TITLE News

DECEMBER 2020

AMERICAN LAND TITLE ASSOCIATION

Ready to Serve Aces for Title Industry

ALTA President Bill Burding NTP Eager to Defend Industry

iN This Issue

VOLUME 99 | NUMBER 12 | DECEMBER 2020

COVER STORY

FEATURES

DEPARTMENTS

AMERICAN LAND TITLE ASSOCIATION

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

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

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

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

Members Call Toll Free: 800-787-ALTA
Members Fax Toll Free: 888-FAX-ALTA
Visit ALTA Home Page: alta.org
Email Feedback to: service@alta.org

TITLENews

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

PUBLISHER + EDITOR IN CHIEF
Jeremy Yohe

DIRECTOR OF DIGITAL AND PRINT MEDIA
Shawn Sullivan

Disagree and Commit

JEREMY YOHE
ALTA vice president of communications

DISAGREE AND COMMIT IS A MANAGEMENT PRINCIPLE that states individuals can disagree while a decision is being made, but once a direction has been chosen, everybody must commit to it.

Amazon CEO Jeff Bezos has followed this philosophy for years. He believes quality decisions can be made when you have about 70 percent of the information. Waiting for more means you're going too slowly.

Bezos explained the philosophy in a shareholder letter:

This phrase will save a lot of time. If you have conviction on a particular direction even though there's no consensus, it's helpful to say, "Look, I know we disagree on this but will you gamble with me on it? Disagree and commit?" By the time you're at this point, no one can know the answer for sure, and you'll probably get a quick yes. This isn't one way. If you're the boss, you should do this too. I disagree and commit all the time. We recently greenlit a particular Amazon Studios original. I told the team my view: debatable whether it would be interesting enough, complicated to produce, the business terms aren't that good, and we have lots of other opportunities. They had a completely different opinion and wanted to go ahead. I wrote back right away with "I disagree and commit and hope it becomes the most watched thing we've ever made." Consider how much slower this decision cycle would have been if the team had actually had to convince me rather than simply get my commitment.

As you build out strategies and plans for 2021, don't get bogged down in wanting more data. It's natural to want more information, but "if you wait for 90 percent … you're probably being slow," according to Bezos. Companies benefit by choosing a path, but continuing to learn after a decision is made. There's always time to pivot when new information becomes available. Bezos says companies that are good at correcting their course will find that being wrong is less costly than they think. "Whereas being slow is going to be expensive for sure," Bezos says.

Offering digital closing solutions, implementing technology to speed searching and policy production, or developing new sales strategies all require conversations and decisions. The next time your company needs to make a quick decision, listen to input. Weigh options. Assess pros and cons. It's fine if consensus can't be reached. Make a decision and ask the holdouts on your team to disagree and commit.

If your company moves in a direction you don't agree with, actively choose to disagree and commit. Chances are the outcome will be better when you give it your best.

ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS, NEWS, UPDATES & EVENTS

ALTA Good Deeds Foundation Accepting Grant Applications

The ALTA Good Deeds Foundation, a nonprofit organization founded by ALTA, started accepting applications for grants on Dec. 1. The deadline for the initial round of grant applications is Jan. 31, 2021..

Land title insurance industry professionals can apply for grants on behalf of recognized 501(c)(3) organizations that they support either financially or through volunteer efforts. The grant application process will be open twice annually with deadlines of Jan. 31 and July 31. The number and amount of grants awarded each year will vary.

"The Foundation Board is very excited to see the first round of applications," said Foundation Board Chair Mary O'Donnell, president/CEO of Westcor Land Title Insurance Co. and Immediate Past President of ALTA. "After the ups and downs of 2020, we expect to have a multitude of opportunities to share the generosity of our Founding Donors."

Eligible organizations must align with the Foundation's mission: "Good deeds grow communities. The ALTA Good Deeds Foundation supports the charitable efforts of title professionals as they work to build and strengthen their local communities and exemplify the title industry's values of We Lead, We Deliver, We Protect." Additionally, organizations should be nonpolitical, nonpartisan, secular and focused on benefitting local communities. Preference will be given to housing-related charities.

"It's exciting to be able to start the process of being about to distribute the funds raised so quickly especially during this time of need," said ALTA CEO Diane Tomb. "We are thankful that so many in the title insurance industry stepped up to provide for local communities across the United States."

The Foundation Board will review all applications. The ALTA Good Deeds Foundation Board features Chair O'Donnell as well as Directors Cynthia Durham Blair NTP, founding member of law firm Blair Cato Pickren Casterline LLC; Steven Day NTP, president of national agency operations for FNF Family of Companies; Donald Kennedy, senior vice president of the national agency division for First American Title Insurance Co.; Richard Welshons, president of DCA Title; and Tomb.

To submit a grant application or to donate, go to altagooddeeds.org.

Texas Title Agent Receives ALTA NTP Recognition

John C. Martin CAEP, CTIP, NTP has earned his National Title Professional (NTP) designation from the American Land Title Association (ALTA), the national trade association of the land title insurance industry. Martin is the 102nd leader from across the United States who has devoted his careers and himself to the land title industry.

With more than 30 years of experience in the land title insurance industry, Martin is president and owner of Lone Star Title Company of El Paso Inc. in El Paso, Texas. A past president of the Texas Land Title Association (2018-2019) and the Independent Title Agents of Texas (2015-2017), he is a current board member of the Texas Title Insurance Guaranty Association. He also is a continuing education instructor for the Texas Real Estate Commission.

The designation has several elements, including industry and compliance prerequisites and training requirements. To apply for the NTP designation and for more information, please visit alta.org/ntp.

Grab Your Claims Guide Discount Today

When you need advice on how to handle claims on title insurance policies, closing protection letters and closing mistakes, turn to the 2020 edition of the Title and Escrow Claims Guide. For a limited time, you can get a 15% discount on the print or electronic version. A 1,662-page volume, the Claims Guide is the ultimate resource not only for attorneys but also claim handlers, underwriting personnel, title examiners, escrow officers and regulators.

Authored by Bushnell Nielsen, a 38-year veteran of the title insurance industry, the latest edition of the book highlights more than 150 court decisions, new for 2020. The cases include important decisions on double escrows, survey standards and the survey exception, contiguity endorsement, creditors' rights exclusion, inquiry notice and actual knowledge, exceptions vs. coverage, marketability of title, the limited defenses available against a loan policy successor insured and much more. Also new for 2020 is commentary about ALTA Endorsements 32 and 33, business identity theft, bad faith and the equal consideration doctrine, parcel gaps and gores, agent E & O coverage, escrow issues and agency contract liability.

Use promo code DISCOVER15 when checking out to receive your discount. For more information, go to alta.org/publications.

Claims departments and law firms qualify for group subscription rates. Contact Carolina Perez at cperez@alta.org.

Do You Know the State Laws in Your Market?

Looking to expand your operation into a new state? Unsure of changes to licensing or operating requirements, or special requirements and exemptions for attorneys? ALTA's Title Insurance Regulatory Surveys (TIRS) provides a comprehensive collection of title industry regulatory information and practices. The surveys, developed by industry regulatory counsel, have been recently updated for the following states:

- Volume 1: Connecticut, Maine, New Hampshire and New York
- Volume 2: New Jersey and Virginia
- Volume 3: Indiana, Minnesota, Nebraska and Wisconsin
- Volume 4: Kansas, Missouri, New Mexico, Oklahoma, Texas and Colorado
- Volume 5: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina and West Virginia
- Volume 6: Idaho, Nevada and Oregon

Information can be purchased for specific states as well. Here are a few topics included in each survey:

- Monoline statutes
- Annual reports and audit requirements for title insurers
- Rate regulation
- Title agent licensing and testing
- Capital and surplus requirements for title agents
- Title plant requirements
- Special requirements and exemptions for attorneys
- Unauthorized Practice of Law issues
- Bonding and insurance requirements for escrow and closing personnel
- Who can close/who actually does close
- Controlled business issues

For pricing information and to subscribe, go to alta.org/title-insurance-regulatory-survey.

Find Vendors to Help Your Business

The ALTA Marketplace provides members a user-friendly search interface where you can look for vendors, products and services by name, location and relevance. The Marketplace is your one-stop shop for a wide range of services such as production software and solutions to help you prevent wire fraud, including anti-phishing, email filters, firewalls and intrusion software.

To access the Marketplace, go to alta.org/marketplace.

NEWS TO SHARE?

If you have information you'd like us to consider for TITLE News, send company announcements to **communications@alta.org.**

ALTA 2020 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.

So far in 2020, TIPAC received 344,814 from 488 donors. In addition, $122,500 from 20 companies has been pledged to the TIPAC Education Fund.

Check out who has supported the industry at alta.org/tipac.

Safe Escrow®
Central Management. Local Execution.
A PCN® Network Service

Now is the Time to Check Out Safe Escrow

Now more than ever, agents need additional resources and trusted protection.

- **Now is the time** to be protected.
- **Now is the time** to rely on Safe Escrow® processes and procedures.
- **Now is the time** to leverage the Safe Escrow secure disbursement platform.
- **Now is the time** to worry less and increase efficiency utilizing Safe Escrow back office support, with the enhanced protection by PCN Network™.

Pricing

Residential

$50 Per Transaction

- Includes 3 wires per transaction - $15 per additional wire
- Includes 10 checks per transaction - $5 per additional check
- Rates effective on qualifying orders submitted on or after 05/01/2020.

Commercial

$0-$20M	$20M-$50M	$50M+
$250.00	$350.00	Quoted

- Includes 8 wires per transaction - $15 per additional wire
- Includes 10 checks per transaction - $5 per additional check
- Disbursement only. Does not include review of escrow instructions, third-party discussions

Safe Escrow Benefits

New Aggressive Pricing
No bank fees, wire fees, stop payment fees, or reissue check fees

Daily/Monthly Three-Way Reconciliation
No reconciliation fees

Handling of all Post Funding Activities
No post funding fees

Mailing Tracking of Lienable Items
No mail fees

Escheatment Services
No fees for state escheatment management

Tracking of Pending Items To Be Released

Simplified Underwriter Audits (State specific)

Independently Certified
SOC 2, Type II* | ALTA Best Practices Certified

Now is the time to leverage a Safe, Secure, and Reliable back office solution. Become a Safe Escrow Subscriber Today.

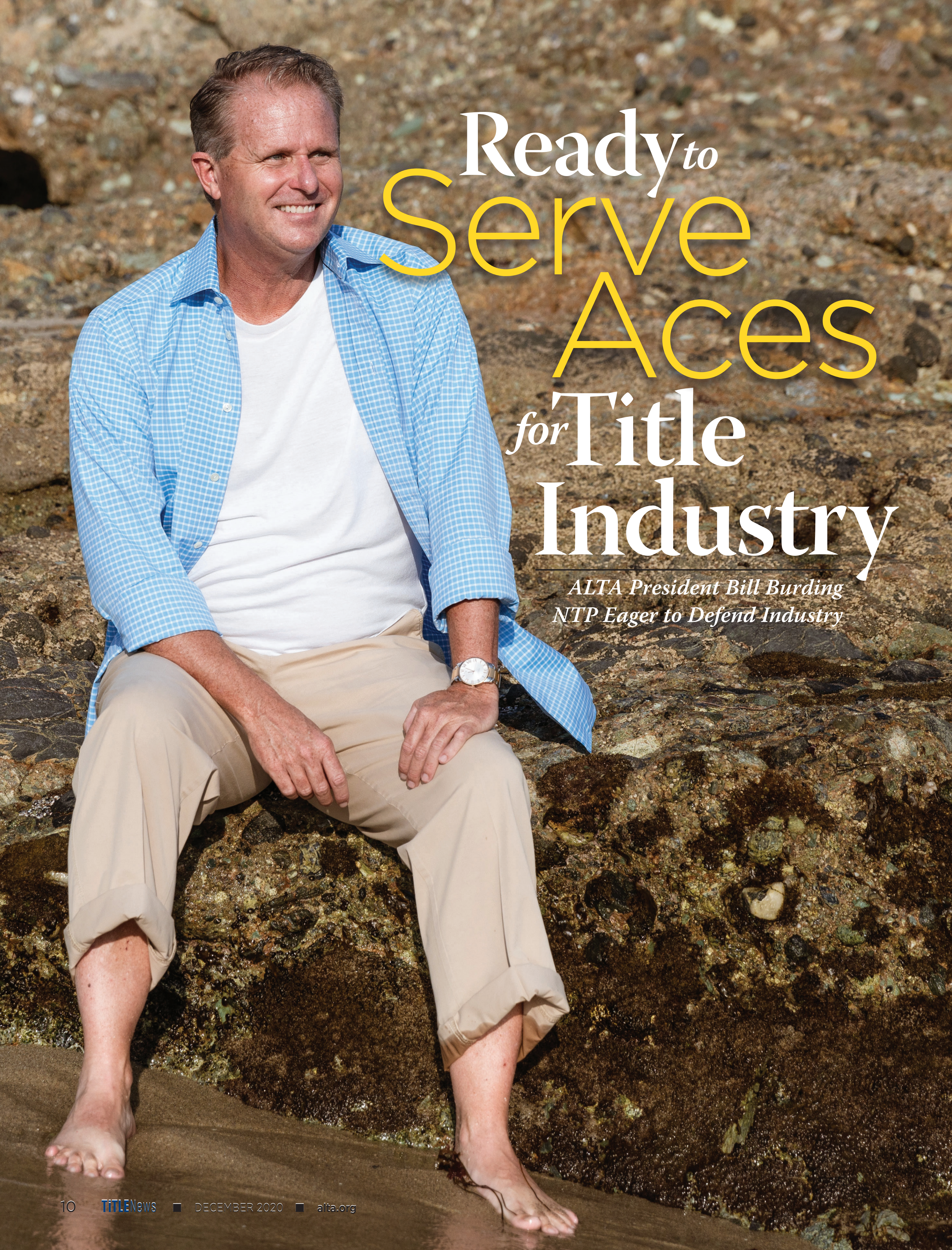
Contact us for more information:
SafeEscrowSales@pcnclosings.com

PCN® Network

* Certified 2015-2019

Ready to Serve Aces for Title Industry

ALTA President Bill Burding NTP Eager to Defend Industry



Talk to Bill Burding NTP and you'd never know he was born and raised in New York. A move to Arizona while in junior high not only led to him ditching his goalie mask for a tennis racket, but it also opened the door to a successful career in the title industry.

"There wasn't much hockey in Arizona at the time," Burding said. "I went from about 20 minutes outside of New York City to an extremely rural part of Arizona. We lived in the middle of nowhere and attended a three-room schoolhouse. It was a culture shock."

The change of scenery and solitude provided the perfect opportunity to help Burding develop his tennis skills. At the age of 15, he took a job as a tennis pro teaching other kids his age.

"Play tennis is kind of all I did," he said. "You could play people at all varying ages, and when you didn't have anyone to play, the club had a ball machine so I could hit for hours."

Spending time on the court, Burding had the opportunity to face off with players with varied backgrounds and skills. One player he recalls was Ken Rosewall, a professional tennis player who had won Wimbledon, the U.S. Open and the Australian Open.

"He would just hit with me and offer tips," Burding said.

Over the years, Burding would have the opportunity to hit balls with tennis royalty, including John McEnroe and Jimmy Connors. He also was able to play with celebrities such as Elton John, Clint Eastwood and Charles Shultz.

Burding's work ethic on the court easily transferred to the principles he has followed during his career in the title industry. Serving as general counsel for California-based Orange Coast Title Co., Burding was installed in October as ALTA's 2020-21 president.

"Bill has the confidence, resilience and legal acumen that is essential to leading ALTA and its members through a global pandemic and economic recession," said ALTA CEO Diane Tomb. "He will help enhance the understanding of the title insurance industry with government agencies and policymakers

Bill Burding speaks during a cybersecurity education session during the 2019 ALTA ONE.

focused on federal real estate and housing policy and collaborate with industry stakeholders and partners on laws and advocacy efforts regarding data privacy and digital closing adoption. The challenges we're facing require Bill's experience and foresight to help our member companies excel in an ever-changing business and regulatory environment."

Finding the Right Fit

Coming out of high school nationally ranked, Burding had numerous academic and athletic scholarship offers to play tennis at lower-tier Division I colleges across the country. He just wanted to find the right fit. Burding eventually enrolled at Claremont in Southern California. After deciding Claremont wasn't what he was looking for, Burding planned to accept a scholarship offer at the University of California San Diego.

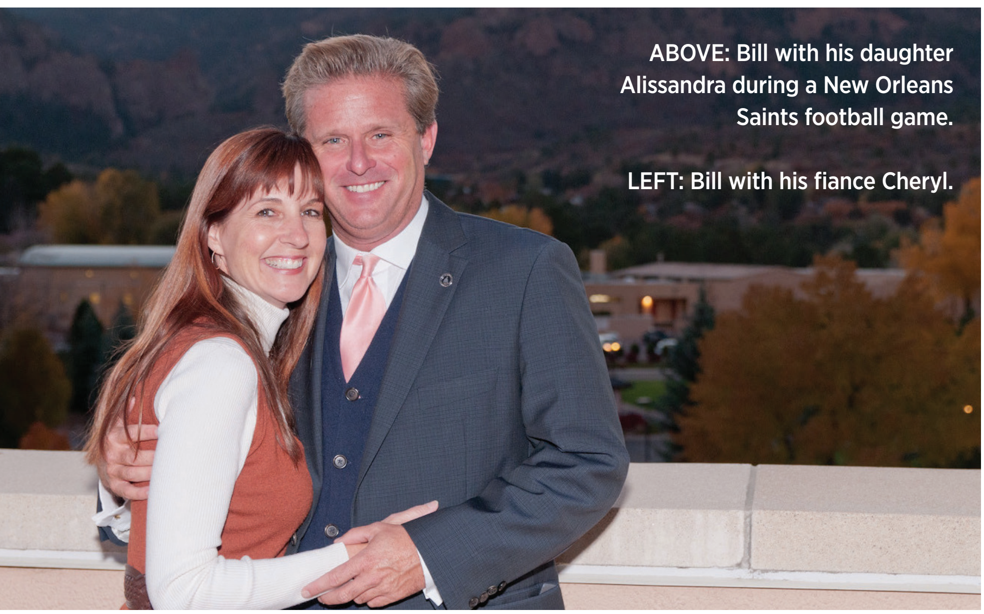
On the way to San Diego, Burding got in a car accident in Whittier. Without any money, Burding called Whittier College's tennis coach to ask for help. The coach offered to let Burding stay on campus for free. Shortly after that, the coach let Burding practice with the college's tennis team.

"I started warming up with the team, and I'm thinking these are really nice guys, I could do this," Burding said.

After practice, Burding went to the Admissions Office and applied. Within a week he was enrolled and playing tennis at Whittier.

"What was nice is that we were Division III, but we played against a lot of Division I schools," Burding said. "I got a chance to have a really good level of competition without having to get to get on a plane and fly all over the country to play."

In the classroom, Burding studied political science and Russian history. Why Russian history? The first reason, according to Burding, was that the professor's wife was an amazing cook. With only three students enrolled, the class would often be held at the professor's house and they would be treated to some home cooking. The second (and more relevant) reason was that Burding was considering going to the Harvard Kennedy School.



ABOVE: Bill with his daughter Alissandra during a New Orleans Saints football game.

LEFT: Bill with his fiance Cheryl.

"I just thought Russia was our major adversary and it would be beneficial for me to know what our major rival was doing," he said. "If I was to get into government or go into the state department it would be beneficial for me to understand the psyche of our major foe in the world."

After graduating from college cum laude, Burding attended Loyola Law School in Los Angeles. With his law degree, he spent the next five years in private practice. But much like his experience at Claremont, Burding wasn't enjoying what he was doing. After handling two major trials involving RICO and federal racketeering charges, he decided a change was needed.

"I couldn't see doing it for the rest of my life," he said.

An offer to serve as the attorney for the Village of Vail tempted Burding. "That would have been an amazing lifestyle. Lot of skiing. I gave that serious thought before I declined it," he said.

'No Idea What I Was Doing'

Then he got connected with a family member who owned a Denver-based title company, but was considering dissolving it. Burding looked at the financials and thought it sounded a lot more interesting than practicing law, "even though I had no idea what I was doing."

So, armed with the basic knowledge of real estate he learned in law school, Burding bought a half interest in National Title in 1993. He jumped right in—answering phones, conducting searches and doing examinations. He then turned to the escrow side of the business.

"I did almost everything and learned the business from the ground up," Burding said.

The title company almost exclusively handled commercial transactions. This meant Burding was often jumping on a plane to handle high-profile hotel deals in New York or Las Vegas. One notable deal was the Ritz-Carlton in Aspen.

"I learned a lot, but eventually sold the company after five years and didn't know what I was going to do with my time afterward," Burding said.

He planned to take some time off, but his rest didn't last long. Through sheer blind luck, Burding's resume made its way to Rich Macaluso, president of Orange Coast Title. Less than two weeks after interviewing, Burding was running Orange Coast's operations in Arizona.

"I didn't even know Orange Coast at the time," Burding said.

He spent a year commuting for the Arizona job, before relocating back to Southern California. It's been his time at Orange Coast over the past two decades that cemented his passion for title insurance. There's a reason why everybody jokes that the title industry is Hotel California, because once you're in, you're in.

"You can check out, but you can never leave," Burding said, riffing off the Eagles' song.

Industry Mentor

With nearly 30 years now in the industry, Burding views Macaluso as his industry mentor.

"Rich allowed me to create my place at Orange Coast. I'm forever grateful for that," Burding said. "He has given me the freedom to do what needs to be done for the company. He's allowed me to color outside the lines."

Macaluso volleyed back the compliments, saying how proud everyone at Orange Coast is of Bill's work at ALTA.

"He has provided our industry with a lot of energy and time, along with all of his great integrity, skill, knowledge, experience, leadership and understanding—the same qualities that have made him a great general counsel for Orange Coast," Macaluso said. "Bill's contributions to Orange Coast and ALTA have been enormous and will continue to be this year and beyond."

The two were instrumental in developing the title company's core values, called The OCT Way.

"We've done a series of videos, it's on the walls of our of our offices and it's how we think about getting deals done," Burding said. "The OCT Way permeates every single decision that I make, from when we talk to clients, how we talk to clients and how we deal with underwriting. All those core bedrock principles are utilized every single time that I work on something at Orange Coast."

Mike Marconi, chief operating officer for Orange Coast Title, also recognized Burding's loyalty and commitment to do whatever it takes is at the core of his contributions to their company.

"It shows in everything he does, from his work as general counsel to serving on the board of our title insurer," Marconi said. "This includes finding creative yet safe ways to close each transaction for the consumer. Bill also has a firm understanding of local issues that affect all states such as remote online notarization and working toward a national solution."

What's the day in a life of a general counsel?

According to Burding, "There's so much that I do that's very non-general-counsel-ish."

Six Questions With Bill Burding

Tell us something that others in the industry may not know about you?

I was "detained" by the U.S. Secret Service for hitting Alexander Haig, the Secretary of State at the time, in the head with a tennis ball.

What are some of your personal and professional highlights?

I missed my personal goal of getting to all 50 states by the time I was 50 by six months, but at least I made it. I also had a goal of 50 countries by 50 and that I achieved. I am also working at going to every NFL and MLB stadium. I think I can do it in the next few years. During my senior year in college, I won the Political Science and History awards, and I was the Scholar Athlete of the year for Whittier College and made Academic All American. As a practicing lawyer, I argued a case of original jurisdiction before the Colorado Supreme Court. Professionally, I am proud of receiving the President's Award twice from the California Land Title Association for service to the association. One thing I enjoy every year (pre-COVID) is a trip with my daughter Alissandra to see a New Orleans Saints game. It is always a highlight of the year.

If there was an emergency and you could grab only one item from your house or office, what would it be and why?

Nothing. We came close to losing our home to wildfires a couple of years ago when I was at ALTA ONE in Miami. All I could think about was that everyone, human and canine, got out safely. It was amazing how irrelevant all material things became.

If you could have dinner with anyone, who would it be and why?

Nelson Mandela. In college, I did Model United Nations and led the South African delegation. I got the opportunity to understand the perspectives of both sides of the racial tension. After college, I continued to read about South Africa and eventually was able to spend time there. What an amazing country. My favorite place in the world!

What's your favorite book/movie/TV series?

Book: I tend to follow authors instead of individual books. My favorites are Steve Coll (*Ghost Wars*), John Feinstein (*A Good Walk Ruined*) and AJ Jacobs (*The Year of Living Biblically*).
TV Series: I love comedies and my favorites tend to be in the past, *Seinfeld*, *Friends*, *Frasier* and *Married With Children*. That said, I loved *Santa Clarita Diet* on Netflix. Something about watching those shows is relaxing.
Movies: My two favorite movies are complete opposites. *Spellbound* and *There's Something About Mary*. One very chilling and the other so very funny.

What's in your music playlist?

My playlist is stuck in the past. I listen to Genesis, Matchbox 20, Live, Go-Go's, Collective Soul and Daughtry. The "newer" music I listen to are Imagine Dragons and Ed Sheeran. This may explain the "Happy" debacle, which I may never live down.

Bill with his children Trip (William III) and Alissandra in London.

He's handled mergers and acquisitions, managed companies and handled underwriting. He also oversees the company's HR department and chairs its COVID-19 task force.

Having been a goalie when playing hockey during his youth, Burding compares his role in the industry to his time between the pipes.

"I feel like a goalie because every day I go into the net and never know what's going to be thrown at me," he said. "I love that. I absolutely love that."

State Involvement

Like most ALTA presidents, Burding has been also heavily involved at the state level with the California Land Title Association, where he was awarded the 2010 and 2016 President's Awards for outstanding contribution to the California title insurance industry. In 2007, Burding helped negotiate the state's current anti-rebate legislation. His efforts garnered the attention of Anne Anastasi, who served as ALTA's 2010-11 president.

"We were at the CLTA convention and playing golf," Burding said. "She asked if I'd get involved at ALTA. We had a nice round of golf and we did not win. I think I'm the only person who doesn't win a golf tournament with Anne."

Already participating in ALTA's Title Counsel, a round of golf with ALTA's then CEO Kurt Pfotenhauer led to Burding becoming more involved at the national level.

"I thought I was just going to be chair of one of the committees. I didn't think I was going to be on the Board," Burding said.

In addition to the Board, Burding has served on the Agents Section and numerous committees. He also served as chair of ALTA's Title Insurance Political Action Committee (TIPAC).

"If you're in this industry, you're vested in it. Contributing to TIPAC gives you access. Without access, we can't tell our story. And, unfortunately, that's just the way things are."

Amazed at how resilient the industry has been during COVID, Burding praised companies for how they retooled business models to meet the needs of customers.

While remote online notarization hasn't been utilized on a large scale by lenders (California doesn't have RON legislation), Burding said his company is having customers sign many of their documents prior to closing. This has allowed closers to spend more time on the phone working with customers.

"We're never going back to the old way of doing business," Burding said. "It doesn't make any sense. We're going to continue doing what we do now. We're so much more efficient. I think the consumer wants the transaction to be completely painless."

Areas of Focus

Putting the pandemic aside, Burding said wire transfer fraud remains a top concern for the industry, especially since fraudsters have upped their game during COVID.

"They know that we're running huge volumes through the trust accounts, so the number of attempted frauds has gone up astronomically during the health crisis," he said. "If you're not careful of what you're doing, you can lose money out the back door as easily as it comes in."

This is one of the major reasons why Burding was such a proponent of the development of the ALTA Marketplace, which is an online repository that helps connect members with vendors that provide essential services such as solutions to help prevent wire fraud.

"Most small agents don't have the luxury of a sophisticated IT department," he said. "I wanted to make sure that these agents had a resource to find vendors. Marketplace basically has done the research for you and provides the contact information of people to call. Small title agencies are so vital to what we do as an industry because they cover most of the rural locations. I know with the amount of resources that I have, I'm very fortunate. I want to make sure that small agencies have the same access to resources, or at least the same access to information that we have."

Another key priority is to continue the success of ALTA's Tell Our Story initiative, which is a public awareness campaign launched in 2020 to communicate with target audiences about the industry and the value it provides.

"ALTA has done a phenomenal job, even before I came on the Board," Burding said. "Now when we meet with members of Congress, they know who we are and ask for our opinions on bills. We have become the middle ground and voice of reason because of our expertise." ■

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

DataTrace®

Trust DataTrace
We Know Title Automation

The New State of Title Automation

TitleIQ™ ENTERPRISE

Nationwide. Search & Examination. Integrated.

TitleIQ Enterprise™ delivers an entirely new automated way to efficiently produce title reports and commitments while reducing costs and complexities.

Powered by the industry's largest title database, TitleIQ Enterprise provides unified title search and examination nationwide through a single platform directly into your closing system – improving operational efficiency, quality and productivity.

Single Source for Nationwide Title Search & Examination

The New State of Title Automation, TitleIQ Enterprise:

- Centralized Order Management
- Unified Title Search Workflows & Nationwide Coverage
- Advanced Technologies & Automation Efficiencies
- Single Examination Workbench & Verification
- Electronic Title Report & Commitment Delivery
- Direct Title Production System Integration

545+ Title Plants

Nationwide Recorded Property Data

7 Billion Document Images

Trusted Title Production Expertise

Meet evolving market conditions & client demand across all transaction types & geographies

Move your title business forward today with TitleIQ Enterprise

DataTraceTitle.com/TitleIQEnterpriseALTA **800.221.2056**

DTC: 2020.08.19

M&A Activity in Title Industry Sizzles in 2020

Companies Look to Capitalize on Strong Refi, Housing Market

In its latest forecast, Fannie Mae reported that housing continued to show remarkable strength and upwardly revised its home sales, home price growth and purchase mortgage origination forecasts.

The continued decline in mortgage rates has resulted in Fannie Mae expecting refinance volume to total $1.88 trillion in 2020 and account for 60 percent of all origination volume. At the beginning of the year, Fannie forecast only $690 billion in refinance originations, which would have comprised a third of all originations. Overall, Fannie expects total originations for 2020 to come in around $3.13 trillion. This compares to $2.31 trillion in 2019.

Traditional players, as well as those expanding into the industry, have been active on the merger and acquisition front looking to capitalize on the strong housing and refinance market.

Tech-based Firms

In November, Fathom Holdings Inc. announced it was expanding into the title insurance market by signing a definitive agreement to acquire North Carolina-based Verus Title Inc. The deal is expected to be completed during the fourth quarter of 2020. Verus Title will operate as a wholly owned subsidiary of Fathom Holdings under its present management team, led by its founder and CEO Paul Yurashevic.

"Verus Title's mission has always been to enhance the process of completing a home purchase by enabling agents, as well as lenders, to serve clients in new, more highly efficient ways through the use of technology," Yurashevich said. "We believe that being part of Fathom Holdings will enable us to rapidly grow our revenue and expand market penetration, as we bring greater value to agents, as well as to homebuyers and sellers. Fathom's operational philosophy is very similar to ours, with a laser focus on technology and streamlining operations, while serving the client, Realtors and lenders."

Fathom is a holding company that primarily operates through its wholly owned subsidiary, Fathom Realty LLC, a national, cloud-based residential real estate brokerage. Verus Title is a technology-based provider of title insurance services. The company currently operates in 19 states, utilizing a virtual model with minimal offices. The company underwrites with WFG, Fidelity and Stewart.

"Adding Verus Title to Fathom Holdings should give our agents yet another competitive advantage that enables them serve consumers with additional, cost effective services, while increasing revenue per transaction," said Joshua Harley, Fathom's chief executive officer. "Verus will serve as our branded title and settlement solution, bringing greater value to all of our stakeholders. The transaction represents a perfect example of the kind of vertical integration that should allow us to continue our growth trajectory."

In October, real estate technology company Compass signed a definitive agreement to acquire title and escrow software startup Modus. Seattle-based Modus brings its tech-driven closing process to Compass's end-to-end platform for real estate. Modus was founded in 2018 by Alex Day, Jai Sim and Abbas Guvenilir with the goal of digitizing the home-closing process.

"Modus is transforming title and escrow from an offline, antiquated undertaking into a transparent tech-enabled solution that saves real estate agents time by simplifying the entire closing process," said Compass CTO Joseph Sirosh. "Compass has significantly accelerated our ability to provide agents with a more complete suite of services with this acquisition. Not only are we integrating Modus software into our platform – we're also gaining an experienced team that comes with a deep understanding of building for, and driving adoption within, this complex and highly fragmented industry."

Stewart

Last year, Fidelity planned to acquire Stewart for $1.2 billion. Regulators blocked the proposal and the deal was terminated. Since then, Stewart launched a new brand campaign to reframe itself in the marketplace. The initiative included a new logo and website. More importantly, it included making some acquisitions of its own.

In September, Stewart acquired 57 title offices in Arizona, Colorado and Nevada from ET Investments for $105 million. Historically, the title offices associated with this transaction have generated in excess of $20 million in pretax income.

"The purchase of these title operations marks a new day at Stewart in realigning our company to compete in several strategically strong markets where the company has traditionally been underrepresented," said Steve Lessack, Stewart's group president. "We are only at the beginning of meaningful change at Stewart in which targeted investments in markets and people will drive greater brand awareness and customer loyalty."

On the heels of that deal, Stewart purchased Yukon Title Company Inc., which has offices in Fairbanks, Anchorage and Wasilla.

"As an underwriting partner of Yukon Title for many years, we have seen firsthand the solid impact they've had on the Alaska community by providing exceptional title and escrow service during the home buying and selling process," said Wyomia Clifton, group senior vice president for Stewart Title. "I couldn't be more excited to welcome the talented team at Yukon to the Stewart family and look forward to working with them to further enhance the Stewart brand in Alaska."

Westcor

Stewart wasn't the only underwriter involved in M&A activity. Also in September, the Orogen Group entered into an agreement to acquire a majority stake in Westcor Land Title Insurance Co.

Since Mary O'Donnell was appointed CEO of Westcor in 2004, the company has grown from a three-state underwriter to the fifth-largest underwriter of title insurance in the United States.

"We are thrilled to partner with Orogen and to execute on our long-term vision for Westcor," O'Donnell said. "We believe that the values and vision we share with Orogen will allow us to continue to expand our business and deliver exceptional service to our customers. I am personally grateful to our team members and customers for their years of dedication."

Westcor grabbed 5.9 percent of title premium volume during the second quarter of 2020, according to ALTA's latest market-share report. This is up from 3.4 percent of market share during the same period a year ago.

"Under Mary O'Donnell's leadership, Westcor has grown into the nation's largest independent title insurance business, playing a critical role in facilitating real estate transactions for millions of consumers," said Vikram Pandit, Orogen's chairman and chief executive officer. "Westcor's world-class management team is committed to providing exceptional support and service to independent title agents and other participants in the title insurance process. Most aspects of the financial services landscape are being modernized, and we believe Westcor is at the forefront of bringing new and innovative approaches to the title insurance industry. We see a tremendous opportunity to leverage technology to improve efficiency, make agents' lives easier and enhance the customer experience."

Knight Barry Title

Active on the M&A front the past several years, Knight Barry Title Group is expanding into the South Florida market after its latest acquisition of Bailey Woodruff Title Company Inc. in Deerfield Beach.

Founder Mary Stefl owned Bailey Woodruff for more than a decade but has been looking for an exit strategy to retirement. The office becomes Knight Barry Title's seventh Florida location.

Stefl worked in underwriting sales before establishing Bailey Woodruff after the financial crisis in 2008. She entertained conversations with several interested buyers but couldn't find the right fit. Then, she met Craig Haskins, Knight Barry Title's chief operating officer. Their first meeting was a "short lunch that turned into quite a long lunch," Stefl remembers with a laugh.

"I wanted to leave my office in really good hands," Stefl said. "Knowing it will be full steam ahead for my staff and my customers, is hugely important to me," she said. "It's hard to find somebody you trust to say, 'Walk in and take over.' But when I met Craig, I immediately felt like he was talking my language, and I loved his ideas."

The fact that Knight Barry Title is headquartered in Milwaukee and has more than 165 years of history in the Badger State helped sway Stefl's decision. Though she is a classically trained ballerina born in England, her husband is originally from Wisconsin.

"When I heard they were from Wisconsin, I thought 'This may just work.' I think we have the same methodology, the same honorable way of thinking and how we treat people," Stefl said. "If I were 10 or 20 years younger, I'd be giving Craig a run for his money here. But when you've worked with people for 10, 11 and 20+ years, you know them incredibly well, and you want to make sure they are all good and happy. Joining Knight Barry Title is the right move now for all of us. We're all incredibly excited about this whole new chapter for our team and our customers."

"When I heard they were from Wisconsin, I thought 'This may just work.' If I were 10 or 20 years younger, I'd be giving Craig a run for his money here."

Shaddock National Holdings

Since acquiring a major equity interest in Arizona-based Landmark Title Assurance Agency in June, Shaddock National Holdings continued to expand its footprint through additional purchases.

Landmark Title operates six offices in the greater Phoenix area. Under the new structure, Landmark Title Assurance Agency will retain its name and current staff.

"Landmark Title Assurance Agency is proud to headline the bold expansion that visionary Bill Shaddock and his team are spearheading," said Tommy Sullivan, owner of Landmark Title. "Being a part of this national company will allow Landmark Title's leadership team and employees the opportunity to grow business throughout Maricopa County and beyond."

In October, Shaddock National expanded into California by reaching an agreement to acquire NexTitle's operations in the Golden State.

"California has long been a land of great opportunity and promise," said Mike Rubin, president of Shaddock National Holdings. "We have been looking for our path into the state for quite some time. We couldn't be happier to find a company with such an amazing culture and foundation for growth."

The transaction allows Shaddock National the ability to add California to its national centralized lender and commercial business lines, Rubin added.

This deal came shortly after Shaddock National Holdings acquired Utah-based US Title Insurance Agency, which was founded in 1980 and has 14 branches. US Title will retain its name and current staff.

"Our acquisition of US Title is about more than simply acquiring a great company in a dynamic market," Rubin said. "From the outset we have been blown away by the professionalism, commitment, and culture that has been carefully cultivated within US Title. We are grateful to have the opportunity to partner with such an outstanding team of title professionals."


FNF FAMILY OF COMPANIES
Alamo Title Insurance.
CHICAGO TITLE INSURANCE COMPANY
Commonwealth
Fidelity National Title Insurance Company
nationalagency.fnf.com
FNF IS FOR YOU
With all you need
This was a year of change and we all deserve a pat on the back for what we've accomplished together. The FNF Family of Companies is proud to say our agents leaned on us for many things in 2020 and that many of our valuable tools and resources can be found in one place: Our National Agency Website.
Visit nationalagency.fnf.com today and see just how many ways FNF and our teams of industry experts can be there for you.

Title Industry Reports Strong Q3 Financials

Low Mortgage Rates Continue to Drive Quarterly Results

Despite the ongoing COVID-19 pandemic, the housing and mortgage market continue to churn along at historic levels. All-time low mortgage rates has driven refinance volume, while sales of existing and new homes remained strong during the latest quarter. The combination of the two has led Fannie Mae to revise its outlook for the remainder of 2020. Total origination volume is now expected to exceed $4.1 trillion for the year. Here's a recap of how the four underwriter families fared during the third quarter.

Fidelity

Fidelity National Financial Inc. reported that its title insurance segment generated pretax earnings of $507 million during the third quarter of 2020. This is up from $389 in pretax earnings during the third quarter of 2019.

Fidelity Chair William Foley II said the company is pleased with the results as it experienced sequential monthly improvements in closed orders per day.

"I would like to thank our employees for their continued efforts as we work together to ensure the health and safety of our employees while meeting our customers' needs in this challenging environment," he added.

During the latest quarter, Fidelity's direct operations opened 847,000 orders and closed 571,000 orders. This compared to 592,000 direct orders opened during Q3 2019 and 409,000 closed orders.

On the commercial side, Fidelity reported total revenue of $216 million, a 28 percent decline versus total commercial revenue in the third quarter of 2019. This was the result of a 16 percent decrease in closed orders and 14 percent decline in total commercial fee per file.

Fidelity reported it paid $77 million in title claims during the third quarter of 2020. This compared to $67 in paid title claims during the same period a year ago.

Foley said Fidelity is excited about its technology investments and emphasis on improving the security, transparency and overall closing experience.

"We are also focused on transitioning real estate closings through the adoption of new digital technologies and experiences on a large scale and in a way that supports our nationwide network of trusted closing professionals," Foley said. "As we continue to expand our technology investments and bring to market new digital initiatives that will reimagine the real estate transaction experience for both real estate professionals and consumers, we see an opportunity to further reduce costs and increase market share."

First American

First American Financial Corp. reported that its title insurance and services segment generated pretax income of $337.5 million during the third quarter of 2020. This is up from $253.6 million during the same period in 2019.

"Our third-quarter financial results were strong, achieving a record pretax title margin of 19 percent," said Dennis J. Gilmore, chief executive officer at First American Financial. "Our purchase and refinance businesses are performing well, benefiting from strong order trends and our continued focus on cost efficiency. Given low mortgage rates and robust demand for housing, we expect refinance and purchase activity to remain at elevated levels for the remainder of the year. The commercial market continued to improve during the quarter and we are optimistic, given a better pipeline, as we head into the seasonally strong fourth quarter.

Closed title orders during the quarter were up 30 percent, driven by an 85 percent increase in refinance orders. This shift to refinance transactions led to the average revenue per order to decrease 13 percent.

During the third quarter of 2020, First American's direct operations opened 410,600 orders. This is up from 317,300 opened orders per day during the third quarter of 2019. Meanwhile, the company closed 291,500 direct orders during third-quarter 2020. This is up from 224,100 closed orders during Q3 2019.

On the commercial front, the company opened 31,100 commercial orders and closed 15,900 orders. Commercial revenues of $142.6 million are down 29 percent compared with the third quarter of last year.

The provision for policy losses and other claims for First American's title division during the third quarter was $70.2 million. This is up from $50.5 million during the third quarter of 2019.

Gilmore said the company's performance throughout the quarter demonstrated First American's strength and flexibility.

"While the pandemic has greatly slowed major sectors of the economy, it has accelerated the digital innovation in our markets. This is validating our strategy and the investments we've made over the past few years to secure our leadership position in data, title automation and digital closings," Gilmore said.

During the quarter, First American initiated a process for the sale of its property and casualty business.

"While the business, until recently, has performed well, we decided to maintain focus on our core business and redeploy the capital to areas with higher expected returns," Gilmore said.

Old Republic

Old Republic International Corp. reported that its title insurance segment generated $103.1 million in pretax income. This is up from $72.8 million in pretax income during Q3 2019.

In a release, Old Republic reported that the COVID-19 pandemic and the associated governmental responses continued to have a widespread impact on the U.S. economy in the third quarter. While more Old Republic associates returned to the office during the quarter, a majority of its approximately 9,000 associates continue to work remotely. The title insurance segment reported revenues were up 17.1 percent compared to the prior year third quarter.

"Our title employees continue to press on effectively serving the needs of agents and customers through what continues to be very challenging times," said Carolyn Monroe, president of Old Republic's title group. "I'm grateful and honored to be associated with such a dedicated and hardworking group of individuals."

"The robust growth seen so far in 2020 reflects the continued strength in the U.S. mortgage origination market, in particular refinances. As we enter the fourth quarter, order counts remain strong, mortgage rates are projected to remain favorable, and homeowners with the renewed focus on their living space should all contribute to an expected strong finish to the year," she continued.

Old Republic's title segment paid $21.7 million in claims during the latest quarter. This compared to $20.7 million in claims paid during the third quarter of 2019.

Monroe said technology continues to be a focus, saying the company has made inroads with Pavaso, Old Republic's digital closing platform.

"We expect this growth and adoption of the digital closing model to continue due to the ease and flexibility being experienced in the marketplace, accelerating its usage and acceptance," she said.

Additionally, Monroe said Old Republic has experienced early success since implementing a robotic process automation platform. The company plans to deploy the automation across all areas of its business to exploit the technology benefits.

"Most notably, we expect to realize improved accuracy and compliance, benefits of scalability and increased speed and productivity, which plays to our strengths in technology and customer service," she said.

Stewart

Stewart Information Services reported that its title insurance segment generated $82.4 million in pretax income. This is up from $49.5 million in pretax income during Q3 2019.

"In the third quarter, Stewart continued to benefit from a robust real estate transaction environment, as low interest rates continued to impact refinancing activity while purchase orders strengthened," said Fred Eppinger, Stewart's chief executive officer. "Together, they helped both our direct and agency operations outperform 2019 revenue levels. In addition, Stewart's more disciplined and focused operating approach allowed for enhanced margins. Lastly, the company closed two acquisitions in the quarter, with their benefits seen immediately in our core title results."

During the company's earnings call, Eppinger reiterated his appreciation for how Stewart's employees have continued to work under the challenging conditions while ensuring the safety of the company's customers and workers.

"First and foremost, I am proud of how this company and its employees have handled the change and turbulence of the past year," he said. "The terminated merger with Fidelity National (in) September, it feels like a minor speed bump when compared to the upheaval experienced by our country, our communities, our customers, employees and their families because of COVID-19, as well as a very real and active real estate market. Through it all, our employees maintain their focus on delivering superior service in challenging conditions."

During the third quarter of 2020, Stewart's direct operations opened 165,261 orders. This is up from 111,345 opened orders per day during the third quarter of 2019. Meanwhile, the company closed 112,788 direct orders during third-quarter 2020. This is up from 78,474 closed orders during Q3 2019. On the commercial front, Stewart's direct operations generated $280.1 million in revenue during the third quarter of 2020. This is up from $245.1 million during the same period a year ago.

Overall, Stewart reported that its direct title revenues in the third quarter 2020 increased from the prior year quarter, primarily driven by increased purchase and refinancing residential orders from both existing and newly acquired title offices. This increase was partially offset by decreased commercial revenues resulting from reduced transaction sizes and volumes. Domestic commercial fee per file in the third quarter 2020 was approximately $9,700, which was 23 percent lower than the third quarter 2019. The domestic residential fee per file was approximately $1,900, or 11 percent lower than the third quarter 2019, primarily due to a higher mix of refinance compared to purchase transactions.

Stewart's title segment paid $28.4 million in claims during the latest quarter. This is up from $21.1 million in claims paid during the same period in 2019. As a percentage of title revenues, Stewart reported its title loss expense in the third quarter 2020 was 5.1 percent compared to 4.2 percent from the prior year quarter.

"I constantly refer to what is taking place here at Stewart as a journey, because it highlights that the work to achieve our mission will take time," Eppinger said. "That said, our results this quarter and year to date, show that real progress has been made on the journey to become the premier title services company."

CHOOSE THE RIGHT CLOSING AND TITLE SOFTWARE FOR YOUR BUSINESS.

SoftPro is the most trusted provider of real estate closing, title and escrow software for thousands of users nationwide.

TAKE THEIR WORD FOR IT »

"We love the intuitive layout, content and ease of use of SoftPro Select. We also love the efficiency that SoftPro 360 enables; super easy and so much quicker when linking to 3rd party apps/tools. SoftPro allows us to focus on the customer service aspects of our job and not worry about the data collection, integration, dissemination and storage."

— MICHAEL SHERMAN | 8z Title

"I absolutely love SoftPro and its merging capabilities. It is by far the best title software I have ever used over my 30 years of experience. Especially now that 360 has been integrated into the system to easily merge the jackets and CPLs."

— FAYE SETTLE | Keable & Brown, P.A.

"We have been using SoftPro for over 16 years and we love all of the functions of it! I have always been most impressed with their customer service – they are always helpful, understanding and prompt at helping us out with anything. I love the product, but the customer service is the icing on the cake!"

— TINA SELLER
AmeriTitle Downtown

"The reason we chose SoftPro was its flexibility, integration and reporting capabilities, tasking, worklists, workflow, formulas, automation, and the list goes on. We believe that SoftPro is committed to service excellence, and they have always been there for us. They know their product and the industry and are a committed and valuable resource."

— MARLA SINGLETARY
Weissman

HEAR WHAT OTHER CUSTOMERS HAVE TO SAY:
www.softprocorp.com/about/case-studies-testimonials/

SOFTPRO®

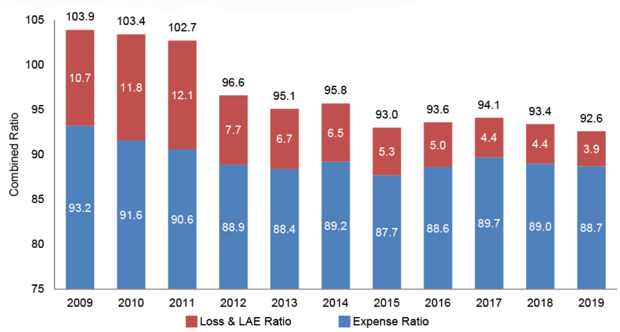
800-848-0143 | sales@softprocorp.com
www.softprocorp.com

LOCKDOWN MEASURES, BUSINESS CLOSURES, AND TRAVEL STOPPAGES at the end of the first quarter following the onset of the COVID-19 pandemic brought the global economy to a near halt. In the second quarter, the U.S. economy, in its first economic recession since the global financial crisis, registered its worst quarterly contraction since World War II—almost 32 percent—following a contraction of 5 percent in the first quarter.

The title insurance industry has persevered, however, thanks in large part to persistent low interest rates propelling refinance volume, while sales of both existing and newly built homes have increased.

In its latest market segment report, AM Best reports that many businesses across the U.S. closed due to the pandemic, but the title and settlement industry has been resilient. According to an ALTA survey, 98 percent of respondents reported their offices remained open, and only 6 percent of those surveyed said they temporarily ceased operations at any of their business locations since the beginning of the pandemic. Title and settlement companies were deemed "essential businesses" by the U.S. Department of Homeland Security and could remain open.

U.S. Title Industry Combined Ratio



Source: AM Best data and research

Wire Fraud

Wire fraud remains an issue for the title industry, even as market participants make efforts to educate customers to better protect themselves from fraud.

"The risk of wire and title fraud in the closing and settlement space has reportedly picked up this year, due to changes in closing practices, as well as work-from-home and COVID-19. Risks include fraud exposure and agent validation issues," AM Best reported.

Insurtech

Since title insurance is so capital-intensive, advancements that focus on lowering company expense ratios by reducing personnel costs as well as the cost of title searches are most valuable. Digital or e-mortgages are already helping to standardize and streamline transactions for all stakeholders—consumers, Realtors, lenders, and especially title insurers.

"The time needed to conduct title searches can be shortened through the use of artificial intelligence or smartphone apps," according to AM Best. "Apps that connect the customer with title underwriters directly can streamline the application process and lighten the expense load. Some e-mortgage platforms are facilitating the purchase of title insurance via digital signings at closings. Digital transformation that cuts into the time and money spent on searching for underwriting and examinations, among other things, can be meaningful to title insurers. Lower

AM Best: Title Insurance Market Perseveres Amid Upheaval and Economic Uncertainty

Report Says Industry Concerned About Increase in Liability

expense ratios can significantly augment title insurer profitability and lower the cost for title insurance."

Digitization

Over the past couple of decades, the title industry has undergone a sea change as technology has minimized human interaction and made the overall process more efficient.

One area is the use of remote online notarization (RON). Widespread stay-at-home orders and social distancing edicts have forced county recording clerks, mortgage lenders, and the title insurance industry to expedite rules to permit RON closings.

A title insurer's primary expenses for issuing a policy pertain to personnel, technology and other costs associated with the search and examination process, the curative process, the preparation of preliminary reports or commitments, title plant maintenance, sales, and other administrative expenses. When an agent issues a policy, the premium the agent retains is also a primary expense for the insurer. As a result, many of the underwriters have embarked on multi-million-dollar acquisitions of fintech companies or invested substantial amounts and developed internal products to provide document digitization, e-close/e-signature, and other fulfillment technology for their title and mortgage industries.

Liability

AM Best says technology brings with it several threats and cyber risk and exposures—now even more pronounced due to remote working. Ransomware, data breaches, and other types of cyberattacks continue to increase in frequency and sophistication. All companies, including title insurers, have been subject to and are likely to remain targets for computer viruses, cyberattacks, phishing attacks, and other malicious activities. These types of incidents could expose a company to system-related damages, failures, or interruptions that disrupt a company's operations and result in the loss, theft, or destruction of confidential, proprietary, and other information affecting a company, its customers, employees, agents and suppliers.

"Even if companies take the utmost precautions, they can't guarantee safety from all cyber threats, wire fraud, or system attacks. Most companies maintain cyber liability insurance to protect themselves financially, but there is no assurance their cash flows, litigation, or reputation won't be adversely affected," AM Best reported.

"Initiatives such as document digitization, remote signature, and online notarization have clearly resulted in major efficiencies in the industry, but the industry still has to overcome a number of obstacles," AM Best concluded in the report. "Also, when and if technologies such as blockchain can generate efficiencies remains to be seen, as does whether the impact of upcoming startups on the market and industry will be tangible, consistent and sustainable."

E-mortgage Volume Spikes During COVID-19

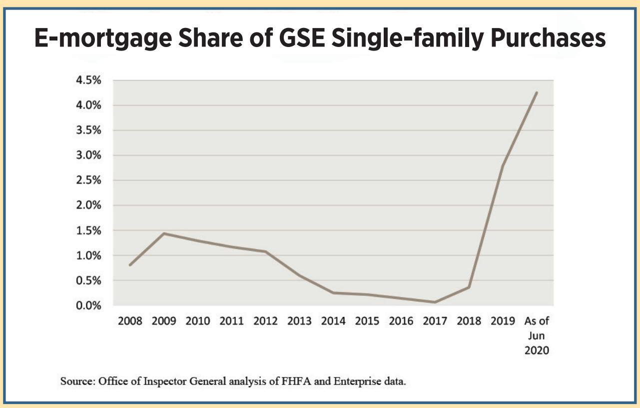
FHFA Expects These Types of Transactions Will Represent 5 Percent of GSE Pipeline

THE INCREASE OF E-MORTGAGES PURCHASED BY FANNIE MAE AND FREDDIE MAC spiked significantly over the first six months of 2020, the Federal Housing Finance Agency (FHFA) reported.

In a September white paper, the FHFA reported that e-mortgages comprised 4.25 percent of all single-family mortgage purchases made by the government sponsored entities (GSE) during the first half of the year. This accounted for $38.8 billion in mortgages. As a comparison, e-mortgages comprised 2.8 percent ($29.3 billion) of all single-family mortgages purchased made by the GSEs in 2018. Fannie Mae and Freddie Mac attributed the spike to the COVID-19 pandemic in 2020. The FHFA reported that lenders have accelerated their e-mortgage implementation plans because of social distancing requirements and borrowers' desire to conduct business remotely.

"As a Fannie Mae official explained, the COVID-19 crisis put e-mortgages front and center, and lenders began to realize some of the benefits, such as speed and efficiency," FHFA noted.

In the face of the COVID-19 pandemic, several jurisdictions have implemented emergency or permanent orders relaxing notarization laws, including allowing remote online notarizations (RON) in those areas. In addition, the GSEs have extended temporary loan measures, including the use of RON.



E-mortgage Share of GSE Single-family Purchases

Source: Office of Inspector General analysis of FHFA and Enterprise data.

The FHFA reported the GSEs expect e-mortgage purchases to increase during the second half of 2020 and 2021. It's estimated that e-mortgages will represent 5 percent of total GSE volume by the end of the year.

GSE officials said longer-term expansion could be impeded because e-notarization (including RON) is not yet available in all 50 states. Additionally, despite initiatives and orders allowing for RON, an official with Freddie Mac said the number of notaries certified and available to act as electronic notaries is low.

The use of e-mortgages carries both risk management benefits and potentially heightened risks.

Both GSEs said e-mortgages offer fewer signing errors and ensure that documents, pages and signatures are not missing from the closing package, which minimizes post-closing review delays. Other benefits noted in the report include:

- E-mortgages may reduce the need for settlement provider and lender back-office teams to perform quality post-closing reviews for missing signatures and unsigned documents and can help minimize efforts associated with trailing documents.
- GSE systems can automatically certify loans when they are delivered by verifying that all the information in the note, such as loan terms and property information, matches the loan delivery data.
- Eliminating the need to physically transfer a note improves efficiency, reduces costs and decreases the risk that it will be lost.
- Borrowers can review and electronically sign some documents before the closing, making the closing faster and easier.

While underwriting parameters are the same for an e-mortgage versus a traditional paper-based mortgage, differences for signing processes introduces potential risk.

According to Fitch Ratings, e-mortgages can increase risk if counterparties do not have proper controls and remediation plans for their e-mortgage systems and platform. For example, Freddie Mac told FHFA that if counterparties do not comply with the Electronic Signatures in Global and National Commerce Act (ESIGN) and the Uniform Electronic Transactions Act (UETA) in the e-mortgage and e-closing processes, then the resulting e-mortgage may have issues or delays in enforcement. According to Freddie Mac, the potential for enforceability issues with e-mortgages is their highest risk.

OLD REPUBLIC TITLE

THANK YOU

Old Republic Title would like to thank our valued agents for the remarkable resilience they have shown during the COVID-19 pandemic. You embraced unprecedented, ignored impossible and found innovative ways to navigate our new business environment. Thank you for your dedication. We are honored to take this journey with you.

Our Company has seen its share of challenging times since opening our doors in 1907. And yet, we have persevered because our focus has always been forward. Old Republic Title is managed for the long run, so we can be prepared for whatever the future holds. We are proud to stand by our agents and offer you the peace of mind that comes with over a century of experience, strength and stability.

As we transition into fall, you can be assured that Old Republic Title is fully staffed, accessible, and here for you and your customers.

Thank you again for your support.

OLD REPUBLIC INSURANCE GROUP

Planning and Goal Setting for the 'New Normal'

With World Turned Upside Down, Conduct a SWOT Analysis

By Cynthia McGovern

SO, ARE YOU SICK OF THE PHRASE "THE NEW NORMAL" YET?

It's become almost as much of a cliché as "In these challenging times …." But like it or not, it's the 600-pound gorilla in your office that just won't go away. Everything has changed, plain and simple, and no amount of wishing and hoping will alter that reality.

It affects every aspect of our lives, and most certainly the way we do business. But like every other challenging situation, it can only be dealt with when we are not afraid to look at it head on and make what are often some enormous changes to our business models.

One thing the pandemic is NOT—it is NOT an excuse to throw your planning and goal-setting processes out the window or to delay it indefinitely, and deal with this new environment from a purely reactive stance, simply because "we don't know what's going to happen."

Do we ever? I get it, the changes we're undergoing as an industry right now have been perhaps more massive than any in our recent history, and we have been through some changes over the years. But that only intensifies the need to up our game when it comes to adapting, planning and executing.

With December 2020 finally here—and be honest, there were times we thought it would NEVER get here—I challenge all of you to sit down, take a breath and invest some mental energy into reinventing your strategic planning process for the coming year.

It starts, as always, with your fundamental mission. Sure, the pandemic has certainly changed the way you've *delivered* your products and services, but has it truly disrupted our mission? Our clients have the same needs, and we respond to them with the same types of solutions.

For example, if you operate a chain of buffet-style restaurants, you are obviously going to have challenges in the mask-and-hand-washing era. But bottom line, you're still selling food, and there's still a need for it—you may just have to find another way to do it.

Start your planning process with a reassertion of your basic mission statement, and tweak if necessary. And take a look at your core values, too. Those tend be carved in stone, as they should—your mode of delivery shouldn't change those.

What kinds of revenue goals can you set for the coming year? Take into account the changes you may need to make in regard to your markets, and your interactions with your customer base. How will that impact your profitability goals? And what do you need to do to adjust to this brave new world?

Maybe you need to beef up your technology with new staff or enhanced training. Take a quick inventory of the services you've traditionally provided. Have you been able to deliver them effectively in 2020? If not, what needs to change—*within your control*—to get things back on track?

(Here's a spoiler alert: the goals you set in last year's plan are most likely going to need to be revisited, and revised. In some cases, significantly.)

How does your budget look? You do have a budget, right? What kind of resources do you have to make the changes you need to implement? You may have to do some major reinvention here as well. But you may also have some unexpected windfalls.

I'm guessing your travel budget for 2020 finished the year largely unspent. And most likely this was a resource that helped to offset revenue fluctuations due to an uncertain market. Well maybe—*and I'll whisper this*—you didn't really need to do as much travel as you were doing to begin with.

We've learned to do a lot of things differently during the pandemic, and customer relations has been at the top of the list. Virtual communication and conferences have moved to center-stage, often becoming our ONLY tool to get our critical tasks accomplished. Reinvesting that travel budget into technology might be something to consider, even when things finally DO get back to normal.

Take time for a mini-SWOT, but 2020-style. Your strengths may have kept you afloat this year, or your weaknesses might have been more obviously exposed. In a world turned upside down, there are new opportunities for those willing to innovate. And threats? Yeah, we've had our share of threats this year, and there are probably more to come.

Suffice it to say, if you haven't conducted a SWOT analysis, even a casual one, since last March, chances are good that the 2021 edition will look a little different. Always a critical component of any strategic planning process, it is absolutely essential now.

When you're focusing in opportunities, start to rebuild your target list. Again, it may turn out to be quite different from the 2019 version. Be realistic, creative and aggressive. Master the communication technology you'll need to develop relationships with your prospects. And remember that, yes, the world has gone through a lot, and many of your customers are hurting. But you can't let this be an obstacle to your need to *ask for the business*.

Finally, when all of the pieces of your planning puzzle are on the table, it's time to assemble them into action steps, with measurable outcomes. Assign the necessary budget and resources to each, prioritize them, and you'll see a legitimate action plan begin to take shape.

And most importantly, build in your evaluation phase. Yes, one school of thought is that "if we stay in business, we've succeeded." But I believe we can all do more than survive in 2021—we can *thrive*.

So, to recap, here's your to-do list:

1. Check your mission statement and core values
2. Rework your revenue goals and projections to reflect the current environment
3. Do the same with your annual budget—what do you need to respond to that "new normal?"
4. Conduct a quick SWOT analysis, 2020-style.
5. Rebuild your target list, if necessary
6. Develop and prioritize your action steps
7. Build in evaluation reviews along the way, and adjust as needed

As we climb back up that mountain, we need to keep looking up—never down. The game has changed, but for those that can change with it, success can still be had.

But it all starts with a plan.

CYNTHIA MCGOVERN *is chief executive officer of Orange Leaf Consulting, which helps title companies create sustainable growth and follows the motto "Grow Big or Go Home." She can be reached at cmcgovern@orangeleafconsulting.com.*

Industry Update

Pennsylvania Governor Signs RON Legislation

Pennsylvania's General Assembly passed legislation on Oct. 21 that authorizes the use of remote online notarization.

House Bill 2370 was signed in to law by Gov. Tom Wolf. The Pennsylvania Land Title Association (PLTA) supported the bill and sent a letter encouraging the governor to sign. Pennsylvania becomes the 29th state to pass RON legislation.

"PLTA has championed RON legislation that contains appropriate safeguards protecting the title industry and consumers since the very first RON bill was introduced back in 2017," said Lisa McEntee CLTP, president of the PLTA. "We are thrilled that the governor has signed HB 2370, and thank our members for their involvement at the grassroots level to get this done. In our centennial year, PLTA supports this leap toward modernization of the closing process."

The legislation is based on the Revised Uniform Law on Notarial Acts (RULONA) as well as the ALTA-MBA model RON bill. The legislation allows for a notary in Pennsylvania to perform a notarial act facilitated by communication technology if several requirements are met.

The notary must:

- have personal knowledge of the identity of the individual;
- have satisfactory evidence of the identity of the remotely located individual by oath or affirmation by a credible witness appearing before the notary; or
- be able to reasonably identify the individual by at least two different types of identity proofing processes or services.

The notary must also be able to reasonably identify a record as the same record in which the remotely located individual made the statement or on which the remotely located individual executed the signature.

Additionally, the notary must create an audio-visual recording of the notarial act, including all interactions between the notary and the remotely located individual. The audio-visual recording must be retained in a repository designated by or on behalf of the notary for 10 years.

There are additional requirements if the remotely located individual is located outside the United States.

The legislation goes into effect immediately.

Survey: Most Borrowers Satisfied With Closing Process During COVID

Most borrowers were satisfied with their closings (90 percent) during the COVID-19 pandemic even though most of the transactions involved e-signing and remote closings, according to a survey conducted by ClosingCorp.

The survey, conducted in early September, interviewed more than 690 borrowers who had purchased or refinanced a home since March 15. Approximately 15 percent of the respondents were homebuyers, 79 percent were refinance customers and 6 percent were both. Among the homebuyers, just over a third were first-time buyers.

"As we've seen throughout 2020, this crisis is accelerating adoption and acceptance of e-transactions, and when things return to normal, e-signing and e-closings will be the new normal and consumers will like it better," said Bob Jennings, ClosingCorp's chief executive officer.

Additionally, the vast majority of borrowers said their closings were efficient (95 percent).

More than half of all borrowers (55 percent) said their closings were conducted remotely, and not in traditional locations, such as a title company or lender's office. The survey did not denote whether closings were conducted using remote online notarization or some digital closing variation such as remote ink-signed notarization.

Louisiana Brick-and-Mortar Regulation Goes Into Effect Jan. 1

The Louisiana Department of Insurance (LDI) issued an advisory letter indicating that the state's new "brick-and-mortar" regulation will go into effect Jan. 1, 2021.

Act 310 requires any title insurance entity to have a least one employee who is a resident of Louisiana and a physical brick-and-mortar location in the state.

The advisory letter outlines instructions to individuals and companies on the procedure to demonstrate compliance.

According to the department of insurance, a resident of Louisiana who has been licensed by the LDI is not required to provide any further information. A business entity licensed by the LDI as a resident agency producer with a primary place of business in the state must submit an "Affidavit of Resident Title Agency Producer," which must be signed by an officer or member of the entity certifying that neither the agency producer nor the agency's designated responsible producer(s) "has ever had a producer license suspended, revoked or refused by the state."

Individuals who are not a resident licensee must be a full-time employee of an agency producer that has a principle place of business in Louisiana. A non-resident representative of an agency producer must submit an "Affidavit of Non-Resident Title Producer" to the LDI.

According to the letter, agency producers that are non-residents of Louisiana and have been licensed by the LDI must now meet the new requirements. In addition to having a primary place of business in the state, the licensed non-resident agency producer must also appoint an individual who is both a resident and licensed for the line of title as a designated responsible producer. By Dec. 31, 2020, this person must submit an "Affidavit of Non-Resident Title Agency Producer," certifying that neither the agency producer nor the designated responsible producer "has ever had a producer license suspended, revoked or refused by the state."

First American to Acquire Mortgage Subservicing Company

First American Financial Corp. plans to acquire the mortgage subservicing company ServiceMac LLC.

As a part of the transaction, First American has acquired a minority interest in ServiceMac's parent company. That interest will convert into equity of ServiceMac at the closing of the acquisition, which is expected to occur by the end of 2021, subject to regulatory approvals and the satisfaction of customary closing conditions.

Founded in 2017, ServiceMac is an independent subservicer, offering lenders, investors and other mortgage servicers solutions that span the mortgage life cycle and enhance security, customer satisfaction, retention capabilities and profitability.

Stewart Purchases Valuation Company

Stewart Appraisals Management, a subsidiary of Stewart Information Services, has acquired Pro-Teck Services Ltd, which does business as Pro Teck Valuation Intelligence.

"As we continue to invest in Stewart's future, this acquisition adds innovative technology, data and analytics to our growing valuation businesses, critical for driving future business," said Stewart CEO Fred Eppinger. "Pro Teck's added scale and capabilities take us one step closer to becoming the premier title services company, allowing us to increase our services for our customers."

Pro Teck has provided valuations in the residential space for more than 40 years. The company offers its proprietary technology Valuation Intelligence, a cloud-based fulfillment platform, as well as a SaaS solution that allows lenders to manage the appraisal process in-house. Pro Teck's products include appraisals, desktop appraisals, BPOs, desktop reviews, AVMs, data/analytics and hybrid solutions.

Realogy Title Group Upgrades Mobile App

Realogy Title Group LLC released a new version of its Title!Snap mobile application, which offers real-time title transaction information to real estate agents.

Title!Snap provides agents and mortgage loan officers detailed closing cost estimates for each of Realogy Title Group's brands. The app also features the ability to start a title order, generate and electronically share seller net sheets, title and escrow fee estimates and a complete range of real estate calculators. Available to any real estate agent, the app is one aspect of the company's commitment to deliver a virtual homebuying process, from beginning to end.

Recent Integrations

- **Pavaso**'s e-closing solution is now integrated with Ellie Mae's lending platform. The integration allows lenders to access Pavaso's e-closing technology directly through Ellie Mae to drive quality and efficiency in the closing process.
- **Stewart** has entered a partnership with **CertifID** that enables the underwriter's direct offices and independent agencies in its Trusted Provider network the ability to securely connect and send wire instructions to customers.
- **Qualia** has integrated with Texas-based title evidence provider **Integrity Title Co.** The integration enables title evidence data from Integrity Title to automatically populate a title agent's file on Qualia's platform, eliminating the need to re-enter data from one system to another. Integrity Title owns and operates title plants in 92 counties in Texas, serving 95 percent of the population where title premiums are produced.
- **SoftPro** recently announced a new integration that supports **CATIC**'s Title Order Packaging System (TOPS) platform. With the added capability of the TOPS integration, CATIC agents in certain jurisdictions can order and receive title search results directly in their SoftPro file.
- Real estate closing software company **SnapClose** has integrated with **AmTrust Title Insurance**. The partnership allows title agents, attorneys and escrow officers of the underwriter the ability to generate policies, closing protection letters (CPLs) and policy jackets from the SnapClose Pro platform.
- **Bank Shot** has partnered with Arizona-based **Premier Title Agency** to provide a safe and secure way to handle earnest money deposits and other payments through a mobile application.

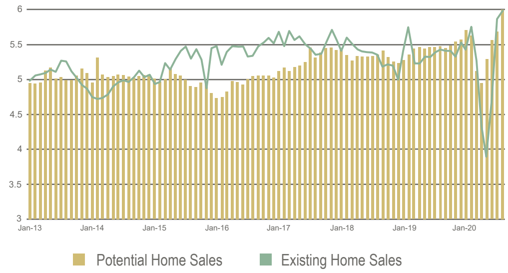
Housing Market Potential

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

5.98 SAAR
Existing Home Sales

5.99 SAAR
Potential Home Sales

-0.3%
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

August 2020

$494,147
House-Buying Power

+15.6%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Cities

States

1. New Jersey: **$658,323**
2. Maryland: **$646,413**
3. Hawaii: **$630,023**
4. Massachusetts: **$627,506**
5. California: **$595,193**

Cities

1. San Jose, CA: **$1,066,458**
2. San Francisco, CA: **$885,915**
3. Washington, DC: **$811,909**
4. Boston, MA: **$734,895**
5. Baltimore, MD: **$640,831**

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

Movers&Shakers

North American Title Adds State Manager for Colorado and Utah

North American Title Insurance Co. (NATIC) has added Mary Santos Schoolmeester as state agency manager to oversee agency operations in Colorado and Utah. She joins NATIC with more than 20 years of experience in business-to-business roles. Prior to joining NATIC, Schoolmeester was senior relationship manager at a digital title and escrow company.

Agents National Title Names Southwest Agency Operations Manager

Agents National Title Insurance Co. (ANTIC) has named Susan Simmons as manager of its Southwest Agency Operations. She will support ANTIC underwriters and sales associates in Texas, Oklahoma, New Mexico and Arkansas, as well as contributing to projects at the national level. Before joining ANTIC, Simmons held a variety of roles with several underwriters. She has nearly 20 years of industry experience.

Shaddock National Holdings Adds CFO

Shaddock National Holdings named Brent Scheer as its chief financial officer. He is a 14-year industry veteran and previous CFO of a national title insurance company. He is an active leader in the land title industry including being involved in various committees and speaking at multiple events with ALTA. Scheer will focus on leading and executing the financial and operational initiatives of Shaddock National Holdings.

Westcor Bolsters Agency Ranks

Westcor Land Title Insurance Co. announced the hiring of Steve Hightower as agency representative for North Texas, Oklahoma and Arkansas; Philip Snowden as agency representative for the Gulf Coast and Louisiana; and Christian Rava as Florida agency representative. Hightower has worked in the title insurance industry for over 20 years. He has spent most of his career in the Texas markets. Snowden has a background in employee screening, insider threat detection and business operations evaluations. Rava, a licensed title agent, has been in the title industry for nearly 20 years. He has experience in both residential and commercial title as an examiner and a sales representative.

Secured Title of Texas Appoints General Counsel

Secured Title of Texas, a subsidiary of Title Midwest Inc., named Kerry Prisock as general counsel. Prisock brings with him more than 20 years of legal expertise including an understanding of real estate law and associated transactions. His experience in the title industry includes monitoring multistate compliance and licensing, establishing underwriting and examination guidelines and procedures, handling title claims, training and managing escrow officers and other staff, and reviewing and preparing legal documents, among other things.

Keep Moving Forward

BILL BURDING NTP
ALTA president

PHYSICIST ALBERT EINSTEIN ONCE SAID, "How many people are trapped in their everyday habits: part numb, part frightened, part indifferent? To have a better life we must keep choosing how we're living."

Every day we are building our lives, choosing how we act and what we believe in. We determine our destiny. The COVID-19 pandemic may have thrown some hurdles in our way and changed how we do things, but it won't extinguish our spirit to fight on. In addition to the pandemic, the California fires forced me to evacuate from my home in October. While 2020 has been challenging, we will persevere and come out of this stronger.

I feel privileged to guide such a driven and inspiring group of title insurance industry professionals who protect the American Dream. Standing at the helm of the ALTA membership during a time of incredible uncertainty will be demanding, but I look forward to overcoming the obstacles in our path. I am eager to work with ALTA's Board of Governors, staff and membership. Every year, ALTA's Board and staff develop strategic priorities to help members excel in a changing business and regulatory environment. In 2021, ALTA will focus on these strategic priorities to help our members:

- Tell their story inside and outside the industry to describe the people who make up the title insurance industry and the value they provide.
- Develop and retain talent in a changing world of work.
- Protect their customers' privacy and investment.
- Promote digital closings.

We are closing out a year full of challenges while simultaneously jumping into more of the same. During this pandemic, ALTA members have continued to work around the clock to make closings convenient, safe and secure. This, in turn, keeps the real estate industry and economy going. In the coming year, ALTA will work hard to help more members add digital closing options to their businesses. Additionally, ALTA will educate members about cyber and physical environment security threats to their businesses and the impact of data privacy laws. ALTA also will develop programs that will assist workers in navigating the changing workplace we all face. There is a lot of work to be done, and ALTA leadership is ready to roll up our sleeves and get started.

We determine our destiny. Let's keep moving forward in 2021.


CLOUDSTAR
Those who know
trust Cloudstar.
www.mycloudstar.com


Tell Your Story
POWERED BY HOP
For more information on these member-only resources visit alta.org/homeowner
ALTAPRINTS
on demand printing from ALTA
Receive Free Ground Shipping When You Purchase $250 or More from ALTAprints
No Discount Code Required!
Brand
Print
Download
Easy
Get started today at alta.org/alta-prints