropLogix recently named Heather Tally as product director, overseeing the company's expanding payoff tracking and surveys departments. The company provides support services to title agents and real estate attorneys. Tally has more than 20 years of experience in the title industry. Most of her career has been spent working for underwriters in Florida. Tally comes to PropLogix from North American Title Insurance Company. Before that, she spent more than six years at Westcor Land Title Insurance Company.

Stewart Appoints Agency Services Manager for Oklahoma

Stewart Title Guaranty Company announced the appointment of Mitzi Combs as the new agency services manager for Oklahoma. In her new role, Combs will support the growing needs of independent agencies in Oklahoma. Combs has worked in the real estate industry for more than 40 years. Prior to joining Stewart in 2015 as title operations manager, she was vice president at American First Abstract Company for 21 years. Before that, she served as abstract department manager and vice president at First American Title & Trust for 11 years.

Title Alliance Appoints Internal Auditor

Title Alliance Ltd recently appointed Norma Eichinger as an internal auditor. Her appointment comes after the announcement of the company's first joint venture in New Mexico. In this role, she will audit files to maintain compliance with Title Alliance's ALTA Best Practice certification and SOC attestation report ratings. Eichinger's career in the title industry began in 1985 when she worked as an administrative assistant for a real estate company. In 1989 her responsibilities evolved to a title company, Settlement Services Inc., which was managed by Title Alliance. In 2001, Eichinger found her home with T.A. Town and Country Land Transfer.

Investors Title Names Underwriting Counsel for Southeast

Investors Title Insurance Co. recently named Wilson W. McDonald as its Southeast underwriting counsel. In this role, McDonald will provide underwriting assistance to agents and approved attorneys supported by the Southeast Regional Office, while contributing to risk management, business development and educational initiatives. McDonald has more than 25 years of related industry experience.

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What's Your Word of the Year?

I FIND IT FASCINATING TO READ ARTICLES that review the top news

of the year. I also like to find out what word was most popular or transformative over the past 12 months to see what's been on peoples' minds.

While Oxford Dictionaries selected "toxic" and Dictionary.com went with "misinformation," Merriam-Webster announced "justice" as its 2018 word of the year.

According to Peter Sokolowski, Merriam-Webster's editor at large, "justice" consistently percolated into the top 20 or 30 lookups on the company's website, spiking at times due to specific events. Searches for "justice" throughout the year, when compared to 2017, were up 74 percent on Merriam-Webster's site, Sokolowski said. To be worthy of word-of-the-year honors, he added, an entry must show a high volume of traffic and a significant year-over-year increase in searches. This means a word of the year shouldn't merely be a word that created buzz or felt lofty.

Based on Google Analytics of the top articles from ALTA's website, the top industry word of 2018 would have to be "fraud." Of the top five most-read articles ALTA posted to its website over the past year, four of them focused on fraud. Specifically, three of the articles were about wire transfer fraud. Aside from the announcement of Fidelity's acquisition of Stewart (which was No. 2), the top articles were:

- ▣ Hit by Wire Transfer Fraud? Use the Kill Chain Process
- ▣ Fraud Alert: New Scheme Asks Company to Verify Account Info Before Funding
- ▣ ALTA Develops Rapid Response Plan for Wire Fraud Incidents
- ▣ Fraud Alert: LLC Identity Theft

Education and awareness are vital as we attempt to limit the threat of wire transfer fraud as the schemes continue to morph and criminals become more sophisticated. We were reminded of this as media outlets in Oregon, Idaho and Missouri reported transactions where homebuyers were duped by fraudulent emails and sent down payments to criminals. These attacks aren't expected to abate as wire transfer fraud is expected to be of significant concern for the industry in 2019 as well.

Hopefully, over the next year, we can combine Merriam-Webster's top word with the industry's word and bring these wire fraud hackers to justice. What was your word in 2018? What do you hope it will be in 2019?



CYNTHIA DURHAM BLAIR NTP
ALTA president



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