OCTOBER 2023

TITLE News

AMERICAN LAND TITLE ASSOCIATION

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ALTA, AARP Highlight Threat of Non-Title Recorded Agreements for Personal Services


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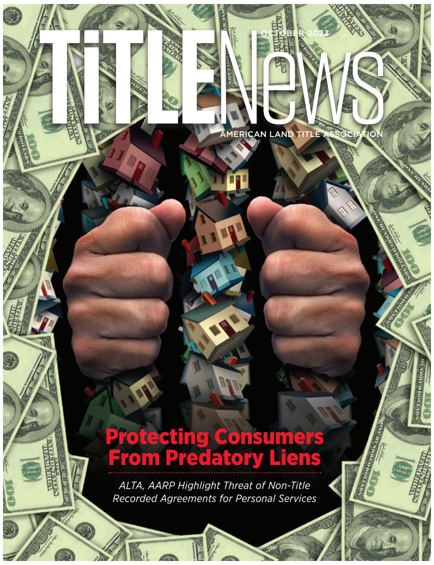

iN This Issue

VOLUME 102 | NUMBER 10 | OCTOBER 2023

COVER STORY

FEATURES

DEPARTMENTS

DON'T MISS THIS MONTH'S DIGITAL ISSUE OF TITLENews

During this market downturn, title companies may contemplate entering some business relationships with real estate agents or lenders. But what are the risks? The digital edition of **TITLENews** includes a webinar recording that analyzes the potential pitfalls and why title companies should be cautious when forming joint ventures.

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TITLENews

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

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Ready for Another Year

JEREMY YOHE
ALTA vice president of communications

OCTOBER AND ALTA ONE MARKS THE END OF ONE ASSOCIATION YEAR AND THE BEGINNING OF ANOTHER.

This year, we pay homage to Jack Rattikin Jr., who became the third generation of his family to serve as ALTA president. His year at the helm was punctuated by the successful advocacy effort convincing Fannie Mae that its pilot program to waive title insurance on certain transactions would be a recipe for disaster. Rattikin called this one of the biggest advocacy wins since he's been involved in the industry.

One of the primary functions of a trade association is to work tirelessly to promote the interests of its members. These interests can range from influencing government policies and regulations to addressing industry-specific challenges. By pooling resources and expertise, trade associations have a stronger voice when it comes to negotiating with policymakers and regulators. They can effectively lobby for changes that benefit consumers and the industry.

As another example of an advocacy win during the past year, ALTA has secured several victories protecting homeowners from the predatory practice of filing unfair real estate fee agreements in property records, known as Non-Title Recorded Agreements for Personal Services (NTRAPS).

Sixteen states have already passed legislation that makes NTRAPS unenforceable by law. Another handful of states have introduced bills with the same goal. This is significant progress because it was only in December that ALTA developed the model legislation. Another meaningful piece to this is that ALTA has collaborated with AARP to get legislation passed at the state level. We profile this effort in this edition's cover article.

We expect to celebrate additional successes as we move into a new association year as Rattikin passes the presidential baton to Don Kennedy, another title professional whose family has a deep history in the industry. Kennedy is the fifth generation of his family to work in the title industry. He follows his father and grandfather to lead the association.

We look forward to the next 12 months with Don at the helm, as well as all the Board of Governors and industry professionals who volunteer their time and expertise on the many ALTA engagement groups. By actively participating and contributing to your trade association, you play a vital role in shaping the future of your industry and ensuring its continued prosperity.

Title Premium Volume Down 37% in Latest Quarter

The title insurance industry generated $3.91 billion in title insurance premiums during the second quarter of 2023 compared to $6.21 billion during the same period a year ago, according to ALTA's latest Market Share Analysis.

"While title premium volume decreased 37% during the latest quarter, title insurance professionals continue to manage their businesses through the challenging market and remain focused on facilitating real estate transactions and protecting property rights," said Diane Tomb, ALTA's chief executive officer.

Total operating income was down 48.5% during the second quarter of 2023 compared to Q2 2022. Despite the decrease in net income, the industry continued its strong financial position. Total assets were $11.6 billion, while the statutory surplus was at $5.2 billion and statutory reserves were $5.9 billion.

For the first six months of the year, title premium volume is down 40% compared to the first six months of 2022. The industry has paid $331.8 million in claims through the first six months of 2023. This is up from $277.2 million paid during the first half of 2022.

Top 10 Individual Underwriters by Q2 Market Share

- First American Title Insurance Co., 22.3%
- Old Republic National Title Insurance Co., 14.8%
- Fidelity National Title Insurance Co., 14.1%
- Chicago Title Insurance Co., 13.7%
- Stewart Title Guaranty Co., 8.4%
- Westcor Land Title Insurance Co., 3.6%
- Commonwealth Land Title Insurance Co., 3.5%
- Title Resources Guaranty Co., 3.2%
- WFG National Title Insurance Co., 2.5%
- Doma Title Insurance Co., 2.0%

Top 5 States in Q2

- Texas: $594,236,001, -38.7%
- Florida: $511,227,714, -33.6%
- California: $358,767,138, -38.4%
- New York: $216,402,585, -43.8%
- Pennsylvania: $145,440,429, -38.8

Click here for more market share data.

ALTA Good Deeds Foundation Provides Emergency Grant for Maui Fires

The ALTA Good Deeds Foundation (AGDF) awarded a $10,000 emergency grant to the Hawaii Community Foundation's Maui Strong Fund to help those impacted by the wildfires that devastated Maui, Hawaii.

Working quickly, the Maui Strong Fund already has granted more than $4.3 million so far to organizations such as the American Red Cross (Pacific Islands Region), which is focusing on sheltering people who have been displaced by the fires; the Family Life Center, which is providing shelter services in Kahului, Hawaii, and is at capacity; Maui Economic Opportunity, which is securing transitional housing for those affected by the Maui fires; and many more.

The AGDF Board awarded the emergency grant to aid in any capacity as needed following the fires.

"ALTA and its members are grieving for our family, friends and communities impacted by the tragedy in Maui," said ALTA CEO Diane Tomb. "An ALTA member on the ground told the association that they are seeing the 'grace and kindness people can muster in the midst of trauma.' This emergency grant from the ALTA Good Deeds Foundation will help facilitate the critical work being done in direct response to Maui's needs."

Since October 2020, the ALTA Good Deeds Foundation has awarded $739,000 in grants to 125 community nonprofits in 41 states and the District of Columbia.

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KNIGHT BARRY TITLE GROUP

INTEGRATION

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Additionally, Qualia is sponsoring all Continuing Education (CE) exams at no cost to you! Maintaining your CE requirements through ALTA's Elevate Learning Center has never been simpler or cheaper. Click here to see how many credits each course offers in your state.

You can apply the discount to any of the following six online courses:

- "Nuts and Bolts of the Land Title Industry" was designed to be part of employee onboarding.
- "Title 101" provides instruction on the basic principles of the title insurance industry.
- "Title 201" offers more advanced instruction.
- "Understanding Commercial Transactions" equips you with commercial transaction concepts.
- "Escrow Accounting Procedures" teaches a model system of managerial practices.
- "Ethics in the Title Industry" addresses title-related ethical issues.

From beginners to experts, the Elevate Learning Center has education for staff at all levels. The courses include videos, reading materials, quizzes and/or a resource guide as well as a certificate of completion. ALTA makes title education as convenient as possible: Study at your own pace and in your own place.

Click here to learn more.

ALTA 2023 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan political action committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. So far in 2023, TIPAC raised $400,124 from 570 people. In addition, $149,000 from 18 companies has been pledged to the TIPAC Education Fund. Check out who has supported the industry at alta.org/tipac.

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: 24
- Title Agents: 11
- New Associate Members: 4
- New Attorney Members: 2
- State With the Most, New Members: Florida with 7
- Total Members: 6,066

NEWS TO SHARE?

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

CALENDAR

2024 ALTA EVENTS

LARGE AGENTS CONFERENCE
Jan. 14-16
Palm Beach Gardens, Fla.

COMMERCIAL NETWORK
Feb. 25-27
San Diego, Calif.

SPRINGBOARD
Oklahoma City, Okla.
March 19-21

Protecting Consumers From PREDATORY

ALTA, AARP Highlight Threat of Non-Title Recorded Agreements for Personal Services

By Jeremy Yohe

LAST SUMMER, title professionals across the country noticed more and more right-to-list contracts being recorded on properties in various counties. Recognizing the threat these Non-Title Recorded Agreements for Personal Services (NTRAPS) have on homeowners, ALTA prioritized combating this abusive activity in the marketplace.

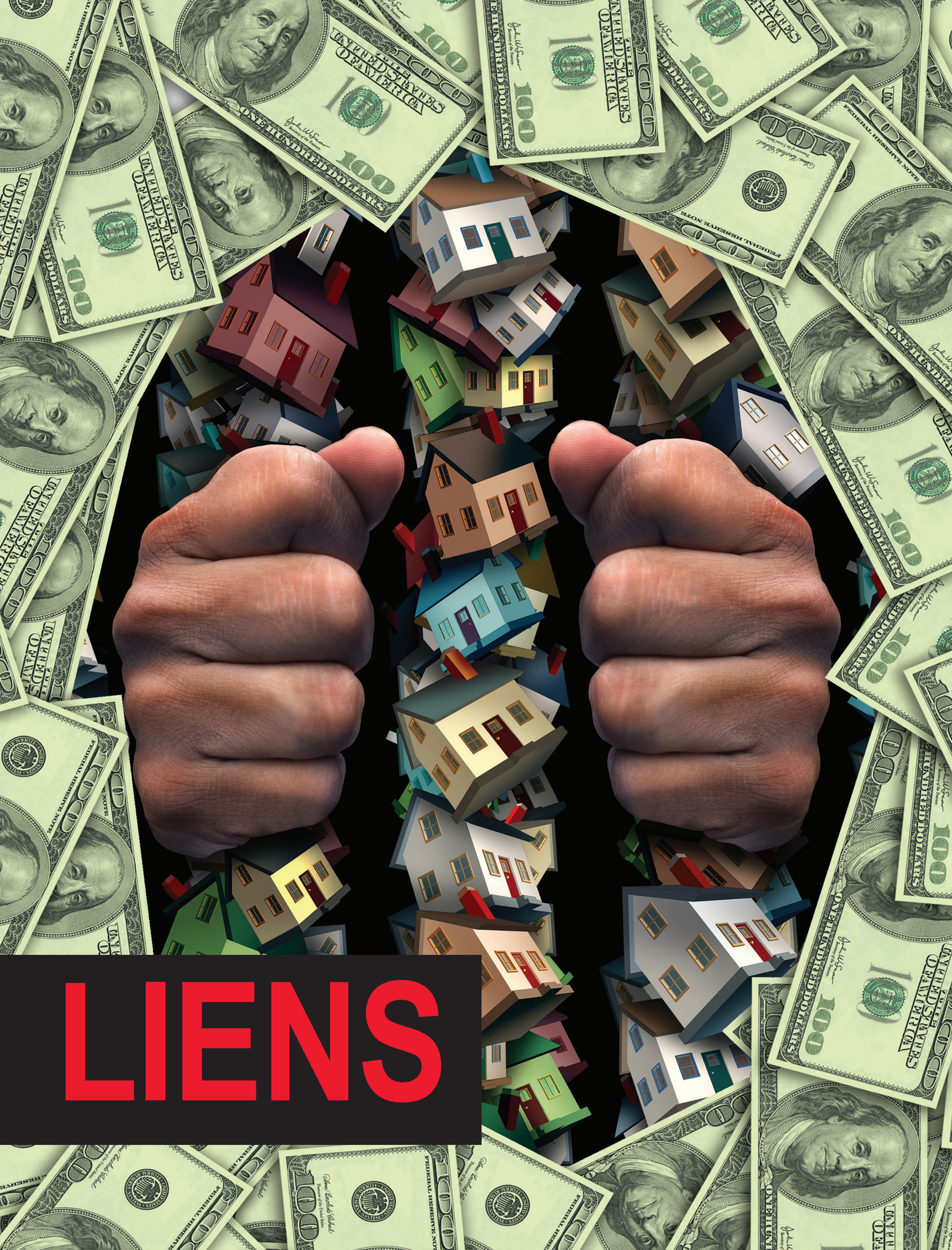
Over the past year, ALTA found NTRAPS recorded in 32 states.

"We have identified at least 25,000 and there are potentially quite a few more than that," said Elizabeth Blosser, vice president of government affairs for ALTA. "So, the scope is large, although I always say just one would be unacceptable when you're talking about an unfair agreement that can have such a devastating financial impact on a consumer."

NTRAPS have been recorded in property records since 2018. The practice preys upon homeowners, offering small cash gifts in exchange for decades-long contracts for the exclusive right to sell properties. Submitting NTRAPS for inclusion in property records characterized as liens, covenants, encumbrances or security interests in exchange for money creates impediments and increases the cost and complexity of transferring or financing real estate in the future.

ALTA prioritized combating this abusive and anti-consumer activity in the marketplace. ALTA worked with national stakeholders including AARP to design model legislation to make these types of unfair agreements unenforceable, prevent the recording of the agreements in land records and provide consumers with options for seeking damages.

ALTA released the model NTRAPS bill in December 2022. Since then, 16 states have passed the legislation. These states include Alabama, California,



LIENS

Colorado, Florida, Georgia, Idaho, Iowa, Maine, Maryland, Nevada, North Carolina, North Dakota, Ohio, Tennessee, Utah and Washington. Bills have been introduced in a handful of other states as well.

"A home often represents a consumer's largest financial investment, and their property rights must be protected," said ALTA CEO Diane Tomb. "Good public policy should support the certainty of landownership by ensuring there are no unreasonable restraints on future ability to sell or refinance property due to unwarranted transactional costs."

While most of these legislative proposals follow ALTA's model bill, a few take different approaches but still seek to accomplish the main goals of the model bill. For example, in Tennessee, the enacted legislation goes the furthest in the country by including provisions creating a $10,000 penalty per violation. In Washington, the enacted legislation requires the state real estate commission to establish a workgroup to examine the practice and publish a report of recommendations for consumer protections and potential regulations.

In Maine, ALTA submitted written testimony in support of the state's bill. The Texas Land Title Association (TLTA) requested that Elizabeth Blosser testify in opposition to a bill that was filed to codify NTRAPS. Blosser provided background and insight on other state advocacy efforts to committee members during her testimony. The Texas bill failed and will not become law.

Texas Legislature Rejects Harmful Bill

The Texas legislature defeated a bill that would have allowed the predatory practice of filing NTRAPS.

ALTA, TLTA and the AARP applauded Texas legislators for defeating HB 4126. The bill would have allowed Texas real estate brokerages to offer future real estate fee agreements that provided nominal upfront cash payments to homeowners in exchange for the exclusive right to list their homes for up to 15 years, even upon the homeowner's death. If the contract was broken, the brokerage could have enforced the contract and collected 3% of the home's value from the homeowner or their heirs.

"TLTA is grateful for the coalescence of our partners around this issue, including the Texas Realtors, AARP and ALTA, who all worked together to successfully educate the Texas legislature about this predatory practice and its impact on the consumer and the health of Texas real estate," said Aaron Day, TLTA director of governmental affairs and counsel.

AARP Government Affairs Director Samar Jha added, "With the defeat of HB 4126, the Texas legislature has ensured that the unfair and deceptive practice of unfair service agreements was not

MV Realty Files for Bankruptcy

As lawsuits mounted, MV Realty filed for Chapter 11 bankruptcy protection on Sept. 22 in 33 states.

The case is pending before Judge Erik P. Kimball in the U.S. Bankruptcy Court Florida Southern District. Commonly called a "reorganization bankruptcy," Chapter 11 allows businesses to continue operating while the business owner and creditors reorganize the debts so the business can be profitable once again.

Under MV Realty's Homeowner Benefit Agreement (HBA), a homeowner gives the company the right to list their homes for the next 40 years in exchange for a cash payment ranging from $300 to $5,000.

FCC Targets Robocall Scam

In January, the Federal Communications Commission's (FCC) Robocall Response Team took action to shut down an apparent illegal mortgage robocall scam by MV Realty targeting homeowners.

"Mortgage scams are some of the most pernicious types of robocalls we see," said FCC Chair Jessica Rosenworcel. "Sending these junk calls to financially stressed homeowners just to offer them deceptive products and services is unconscionable. That's why we are shutting down these calls right now."

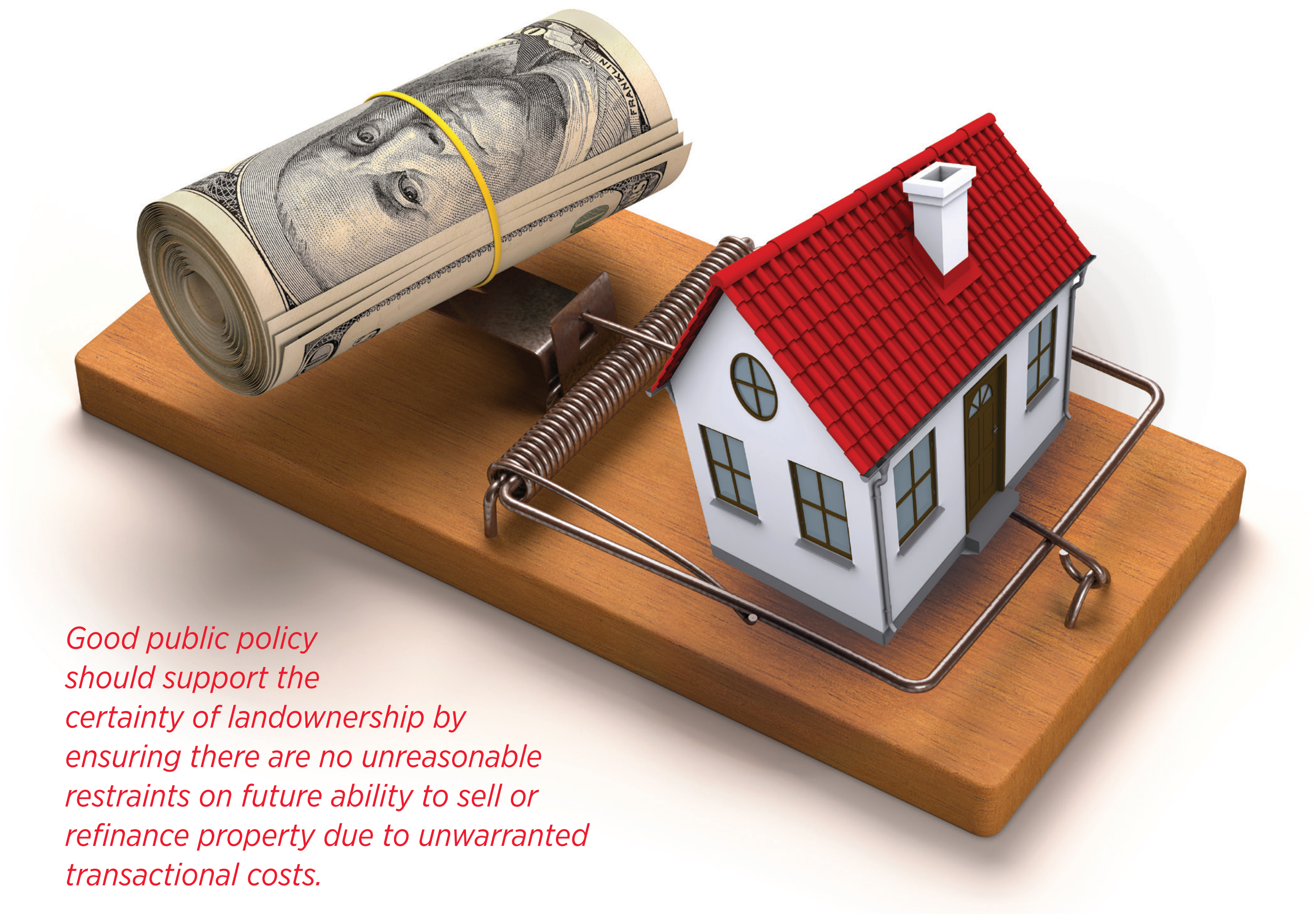
Additionally, the FCC ordered telecommunications companies to effectively mitigate suspected illegal traffic from dialing platform PhoneBurner facilitating MV Realty's the robocalls. The bureau also demanded that voice service provider Twilio cease and desist from carrying the suspected illegal robocall traffic which it was apparently receiving from PhoneBurner. Twilio is the largest voice service provider yet to receive a cease-and-desist letter from the FCC.

Congress Demands Answers

Several U.S. senators recently sent a letter demanding answers from MV Realty about its current legal scrutiny over allegations of predatory business practices targeting older adults, people of color and people with disabilities. The letter seeks information about MV Realty's Homeowner Benefit Program (HBP), which court documents have alleged misleads and unfairly targets consumers.

Joining in the letter were U.S. Sens. Bob Casey (D-Pa.), chair of the U.S. Senate Special Committee on Aging; Sherrod Brown (D-Ohio), chair of the Senate Committee on Banking, Housing, and Urban Affairs; and Ron Wyden (D-Ore.), chair of the Senate Finance Committee.

"Media coverage and recent lawsuits suggest that through the HBP, MV Realty frequently exploits homeowners by luring them into long-term commitments with the company's real estate services while providing little to no benefit in return," the letter said. "MV Realty provides homeowners with inaccurate and inadequate information and disproportionately targets older adults and people with disabilities. We are concerned by MV Realty's practices for the homeowners already enrolled in the program and the potential for future harm if HBP enrollment resumes. Accordingly, we ask that MV Realty commit to reexamining its business practices and provide us with information on the HBP, including how it targets consumers for enrollment."



Good public policy should support the certainty of landownership by ensuring there are no unreasonable restraints on future ability to sell or refinance property due to unwarranted transactional costs.

legitimized as an acceptable business practice, resulting in a great victory for homeowners and property rights.

California Passes Bill

In their final week of the 2023 legislative session, California lawmakers passed the CLTA-supported Assembly Bill 1345, which prohibits the predatory practice of entering into exclusive residential listing agreements lasting longer than 24 months. The CLTA worked in support of the pro-consumer measure throughout the year because the agreements it seeks to prohibit unfairly encumber residential homeowners' title and have an anticompetitive effect on the sale of residential real estate.

The bill prohibits recording of exclusive listing agreements of any duration for the sale of residential real estate, including deals to enter into any such agreement or arrangement. It also declares that an exclusive listing agreement that is made or that is presented for recording is void and unenforceable. A violation of the bill's provisions by a licensed person would constitute a violation of the state's licensing law, jeopardizing the person's license.

The bill would also prohibit an exclusive listing agreement from renewing automatically and would require a renewal of an exclusive listing agreement to be in writing and be dated and signed by all parties to the agreement. It also would make it unlawful for a renewal of an exclusive listing agreement to last longer than 12 months from the date the renewal was made.

Presentation to the NAIC

Sylvia Smith Turk, division president for Stewart Title Co., gave a presentation on NTRAPS during the National Association of Insurance Commissioner's Summer National Meeting on Aug. 14 in Seattle. Turk, a former member of ALTA's Board of Governors, provided the NAIC's Title Insurance Task Force background information about NTRAPS, and explained their impact on consumers and title companies. She also shared the model legislative bill ALTA helped develop and legislative activity at the state level.

"The presentation went very well. Eric Dunning (chair of the Title Insurance Task Force) was very gracious and many of the regulators seemed surprised we would take on something like this," Turk said. "I informed the regulators that we value protecting consumers, and all the curative work title professionals perform helps reduce risk to homeowners."

Attorneys General Get Involved

While momentum at the state legislative level continues to gain traction, several attorneys general have filed lawsuits against MV Realty. The brokerage firm has been sued by the attorneys general of

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Pennsylvania, Florida, Massachusetts, New Jersey, North Carolina and Ohio over the allegations of predatory business practices. A North Carolina judge granted a preliminary injunction in a case against MV Realty alleging the company violated laws prohibiting unfair and deceptive practices by tricking homeowners into signing 40-year real estate agreements.

"I'm pleased that Judge Davis agreed with our office that MV Realty cannot continue to take advantage of hardworking homeowners while this case continues," said North Carolina Attorney General Josh Stein. "This company has preyed on too many North Carolinians, and we'll do everything in our power to provide relief for the more than 2,000 victims to make sure that they can't harm others in our state ever again."

In his order, Judge Mark Davis indicated that North Carolina's Department of Justice will likely succeed on its allegations that MV Realty has acted in ways that have the capacity to deceive, and actually have deceived, homeowners in North Carolina. ■

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

N.C. Homeowners Targeted by MV Realty

Here are a few examples of allegations against MV Realty, according to the North Carolina attorney general:

- Cynthia Jones received an email from MV Realty about the availability of grant money of up to $360. Ms. Jones called MV Realty to discuss the grant money and was told she would receive it if she agreed to use MV Realty as a listing agent in the event she decided to sell her home. A notary came to Ms. Jones' home, where she signed the Homebuyer Benefit Agreement (HBA). The signing process took about 20 minutes. Ms. Jones was provided with some papers by the notary after signing the contract but not a copy of the contract itself. She was paid roughly $320 after she signed the HBA. Ms. Jones was not informed that the term of the agreement was 40 years, that the contract would be binding on her heirs if she died before the 40-year term expired, or that there was an early termination fee (ETF) of 3%. After she entered into the HBA, Ms. Jones received a letter from the Guilford County Register of Deeds notifying her that there was a lien on her home.
- Barry Hinton was told by an MV Realty agent that he qualified for a payment of about $600 in exchange for agreeing to use MV Realty as his real estate agent if he ever decided to sell his home. Mr. Hinton was not given an opportunity to review the HBA contract until a notary brought it to his home for him to sign. No MV Realty agent was present at the signing, which took approximately 15 minutes. Mr. Hinton did not receive a copy of the HBA contract after he signed it, but a copy was sent to him later. Mr. Hinton was not informed that MV Realty would file a lien on his home if he signed the HBA, that the term of the HBA was forty years, or that there was an ETF of 3%. He would not have entered into the HBA if he had been so informed. Mr. Hinton decided to sell his home in 2022 and contacted MV Realty to request brokerage services but despite repeated attempts to contact MV Realty by phone and email, MV Realty did not respond. After at least a month of unsuccessfully trying to contact MV Realty, Mr. Hinton listed his home with a different realty company, whereupon he received a notice from MV Realty that he had breached the HBA and had to pay an ETF of 3%. When he sold his home in 2022, Mr. Hinton was forced to pay an ETF of between $4,000 and $6,000.
- Kara Bessinger was informed by email that she qualified for a payment of $530 in exchange for agreeing to use MV Realty if she chose to sell her home. Ms. Bessinger did not receive a copy of the HBA before she met with a notary in the parking lot of a pharmacy to sign it. Ms. Bessinger signed the HBA inside her car. The process took approximately 15 minutes. During that time, Ms. Bessinger had only four or five minutes to review the HBA. Because it was raining heavily, the notary got in Ms. Bessinger's backseat for the signing process. After Ms. Bessinger signed the contract, she was paid $530. Ms. Bessinger was not provided with a copy of the contract after signing it; instead, a copy was sent to her about two weeks later upon her request. Ms. Bessinger was not informed that MV Realty would file a lien on her home after she signed the HBA, that the term of the HBA was forty years, or that the contract would be binding on her heirs if she died before the forty-year term concluded. She would not have entered into the HBA if she had been given this information. Ms. Bessinger decided to sell her home in late 2022, so she attempted to contact MV Realty to request brokerage services. After several attempts, Ms. Bessinger eventually reached an MV Realty agent, but the agents Ms. Bessinger spoke with were unhelpful. Ms. Bessinger had been contacted by several potential buyers before reaching out to MV Realty, and she presented a buyer's proposed offer to an MV Realty agent. The agent contacted the prospective buyer and told the buyer that MV Realty had a contract to sell the home for forty years and had a lien on the property. Ms. Bessinger ultimately paid an ETF of $5,887.20 to sell the home to the buyer without the assistance of a real estate broker.

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Leveraging Language Models for Efficiency and Accuracy in Title Insurance Underwriting

By Lili Farhandi and Robert Zwink

TITLE INSURANCE PROFESSIONALS HOLD THE CRUCIAL RESPONSIBILITY OF ENSURING the validity and accuracy of real estate title documents. Large Language Models (LLM) like ChatGPT are capable of processing large volumes of data and extracting valuable insights. Processing happens in one of two ways: Either by fine tuning a large language model with pre-existing text or by providing the text as "context." This article explores the efficiencies and risks of LLMs, and dives into the indispensable role that they will inevitably play in the industry.

The Power of Fine Tuning: Gleaning Insights from Pre-existing Text

Picture an artificial intelligence (AI) system capable of responding accurately to inquiries in the English language, for instance, "What risks are associated with 123 Main Street?" Once the question is received, the AI analyzes every pertinent document in the county courthouse, culminating in a succinct and accurate Schedule B.

Achieving this level of precision requires an AI system, like an LLM, that has been fine-tuned on a robust dataset—say, the past 40 years of recorded documents in relevant county offices. This would involve training the AI model on this dataset so it can learn from the patterns, trends and anomalies contained therein, and then apply this understanding to new, unseen data.

This isn't science fiction. Today, such technology exists, as exemplified by OpenAI's ChatGPT, or even Razi's TitleGPT. The benefits of fine-tuning a large language model in this way are immense. It can yield highly accurate responses, save time and alleviate the manual labor involved in scouring through countless documents.

Leveraging Context: The Middle Ground

There is another way to extract value from LLMs, especially when a comprehensive, fine-tuned training on relevant title documents isn't available. Here, the LLM is provided with information in the form of context. The English language questions are formulated in such a way that they contain the necessary text for an accurate response.

Consider this question: "What is the premise address of the property referred to in this policy? <Insert Policy Text>". The LLM can then correctly answer, "123 Main Street." Although this approach does not take into account documents beyond the given context, it still has its merits.

Innovative companies like deepset.ai have developed ways of dynamically creating context based on a list of relevant documents. This is called dynamic context, which allows only

pertinent documents to be used as context, thereby achieving a middle ground between single document context and the full power of a fine-tuned model.

This method carries significant potential for improving efficiencies and reducing error rates in title insurance underwriting. By leveraging dynamic context, title insurers can draw from a curated pool of relevant documents, improving the LLM's ability to provide accurate responses without the need for comprehensive pre-training.

The Uncharted Terrain: Risks and Mitigation

While leveraging LLMs in title insurance underwriting offers compelling benefits, it is crucial to be mindful of the risks involved. With the automation and algorithmic nature of LLMs, there is a risk of systemic errors, where a single error in the model could result in widespread inaccuracies. Furthermore, AI systems like LLMs might miss nuances and subtleties a human would easily pick up on. Therefore, mitigating these risks and integrating robust oversight measures is of paramount importance.

In Conclusion: LLMs and the Future of Title Insurance

The title insurance industry is at the brink of a significant transformation, with LLMs providing an opportunity to bring about groundbreaking efficiencies and accuracy. By fine-tuning LLMs on pre-existing text or leveraging context-based techniques, title insurers can extract tremendous value, reducing labor costs and improving productivity.

However, as with all technological advancements, caution should be taken to ensure accuracy, validity and reliability. Measures should be put in place to mitigate risks and continuously validate and adjust these AI models.

The integration of LLMs in the title insurance industry is more than just an emerging trend—it is an inevitable progression towards the future. As technology continues to evolve and advance, so should our practices, ensuring that we leverage the benefits of these powerful tools while carefully managing the potential risks.

In an industry as vital as title insurance, where the stakes are high and the margins for error are low, the adoption of LLMs represents a powerful step forward. It paves the way for a more efficient, accurate and reliable future—benefiting underwriters, insurers and customers alike.


LILI FARHANDI *is chief executive officer and* **ROBERT ZWINK** *is chief technical officer of Razi Title. As co-founders of the company, they have expertise in integrating title processes with modern technology. Their combined skills have guided Razi Title's use of Large Language Models to increase efficiency and accuracy in title insurance underwriting. They can be reached at contact@raziexchange.com.*

CFPB Fines Loan Originator, Brokerage Firm for Illegal Kickbacks

CFPB Fines Loan Originator, Brokerage Firm for Illegal Kickbacks

Action Could Be Instructive to Title Agencies That Have MSAs

Freedom Mortgage and Realty Connect agreed to a settlement with the Consumer Financial Protection Bureau (CFPB) for providing illegal incentives to real estate brokers and agents in exchange for mortgage loan referrals.

According to the CFPB, Freedom Mortgage provided real estate agents and brokers with numerous incentives—including cash payments, paid subscription services and catered parties—with the understanding they would refer prospective homebuyers to Freedom for mortgage loans. According to the CFPB, This conduct violated the Real Estate Settlement Procedures Act (RESPA). Under the Consumer Financial Protection Act (CFPA), the CFPB has the authority to take action against institutions violating consumer financial laws, including engaging in unfair, deceptive or abusive acts or practices.

The CFPB ordered Freedom Mortgage to cease its illegal activities and pay $1.75 million to the bureau's victim relief fund. The CFPB separately issued an order against Realty Connect USA Long Island for accepting numerous illegal kickbacks from Freedom Mortgage. Realty Connect will pay a $200,000 penalty and cease its unlawful conduct.

- Freedom Mortgage consent order
- Realty Connect consent order

"Freedom provided kickbacks to real estate brokers and agents—including those at Realty Connect—in return for mortgage referrals, a clear violation of federal law," said CFPB Director Rohit Chopra. "The CFPB will be vigilant in rooting out anti-competitive behavior that interferes with consumers' ability to choose financial products and services."

Freedom Mortgage is a privately held nonbank mortgage loan originator and servicer headquartered in Boca Raton, Fla. In August 2021, Freedom Mortgage transferred its traditional retail mortgage unit to its wholly owned subsidiary, RoundPoint Mortgage Servicing. RoundPoint ceased traditional retail operations sometime in August 2022. Realty Connect is a privately held real estate brokerage firm based in Suffolk County, N.Y.

According to the CFPB, the specific RESPA violations include:

- **Paying for referrals through illegal marketing service arrangements (MSAs):** Freedom Mortgage entered into MSAs with over 40 real estate brokerages, in which the originator made monthly payments totaling approximately $90,000 to brokerages in exchange for the brokerages' marketing services. However, the CFPB said Freedom Mortgage used these MSAs as a way to pay for mortgage referrals, rather than compensate the brokerages for marketing services they actually performed. Realty Connect received $6,000 per month from Freedom, but failed to perform many of the marketing tasks required under the agreement.
- **Offering premium subscription services free of charge:** The CFPB said Freedom gave real estate brokers and agents free access to valuable industry subscription services, which provided information concerning property reports, comparable sales and foreclosure data. Freedom paid thousands of dollars per month for one of the subscription services, and Freedom provided access to over 2,000 agents for no cost. Freedom often required real estate agents and brokers to agree to be paired with a Freedom loan officer before Freedom would give them access to its subscription services. Since 2017, the real estate agents who received free access to these subscription services, including agents at both Realty Connect and other brokerages, made more than 1,000 mortgage referrals to Freedom.
- **Hosting and subsidizing company events and providing gifts:** Freedom hosted parties and other events for real estate agents and brokers, including events held exclusively for Realty Connect brokers and agents. Freedom paid for the food, beverages, alcohol and entertainment. Freedom would also sometimes give free tickets to sporting events, charity galas, or other events where the agents and brokers would have otherwise needed to pay their own way. Freedom also denied requests for event sponsorship from real estate brokerages that did not refer mortgage business to Freedom's loan officers.

The orders also prohibit Freedom from providing anything of value to other entities in exchange for mortgage referrals. Realty Connect is prohibited from accepting items of value in exchange for mortgage referrals. Neither Freedom nor Realty Connect admitted or denied the bureau's findings.

The CFPB published a set of frequently asked questions on RESPA, including guidance on gifts and promotional activity, to help regulated entities understand their obligations under federal law.

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California Court Delays Enforcement of Certain Privacy Rules

By Seth A. Shapiro

ON JUNE 30, THE SACRAMENTO SUPERIOR COURT IN CALIFORNIA FOUND that the California Privacy Protection Agency failed to timely issue the final regulations required by the California Privacy Rights Act of 2020 (CPRA). The CPRA states that such regulations shall be adopted by July 1, 2022. The agency issued some of those regulations on March 29, 2023, and it is still working on others (related to cybersecurity audits, risk assessments and automated decision-making technology).

The court stayed the agency's enforcement of such regulations for a period of 12 months from the date the regulations became/become final. For the regulations that became final on March 29, 2023, this delays the enforcement date to March 29, 2024. Otherwise, the agency planned to begin enforcing the regulations on July 1, 2023. For the regulations on cybersecurity audits, risk assessments and automated decision-making technology that have not been issued yet, based on this ruling the enforcement date would be 12 months from whatever date they become final.

The court issued the final order and judgment on July 20, 2023. The agency may be evaluating whether to appeal the decision.

The court's order states that it does not impact regulations adopted under the California Consumer Protection Act of 2018 (CCPA).

At its July 14 board meeting, the agency held a closed session to receive advice from its legal counsel regarding the court decision. At the open session of the meeting, Michael Macko, the agency's Deputy Director of Enforcement, mentioned the case during his enforcement update. He stated that the agency's enforcement began on July 1, 2023, except as impacted by the court decision. He emphasized that the decision does not give businesses a vacation from all enforcement efforts, and it does not impact the agency's ability to enforce the statutory language in the CPRA or the regulations adopted under the CCPA.

Macko highlighted the following agency enforcement priorities in his update:

- **Privacy Notices and Policies:** Are businesses collecting and using personal information in accordance with its privacy disclosures?
- **Deletion Rights:** Are businesses complying with the deletion requirements that have been in place for years?
- **Consumer Requests:** How have businesses implemented consumer request requirements, and do the business practices comply with them?

Key Takeaways

- The court delayed the enforcement of the CPRA regulations issued on March 29, 2023 until March 29, 2024 and the upcoming regulations on cybersecurity audits, risk assessments and automated decisionmaking technology until 12 months from the date they become final.
- The decision does not impact the agency's ability to enforce the statutory language in the CPRA or regulations adopted under the CCPA.
- Based on the agency's stated enforcement priorities, covered businesses should make sure that their privacy notices and consumer request processes are in order.
- The information provided in this article does not, and is not intended to, constitute legal advice. All information is for general informational purposes only.

SETH A. SHAPIRO *is vice president and privacy and cybersecurity counsel for Fidelity National Financial Inc. He can be reached at seth.shapiro@fnf.com.*

California Passes RON Legislation

California joined 44 other states that have passed legislation allowing for remote online notarization (RON). Senate Bill 696, which passed the state's Senate on a unanimous 39-0 vote, authorizes a notary located in the state to perform RON beginning Jan. 1, 2030.

As originally proposed, the bill was to have become effective Jan. 1, 2025, but that language was stripped out of the final legislation. SB 696 sets a tentative deadline of Jan. 1, 2030, for the Secretary of State to complete a technology project needed to support online notarizations.

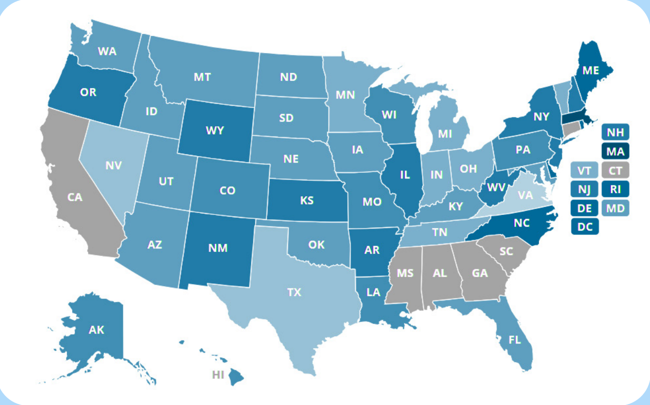
Other changes to the legislation made in the Assembly include the removal of a requirement that the Secretary of State maintain a secure, indexed repository of electronic journal entries and the audio-video recordings, as well as the removal of the ability for California notaries to certify that a tangible copy of an electronic record that is the subject of an online notarization is an accurate representation of the electronic record.

The bill also now requires California notaries authorized to perform online notarizations to maintain one tangible sequential journal containing certain information pertaining to online notarizations, in addition to any electronic journals that a notary maintains, as well as maintain a $25,000 bond.

Some of the key requirements of the bill say:

- The notary public shall retain the audio-video recording on an encrypted storage device or encrypted online media that is accessed by the notary public with secure multifactor means of authentication. The audio-video recording shall be created in an open format and shall not include images of any electronic record that was the subject of the online notarization.
- A notary public shall take reasonable steps to ensure that any registered device used to create an electronic signature or electronic seal is current and has not been revoked or terminated by the device's issuing or registering authority.
- In performing an online notarization, a notary public authorized to perform online notarizations shall verify the identity of a principal by satisfactory evidence that meets the requirements regulations adopted by the Secretary of State. This includes:
    - Remote presentation of a credential by the principal
    - Credential analysis
    - Identity proofing of the principal
- A notary public shall record each online notarial act performed by the notary public in one tangible sequential journal and one or more secure electronic journals.

States With RON Legislation



The remaining states that have not passed RON for real estate transactions include Alabama, Connecticut, Georgia, Mississippi and South Carolina. Connecticut's RON legislation does not apply to real estate.

At the federal level, ALTA and a coalition of more than 100 other businesses and trade associations sent a letter in May 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.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Tokenizing Real Estate Assets Introduces New Consumer Risks for Unproven Benefits

By Justin Lischak Earley

Cryptocurrencies, non-fungible tokens (NFTs) and tokenization may have lost some of the luster they enjoyed not too long ago due to the high-profile fall from grace of FTX founder Sam Bankman-Fried and ongoing turbulence in the valuation of cryptocurrencies. However, many are watching where, and if, the tokenizing of non-fungible assets should be applied to other industries.

As chief innovation underwriter at First American Title, I study the concept of tokenizing real estate assets, and have published perspectives on what is real and what is not in terms of NFTs in real estate. My thought leadership on this topic earned me an invitation to a recent gathering of top economists, where I presented my in-depth research, "Bear With Me: The Bearer-Asset Dangers of Tokenizing Real Estate." Below is recap of some of the key points of my presentation.

Why are crypto enthusiasts eager to tokenize the real estate industry?

We must first understand what technologists and crypto champions dislike about the existing system. In general, the complaint is that the real estate economy is full of needless waste and unnecessary red tape. While companies like First American are making significant progress in creating a simple, fast and transparent real estate transaction experience, complaints about the traditional paper-based nature of real estate are frequent, and many are well-founded.

The larger issue goes beyond real estate's historical reliance on physical paper documents. It speaks to a perception that the transfer of real estate is filled with unnecessary rituals that introduce delays and friction into the transaction. The existing real estate system does indeed have rituals and checkpoints that can delay a transaction's consummation, but many of these are there to protect consumers.

Why is the real estate transaction hard to integrate with "crypto culture"?

A faster and more liquid transaction does not necessarily mean a better or more secure transaction. This is especially true when the purchased good involves high-value, non-fungible assets like single-family homes, which, let's not forget, are typically the largest purchase an ordinary person will make in their lifetime.

Significant transaction formalities have arisen around real property, and for good reason. Some transaction formalities surrounding this vitally important life event are not frictions ripe for removing; they are safeguards worth preserving. Blindly removing these guardrails in the name of technological progress could have catastrophic consequences for consumers and the broader real estate economy.

For example, the more liquid an asset becomes, the more prone it becomes to fraud and theft. In standard real estate law, there are tripartite deed formalities of execution, delivery,

and acceptance. These are error-prevention mechanisms that the law has created to help ward off fraudulent, accidental, or otherwise undesired conveyances before they happen.

What's so special about these formalities? If crypto technology can operate without them, what's the problem?

Just because a technology can do something does not mean that it should—especially when there are deep historical reasons why it should not. Should crypto enthusiasts actually build the "frictionless" system they envision, they would soon find that they would have to rebuild new "friction-inducing" legal rules similar to those that they just tore down.

Rather than suffering through the consumer harm that could arise from this misguided path, we should invest in digitizing and modernizing the existing system of real estate transfer. This would offer the same long-standing protections of current real estate law, but with a superior consumer experience that leverages technology in ways recognized to be positive.

What else should the real estate industry be thinking about when it comes to tokenizing?

A significant unanswered question is how to balance the "need for speed" crypto enthusiasts seek with the regulatory and compliance obligations the law imposes. One need only look at recent major regulatory actions against FTX, Coinbase, Binance, etc., to see the tension. Another unanswered question is whether crypto tokens would really provide investors anything that publicly traded real estate investment trusts do not do already.

At First American, we know there is more innovation to be brought to the real estate transaction, and we are creating and investing in products and services like Endpoint, IgniteRE and ClarityFirst, that are designed to digitize the residential and commercial real estate closing process. And the Underwriting Innovation Team that I lead is always looking at how the latest cutting-edge technologies might be useful, such as the recent emergence of generative AI. Innovation for the sake of efficiency and an enhanced experience will always be a key focus, but we need to incorporate the appropriate checks and balances from our existing real estate framework to avoid introducing unnecessary risk into the most important transaction most consumers will ever undertake.

JUSTIN LISCHAK EARLEY *is chief innovation underwriter at First American Title. He can be reached at jearley@firstam.com.*

MYTHS vs FACTS

ALTA RESPONDS TO INACCURATE COMMENTARY ABOUT TITLE INSURANCE

OVER THE SUMMER, DAILY MORTGAGE NEWS' CHRISMAN COMMENTARY AMPLIFIED INACCURATE ASSERTIONS ABOUT TITLE INSURANCE. Below is how ALTA responded with the facts that undercut the false claims.

Myth: Title insurance is "seriously overpriced."

- **FACT:** While other forms of insurance have seen rate increases in recent years, the cost of title insurance coverage actually decreased 7.8% nationally since 2004 and roughly 5% from 2019 to 2021, based on recent industry financial statements. For title insurance, a homebuyer only needs to pay a one-time fee at closing, which is about .5% of the purchase price of a home.

It is critical to understand the difference between an owner's policy of title insurance and a lender's policy. A lender's policy protects against claims that may affect the lender's loan and does not protect the owner's property rights, which is why title professionals recommend that consumers purchase an owner's policy to protect one of life's greatest investments.

Without title insurance, homeowners are not protected from a devastating financial loss – sometimes in the tens of thousands of dollars – that may result from a title defect, a tax lien, an undisclosed easement, fraud, or forgery. Importantly, title insurance also covers legal fees and court costs to defend a consumer's property rights if a legal dispute arises. This means that title companies will fight for homeowners to stay in their homes for no additional cost.

In approximately half of the states, the seller helps pay for title insurance in some form – whether the seller splits costs with the homebuyer or pays for the owner's policy fully, with just a nominal cost to the homebuyer for lender title policy coverage. Title insurance companies also offer numerous methods to reduce the cost of title insurance – including a discount when the owner's and lender's policies are issued simultaneously.

When a homeowner refinances, they are also required to purchase a lender's policy of title insurance on a new loan. In the time period between the purchase of a house and refinancing, problems could have arisen that the lender must know about before approving a new loan, such as a lien from a contractor or a judgment on the house due to unpaid taxes. A new lender's policy is necessary when refinancing to protect the lender, but most title insurance companies offer discounted refinance rates to reduce the cost.

Myth: Title insurance companies have "fat profits" because they pay out so few claims.

- **FACT:** Title insurance is fundamentally different than other insurance products. Unlike other insurance products where most of the upfront cost is marketing, for title insurance, significant upfront expenses are related to conducting public records searches, examination, and rectifying problems found. The work of title insurance professionals is to not only prevent claims from being made, but also to provide coverage if a defect arises. Claim prevention is paramount because a claim on someone's property can be devastating and costly, and it would not be resolved by simply receiving a check. Low claims rates means that the title professionals did their jobs properly at the outset.

Importantly, title insurance also protects against "unknown" risks that are not found in a public records search – such as federal tax liens, HOA liens, and fraud or forgery of title documents. That is why much of the cost/expense goes toward paying expert title professionals to review title and correct any issues before issuing a title insurance policy.

It is the title insurance company's willingness to stand behind this work – even if the defect originated in faulty public records or was unknown – that provides lenders with confidence that they have a first lien mortgage, and homeowners with peace of mind that their property is truly theirs.

Myth: In Iowa, title insurance "costs $175 for home purchases up to $750,000" compared to "$1,400 to $2,700 for the median home" in the rest of the country.

- **FACT:** The current government-operated system in Iowa is often cited as an alternative to traditional title insurance. However, while the cost for title insurance in Iowa can be lower than rates in some other states, comparing title insurance in Iowa and title insurance in other states is comparing apples to oranges.

In Iowa, title insurance costs do not reflect all the necessary costs that are normally included to produce a title insurance policy. The total cost that consumers pay for title searches, examinations, and clearing of any title problems in Iowa do not differ substantially from other states. In 2021, Iowa's total closing costs were higher than 12 other states.


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Industry Update

Zillow to Acquire Spruce

Zillow Group has entered into an agreement to acquire Spruce, a tech-focused title and escrow company.

In a release, Zillow said the acquisition will help the two companies build a digital-powered closing offering for its customers.

"Title should never be a blocker to a great transaction and our goal is for our customers to see and feel how much better the real estate transaction can be when they work with Zillow," said Matt Daimler, Zillow senior vice president of product. "With Spruce, Zillow is building a tech-forward, high-volume title company for the future."

Zillow said Spruce's closing solutions will be a key component to its housing application, which will attempt to connect all the fragmented pieces into one streamlined transaction. In June, Zillow shut down Zillow Closing Services in favor of exploring a more elegant solution. The acquisition is a strategic move in Zillow's efforts to steadily roll out products and services to create a seamless end-to-end homebuying experience for customers and partners.

Founded in 2016, Spruce built technology and operations to power title insurance, coordination, escrow and recording services nationwide for its customers.

"Real estate transactions often fall short of buyer and seller expectations," said Patrick Burns, Spruce's CEO and co-founder. "Like Zillow, Spruce is driven by the vision of offering an amazing transaction experience to buyers and sellers. We're excited to join Zillow in the ambitious mission to create the best closing solution for the modern homebuying process."

ALTA Member Company Helps Facilitate Affordable Housing Deals in Indiana

ALTA member company TitlePlus! will handle transactions of low-income homebuyers purchasing single-family homes through a non-profit corporation established by the City of Bloomington, Ind.

Morrie Erickson, owner and president of TitlePlus!, said the project consists of about 50 lots. The homes will be prefabricated at a manufacturing facility and assembled on the lots, making the cost and delivery time predictable.

Eligibility will be based on a formula that considers the appraised value and a buyer's income. The city will own the lots and lease them to buyers, who will own the improvements—including the residences—on the lots, according to Erickson.

The buyers will be required to maintain the properties to a certain standard or the city or its nonprofit may intervene.

"If the buyer wishes to sell, the city will have a right-of-first-refusal or option to purchase so it can convey the residence to a qualified buyer on a waiting list who will receive an assignment of the leasehold and a deed to the improvements," Erickson said.

CATIC Donates $15K to the Vermont Flood Relief

Three entities under the CATIC Family of Companies have contributed a total of $15,000 to the Vermont Main Street Flood Relief Fund. These entities include CATIC, CATIC Foundation and Vermont Attorneys Title Corporation (VATC), each of which contributed $5,000 to the relief fund. The fund provides grants to Vermont's small business owners who were impacted by catastrophic flooding in July.

This relief fund, in partnership with Capstone Community Action, provides grants in the range of $2,500 to $10,000 to cover costs such as equipment replacement, supplies replenishment and cleanup. The ALTA Good Deeds Foundation awarded a $5,000 emergency grant to the Vermont Main Street Flood Relief Fund.

"Our thoughts are with the local business owners and residents who tragically lost their homes, establishments or loved ones as a result of this unforeseen flood," said James M. Czapiga, president and CEO of the CATIC Family of Companies. “We hope our contributions to the flood relief will assist the Vermont community’s rebuild and aid towards a swift recovery.”

MISMO Releases Consumer Facing Charge and Fee Guide

The Mortgage Industry Standards Maintenance Organization (MISMO) moved its Consumer Facing Charge and Fee Guide to “Candidate Recommendation” status.

This means the guide has been thoroughly reviewed by a wide range of organizations and industry participants and is available for use across the industry. The ALTA MISMO Liaison Work Group, led by Ruth Dillingham, worked closely with MISMO to develop the fee guide.

The new Consumer Facing Charge and Fee Guide will benefit lenders and vendors by providing a standard set of expected fee names and descriptions for the Loan Estimate and Closing Disclosure for commonly used fees.

Kensington Vanguard Acquires Texas-based Commercial Firm

Kensington Vanguard National Land Services recently acquired James P. Lazar PC, a Texas-based national commercial title insurance provider.

"Jim Lazar, Pat Jackson and the rest of the leadership team head up one of the most well established and respected commercial title operations in Dallas,” said Brian Cooper, co-CEO of Kensington Vanguard. “This is an exciting acquisition that significantly adds to our existing strong Texas presence. Despite the challenging rate environment, we are continuing to invest in great businesses and markets to expand our platform."

New York-based Kensington Vanguard, which was founded in 2002, has offices in Alabama, Arizona, Florida, Georgia, Kentucky, North Carolina, New Jersey, Pennsylvania, Tennessee, Virginia and Texas.

Attorney’s Title Group Expands Arkansas Footprint

Arkansas-based Attorney’s Title Group opened a new office in the Bentonville/Rogers area in Northwest Arkansas. The company hired Rick Long as the new director of its Northwest Arkansas operations.

Long has experience in title, construction and banking.

“We are glad to welcome Rick into this new position, and we’re excited about what it means for the continued growth of ATG,” said Robbie Wilson, co-managing partner of Attorney’s Title Group. “Rick’s experience and knowledge of the industry will be a big asset as we expand our footprint.”

Attorney’s Title Group was formed in 2013 by the attorneys of Wilson & Associates.

Eagle Title Increases Reach

Maryland-based Eagle Title recently expanded its reach in Maryland and Delaware.

The title company, which was founded in 2007, will open an office in Ocean City, Md., and Georgetown, Del. Both offices will offer residential, commercial and builder services. Eagle Title also serves customers in Virginia and Washington, D.C.

According to a news release, the move marks a significant milestone in the company’s growth strategy. The company's expansion responds to the increasing demand for professional and reliable title services in the region.

“We are excited to bring our title services to the state of Delaware," said Eagle Title CEO Jay Walsh. “The expansion to the beaches aligns perfectly with our strategic growth plans, allowing us to serve our clients in this dynamic real estate market."

InspectHOA Unveils Municipal Lien Search Offering

InspectHOA has launched a new municipal lien search package.

The solution identifies any management companies involved, communicating directly with municipalities and getting written confirmations of lien reports. The company also provides an accuracy guaranty. InspectHOA said it delivers all documents, on average, within three days of receiving the order.

The introduction of the search solution follows on the heels of InspectHOA’s recent mortgage payoffs service launch. Both join the company’s flagship HOA service.

“With the municipal lien search solution, we are moving forward in our efforts to accelerate real estate transactions across the nation,” said Anton Tonev, co-founder of InspectHOA. “Locating municipal liens, especially unrecorded liens, can be a nightmare for title companies. We combine outstanding professional service, leading technology and clear communications to eliminate the roadblocks and allow our clients to redeploy their staff to more worthwhile tasks like client experience.”

CertifID Reports Spike in Mortgage Payoff Fraud Attempts

CertifID reported its PayoffProtect mortgage payoff verification product tracked a 5x increase in mortgage payoff fraud attempts from Q1 to Q2 2023. CertifID predicted losses are slated to accelerate as July's numbers show similarly elevated levels of payoff fraud attempts, an early indication of potential for major losses in Q3 2023.

The spike comes as PayoffProtect reached its one-year milestone, protecting over 150,000 transactions worth $37 billion with its software, services and insurance.

Real estate wire fraud, a sub-category of business email compromise (BEC), represents one of the most financially damaging fraud schemes, and has become a major focus of the FBI Internet Crime Complaint Center (IC3) "due to its prevalence in the United States and the effect it can have on the individual victims."

"PayoffProtect is being adopted across the board because of its ability to mitigate payments risk in the face of growing fraud in real estate," said Tyler Adams, CEO at CertifID. "Since its release one year ago, transaction volumes have grown at an impressive clip, but what is truly remarkable is the improved security and efficiency our customers experience over legacy processes. All indications are that fraud will continue to climb, and having products like PayoffProtect will enable companies to bring on stronger measures to protect themselves."

With PayoffProtect, real estate firms and title agencies can validate the authenticity of wire instructions to help ensure that payments are secure. The product has delivered verification success in 96.5% of all transactions processed, typically instantly. This has enabled firms using CertifID to reduce fraud risk while saving an estimated 38,000 employee hours in total.

"Mortgage payoff fraud has become a significant threat targeting title agencies of all sizes," said Cheri Hipenbecker, general counsel for Knight Barry Title Group. "That's why we signed up for PayoffProtect. It's the most comprehensive product that we've found, and built for us in title and real estate. It's also turned out to be hugely popular with our team as we've given them time back, as well as the greatest gift of all: peace of mind."

Attorneys' Title Guaranty Fund Changes Name

Effective Sept. 1, Chicago-based title insurance underwriter Attorneys' Title Guaranty Fund Inc. changed its name to Advocus National Title Insurance Co.

The nearly 60-year-old organization said the name change was driven by its expansion plans. The new name, based on the Latin word for lawyer, honors the organization's past and embraces the future.

The legacy organization was founded in 1964 by a small group of Central Illinois lawyers who were part of a movement that recognized consumers needed the benefit of legal counsel when engaging in the largest financial transaction of a lifetime. As a solution, they built a title insurance company based on the lawyer-agent model. In other parts of the country, lawyers of the same mindset were doing the same. The result: Disparate companies separated by state lines using the same name. Facing licensing obstacles and name confusion, the organization opted for a fresh start with a new and meaningful name.

"In exploring directions for a new name and brand, we kept returning to the one thing that sets us apart from other underwriters: Advocacy," said Peter Birnbaum, president and CEO of Advocus National Title. "It remains our guiding principle. We work to preserve the attorney's role in real estate transactions for the benefit of the clients we both serve. That's been our mission since 1964. While we'll always be guided by our core values, now we aspire to be a national underwriter. As we expand our mission into new markets, we will continue to ensure consumers in those markets have access to competent legal counsel when buying or selling a home—as well as provide underwriting services to established title agencies."

Closinglock Announces SOC 2 Type II Certification

Closinglock recently achieved SOC 2 Type II certification, which is an independent audit that verifies the company's security policies, procedures and controls.

"Achieving SOC 2 Type II certification is a major milestone for our company," said Andy White, CEO of Closinglock. "It demonstrates our commitment to providing our customers with the highest level of security and assurance. We are confident that this certification will give our customers the peace of mind they need to combat the growing threats of wire and identity fraud facing our industry."

The SOC 2 Type II audit was conducted by a third-party auditor who verified Closinglock's security policies, procedures and controls in accordance with American Institute of Certified Public Accountants (AICPA) standards for SOC for Service Organizations (SSAE 18). The auditor found that Closinglock has implemented effective security controls and practices to ensure the confidentiality, integrity, and availability of its systems.

Recent Integrations

- **NotaryCam** has integrated with **Asurity Technologies'** mortgage document generation platform to provide remote online notarization (RON) services and e-closing technology to lenders.

Movers & Shakers

FNF Family of Companies Announces New Divisional Leadership

The FNF Family of Companies have named David Townsend NTP as senior vice president. In this role, he will oversee FNF's Agency Division in the Midwest and Midsouth regions. Townsend takes on this role as FNF's Rob Wineman transitions to a new position within the company.

Before Wineman moves to his new role, he will work with Townsend to ensure FNF's agents understand these changes and continue to feel supported throughout this process.

Prior to joining FNF, Townsend was CEO of Agents National Title Insurance Co. He is a current member of ALTA's Board of Governors and chair of the Underwriters Section.

Wineman has served the FNF Family of Companies for more than 30 years, most recently as division agency manager for the Midwest and Midsouth covering 18 states in Agency Operations. After the transition, he will focus more directly on educational and operational needs of agents through consultations and business analysis.

Knight Barry Title Announces Leadership Changes

Wisconsin-based Knight Barry Title announced the promotion of Craig Haskins to president and CEO. Haskins takes over for Jeffrey Green, who will transition from CEO to board chair for the company. Haskins is a current member of ALTA's Board of Governors. Knight Barry Title operates over 80 offices in Wisconsin, Minnesota, Michigan, Texas and Florida. Additionally, Kathy Rogers has been named controller for Knight Barry Title after successfully managing the Knight Barry Title financial operations for many years.

True Title Names VP of Commercial Division

True Title Company LLC recently promoted Jake Halter to vice president to oversee the organization's commercial division. Halter's experience in the title industry began with search and examination before moving into an escrow closing role, where his closings ranged from residential sales to multi-million-dollar commercial transactions.

Stewart Names Head of Underwriting for National Commercial Services

Stewart Title appointed Wilhelmina Kightlinger as chief underwriting counsel for National Commercial Services (NCS). Having previously filled the role of deputy chief underwriting counsel for National Commercial Services, Kightlinger succeeds former NCS Chief Underwriting Counsel Don Wade, who is stepping down to focus on mentorship and training, as well as continuing to serve as a member of the underwriting leadership team for Stewart NCS and on the Senior Underwriting Committee. Prior to joining Stewart, Kightlinger spent 13 years at Old Republic Title, most recently as general counsel for its National Commercial Title Services Division.

CATIC Hires Senior Agency Advisor for Florida Operations

CATIC added Frank Laisch to its Florida team as senior agency advisor. Laisch has 20 years of experience in the title insurance industry working for various companies in national sales and leadership roles. In addition, he has been in sales and leadership roles at several vendors that serve the real estate industry.

TitleLOOK Appoints President

TitleLOOK by Mainspring Services has named Jeremy Potter to the new position of president. Potter had previously worked with titleLOOK as a strategic advisor. He most recently served as Stavvy's vice president of product strategy. Prior to that, he was senior director of capital markets for Rocket Companies. Potter holds Board of Directors seats for CATIC Financial Inc., bundle and the Massachusetts Mortgage Bankers Association.

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Building Relationships

THAT STAND THE TEST OF TIME.

Rising to the Challenge

JACK RATTIKIN III
ALTA president

OVER THE SUMMER, WE LEARNED FANNIE MAE WOULD NO LONGER PURSUE ITS TITLE WAIVER PILOT PROGRAM. This was a significant achievement for our association and industry, and an important protection for customers, lenders and the housing finance system. The success of challenging this pilot underscores the value of advocacy, making your voice heard and being involved in ALTA.

We encourage everyone to become a member of the Title Action Network (TAN) to continue to advocate for our industry and our important role in mortgage and real estate transactions. Going forward, we must continue to sound the alarm about the use of any unregulated title insurance alternatives, including certain attorney opinion letters emerging in the marketplace, and any other threats that may surface.

From a business perspective, we've all had to adjust to a difficult mortgage and real estate market as home sales and refinances continue to decline. As with previous down cycles, we know how to manage our business through lean years. This downturn is no different and ALTA will be here to help along the way.

I would like to thank the roughly 700 members who volunteered their time on ALTA's Engagement Groups. I appreciate the willingness of everyone who contributes their time and energy. By volunteering your knowledge and experience, you are helping elevate the title insurance industry and the important work of the association.

As I've shared before, my Dad taught me that to excel in the title business, you must be involved in the industry trade association. Volunteering on a committee gives you a seat at the table. The more engagement we have, the better we'll roll into this new era as an industry.

I also want to welcome those who are volunteering for the next year as well. No matter how long you have been involved with our committees and work groups or your areas of expertise, your engagement with ALTA is of utmost importance. Thank you.

The new association year starts during ALTA ONE, which means my memorable year as president has concluded. During the past year, I spoke at 11 state land title association conferences and met countless industry professionals who work hard to protect property rights every day.

My year as president was aided by ALTA's professional and helpful staff, which is led by CEO Diane Tomb. Their support and dedication should be applauded. Finally, I am excited to welcome President-elect Don Kennedy. Like me, he comes from a family with a long history dedicated to the title insurance industry. His dedication to the industry and knowledge will serve the association well during the next year. I assure you, ALTA is in the hands of true leaders. We will continue to rise to the challenge!

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