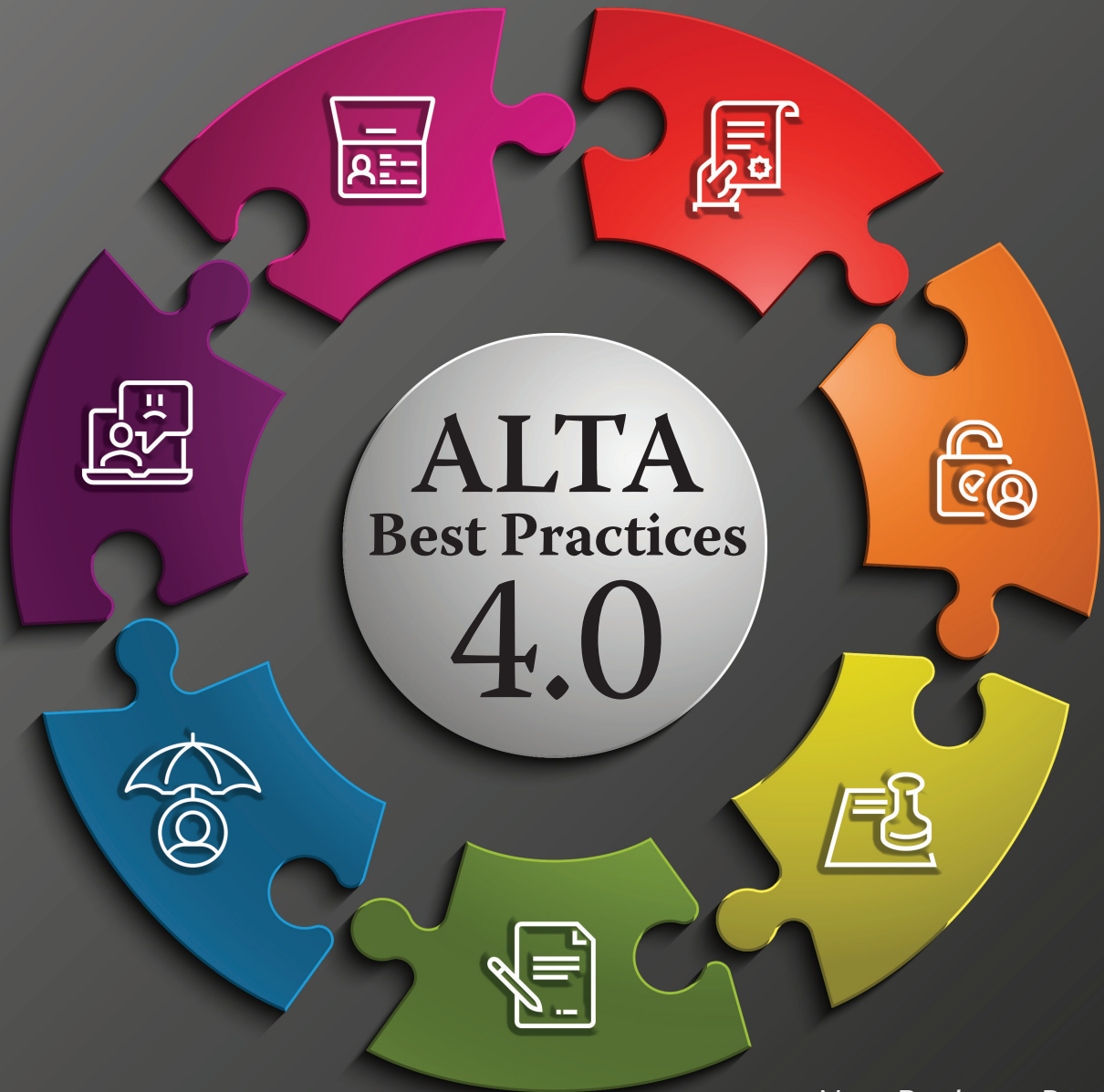


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JUNE 2023

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Threats, Regulations
and Market Needs Drive
Recent Update*

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DON'T MISS THIS MONTH'S
DIGITAL ISSUE OF

TITLENews

The digital edition of **TITLENews** includes a webinar recording that details the recent revisions to ALTA's Best Practices, which went into effect May 23. Learn about the key changes that impact escrow accounting, privacy and information security programs, and settlement.

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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.

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TITLENews

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

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ALTA Best Practices Get a Major Refresh



JEREMY YOHE

ALTA vice president of communications

ALTA CONTINUES TO PLAY A CRUCIAL ROLE IN HELPING OUR MEMBERS

, provide efficient and secure real estate transactions. As the industry continues to evolve, it is essential for professionals to stay updated on the latest ALTA Best practices and guidelines.

There's no doubt the industry, society and technology have significantly changed since ALTA unveiled the first iteration of its Title Insurance and Settlement Company Best Practices 10 years ago.

Best Practices 4.0 represents a significant undertaking by the ALTA Best Practices Executive Committee and Work Group to completely review the previous version. This update, which represents the first major revision since the Best Practices were created in 2013, is intended to help agents and direct operations optimize their practices and procedures to ensure financial, data security and operational stability. They are also meant to provide lenders with the assurances that their needs are being fulfilled by improved operations. These practices are voluntary and designed to improve operations and enable members to illustrate the industry's professionalism and best practices to help ensure a positive and compliant real estate settlement experience.

As you'll read in this edition's cover article, most of the changes focus on Pillar 2 (Escrow Accounting), Pillar 3 (Privacy and Information Security Programs to Protect NPI) and Pillar 4 (Settlement). For Pillar 2, updates include the treatment of non-settled funds and outstanding file balances, use and treatment of fintech applications, escrow funds training and the use of wire verification services. Pillar 3 revisions address physical protection of NPI, inclusion of network and cloud security of NPI, further details on coverage of business continuity and disaster recovery plans, more details on the required oversight of service providers and third-party systems and requiring processes for addressing breaches or unauthorized access to NPI. Meanwhile, Pillar 4 changes include establishing "consumer objectives" for the training of staff, disclosure of affiliated business arrangements, establishment and implementation of procedures related to closing documents, requirements for internal and external signing professionals, selection of remote online notarization platforms, standards for recording procedures, and compliance with Pillar 2 for procedures and controls for recording fees and any applicable taxes.

There also has been an effort to simplify the structure for documentation and reporting to make it easier for title companies of all sizes and scope to benefit. Specifically, the various reporting documents have been simplified into separate paths for third-party and internal assessments (formerly called self-assessments).

In a rapidly changing business and regulatory environment, staying current on industry standards and procedures is crucial for professionals in the real estate and title insurance sectors. By implementing the Best Practices, industry professionals can enhance operational efficiency, mitigate risks and ultimately improve the overall customer experience. Keeping pace with the evolving landscape contributes to a more secure and transparent industry, instilling trust in both consumers and stakeholders.

ALTA, More Than 100 Groups Send Letter of Support for SECURE Notarization Act to Senators

ALTA and a coalition of more than 100 other businesses and trade associations sent a letter to Sens. Cramer (R-N.D.) and Mark Warner (D-Va.) expressing support for the bipartisan Securing and Enabling Commerce Using Remote and Electronic Notarization Act (SECURE).

Sens. Cramer and Warner introduced S. 1212 in April. The bill has been referred to the Senate Judiciary Committee. The house passed its version of the ALTA-supported SECURE Act by a voice vote in February.

SECURE would enable the use of remote online notarization (RON) technology by notaries public in interstate commerce and allow signers located outside of the U.S.—such as active-duty military personnel—as well as the elderly and homebuyers with disabilities to securely notarize documents.

The SECURE Notarization Act would:

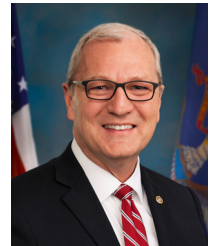
- Permit immediate nationwide use of remote online notarization (RON).
- Create national minimum standards for its use.
- Provide certainty for the interstate recognition of RON.

The letter shared results of a survey conducted by ALTA that found the use of RON increased 547% in 2020 when compared to 2019. This increase can be attributed to heightened demand for RON during the pandemic, in addition to the expansion of states with permanent law recognizing its value.

“The past few years have shown technological solutions can increase accessibility and reduce burdens for people across the United States,” the letter stated. “The federal government should provide the critical pathway to continue to leverage technology to carry out daily activities, including business transactions like notarizations, into the future while maintaining a standard of safety and security for consumers and service providers.”

The SECURE Notarization Act was first introduced in 2020 as the COVID-19 pandemic increased the need for social distancing and remote options for executing important documents. It includes requirements for two-way audiovisual communication, multifactor authentication, and tamper-evident technology—critically important security standards that protect consumers.

Currently, 44 states have enacted laws allowing permanent access to remote online notarization.



Sen. Kevin Cramer



Sen. Mark Warner

ALTA Good Deeds Foundation Awards Housing Grant

The ALTA Good Deeds Foundation awarded a \$6,000 grant to the National Fair Housing Alliance (NFHA) in Washington, D.C.

“This organization works to eliminate housing discrimination and ensure equitable housing opportunities for all Americans through education and outreach, public policy, advocacy and housing and community development,” said Foundation Board Chair Mary O’Donnell, president and CEO of Westcor Land Title Insurance Co. and past president of ALTA. “In less than

AMERICAN LAND TITLE ASSOCIATION



three years since the ALTA Good Deeds Foundation was founded, we have awarded \$724,000 in grants to 123 community nonprofits in 39 states and the District of Columbia.”

NFHA works to eliminate housing discrimination and helps to ensure equitable housing opportunities for all people and communities.

“The National Fair Housing Alliance is closely aligned with ALTA’s mission and values,” said ALTA CEO Diane Tomb. “Because of the overwhelming support from ALTA members, the foundation is able to grow its meaningful work with equitable and affordable housing leaders like NFHA and make a tremendous impact in so many communities across the country.”

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ALTA, Other Insurance Trades Share Support of SAFE Banking Act

ALTA and eight other insurance trade associations earlier this month sent a letter to several members of Congress to express support for the SAFE Banking Act of 2023.

Identical bills have been introduced in the Senate and House of Representatives. There are 39 co-sponsors in the Senate and 28 in the House.

This bill provides protections for federally regulated financial institutions that serve state-sanctioned marijuana businesses. Currently, many financial institutions do not provide services to state-sanctioned marijuana businesses due to the federal classification of marijuana as a Schedule I controlled substance.

While there have been some modifications to the bill, the insurance safe harbor language remains intact.

Over the last few years, ALTA has worked closely with sponsors to broaden the bill to protect insurance companies and settlement providers. This includes securing a provision that protects cannabis business service providers, including title and settlement companies, by insulating the proceeds of cannabis businesses from criminal or civil forfeiture.

“By resolving the legal uncertainty presented by the dueling state and federal treatment of marijuana, the insurance industry can serve both state-

sanctioned marijuana businesses and other commercial and personal lines consumers who may have a direct or indirect relationship to state-legalized marijuana, and still be in compliance with the law. Insurers must also continue to satisfy all applicable state statutory or regulatory requirements, such as those pertaining to consumer protections and claims payments,” the letter states.

Other insurance groups joining ALTA on the letter included:

- American Council of Life Insurers (ACLI)
- American Property Casualty Insurance Association (APCIA)
- The Council of Insurance Agents & Brokers (CIAB)
- Independent Insurance Agents & Brokers of America (IIABA)
- National Association of Mutual Insurance Companies (NAMIC)
- National Association of Professional Insurance Agents (PIA)
- Reinsurance Association of America (RAA)
- Wholesale & Specialty Insurance Association (WSIA)

On May 11, the U.S. Senate Banking, Housing and Urban Affairs Committee held a full committee hearing on this issue titled, “Examining Cannabis Banking Challenges of Small Businesses and Workers.”

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: 22
- Title Agents: 13
- New Associate Members: 1
- New Attorney Members: 4
- State With the Most, New Members: Florida with 7
- Total Members: 5,691

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July 13-14
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Aug. 2-3
Springfield, Ill.

KANSAS

Aug. 3-5
Mulvane, Kan.

PACIFIC NORTHWEST

Aug. 10-12
Coeur d’Alene, Idaho

MINNESOTA

Aug. 11-12
Alexandria, Minn.

ARIZONA

Aug. 13-15
Tucson, Ariz.

NEW YORK

Aug. 20-23
Manchester, Vt.

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ALTA Best



Practices 4.0

NEW DIGITAL PAYMENT OPTIONS, increasing fraud threats and new regulations and laws, as well as changes to business and market needs, led to recent revisions of the ALTA Title Insurance and Settlement Company Best Practices.

The changes, which went into effect May 23, focus on the continual improvement to operations and primarily involve escrow accounting, and privacy and information security programs to protect non-public information, as well as an overhaul to enhance the closing and settlement process.

Craig Haskins, chief operating officer for Knight Barry Title Group and a member of ALTA's Board of Governors, said the original Best Practices that were written in 2013 were more of a defensive mechanism focused on compliance certification to help title agents retain lender business. Back then, lenders were concerned with assessing their title company partners after the Consumer Financial Protection Bureau (CFPB) issued a memo saying lenders were responsible for their vendors—which included title and settlement agents.

“The strategy is a bit different with these revisions,” said Haskins, vice chair of ALTA's Best Practices Executive Committee. “While the Best Practices are still focused on agent certification, this version takes more of an offensive position and looks at things to help agents improve their company.

There's a lot of risk in the functions title and settlement companies perform. By following ALTA's Best Practices, including identifying and remediating any deficiencies, agents take active steps to protect the parties and the settlement process.

“The world has changed,” said Tara Smith, president of agency services for Stewart Title Guaranty Co. and an ALTA Board member. “The industry looks very different than it did 10 years ago when the original Best Practices were rolled out. Remote online notarizations were just a concept a decade ago, earnest money deposit apps didn't exist, and most workers were in the office five days a week. In the last decade, we've seen an explosion of



Craig Haskins



Tara Smith

new technologies that are now integral in our day-to-day operations.”

Pillar 2: Escrow Accounting

Efficient and accurate escrow accounting is critical in maintaining trust and integrity in real estate transactions. The updated guidelines address managing escrow funds, record keeping and the reconciliation processes.

Haskins said one of the most important changes to Pillar 2 addresses non-settled and reversible funds. He said agents should pay attention to what happens if incoming funds

for a closing could be reversed. This includes paper checks, some earnest money-type apps and some of the other new payment rails.

“You're going to hear a lot about the term payment rails this year with real-time payments and FedNow,” he said.

Rules for making disbursements vary from state to state, but Haskins shared an example where everything looks good with the closing but then there's a minor change that requires \$20 from the buyer.

“Are you going to accept a very small, personal check from the buyer to rectify that issue—even though a personal check can be canceled or reversed?” Haskins said. “This is one of the reasons in this pillar where we say in making disbursements from your trust account, that you should ensure that ‘undue risk is not being undertaken for deposits that are not fully settled or that could be reversed.’”

Some agencies may be comfortable taking the \$20 personal check from the buyer to correct last-minute changes if allowed by the regulator.

Smith added that the prior version of Best Practices did not allow for this. The change allows each company to set their own threshold of what they're comfortable with.

“If you're a small agent, and you're accepting a \$1 million personal check to wire all funds, maybe that doesn't comply with undue risk for you,” Haskins said. “Maybe it does for a giant title company. Everyone sets their own limitations and should be ready to explain that if someone asks.”

The Best Practices now require positive pay on all accounts if available for the payment type. There are some caveats because the industry is not sure how real-time payments or FedNow will affect positive pay. Haskins encourages agents to pay close attention to the differences between earnest money app providers and make sure that whichever system is being used doesn't allow reversal of the money that's been deposited.

“Make sure that there aren’t any chances where what you think has been deposited through an earnest money app is reversed out,” he said. “That’s another section of best practices where you need to do some work to make sure the provider has that safeguard in place. You want to know that money is there and can’t be taken.”

Another major change to Pillar 2 includes the use of multifactor authentication. This is another process that wasn’t prevalent 10 years ago. At a minimum, procedures should contain controls that are documented in ALTA’s Outgoing Wire Preparation Checklist.

“Following these procedures will significantly reduce the risk of wire fraud,” Smith said.

The updated Best Practices now require background checks for all the company’s employees. Previously, background checks were limited to just those employees who had access to closing funds, but now, they’ve been expanded to all employees, since presumably, all employees have access to some private information in a file.

There is an alternative if a company doesn’t feel a background check for every employee is necessary. On the certification assessment forms, a company can indicate they don’t fully comply with this section of the best practices because some employees don’t have access to money or NPI.

“Maybe you have a few employees who don’t touch anything and you’re thinking, why do I need to spend the money to run a background?” Haskins said.

“I can’t imagine that any of your customers would see your Best Practices with that explanation and go, ‘They’re banned from being our vendor and we’re not using them because of this. Write an explanation that details why you didn’t pass a certain part and how you’re remedying that or why you’re not. Maybe a certain pillar doesn’t apply in your state or local market.’”

To address the continued threat of wire fraud, this pillar now recommends the use of a wire verification service. Smith said advancements in technology allows agents to verify every outgoing wire is going to the intended recipient before it’s sent.

“So, where it is available, efficient and economical, the Best Practices instruct agents to use this technology,” Smith said.

Regarding reconciliation and discrepancies, ALTA’s Best Practices previously specified that daily reconciliation should be performed. It’s still recommended to perform daily reconciliations, but now agents should also review the results and act on any discrepancies.

“That can really protect your organization from potential losses that you would catch much sooner than waiting until your three-way monthly reconciliation after the month closes,” Smith said.

Pillar 3: Privacy and Information Security

With the increasing threat of cyberattacks and data breaches, ALTA has emphasized the importance of safeguarding sensitive

client information. An addition to this pillar includes the recommendation of a Written Information Security Program (WISP), which is a document that details an organization’s security controls, processes as well as policies.

“WISP is your master plan for how you protect private information that doesn’t belong to you, whether it’s on paper or digital. This is something lenders are starting to ask about. Everything you do for Best Practices Pillar 3 should be in it.”

This pillar now also requires the use of multifactor authentication, and now includes a password management plan

The updated Best Practices now require background checks for all the company’s employees. Previously, it was limited to just those employees who had access to closing funds, but now, it’s expanded to all employees, since presumably, all employees have access to some private information in a file.



with specific requirements for those passwords and timely software updates to keep systems up to date.

“This is another update reflecting how much things have changed since the original Best Practices were published,” Smith said.

Updates to protect NPI follow a CFPB bulletin issued last year that focuses on data protection and security for sensitive consumer information. The Best Practices update now includes multi-factor authentication, password management and timely software updates. Some companies, however, may require complex passwords that are more than 16 characters long. Changing these frequently may not be feasible, according to Haskins.

“You are required to have passwords that expire after a certain period,” he said. “But you get to pick that time frame and then have a response when someone asks you about your best practices procedures. Tell them why you selected that time frame and why you picked that difficult password.”

Haskins also touched on the addition of Disaster Recovery and Business Continuity plans to Pillar 3. His company has experienced a fire, hurricane and blizzard in three states that impacted the ability to close transactions. Companies need to have a plan to get their businesses back up and running, give buyers and sellers confidence deals will continue and inform them how closings will be impacted.

“What if it happens to you? How do you get your business back up and running? How can buyers and sellers be confident, and how are they going to be notified about their important closing, which is obviously now delayed?” Haskins said.

Cyber breaches also are a type of disaster that can impact the ability to conduct business. Pillar 3 has been updated to require a written response plan to address any cybersecurity incident, not just those involving NPI. It includes periodically testing and following the recommendations of the ALTA Cybersecurity Incident Response Plan.

One final revision to Pillar 3 addresses software tools and resources. Title companies should select service providers and third-party systems that have security policies consistent with the title company.

“Are you going to just turn over the keys and passwords to all of (these providers) to do some work?” Haskins said. “Make sure if you’re going to integrate with any third-party systems, software processes or APIs, and they’re getting into your system where there’s private information, you need to understand their policies.”

Pillar 4: Settlement Processes

Smith highlighted that the description for this pillar was updated to say that in addition to federal and state laws and regulations, a company’s settlement policies and procedures should also consider the contractual obligations it may have.

“This includes complying with terms of your underwriting agreements,” Smith added.

Updates in this section also emphasize improving the consumer experience and formalizing a training plan.

“This is more than the old way of having a new hire sit with

ALTA Best Practices FAQs

Are these Best Practices mandatory?

- No. These Best Practices are a voluntary tool to help the title industry ensure the quality of operations and to highlight the safeguards in place to ensure that closing activities meet all applicable laws and regulations.

Will the Best Practices be updated again?

- Yes. ALTA has two standing committees to review and update the Best Practices. Because of the rapidly changing nature of technology and business practices, the Best Practices Executive Committee has decided that interim changes will likely be made more frequently than in the prior three-year cycle.

Do title companies have a say in what should be in the Best Practices?

- Yes. In fact, the Best Practices Executive Committee that led the development of the Best Practices consists entirely of ALTA member title insurers and agents. We also welcome ALTA members to get involved by joining the Best Practices Work Group, which reviews the proposed standards and provides valuable feedback to the Best Practices Executive Committee. As with ALTA’s Policy Forms, the proposed revisions to the Best Practices are open for public comment after being adopted by the Board of Governors, and these comments are then reviewed by the Best Practices Executive Committee. In addition, after the revisions to Best Practices are published, the Best Practices Executive Committee will accept suggestions for future changes to ALTA Best Practices from the public on an ongoing basis. Whether or not you are an ALTA member, we welcome your feedback and ask that you please submit any suggestions to bestpractices@alta.org.

How does a company use/adopt these Best Practices?

- There are several ways a company could use these Best Practices. Those that wish to adopt the ALTA Best Practices would start by reviewing its own written policies and procedures to determine alignment with the ALTA Best Practices Framework: Title and Insurance company Best Practices v. 4.0 document, which is available at alta.org/best-practices. Some companies already follow the actions described in the ALTA Best Practices, but do not have written procedures in place to document what they do. ALTA highly recommends that companies have structured policies and procedures in place to ensure consistency and measure their policies against their practices. The formal documented comparison of the ALTA Best Practices to the written policies, procedures, and activities is an important part of the Best Practices assessment process.

Who issues an ALTA Best Practices certification following an ALTA Best Practices assessment?

- There are two ways to perform an assessment and certify the results under ALTA Best Practices:
 1. Perform an internal assessment, where staff internal to the Company handles all aspects of the assessment, including all reviews, testing and documentation, and provides all results of the assessment including providing the certification of the assessment
 2. Contract for a third-party assessment, where an independent third party handles the assessment analysis and certification paperwork.
- In either case, the assessment results and certification are kept by the Company that is ALTA Best Practices certified. ALTA does not

request, receive, or retain any evidence of a company’s Best Practices certification.

If a title agency has multiple offices, does each office need to complete an assessment?

- ALTA believes it is important that Companies have their processes documented and followed. Though ALTA strongly recommends that each office confirm their adherence to Best Practices, ALTA encourages members to ask lender clients and title insurers for guidance on what will meet their expectations.

Can a Company perform the Best Practices Assessment internally, or does the Best Practices Assessment require the use of an independent external third party?

- It is not required that an external third party perform the assessment. The ALTA Best Practices allow for either method. By adhering to written policies and implemented procedures aligned with the standards, most of the work for a successful assessment has already been completed. Some title agencies may prefer to have an external independent entity perform the evaluation to determine if the written policies and implemented procedures align with ALTA Best Practices.

What happens if a company does not pass all sections of the assessment? How soon are they able to implement corrections and have the deficiencies re-evaluated?

- It will be up to those seeking the report and the assessment provider to make that determination. However, the certification will identify any exceptions and describe the remediation plan and timeline established to address those exceptions.

“My company has always done an internal assessment, and this comes down to what your customers require you to do and what your owner wants you to do.”

—Craig Haskins

an employee for two weeks while they them the ropes,” Smith said. “Pillar 4 is all about the consumer experience and how we can improve it. And it all starts with training your staff.”

Haskins said the training could be as simple as some bullet points about the process to complete the closing or settlement.

This pillar was also updated to require written procedures related to closing documents. This helps ensure documents are prepared and executed properly.

“It’s not enough to just say our staff is trained by other closers,” Smith said. “Having it all in one place makes it so much easier when you hire someone.”

An addition to this pillar requires title and settlement companies to ensure any third-party signing professionals who are used have the required professional designation, insurance and bond as required by state law and/or the title insurer.

This could be cumbersome for companies that utilize many notaries. Haskins said his title agency uses a third-party signing vendor that handles the vetting process.

Another addition that didn’t exist in the first iteration ALTA Best Practices includes the selection of remote online notarization (RON) platforms. The Best Practices require companies to select a RON provider authorized by the state in which the notary public is located and that is approved by the underwriter(s), as applicable. It also requires the software platform to meet the minimum requirements of the state, including retention of the video and safeguarding of NPI. All fees must be charged as promulgated by the state regulator.

Assessments and Certification

There are two different types of assessments. One is a third-party assessment, which entails hiring an outside firm to use the assessment procedures to evaluate compliance. Second, a company can perform an internal assessment.

“My company has always done an internal assessment, and this comes down to what your customers require you to do and what your owner wants you to do,” Haskins said. “I document everything and then I give them to our lenders to show this is what we do in all the pillars to be compliant with industry standards.”

Certification to the Best Practices includes analysis against the Best Practices Framework or assessment procedures using either one of the Assessment Compliance Reports or other method. The written

report must contain an analysis of requirements against the following attributes:

- Status of compliance for each Framework or Assessment Procedures requirement.
- Whether compliance is documented for the requirement.
- Whether remediation needs to occur for the requirement.
- Plan for remediation to achieve the requirement.
- Who completed it. Third-party vs internal assessment.

The certification also must include documentation of policies and procedures, including the WISP. These documents may be requested by entities requesting Best Practices compliance information.

The new Best Practices went into effect May 23, 2023. As a reminder, certifications are good for two years. If a company completed the certification process last year, they would technically still be good through 2024.

However, if a lender asks how your company complies with the new Best Practices, Haskins recommends doing an internal assessment to supplement what you’ve done already.

“Your current assessments are still valid, but bring it up to speed to revision,” Haskins said. “It’s not terribly difficult and there are a lot of important things in here.”

Smith recommends assigning a primary person responsible for getting certified to the best practices.

“Having an individual who really understands what’s changed and how your organization aligns to the standards will help with the process,” she added. “Then you’re going to have to decide how you want to get certified—internal versus the third party.” ■



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

Additional Resources

ALTA has developed several resources to help members implement the Best Practices. These can be downloaded at alta.org/bestpractices.

- Policy and Procedure Creation Guidance
- Policy and Procedures Sample Table of Contents
- Template for Policy and Procedures
- Internal and Third-party Assessment Reports
- Assessment Readiness Guide

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Phishing for Wire Transfer Fraud

By Genady Vishnevetsky



WIRE FRAUD HAS DOMINATED THE REAL ESTATE AND FINANCIAL SERVICES SPACE for over a decade, increasing substantially in the last five years. It remains a threat to our industry with reputational risk and losses to consumers and businesses. This is the first of three-part series explaining the fundamental pillars of these attacks and guiding individuals and companies to protect themselves. (Parts two and three of this series can be found at community.alta.org.)

You may ask, "Why is wire fraud so prevalent in real estate transactions?" While there are arguably more sophisticated attack methods with potentially higher rewards (i.e., ransomware), wire fraud can net hackers thousands, if not millions, of dollars with minimal effort. I will also explain in this series why a hunt for a single fish often keeps the food supply for the hacker for a long time.

While there are several ways to get started, most attacks begin with reconnaissance and phishing for a person's email credentials. One of many starting points can be a Multiple Listing Service (i.e., Zillow, Realtor, Redfin).

These and many other records about properties and ownership are publicly available. What else is publicly available is the listing agent/agency's phone and email. The next step is a phishing email purporting something that would resonate with the real estate agent. It can be transaction related or not. The phishing email is coming. The adversary aims to lure the victim into entering their email credentials on a fake website staged by the attacker to portray a login portal the victim will recognize.

Sometimes, an adversary can start with a target's personal email and traverse to business. The most common phishing attack on personal credentials is through OpenID. You most likely have seen it before. OpenID allows a person to use an existing account to sign into multiple websites without the need to create a new password. The most used OpenID providers are social networks (i.e., Facebook, Instagram and LinkedIn) and email platforms (i.e., Google, Microsoft and Yahoo). OpenID is lucrative to the hacker because the bait can be anything. If users are accustomed to using OpenID for their login, they won't think twice about typing it on a fabricated landing page under the attacker's control.

Once a hacker steals a victim's email credentials, they log in to the user's email system. Most email platforms are accessible from the internet via a browser. If the user does not have two-factor authentication protecting their email account, the hacker becomes them and starts monitoring all email flow. Frequently, the first course of action for the adversary is establishing a backchannel in case the user detects any suspicious activities and changes the email password. This is done through mail rules manipulation. For example, the hacker will often configure a rule to send a copy of every incoming and outgoing email to another email address they control. (Part two discusses email rules manipulation in more depth).

Another common way to get in is to find weaknesses in the victim's computer, operating system, browser or auxiliary tools and use these to install malware. The two most common types of malware are key logger and (remote access) trojan apps. A keylogger app collects any keystrokes a user types on their keyboard, including URLs, usernames, and passwords, which are then sent to the attacker. Remote access trojan apps establish a secure tunnel between the hacker and the victim's computer, allowing the adversary to monitor and control the target's computer.

At this point, the groundwork is done. Patient zero has been identified and secured. The adversary is actively monitoring the email stream.



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Regulators: The Compliance Bar—and Costs—Keep Rising

By Christopher Buse



CHIEF INFORMATION SECURITY OFFICERS (CISOS) FACE A DAUNTING CHALLENGE:

keeping abreast of and demonstrating compliance with constantly changing compliance requirements. CISOs frequently use the term “compliance bar,” which implies that there is a single set of regulatory guidance to pick up and read. That is not the case. A significant challenge is normalizing requirements from numerous state and national regulators, none of which use common nomenclature. In effect, every CISO must create and maintain his or her own compliance bar.

The Bar Keeps Rising

The common themes of regulators in the financial services sector are more granular rules, more reporting requirements and more external validation of controls. Each of these “mores” means more cost.

A primary regulator for financial service organizations at the state level is the New York State Department of Financial Services (NYDFS). The regulator has proposed major changes to NYDFS Part 500 Cybersecurity Requirements for Financial Services Companies. The proposed changes include:

- Many new technical security controls.
- Annual audits of cybersecurity programs.
- An independent risk assessment every three years.
- Special requirements for company leaders and board members.
- More granular policies and procedures.
- Requirements to maintain a complete and accurate asset inventory.
- Increased cyber incident notification requirements.
- New business continuity regulations.

Other regulators have similar proposals. For example, the Securities and Exchange Commission is undertaking an effort to expand its cyber-related regulations. There also are new state-level regulations that outline cyber requirements to protect personally identifiable information. Proposed rules by the new California Privacy Protection Agency will set a new bar in this area for many organizations.

Is This Trend a Good Thing?

Some CISOs look at new regulatory requirements with disdain. However, I would argue that they promote fair competition for organizations that take cyber seriously. The presumption, of course, is that new regulations make sense and align with generally accepted best practices.

To illustrate, proposed regulations by the NYDFS will mandate

“Companies that take cyber seriously will need to continue investing in better tools in what has become an un-ending game of whack-a-mole.”

use of a privileged account management solution to protect our most sensitive accounts from takeover. They also will require deployment of an endpoint detection and response solution, such as CrowdStrike, to thwart the introduction of malware. Also included in the NYDFS proposal is a centralized solution to aggregate and foster real time analysis of event data. These and other provisions come with a hefty price tag. However, organizations that take cybersecurity seriously already have these controls. Codifying generally accepted best practices simply levels the competitive playing field for all organizations that manage sensitive financial data.

Will This Ever End?

The short answer is that nobody knows. With history as my guide, this CISO believes that unscrupulous people will continue to search for innovative ways to commit cybercrimes. Therefore, companies that take cyber seriously will need to continue investing in better tools in what has become an un-ending game of whack-a-mole. And of course, regulators will continue doing what they do best—promulgate protocols.

I look forward to a healthy debate about the role of regulators at upcoming ALTA events.

CHRISTOPHER BUSE is senior vice president and chief information officer for Old Republic National Title Insurance Co. He serves on the ALTA Information Security Work Group. Buse can be reached at cbuse@oldrepublictitle.com.



8 Essential Skills to Help Elevate Your Leadership Style

Leadership means guiding your team while constantly searching for ways to improve your skills as an effective leader. As a leader, pinpointing areas that need improvement and then working toward those goals brings personal and professional growth for you and your team.

Ideally, effective leaders and team members do the following in the workplace: collaborate, communicate, learn and innovate. When leaders reinforce these traits, the team's success happens naturally.

However, challenges arise, and leaders are often asked to pivot, which may require them to improve or enhance their skill set. Adding and improving these eight skills can help you grow and strengthen your leadership style:

- Coaching
- Feedback
- Productivity
- Effective one-on-ones
- Strategic thinking
- Meeting mastery
- Leading change
- People development

Coaching

Coaching is the process of helping people develop the capacity to achieve results. Let's consider the SOON Funnel for a moment. The acronym SOON shares four questions leaders can present to team members to promote brainstorming sessions regarding team or individual success.

- **Success:** What does success look like?
- **Obstacle:** What are the obstacles in our way?
- **Options:** What are some alternatives to avoid or navigate the obstacles?

■ **Next Steps:** Where do we go next?

These questions can be tailored to the group's or individual's needs. The ultimate goal is to be supportive and challenging without frustrating or overwhelming others. Allowing constructive input lets everyone feel like a part of the team.

Feedback

Feedback is best received when the recipient doesn't feel taken off guard or defensive. Creating that culture from the beginning is helpful. Offer praise consistently to team members. Encourage feedback regarding your leadership. The remaining objective is the ultimate goal, so remember that great feedback focuses on behaviors that a camera can capture. For example, instead of saying, "You are so inconsiderate! You constantly dismiss people when they bring up new ideas," you can say something like, "I noticed when the intern suggested an idea in yesterday's team meeting, you rolled your eyes and said, 'That will never work.'" If a behavior needs improving, explaining how that behavior impacts the individual, team or company can enhance understanding and point the individual in the right direction for improvement. Let the individual join the conversation as you work together to reach a plan or solution. A great way to start providing feedback is by asking a simple question that produces a micro question. For example, "Is now a good time to debrief on how the meeting went?" A question like this prepares people for feedback instead of catching them by surprise, which could also intensify their emotions.

Productivity

Productivity focuses on prioritization, organization and time management. Set the example by remaining on task in meetings and being aware that the time of others is important. Consider

a Consistent Capture System (CCS), which is a go-to spot for recording information instead of relying on memory. You can also create a closed-loop culture that encourages open communication and utilizes teamwork to help others close open loops when needed, especially when delegating tasks during meetings. Technology can also be your friend when it comes to productivity. I have started using the Motion productivity software, and we use [Monday.com](https://www.monday.com) for our team projects.

One-on-ones

Effective one-on-ones are created by you. As the leader, you want to establish trust, accountability and opportunities for accelerated learning. Effective, consistent one-on-ones include guided conversations with a template if needed. Team members can work together to set and reach goals and build relationships by providing a safe space to hear and give feedback.

Strategic Thinking

Strategic thinking is really what the future is about. Finding time away from distractions to focus on thinking about what is happening now and how that affects what will happen is key. This includes keeping the future in mind when taking action in the present and considering the complexities of challenging situations.

Strategic thinking has the dubious distinction of being one of the most in-demand and difficult-to-describe leadership skills. It unlocks better decision-making, problem-solving, planning, project management, influence, communication and innovation skills. Strategic thinking also helps you make more of an impact in less time.

To enhance your strategic thinking skills, it is crucial to bear in mind two essential principles:

1. Keep the future in mind when taking action in the present
2. Consider the complexities of any situation

Providing allotted time for teams to identify and measure gaps encourages input for what might need to be different in the future. This process results in more thoughtful and effective solutions when problems arise and allow for risks and negative impacts to be identified while being avoided in the future.

Meeting Mastery

Meeting mastery allows for each meeting to be successful, productive and goal oriented. Creating each session should be done with these points in mind.

- **Purpose:** Why is the meeting happening?
- **Product:** What the group will have at the end of the meeting that didn't exist at the start.
- **Personal Benefit:** The reason meeting participants will feel motivated to contribute.
- **Process:** How will we structure the conversation?

One of my personal meeting strategies that has proven to be highly effective includes conducting a comprehensive recap at the end of each meeting. This recap includes clear next steps and assigns responsibility to each team member for those action items. Additionally, during that call, I like to schedule a 15-minute

follow-up session to review the status of the action items discussed in the recap. By ensuring that the next steps remain at the forefront of everyone's mind, we can foster accountability, drive efficient execution, and be considerate of everyone's time.

Leading change

Leading change is an essential part of leadership because proper change allows growth. The following strategies can assist in successful change campaigns:

- **Unfreeze:** Thaw people's habits and views so they soften to the possibility of change.
- **Change:** Help people learn and apply new behaviors or ways of thinking.
- **Refreeze:** Solidify into a new shape that represents the new normal.

Small steps regarding change can help with stepping outside of the box toward growth. Consider nudging people to take risks and stretch their comfort zone. Call out and celebrate people's adaptivity and flexibility whenever you see it. Pick one process or system to improve once a quarter.

People Development

A leader recognizes the inseparable link between their own success and the growth and achievement of those they lead. To cultivate a flourishing organization or team, it is vital to foster a culture that prioritizes continuous development. Here are several approaches through which leaders can facilitate the growth and advancement of their people:

1. Identify the business need.
2. Identify individual needs.
3. Help people develop high-leverage skills.
4. Make development a theme rather than a rare event.
5. Set clear expectations.
6. Provide feedback.
7. Create learning opportunities.
8. Encourage skill building.
9. Recognize and reward progress.

By prioritizing people development, a leader creates a culture of growth and benefits both the organization and individuals.

Effective leadership is critical to the success of any organization, whether it's a small team or a large corporation. Ultimately, effective leadership is about creating a vision, inspiring others to follow and empowering them to achieve that vision. If you are looking for a great resource regarding leadership development, consider *The Leader Lab* by Tania Luna and LeeAnn Rennineger Ph.D. (lifelabslearning.com/the-leader-lab-book)

Effective leadership is about creating a vision, inspiring others to follow and empowering team members.



PERLA APARICIO, vice president of strategic partnerships for paymints.io, is an experienced and innovative thought leader who combines enthusiasm with her systematic approach to her role in the real estate technology industry. She can be reached at perla.aparicio@paymints.io.

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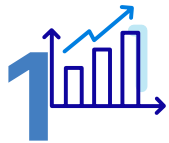
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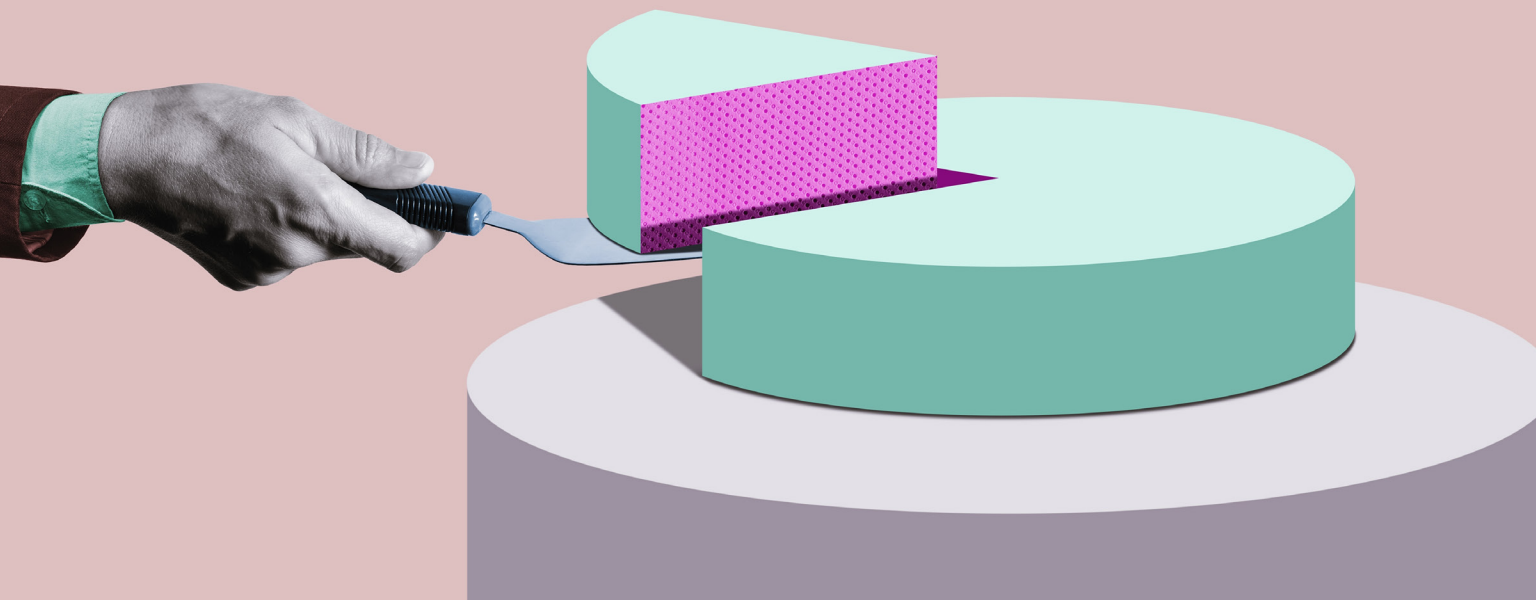
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ALTA Reports Full-year, Q4 2022 Title Premium Volume, Market Share Data



Tracking with the continued contraction of mortgage origination volume, the title insurance industry generated \$21.0 billion in title insurance premiums during 2022, a 16% decrease compared to 2021, according to [ALTA's Market Share Analysis](#).

Mortgage origination volume in 2022 totaled \$2.2 trillion, a decrease of more than 50% compared to 2021.

"Title professionals across the country continue to navigate their businesses through this challenging and volatile real estate cycle, dedicated to serving their customers, protecting property rights and supporting their communities despite the

uncertainty of the marketplace," said Diane Tomb, ALTA's chief executive officer.

During the fourth quarter of 2022, title premium volume totaled \$4.4 billion. This was down 38% from the \$7.1 billion in title premium volume generated during the same quarter in 2021. Total operating income for the industry was down 37.1%, operating expenses decreased 34.8%, and

loss and loss adjustment expenses were also down.

In 2022, the industry paid more than \$596.1 million in claims. This is up from \$474.4 million in claims paid in 2021.

A complete compilation of market share data can be accessed at alta.org/industry-research.

Top Companies by Market Share in 2022

First American Title Insurance Co.	22.1%
Old Republic Title Insurance Co.	15.8%
Fidelity National Title Insurance Co.	13.7%
Chicago Title Insurance Co.	13.3%
Stewart Title Insurance Co.	8.9%
Westcor Land Title Insurance Co.	4.4%
Commonwealth Land Title Insurance Co.	3.4%
Title Resources Guaranty Co.	2.5%
WFG National Title Insurance Co.	2.5%
Doma Title Insurance Co.	1.8%

Top States by Title Premium Volume in 2022

Texas	\$3.39 billion (-3.9%)
Florida	\$2.69 billion (-6.9%)
California	\$1.89 billion (-33.1%)
New York	\$1.36 billion (-6.0%)
Pennsylvania	\$898 million (-23.7%)
Arizona	\$701 million (-19.8%)
Georgia	\$684 million (-8.8%)
New Jersey	\$667 million (-19%)
Ohio	\$645 million (-7.7%)
Illinois	\$627 million (-15%)

Underwriters See Housing Market Stabilizing in Second Half of Year

Companies Manage Through Difficult First Quarter



THE ECONOMY IS STILL EXPECTED TO ENTER A MODEST RECESSION in the second half of the year, though unusual dynamics in the current economic cycle continue to complicate forecasting the exact timing, according to Fannie Mae.

Existing home sales have been largely in line with Fannie Mae's recent forecasts for further gradual declines throughout the year due to affordability constraints and an extraordinarily tight inventory. This is partially a result of the so-called "lock-in effect," in which existing homeowners are disincentivized from listing their homes for sale because their existing mortgage rates are well below current market rates. As such, housing demand has shifted further toward the new home market, bolstering builder optimism and Fannie Mae's single-family starts forecast.

"Housing remains exhibit number one for why we expect the recession to be modest," said Doug Duncan, Fannie Mae's chief economist. "It continues to outperform our expectations, and we expect that its relative strength will help kick-start the economy into expanding again in 2024."

Here's a recap of how the major underwriters performed during the first quarter of 2023.

Fidelity

Fidelity National Financial Inc. reported its title insurance segment generated pretax income of \$157 million during the first quarter of

2023. This compared to \$249 million in pretax income during the same period a year ago.

"Our title business has continued to perform well, despite market conditions, as we benefit from the cost actions taken over the last year," said Mike Nolan, Fidelity's chief executive officer. "Our priority as a management team has always been to take the appropriate actions necessary to maximize margins through the cycle. We have a proven track record of balancing short-term actions as necessary on the downside, while being well positioned to deliver on the upside as the cycle improves. Our team's experience can be seen once again in our industry-leading adjusted pre-tax title margin in the first quarter."

Fidelity opened 308,000 orders during the first quarter of 2023 and closed 188,000 orders. This compared to 520,000 direct orders opened and 348,000 orders closed during Q1 2022. The fee per file increased 19% to \$3,446 over the first quarter of 2022.

The company reported commercial revenue of \$241 million, a decrease of 36% during Q1 2023 compared to the first quarter of 2022.

Fidelity paid \$62 million in claims during the latest quarter.

This is up from \$54 million in claims paid during the first quarter of 2022.

"Looking forward, we remain cautiously optimistic as we are seeing encouraging indications of a seasonal pattern in the residential purchase market, albeit at lower volume levels resulting from soft existing home sale activity and low refinance activity," Nolan said. "That said, the underlying fundamentals of the residential housing market remain strong given pent-up demand and a growing working age population, that are expected to support a rebound once rates stabilize and buyers and sellers more fully return to the market."

First American

First American Financial Corp. reported its title insurance segment generated pretax income of \$88.2 million during the first quarter of 2023. This compared to \$219.5 million in pretax income during the same period in 2022.

"Challenging market conditions continued into the first quarter," said Ken DeGiorgio, chief executive officer at First American Financial. "Existing home sales have fallen to levels not seen since the 2008 financial crisis and the commercial real estate market has significantly declined. Although the adverse market environment weighed on our results, our expense management efforts and growth in net investment income allowed us to deliver a title pretax margin of 6.5% this quarter while continuing to invest in innovation and other strategic initiatives that drive our long-term growth strategy."

First American reported its commercial revenue decreased 39% to \$148 million from Q1 2022 to Q1 2023.

First American paid \$42.7 million in claims during the latest quarter. This was up from \$39.0 million in claims paid during Q1 2022. The provision for policy losses and other claims was \$35 million in the first quarter, or 3.5%, down from the 4.0% loss provision rate in the prior year.

During the latest quarter, First American opened 172,600 direct orders and closed 106,600 orders. This compared to 279,000 direct opened orders and 205,100 closed orders during Q1 2022.

"Moving forward, the purchase market, which appears to have stabilized, is showing improvement in the first three weeks of April, with open orders up over 5% compared with March," DeGiorgio said. "While there is a high degree of uncertainty concerning the commercial market outlook, we remain optimistic that transaction activity will improve in the second half of the year."

Old Republic

Old Republic International Co. reported its title insurance segment generated pretax income of \$17.4 million during the first quarter of 2023. This is down from \$80.9 million in pretax income during the same period in 2022.

Old Republic's title Insurance net premiums and fees earned decreased 41.6% from first-quarter 2022 to first-quarter 2023. The decrease was driven by a continued drop in mortgage originations resulting from a substantial increase in interest rates. Commercial premiums decreased to a lesser degree in the latest quarter, and

represent 25% of first quarter 2023 premiums compared to 20% for 2022.

Carolyn Monroe, president and CEO of Old Republic National Title Holding Co., said because of Old Republic's agency-focused business model, the company benefits from having a large portion of its overall expenses being variable in nature. The fixed portion of Old Republic's expense ratio is largely personnel related.

"We have and will continue to monitor all of our expenses and make the appropriate long-term decisions that allow us to effectively manage our business," Monroe said. "We do this keeping in mind the cyclical nature of our industry and the appropriate balance needed in today's market, while still ensuring we are prepared for and not at a disadvantage in the future. This aligns with our core value of managing for the long run and will allow us to continue our historical delivery of value to our agents, our shareholders and our employees."

Old Republic reported a 3.7% loss ratio during the latest quarter. This compared to 3.5% during the first quarter of 2022.

Stewart

Stewart Information Services Corp. reported its title insurance segment generated a pretax loss of \$700,000 during the first quarter of 2023. This compared to pretax income of \$82.8 million during the same period a year ago.

"Our first-quarter results were impacted by historically low transaction volumes, driven by an elevated interest rate environment, as well as a seasonally slower first quarter," said Fred Eppinger, Stewart's chief executive officer. "We remain focused on our long-term strategies of transforming Stewart into a stronger and more resilient company"

Total employee costs and other operating expenses in the first quarter 2023 decreased \$49.6 million, or 18%, compared to the prior year quarter. Stewart reported \$17.7 million in title losses and related claims during the first quarter of 2023. This is down from \$29.2 million in losses and related claims during Q1 of 2022.

Stewart opened 73,861 direct orders during the first quarter of 2023 and closed 47,899 direct orders. This compared to 116,755 direct orders opened during the first quarter of 2022 and 87,885 closed direct orders.

Stewart reported its domestic commercial revenues in the first quarter 2023 decreased \$23.7 million, primarily due to 11% lower commercial orders closed and lower transaction size compared to the prior year quarter. The average domestic commercial fee per file in the first quarter 2023 was \$8,300, which was 34% lower compared to \$12,700 in the first quarter 2022, while average residential fee per file in the first quarter 2023 increased 30% to \$3,400, compared to \$2,600 in the prior year quarter due to a higher purchase mix in the first quarter 2023.

"We are managing our operations in this challenging environment by balancing cost discipline with investment opportunities that we expect will have a positive impact on our business over the long term," Eppinger said. "Stewart has made significant progress in becoming a stronger company and will continue to invest opportunistically to build a more resilient company."

Four States Pass Comprehensive Data Privacy Laws

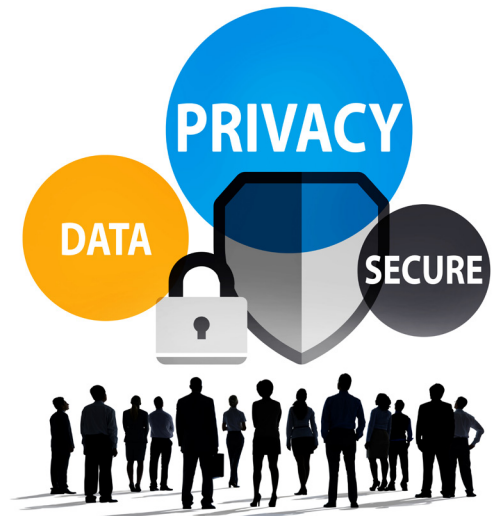
Four states—Indiana, Iowa, Montana and Tennessee—recently passed comprehensive data privacy laws this year.

All the bills contain a Gramm-Leach Bliley Act (GLBA) exemption. ALTA has held that any comprehensive data privacy legislation should include an exemption for entities subject to the GLBA. Since 1999, this federal law has strictly limited financial institutions' use and sharing of customers' personal information. Additionally, financial institutions are required to assure the security of this information and provide comprehensive disclosures to consumers.

Also, there are exemptions for publicly available data. Each state's bills can be accessed below:

- Montana
- Indiana
- Iowa
- Tennessee

Five other states—California, Colorado, Connecticut, Utah and Virginia—already have enacted comprehensive consumer data privacy laws. The laws have several provisions in common, such as the right to access and delete personal information and to opt-out of the sale of personal information, among others.



FinCEN Renews and Expands Real Estate Geographic Targeting Orders

The Financial Crimes Enforcement Network (FinCEN) on April 24 renewed and once again expanded its Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate.

The terms of the GTOs are effective through Oct 21, 2023.

FinCEN, working in conjunction with our law enforcement partners, identified additional regions that present greater risks for illicit finance activity through non-financed purchases of residential real estate.

The expanded geographic coverage of the GTOs now includes Litchfield County

in Connecticut and Adams, Arapahoe, Clear Creek, Denver, Douglas, Eagle, Elbert, El Paso, Fremont, Jefferson, Mesa, Pitkin, Pueblo, and Summit counties in Colorado. The effective period of the GTOs for purchases in these newly added areas began May 24, 2023.

FinCEN renewed the GTOs that cover certain counties within the following major U.S. metropolitan areas: Boston; Chicago; Dallas-Fort Worth; Las Vegas; Los Angeles; Miami; New York City; San Antonio; San Diego; San Francisco; Seattle; Washington, D.C.; Northern Virginia and Maryland (DMV) area; city and county of Baltimore; county of Fairfield, Conn.; Hawaiian Islands of Honolulu, Maui, Hawaii and Kauai; and Houston and Laredo, Texas.

The purchase amount threshold remains \$300,000 for each covered metropolitan area, except for the city and county of Baltimore, where the purchase threshold is \$50,000.

Assistant U.S. Attorney Pleads Guilty to Driving Title Business to Spouse

An assistant U.S. attorney pleaded guilty to illegally steering contracts to her spouse, in violation of the federal criminal conflict of interest statute.

According to court documents, Kathryn Drey of Pensacola, Fla., directed contracts from the U.S. Attorney's Office for the Northern District of Florida to companies in which her spouse had a financial interest, including while she served as chief of the office's Civil Division. Drey concealed her spouse's financial interest in contracts to conduct title searches in litigation defended by the U.S. Attorney's Office.

"Kathryn Drey committed a federal crime by enriching her family at the expense of her duty to the American people," said Assistant Attorney General Kenneth A. Polite Jr. of the Justice

Department's Criminal Division. "The Department of Justice is committed to holding accountable public servants who act with unlawful conflicts of interest, prioritizing financial gain over their ethical duties."

Drey pleaded guilty to one count of acting with a conflict of interest. She is scheduled to be sentenced on June 28 and faces a maximum penalty of five years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors.

Community Title Network Expands Presence in Virginia

Virginia-based Community Title Network LLC recently expanded its reach in the state with the acquisition of Esquire Title Group LLC.

This is the seventh acquisition of Community Title Network, which serves the Mid-Atlantic region.

Fairfax, Va.-based Esquire Title Group was founded in 2011 by Robin Mathis, a veteran attorney with 38 years of title experience. She will remain with the company and serve in her current role as leader of the branch operations with a focus on growth of the branch in the greater Fairfax market.

"We are extremely excited to have Robin and her team join Community Title Network," said Michael Ridgway, president of Community Title Network. "Robin is one of the most respected title attorneys in the Northern Virginia market. She and her team have a sterling reputation for providing superior service and being great problem solvers."

South Oak Title Partners With Tennessee Title Services

Alabama-based South Oak Title has partnered with Tennessee Title Services LLC.

"I've been good friends with the team at Tennessee Title for a while now, and they have offices strategically located just north of Huntsville, Alabama," said Marcus Hunt, co-owner of South Oak Title. "The goal of this partnership is for our two companies to combine our expertise and resources to increase our presence in the Huntsville market, which is now the largest city in Alabama and one of the fastest growing in the Southeast."

Tennessee Title and South Oak Title will operate under the South Oak brand. They plan to open additional offices in the Huntsville and Decatur markets. Both companies will remain independent in the other markets where they have offices. South Oak also has offices in Florida and Tennessee.

Title Success, a company that specializes in industry acquisitions and exit strategies, helped coordinate the partnership between the two companies.

Real Title Launches Escrow Company in California

Real Title recently launched Real Escrow of California to perform escrow operations exclusively in the state. Acquired by The Real Brokerage Inc. in 2022, Real Title's expansion to California gives the company a presence in six states, including Arizona, Florida, Georgia, Texas and Utah.

Real Title expects to be operational in at least 10 states by the second half of 2023. To support its continued growth, the company recently hired Brad Miller as national director of title. A 17-year veteran of the title industry, Miller will oversee Real's title and escrow teams nationally, national underwriting partnerships, workflow processes and vertical tech stack.

"We're thrilled to begin offering escrow services in California and to welcome Brad to the Real team," said Sean Daly, Real Title founder and CEO. "California is the fastest growing state in terms of agent attraction for Real and,

because we consider ourselves one of the most innovative title companies in the industry, we are excited to launch in a state that is home to incredible name-brand technology companies."

Arizona to Require Counties to Alert Owners When Document Recorded Against Property

Arizona passed a bill that requires county recorders to provide a system for notifying property owners when a document is recorded against their property.

SB 1110 specifies that the system is voluntary on the part of property owners and must be implemented by Jan. 1, 2025. The property owner must opt in to receive notifications, which could include email, text message or other similar means.

The bill states the cost to county recorders depends upon their current technological and personnel capacity. Counties with a highly automated system of storing records would likely have one-time costs to develop an electronic or phone-based notification system. Counties without a highly automated system might have ongoing personnel costs to review records to comply with any such requests for notification pursuant to the bill.

Pinal and Yavapai counties already have a notification system in place, while Maricopa County is in the process of implementing a notification system. It's reported Maricopa County is spending \$50,000 in one-time start-up costs and \$20,000 in ongoing expenditures for its system. Arizona has 15 counties.

City attorneys' offices of San Diego and San Francisco have issued a subpoena for information from Home Title Lock they allege uses deceptive advertising to convince homeowners to purchase unnecessary home title monitoring services.

“Home Title Lock is a scam, plain and simple,” said San Francisco City Attorney Chiu. “The company has manufactured a ‘home title theft’ crisis to stir up fear amongst elderly homeowners and deceive them into buying a service that many local governments provide for free. False identity theft scares, like those created by Home Title Lock, take attention away from important privacy and data security efforts. We are seeking further information to understand how many California homeowners may have been harmed by these misleading advertisements.”

Qualia Launches Audit Tool to Help Title Companies Mitigate Fraud

Qualia released a new tool that enables title and escrow companies to view all exceptions, uncleared items and non-zero orders for each of their bank accounts.

The Audit Readiness Dashboard, which is embedded in Qualia Core, allows users to quickly examine audit red flags that require their attention, including file shortages, stale overages, outstanding credits and liens.

The Qualia Reconciliation Service pairs title and escrow companies with reconciliation specialists who perform daily reconciliations, clear exceptions and complete month-end three-way reconciliations up to three times faster than those without the service.

“Title and escrow operators are doing everything they can with technology and operational best practices to mitigate the substantial risk of fraud that’s afflicted real estate,” said Brian Thome, Qualia’s vice president of customer success. “Agents might be accustomed to navigating between systems or reviewing a static daily morning report in their email with legacy systems. The

Audit Readiness Dashboard removes that friction for customers because exceptions, uncleared items, and non-zero orders are all centralized in their system of record.”

First American Adds Secure Document Portal to Digital Platform

First American Title Insurance Co. added a secure document portal to its PRISM digital platform.

The company said the enhancement is designed to help First American policy-issuing title agents reduce wire fraud risk and simplify communication with customers. This new security feature allows title agents to provide their customers with secure access to wire instructions and transaction documents under the protection of multi-factor authentication, and also automates notifications for document and transaction updates.

“We’re committed to helping our title agents and their customers prevent wire fraud, while also simplifying the real estate transaction experience,” said Stephen Vincini, president of First American Title’s agency division. “With the PRISM platform and its secure document portal, our title agents can quickly and easily offer their customers greater peace of mind and more visibility to the status of their documents and transaction, freeing up time to focus on other business and customer priorities.”

Endpoint Launches Signing Platform for Mobile Notaries

Endpoint recently launched a platform that connects notary signing agents with homebuyers and sellers. Notaries who join the Jot network will have access to real estate transactions managed by

Endpoint and First American Title.

Led by industry veteran Jaclyn Fox, the platform combines proprietary technology with the human touch of a dedicated management team to provide notaries with what they need when they need it.

“Endpoint’s mission is building the first end-to-end digital and title settlement experience to make the closing process easy for all and that inspired the creation of Jot,” said Endpoint Chief Executive Officer Scott Martino. “Finding a notary to manage the signing process can be time-consuming and stressful. Jot’s proprietary technology matches home buyers and sellers with a qualified notary for their transaction and makes it easy for notaries to accept assignments that fit within their schedule, while providing the tools to successfully manage their business and access to professional development resources.”

Title Companies Partner With MyListing to Facilitate Real Estate Deals Using Crypto

Millennial Title and Championship Title have partnered with MyEListing.com to facilitate real estate transactions with crypto via an integration with Coinbase Commerce.

The initiative is called the Accelerated Sale And Purchase (ASAP) program. MyEListing.com hosts the marketplace, Coinbase Commerce converts the buyers’ crypto into cash for the seller, and Millennial Title and Championship Title handle the title work.

“This initiative will drive innovation in the crypto and real estate industries,” says Caleb Richter, CEO of MyEListing.com. “Real estate commerce needs to be changed. It’s hard enough as it is to buy property in your local neighborhood, let

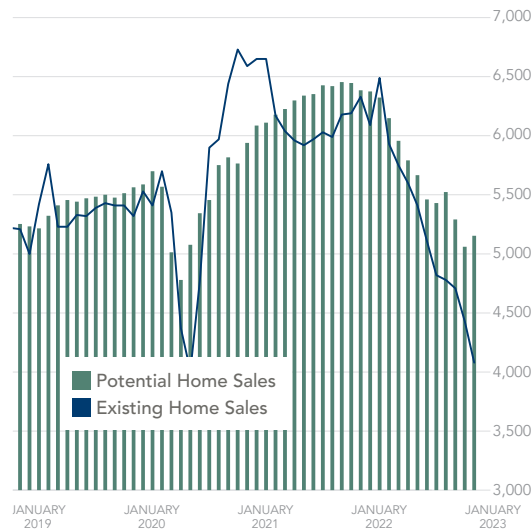
Housing Market Potential

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

alone in another state or country. With the ASAP program, anyone, regardless of the language they speak or where they are in the world, can purchase American real estate with crypto in as little as one business day.”

The program launched April 20 for Texas-only properties. According to a press release, the program will expand to other states in June.

MyEListing.com is a national commercial real estate marketplace and data platform connecting real estate professionals and others from all corners of the industry. They support the likeness of NAI Global, Colliers and Cushman & Wakefield.



4.08 SAAR
Existing Home Sales

5.15 SAAR
Potential Home Sales

-20.8%
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.

Recent Integrations

- SoftPro** released new enhancements to **Fidelity National Title Group's agentTRAX** integration in SoftPro 360. The release incorporates new features in addition to the existing policy jacket and closing protection letter (CPL) production of the original integration. The enhancements include endorsement mapping and the ability to display net remittance amounts in addition to gross amounts. For high-liability approval (HLA) requests, alert messages can be added when creating both CPLs and policy jackets. Enhancements to the policy jacket creation include the use of policy lookup codes to define which form to use when creating jackets and support for automation for submitting and acceptance of policy jackets (Florida, Kentucky, New York and Texas lookup tables are available for installation).

National Consumer House-Buying Power

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

November 2022

\$329,005
House-Buying Power

-32.5%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Markets

- | | |
|--|--|
| 1 New Jersey
\$478,699 | 1 San Jose, CA
\$696,038 |
| 3 Massachusetts
\$475,395 | 2 San Francisco, CA
\$639,999 |
| 2 Hawaii
\$451,582 | 3 Washington, DC
\$582,119 |
| 4 Maryland
\$450,751 | 4 Boston, MA
\$531,570 |
| 5 California
\$434,891 | 5 Denver, CO
\$479,413 |

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

Old Republic's Yeager 'Equally loved on Wall Street and Main Street'

Rande Yeager Retires From Industry After 48 Years

Rande Yeager ended a nearly 50-year career in the title insurance industry as he retired effective June 30 as executive chairman of Old Republic National Title Holding Co.

Yeager joined Old Republic Title in 1987 after spending 12 years with Tigor Title in Denver.

Old Republic extended heartfelt appreciation to Yeager for his exceptional leadership and unwavering dedication to the company and its associates.

"Rande's 48-year career in the title insurance industry has been marked by exemplary leadership, strategic vision and a relentless commitment to advancing the title insurance industry," said Craig Smiddy, president and CEO of Old Republic International. "He has spearheaded initiatives that promoted innovation and engaged in advocacy efforts to reinforce the industry's reputation. His ability to adapt, innovate and make strategic decisions to sustain the company's growth and success over such a long period is commendable. He has led by inspiring, mentoring and motivating Old Republic's associates, while building enduring relationships with customers and agency partners."

Yeager served as ALTA's 2005-06 president. In November 2014, ALTA awarded Yeager an Honorary Membership. During his presidency, Yeager testified on behalf of the industry. The U.S. House of Representatives Financial Services Committee held hearings on the Title Insurance Marketplace following the release of the Government Accountability Office (GAO) study. Yeager provided ALTA's perspective on the perceived need to create more competition in the industry and increased efficiency for consumers.

ALTA Past President Anne Anastasi CLTP, NTP, first vice president for Old Republic Title, said Yeager's respect for the title industry is only surpassed by the respect that the title industry has for him.

"He is equally loved on Wall Street and Main Street, but more importantly, he is respected by both," Anastasi said. "Rande's integrity, fairness and kindness are unsurpassed in our industry, and we are so very fortunate to have had him as a leader, our champion and our friend these many years. Congratulations, Rande, you will be missed."



"Rande's integrity, fairness and kindness are unsurpassed in our industry, and we are so fortunate to have had him as a leader, our champion and our friend."

Cara Detring, also a past ALTA president, served on ALTA's Board of Governors with Yeager. She described him as a strong supporter of the association.

"Rande took time to weigh all issues from both the agent and underwriter points of view," said Detring, who is president of Preferred Land Title in Missouri. "I always appreciated his calm demeanor and thoughtful approach to issues confronting our industry. As friends, we enjoy getting together with Rande and (his wife) Wendy when our paths cross. The relationships that are formed within ALTA are gifts for which Terry (Detring's husband) and I are thankful."

Mark Bilbrey, who retired as chief executive officer of Old Republic National Title Insurance Co. in January, worked with Yeager for more than 15 years.

"Rande has the very rare gift of leadership, wisdom, passion and humility," said Bilbrey, who served as ALTA's president the year before Yeager. "He is the most generous and thoughtful person I have ever known. Rande not only knows the financials, analytics and statistical side of our industry, but he also understands the value of relationships with our agents, customers and employees. I am blessed to have had him as my mentor and boss, but more importantly forever as my friend."



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AgencyDriven™

Paula Bachmeier | Senior Vice President | The Title Team

50-year Title Pro Enjoys Educating, Coaching

How long have you been in the title industry and how did you get started in this profession?

I have worked for 50 years in the title industry. My career began when I happened to stay home to help my mom two weeks before my high school graduation, and I answered a blind ad in the newspaper for an “experienced, accurate typist.” A local abstract company hired me—even though I had no experience and was really not a good typist. I worked at the job that summer, attended college for a year, returned to work the following summer, and never left.

What’s a day on the job like for you? What excites you about what you do or what is the most challenging aspect of your job?

The day always starts with answering a multitude of emails, responding to questions from my staff (I have 30—all female employees) and returning phone calls. I primarily work with the closers during the day, making sure files are worked up, title matters are cleared and all deadlines are met. I love meeting people, the challenges of making every deadline, and working with a wonderful staff. The most challenging is oftentimes just trying to get our clients to understand that there are title matters that have to be resolved before a closing can happen. Also, in the past, our clients have always understood that things need to be done right so that there are not issues down the road for their customers—that “cheaper and faster” are not the answer when dealing with real estate transactions.

Why is the title industry a great career opportunity for those entering the workforce? Where are you finding new employees?

I often tell folks that they only truly learn the title business by working in the industry. There are very formal classes that exist that can prepare a future employee for the day-to-day business of working in a title company. As my generation moves toward retirement, endless opportunities exist for young people to advance and learn an exciting trade. Where else can you work and truly feel the pulse of your community, know when new companies are coming to town, learn about new real estate developments being planned and witness businesses trade hands? Luckily, I have often been blessed to find employees who are seeking a career—not just a job—by meeting them through the closing process or in my

outside activities. I currently have three young people on my staff who felt college just wasn’t the best fit for them, and they have done amazingly well in the title industry!

How does your company differentiate itself in the market?

Our company’s mission statement is the following: “Provide the best service in every market in which we participate.” In order to accomplish that goal, we consistently ensure that we have every possible tool available. For example, we are the leaders in remote online notary (RON) closings in our market. With an Air Force base in our community, our ability to handle RON closings has been wonderful—we have been able to reach our buyers and sellers in Afghanistan, Saudi Arabia, Germany and even Antarctica. We have helped so many folks with that service alone! We also have an excellent Title Team Plus notification system to keep our buyers, sellers, Realtors and lenders apprised of the status of their transactions through important notices via texts and emails of the important steps in those transactions. In addition, we offer a secure portal system for our clients to track and keep archives of all transactions handled within our company.

How does your company support its community?

I have spent the last 15 years of my career with The Title Team, formerly known as North Dakota Guaranty and Title Co. One of the first honorable attributes I learned about this company is its willingness to give to the community. We support so many local causes and non-profit organizations in our area. Unfortunately, our city of Minot suffered a tragic flood in 2011. Over 4,000 residents lost their homes, and countless businesses suffered incredible damage. Our beautiful city zoo was also hugely damaged, but our company made an impressive donation to help rebuild it and has donated annually to help with expansion. In addition, our college community theater is undergoing its first renovation in 50 years, and our company has been a major contributor to that process. Also, I was brought to tears when the ALTA Good Deeds Foundation provided a grant to help rebuild our park. I am also incredibly proud that my staff started a “Tie With Title” group. We tie fleece blankets and donate them to needy families, statewide ambulance departments, fire departments, nursing homes and other organizations. To date, we have donated over 1,500 blankets to individuals who need a comforting and warm blanket during a difficult time.

Why are you a member of ALTA?

I would answer the question of joining ALTA with another question: Why, as a member of the title profession, would someone NOT become an ALTA member? ALTA gives us cutting-edge information about our industry professionals' changes, needs and concerns. This organization also provides all our industry members with the most worthwhile educational products. I always feel part of a greater community when I participate in ALTA functions and can share the ideas I learn with my company, my staff, and our state association. Without being a member of ALTA, I could not have earned the National Title Professional (NTP) designation. My NTP equates to having credentials such as "MD" or "CPA" after a person's name.

Which ALTA committees do you participate in? Why do you participate?

I have served on ALTA's Education Committee since 2009. I believe with all my heart that the only way we can be outstanding in our profession is to learn everything we can and then share that knowledge with others. The Education Committee has accomplished incredible goals throughout the past 14 years. I feel privileged to have helped create the Understanding Commercial Title course, the Nuts and Bolts of the Title Industry course, and, most recently, the new abstracting course that we will introduce very soon. I have also served on the North Dakota Land Title Association Education Committee for over 35 years. Overall, I believe that education is truly the most significant contribution I can bring to our profession.

What's your best industry "war" story?

I have personally managed over 55,000 closings during my career, so I have witnessed some interesting closings. Since our office is in North Dakota, we handle numerous farm transactions with parents retiring, passing away and selling their real estate. One of my most

unique closings involved two brothers who were so antagonistic toward each other that they placed restraining orders against one another. When the brothers sold the family farm, they would not trust one another and insisted on attending the closing together. Sadly, both men were accompanied by police officers who stood in the doorway while we proceeded with the closing. I hope I never have that situation happen again!

What is something that others in the industry may not know about you?

Some people may not know that I have been coaching high school volleyball for over 30 years. Also, others may not realize that my mother-in-law was deaf-mute, so I learned sign language in order to communicate with her. Fortunately, this skill has allowed me to conduct closings using sign language.

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

I would genuinely enjoy having dinner with Ellen DeGeneres. She experienced some controversy when her TV series ended, however, I have always enjoyed her humor, down-to-earth humanness, openness about herself and ability to convince people to talk.

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

I just love the Yellowstone series—the characters, storyline and even the scenery are incredible.

What's in your music playlist?

My kids make fun of me, but I enjoy listening to The Best of Bread, Air Supply's Greatest Hits, pianist Lorie Line's songs and the Carpenters. My husband, Bob, is a vintage car enthusiast. I jokingly say that his '37 Ford is the other woman in his life—so I also enjoy '50s and '60s music.



Paula Bachmeier (center) and family

Stewart Appoints New Head of Direct Operations



Ryan Swed

Stewart Information Services Corp. promoted Ryan Swed to the role of head of U.S. direct operations. Previously, Swed held the role of group senior vice president for Southwest operations. He took on the role of head of national commercial services in September 2021. Prior to joining Stewart, Swed worked at First American Title and its subsidiaries since 2010, managing multiple states. Also, Rob Sherman has been promoted to group senior vice president of Southwest operations, taking over for Swed. Sherman will be responsible for managing all direct operations in Texas, Oklahoma, Colorado and New Mexico. Sherman joined Stewart in 2021 as the senior division president for Texas, Colorado and New Mexico

Doma Names Agency Manager for East Texas, Louisiana and Oklahoma



Jamie Deal

Doma Title Insurance Inc. appointed Jamie Deal as agency manager for East Texas, Louisiana and Oklahoma. In this role, she will assist Doma's title agent base in the region, offering agents her expertise and support as they strive to grow their market share. In addition to being CEO of her own title agency, Deal has served in many capacities in the title industry over the past two decades, including as an abstractor and examiner, fee attorney manager, director of business development and chief operating officer. Through the years, she has developed expertise in providing title insurance and closing services for a wide range of transactions, such as single family, commercial, foreclosures, refinance and short sales.

WFG Appoints Mid-Atlantic Regional Manager

WFG National Title Insurance Co. promoted Tim Hooper to senior vice president and Mid-Atlantic regional manager for the company's agency operations. In his expanded role within WFG's agency operations, Hooper will be responsible for recruiting top talent to support the underwriter's agents. He will

also be responsible for enhancing and implementing systems, processes, and sales solutions in support of WFG's agent partners, strengthening the dialogue with industry associations and government entities, and speaking at industry events across the Mid-Atlantic region.

Doma Appoints Agency Manager for West Texas and New Mexico



Lauren McCaskill

Doma Title Insurance Inc. named Lauren McCaskill as agency manager for the company's West Texas and New Mexico regions. In this position, she manages agency activities for the company, securing and servicing agents throughout the region and assisting them with their business growth plans. After launching her career as an escrow assistant for a national title company in 2012, McCaskill served in several capacities in the title insurance industry over the past decade

CATIC Hires Associate State Counsel for South Carolina

CATIC recently added Ashley Farr to its Southeast team in the role of South Carolina associate state counsel. He joins CATIC with nearly 10 years of experience as a real estate attorney, having served as a partner and managing attorney at several South Carolina law firms.

Stewart Names New Head of National Commercial Services

Stewart Information Services Corp. promoted Erin Sheckler to the role of head of national commercial services. Sheckler has been with Stewart for three years as senior division president for the Pacific Northwest, responsible for managing and overseeing the direct operations strategy and growth in Alaska, Washington, Oregon, Idaho and Montana. Prior to joining Stewart, Sheckler was senior vice president of national commercial services for WFG National Title Insurance Co.

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We've Been Heard

IN MAY, NEARLY 200 ALTA MEMBERS ATTENDED THE ALTA ADVOCACY SUMMIT IN WASHINGTON, D.C.,

and shared with members of Congress our concern about developments related to unregulated title insurance alternatives and Fannie Mae reportedly trying to enter the title insurance business.

Our voices were heard. Following our Advocacy Summit, two hearings were held in which members of Congress asked those testifying questions about title insurance. During a hearing May 23 titled, "FHFA Oversight: Protecting Homeowners and Taxpayers," eight members of Congress on both sides of the aisle asked Federal Housing Finance Agency (FHFA) Director Sandra Thompson questions about Fannie Mae and attorney opinion letters.

When asked by Rep. Wiley Nickel (D-N.C.) about Fannie Mae's reported title pilot, Director Thompson testified she didn't believe "Fannie Mae is going to be in the primary market" and said protecting consumers is "critically important."

Rep. Young Kim (R-Calif.) said many of her colleagues are concerned about the GSEs venturing into the title insurance business. "Whether it's the reported Fannie Mae title waiver pilot or the promotion of unregulated title insurance alternatives to low-income borrowers, I am worried that the FHFA may be pushing alternative products and workarounds that don't effectively protect homebuyers, lenders or GSEs," Rep. Kim told Director Thompson.

Rep. Andrew Garbarino (R-N.Y.)—who was a practicing attorney and handled closings prior to the housing crash—told Director Thompson the closers involved in the transactions "saved a lot of homeowners a lot of grief by going through the title insurance policy. So, I don't think it would be a sound proposal. If anything does come forward where Fannie and Freddie would waive those insurance requirements, I hope you would object to it, because there's a reason private lenders require title insurance."

Director Thompson also testified that the reported pilot proposal has not formally reached her desk for review. She also said any proposal would need to go through the FHFA's new products rule, that the agency is committed to making sure the pilots are public and there's more transparency with what Fannie Mae and Freddie Mac are doing.

During another hearing the week prior before the House Financial Services Subcommittee on Housing and Insurance, Housing Policy Council President Ed DeMarco said title insurance is a primary market function and a critical element of protecting lenders and homeowners.

"While there seems to be a lot of murkiness about what's going on with some potential pilot, from what I've heard, it certainly is disturbing to think that Fannie Mae or Freddie Mac might displace title insurance by taking on this insurance itself," said DeMarco, who served as acting director of the FHFA following the 2008 financial crash until 2014, when the GSEs were taken into conservatorship.

In addition to our Capitol Hill meetings, these two hearings showcase our success in explaining the benefits of title insurance and that Congress and other industry experts have serious concerns about products and pilot programs that introduce more risk to the market and provide less protection to consumers and lenders.

We left our mark, but there's more work to be done. Let's keep at it.



JACK RATTIKIN III
ALTA president



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