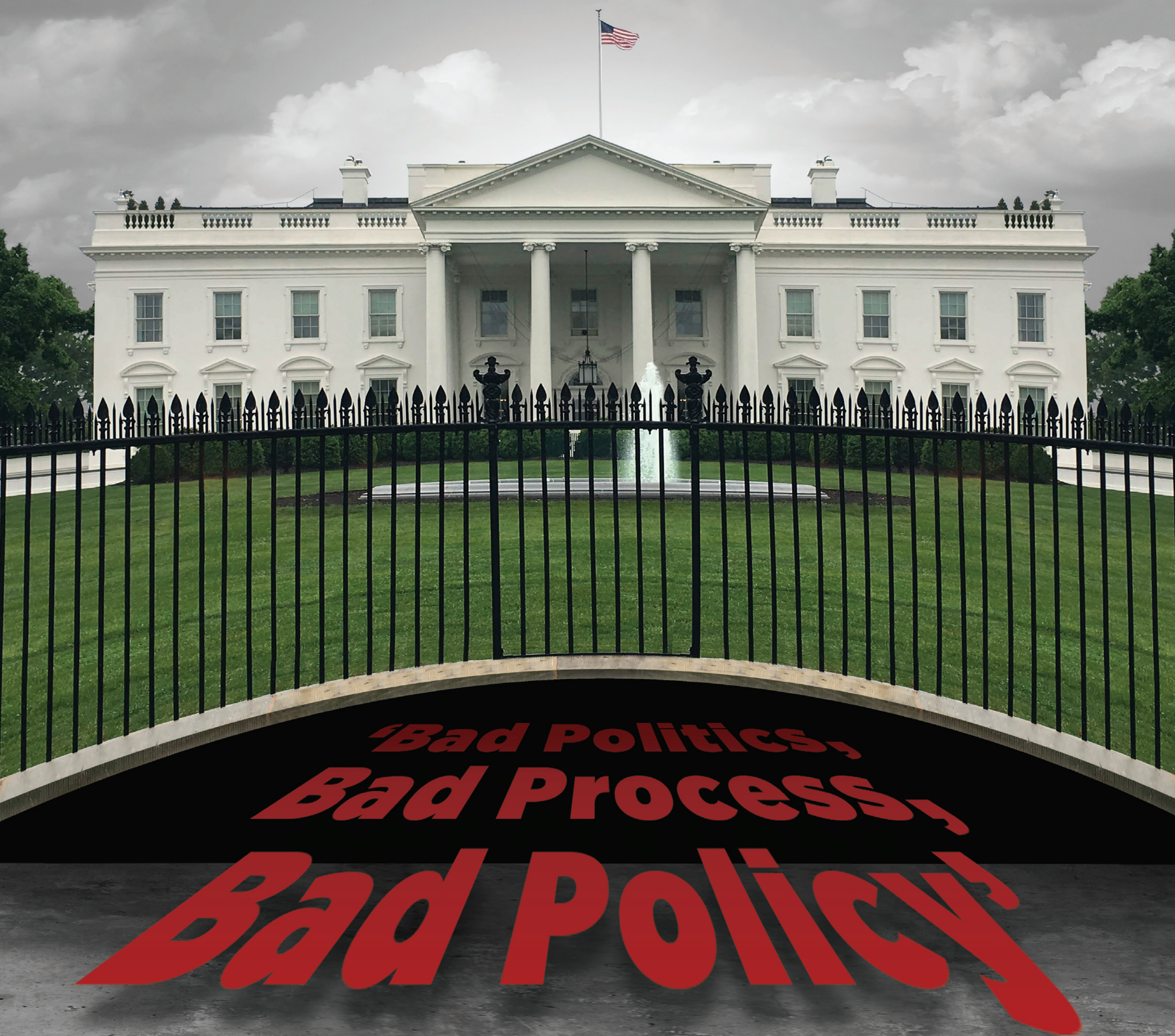
TITLE News

APRIL 2024

AMERICAN LAND TITLE ASSOCIATION



Title Waiver Pilot Pushes Fannie Mae Into Insurance Business deluxe PAYMENT EXCHANGE

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iN This Issue

VOLUME 103 | NUMBER 4 | APRIL 2024

COVER STORY

FEATURES

DEPARTMENTS

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

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

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

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TiTLENews

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

PUBLISHER + EDITOR IN CHIEF
Jeremy Yohe

DIRECTOR OF DIGITAL AND PRINT MEDIA
Shawn Sullivan

ALTA Defends You

JEREMY YOHE
ALTA vice president of communications

THERE'S AN OLD SAYING, "YOU DON'T NEED INSURANCE UNTIL YOU DO." Well, the same message can be applied to advocacy. Even as you're focused on the day-to-day tasks of running a business, it's important not to overlook the vital role advocacy plays in protecting our industry.

ALTA is working on several fronts to protect the title insurance industry, which in turn protects property rights, reduces risk for homeowners and lenders and is a significant driver for the economy and local communities.

At the top of the list is pushing back against the Biden administration's misguided pilot program waiving the requirement for a lender's title insurance policy for certain refinance loans purchased by Fannie Mae. During his State of the Union address, Biden broadly said he was "eliminating title insurance fees for federally backed mortgages. When you refinance your home, this can save you $1,000 or more."

This purposeful mischaracterization of the pilot is frustrating—not only because it is a hollow promise, but also because it diminishes the value and crucial role of an entire industry that contributes to the U.S. economy. This edition's cover article focuses on ALTA's efforts to strongly advocate against this poorly conceived plan and aggressively counter accusations that title insurance is a "junk fee" consumers pay at closing. ALTA encourages the administration to focus its efforts on the true barriers to homeownership: lack of housing supply, high interest rates and regulatory obstacles to development.

In addition, the Biden administration is unnecessarily targeting closing costs. In March, the Consumer Financial Protection Bureau (CFPB) claimed on its blog that closing costs "all too often are full of junk fees." Apparently, the current leadership at the bureau isn't aware of its TILA-RESPA Integrated Disclosures (TRID) rule, which the industry implemented in 2015. The CFPB created the disclosures with the purpose of helping consumers understand closing costs and comparison-shop for vendors. The CFPB's own research shows these disclosures are working. In a 2020 report, the bureau praised its own rule for improving "consumers' ability to locate key information, compare terms and costs between initial disclosures and final disclosures, and compare terms and costs across mortgage offers."

In addition to this, FinCEN in February issued a proposed real estate anti-money laundering rule that will impose reporting requirements about all-cash residential transactions nationwide involving legal entities and trusts. This rule will have a significant impact on ALTA members as it expands upon the geographic targeting orders (GTOs) that title companies have complied with in certain jurisdictions since 2016.

ALTA submitted a comment letter to FinCEN recommending changes to help reduce the compliance burden on title and settlement companies.

ALTA is committed to working with policymakers to thoughtfully address housing affordability and opportunity while also protecting consumers and their most important investments. We're also ready to help law enforcement investigate the use of real estate for money laundering.

You can be certain ALTA is here to defend our industry at every turn.

ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS, NEWS, UPDATES & EVENTS

ALTA Good Deeds Foundation Awards $132K in Grants

The ALTA Good Deeds Foundation announced the recipients of the latest round of grants totaling $132,000. The Foundation has raised more than $1.3 million and awarded $976,000 in grants to small, local organizations in 43 states and the District of Columbia.

Twenty-one $6,000 grants were awarded to charities supported by ALTA members. The grants were awarded to:

- Ace the Stigma, Charlotte, N.C.
- Convergence Ohio, Columbus, Ohio
- ANT's Army, Charlestown, Md.
- Bloomin' Boutique, Oregon City, Ore.
- City Mission of Findlay, Findlay, Ohio
- Cooper Cares Inc., Philadelphia
- Donnelly Food Pantry, Donnelly, Idaho
- Emerge Food for Autism, Baton Rouge, La.
- For Pete's Sake Cancer Respite Foundation, Plymouth Meeting, Pa.
- Forget Me Not Families, Newark, Del.
- Hand2Hand, Jenison, Mich.
- Maria's Closet, San Pedro, Calif.
- NeighborWorks Southern New Hampshire, Manchester, N.H.
- Realtor Community Housing Foundation, Lexington, Ky.
- Ronald McDonald House Charities of Oregon & SW Washington, Bend, Ore.
- The Harford County 4-H Camp and Deer Creek Overlock, Street, Md.
- The Landing, Houston
- The People Center, Spring Lake, Mich.
- Two Sparrows Village Inc., Fayetteville, Ga.
- Uvalde CISD Moving Forward Foundation, Uvalde, Texas
- Westbury Open for Rett Research, Elkhorn, Neb.

AMERICAN LAND TITLE ASSOCIATION GOOD DEEDS FOUNDATION

The Foundation also awarded a $6,000 grant to Neighborhood Housing Services Oklahoma Inc., a nonprofit that helps would-be homebuyers access affordable housing, in Oklahoma City, Okla., the host city of this year's ALTA SPRINGBOARD.

To give to the Foundation, visit altagooddeeds.org/donate or text GOODDEEDS to 44321.

Nominate a Colleague for an ALTA Our Values Award

Don't let the extraordinary ALTA members in your life go unnoticed. Nominate someone for the ALTA Our Values Awards. Our Values describe who we are as an industry and encapsulate our promise to our customers. Celebrate your friends and colleagues who showcase what it means to Lead, Deliver and Protect in the best possible ways.

To enter, visit the online survey below and share a short, specific story of how your nominee "lived" one of Our Values – Lead, Deliver and Protect – while working with a customer or impacting our Industry.

Winners will be recognized during ALTA ONE, Oct. 15-18 in Orlando, Fla., and receive free ALTA ONE registrations.

The deadline to submit nominations is May 31, 2024.

Submit a nomination at: surveymonkey.com/r/2024ourvalues.

HUD Approves Use of 2021 ALTA Policy Forms

In an administrative memo, the U.S. Department of Housing and Urban Development announced that effective immediately it will accept the 2021 ALTA Policy Forms.

HUD will accept the 2021 and 2006 Policy Forms for all Multifamily and Office of Healthcare closings during a transition period up to and including June 30, 2024. Effective July 1, 2024, the ALTA 2021 Policy Forms will be required for all Multifamily and Office of Healthcare closings.

HUD said adoption of the ALTA 2021 series will ensure standardization across the HUD Multifamily and Healthcare Programs.

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: 76
- Title Agents: 49
- New Attorney Members: 18
- New Associate Members: 4
- State With the Most, New Members: Florida with 16
- Total Members: 5,462

ALTA 2024 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, nonpartisan political action committee (PAC). TIPAC raises money to help elect and reelect candidates to Congress who understand and support the issues affecting the title industry. So far in 2024, TIPAC has raised $233,580 from 222 people. In addition, $139,000 from 19 companies has been pledged to the TIPAC Education Fund. Check out who has supported the industry at alta.org/tipac.

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

ALTA ADVOCACY SUMMIT
May 5-7
Washington, D.C.

SPRING TITLE COUNSEL
April 14
Scottsdale, Ariz.

LARGE AGENTS CONFERENCE
July 21
Park City, Utah

ALTA ONE
Oct. 15-18
Orlando, Fla.

STATE CONVENTIONS

TENNESSEE
May 1-3
Hilton Head, S.C.

IOWA
May 5-7
Amana, Iowa

NEW MEXICO
May 9-10
Mescalera, N.M.

MONTANA
May 15-17
Helena, Mont.

PACIFIC NORTHWEST
May 19-21
Stevenson, Wash.

NAVIGATING 2024 WIT

FNF BY YOUR SI

Whether we're talking about interest rates, the return of sellers to the market or business to bounce back, 2024 continues to be the year of the wait. And according to a certain classic rock song, sometimes that is the hardest part.

But now is not a time to stand still as a business or an industry. You want partners and advocates who won't back down and work to push you forward. You need an underwriter like FNF with the resources, tools and people you want on your team. After all, a running start will help propel you to the front of any pack this season and into a great summer.

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'Bad Politics,
Bad Process,
Bad Policy'

Title Waiver Pilot Pushes Fannie Mae Into Insurance Business

BY JEREMY YOHE

Due to significant questions and bipartisan opposition from several members of Congress, alongside education and advocacy from ALTA members and industry experts, Fannie Mae last August shelved a title waiver pilot the government-sponsored enterprise (GSE) had under development.

While the pilot wasn't formally pursued by the Federal Housing Finance Agency (FHFA), during his State of the Union address on March 7, President Biden essentially overrode the FHFA's independent decision and announced his administration was moving forward with the previously rejected pilot that would waive the requirement for lender's title insurance on certain refinances.

The proposal is included in Biden's housing plan under the guise of promoting housing affordability for those most in need. In reality, the pilot only covers certain refinances for higher wealth homeowners, doing nothing for first-time homebuyers.

"The announcement offers a false promise of savings for homeowners while exposing consumers, lenders and taxpayers to greater financial risk," said ALTA CEO Diane Tomb. "It's a hollow attempt by the White House to placate Americans' current economic frustrations. The pilot is simply bad politics, bad process and bad policy."

Diane Tomb

Beyond Its Charter

Under the proposed title waiver pilot, Fannie Mae will charge lenders a fee to cover risk. Fannie Mae will waive the requirement for lender's title insurance on refinances with loan-to-value ratios less than 80%. According to a FAQ posted by the FHFA, an automated title review process will be used to assess title risk during loan underwriting and prior to loan purchase.

"If the automated title review process confidently assesses that title risk is low, lenders will not be required to provide additional independent verification," according to the FHFA.

Instead, lenders will pay Fannie Mae a fee to cover the risk if there is an unexpected title defect. The program essentially turns Fannie Mae into a primary market insurer and expands authority beyond its mission and charter.

"Fannie Mae is not licensed, regulated or reserved for such purposes," Tomb said. "If title issues arose under this pilot, mortgage companies would request resolution from Fannie Mae instead of title companies paying to settle the issue, exposing lenders and taxpayers to greater risk."

Allowing Fannie Mae to move into the insurance business will hurt small businesses across the country, forcing many to shut down. More than 90% of the title insurance companies in the U.S. are small businesses that operate in their local communities. The title industry employs more than 155,000 individuals across the country, supports $13 billion in wages and

STOCK.ADOBE.COM / FRESHIDEA

contributes $30 billion to the nation's gross domestic product (GDP).

The last time the GSEs engaged in significant risk taking, they helped destabilize the housing finance system and American economy in 2008 and cost taxpayers more than $200 billion.

"We've seen this movie before, and it doesn't end well," Tomb said. "During the 2008 financial crisis, we unfortunately witnessed several systemic financial problems caused by shortcuts to well-established processes. Throughout that time, the title insurance industry indisputably proved its ability to reliably pay claims, many fraud-related, even in a severe recession. If that crisis taught us anything, it is that underwriting standards and risk-protection should be strong and well-tested. Strong underwriting protects lenders and consumers alike—and title insurance provides a key part of this due diligence."

Chris Morton, ALTA's senior vice president of public affairs, added that FHFA has faced strong bipartisan opposition since the waiver program was first reported. On May 23, 2023, several members of Congress asked Director Sandra Thompson about the pilot during a House Financial Services Committee hearing and expressed concern that Fannie Mae would be expanding outside its charter.

Chris Morton

"Title insurance is comprehensively regulated and has stringent oversight by state regulatory agencies and insurance commissioners to ensure pricing is not unfair, inadequate or discriminatory, and that reserves are available to protect consumers," Morton said. "The new pilot program also makes a mockery of the FHFA's new products and activities rule finalized last year, which requires a public comment period or open process in cases such as this."

Congressional Hearing

The House Financial Services Subcommittee on Housing and Insurance held a hearing March 20 on the challenges facing today's homebuyers. Among the witnesses testifying was Michael Fratantoni, chief economist for the Mortgage Bankers Association.

Part of the conversation centered around the title waiver pilot program. During the hearing U.S. Rep. Andrew Garbarino (R-N.Y.), again raised his concerns with the pilot, expressing opposition to Fannie Mae self-insuring title risk on mortgages it backs. He said that the pilot would not help reduce costs for low-income homeowners, but would rather apply to homeowners with substantial equity.

Andrew Garbarino

Garbarino noted the contradiction between what the administration says about the plan and what the pilot actually is. The congressman asked Fratantoni if he thought the pilot to eliminate title insurance on refinances would help first-time homebuyers purchase a home.

"The short answer is no," Fratantoni said. "Title insurance provides critical protections for the real estate finance system by authenticating parties at closing, confirming authenticity of the closing documents and ensuring that the property being mortgaged is free of other debts."

What You Can Do

The administration should not be playing politics with the American Dream. ALTA continues to strongly advocate against this poorly conceived plan and aggressively counter accusations that title insurance is a junk fee consumers pay at closing. Here are three things you can do:

- **ALTA Advocacy Summit:** Register for the ALTA Advocacy Summit, May 6-8 in Washington, D.C., to make sure our voices are heard on Capitol Hill. You can meet face-to-face with members of Congress and their staff to let them know why a title waiver pilot program is a misguided idea. Hearing directly from constituents is the most effective way to communicate with Congress and make change happen.
- **Title Action Network**: Make sure you're a member of ALTA's Title Action Network to help advocate on this critical issue. To ask your members of Congress to co-sponsor the Protecting America's Property Rights Act, go here: **alta.org/advocacy/tan**.
- **Share Your Stories:** You can help our advocacy efforts by sharing information about issues or claims involved in refinances and why lenders title insurance is important. Please send your examples to **communications@alta.org**.

Fratantoni went on to say that the MBA has had a policy for decades that there must be a bright line between primary and secondary market activities of the GSEs.

"We think this is another example of the GSEs potentially extending beyond the secondary market activities where they are intended to be focusing their efforts under their congressional charters," he added.

Garbarino concluded by reminding subcommittee members about his previous role closing real estate transactions as an attorney and that he could not overemphasize the importance of title insurance.

"Replacing title insurance would hurt consumers," he said, adding that the GSEs are only interested as long as they back the loan. "But title problems could come up much later down the line, so this could be a real issue and work against (consumers) in the long run."

Bipartisan Legislation

U.S. Reps. Garbarino and Vicente Gonzalez (D-Texas) are the lead sponsors of the bipartisan [Protecting America's Property Rights Act], which would require title insurance on all loans purchased by the GSEs. Cosponsors of H.R. 5837 include Reps. Young Kim (R-Calif.), Blaine Luetkemeyer (R-Mo.), Brad Sherman (D-Calif.) and Wiley Nickel (D-N.C.), as well as Del. James Moylan (R-Guam). In the Senate, S. 2687 is sponsored by Sen. John Kennedy (R-La.) and cosponsored by Sen. Katie Britt (R-Ala.).

"We should ensure that all loans purchased by Fannie Mae and Freddie Mac have the critical protection of title insurance attached to protect homebuyers and lenders," Garbarino said. "While we all agree that policymakers must do more to address the nation's housing affordability challenges, this pilot program will only harm homebuyers and lenders down the road. We should focus on real solutions to build more housing supply and make the American Dream of owning a home more attainable for all of our constituents."

Title Insurance Important for Refis

Steve Gottheim, ALTA's general counsel, said many misconceptions about title insurance have been offered to justify the pilot, including attacks on the industry's claims rate versus the risk on refinances.

Steve Gottheim

"Nearly 70 cents of every dollar cover the upfront expenses related to public records searches, examination, conducting closing and rectifying problems," Gottheim said. "It is the upfront expenses and work by title professionals that results in the lower claims rate."

It is important to understand that a lender's title insurance policy is essential—even on refinance transactions. Given that less underwriting is typically needed in a refinance, title companies offer significantly reduced rates for these transactions. Gottheim pointed out that many things can happen between when home is purchased and when a homeowner refinances that create title risk.

What Others Are Saying

"While well intentioned, the proposed title waiver pilot under consideration will cause unintended negative consequences in particular for African American, Latino American and other communities of color across the nation. All communities should have access to fair housing opportunities and acquisitions."

— Dr. Benjamin F. Chavis Jr., president and CEO of the National Newspaper Publishers Association (NNPA)

"Title insurance plays an important role in protecting consumers, lenders, and the greater real estate ecosystem, including the Enterprises. It should be promoted by policymakers, not undermined. The nation saw the results of the GSEs taking on too much risk during the great financial crisis, and we cannot go down that road again."

— U.S. Rep. Andrew Garbarino (R-N.Y.)

"Consumer title policies benefit from the work done to supply lender title insurance, so the incremental cost is small. Waiving lender title shifts more of that cost onto the consumer policy."

— Ed DeMarco, president of Housing Policy Council

What Others Are Saying

"Title insurance professionals halt fraudulent real estate transactions such as impersonation scams, elder financial exploitation, and attempts to defraud spouses, partners or other property heirs. Under the new program, consumers and lenders will be forced into a completely experimental claims resolution process with the GSEs, ultimately risking being forced into property sale or foreclosure. Consumers and lenders won't have the benefit of consumer protection obligations under the highly regulated title insurance claims resolution process mandated by states."

— Letter from 18 Democrats to President Biden led by U.S. Rep. Wiley Nickel (D-N.C.)

"Title insurance provides critical protections for the real estate finance system by authenticating parties at closing, confirming authenticity of the closing documents and ensuring that the property being mortgaged is free of other debts. We think this is another example of the GSEs potentially extending beyond the secondary market activities where they are intended to be focusing their efforts under their Congressional charters."

— Michael Fratantoni, chief economist for the Mortgage Bankers Association.

There could be a dispute with the HOA about a special assessment, which could result in an unrecorded super priority lien. There could have been renovations for which the homeowner didn't obtain the proper permits resulting in the jurisdiction ordering remediation. The homeowner also might not have paid a contractor, leading to a mechanics' lien, or there can be issues with the mortgage payoff. In addition, law enforcement continues to issue warnings about the growing risk of real estate wire fraud. Title professionals provide an additional layer of protection to help spot and resolve these issues and more.

"When it comes to lowering the cost of homeownership, waiving title insurance, and especially lender's title insurance on a refinance, will not only not make a dent but it stands to increase risk," Gottheim said.

Consumer and Fraud Risk

In connection with any transaction, title insurance professionals watch for fraud, which is an increasing threat for property owners and lenders. Impersonation scams, elder real estate fraud and financial exploitation, and attempts to defraud spouses, partners or other property heirs are common schemes title insurance professionals prevent by halting fraudulent real estate transactions.

For example, fraud-related title claims on refinances include:

- **Borrower fraud,** such as a spouse taking out a loan ahead of a divorce.
- **Loan stacking,** such as obtaining multiple loans at the same time.
- **Power of attorney (POA) fraud,** such as a child taking out a loan against the best interests of the parent.
- **Conservatorship fraud,** such as a loan being taken out and used without court approval.
- **Lack of capacity,** such as a loan taken out by someone without capacity to understand, and is "assisted" by someone who steals the proceeds.
- **Heirs' property fraud,** such as one heir taking out a loan without the knowledge or consent of other heirs.
- **Fraudulent satisfaction,** such as a fake loan release being recorded in order to take out another loan.
- **Identity theft,** such as a fraudster taking out a loan by impersonating the property owner.
- **Deed fraud,** such as a scammer obtaining a loan in conjunction with fraudulently transferring property.

ALTA collected more than 250,000 records representing 10 years of claims for over 70% of the industry. Findings show fraud and forgery claims account for more than 20% of claims expenses and dollars paid to insureds. The cost to resolve fraud and forgery claims is significantly higher than any other types of claims. Additionally, approximately one-third of all claims are for issues that would not have been found in a public records search.

"The pilot removes a key layer of anti-fraud protections for consumers and lenders," Tomb said. "This will allow impersonators and those with only a partial interest in a property to take out loans more easily without anyone's knowledge. When problems inevitably arise, consumers and lenders will be forced into a completely unknown and experimental claims resolution process with Fannie Mae, without the benefit of consumer protection obligations mandated by states under the highly regulated title insurance claims resolution process." ■

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

What We Should Know About Industry Communications, **But Don't**

By Todd Hougaard

HOW MUCH OF YOUR WORKDAY IS SPENT COMMUNICATING? Communications are the lifeblood of the title industry and play a vital role in the home purchase transaction. Indeed, it is the primary means by which all parties involved in the process can effectively collaborate and ensure a smooth experience.

According to the Microsoft 2023 Work Trend Index Annual Report, 57% of Microsoft 365 users' work hours are devoted to communications and 68% of people say they don't have enough uninterrupted focus time during the workday. People report that they spend too much time on communication activities and not enough time doing their productive work.

While title office staff work isn't the same as that of the typical Microsoft 365 user, the daily experience is much the same. Staff experience the constant strain of spending each workday moving between email, portals, apps, texting and other communication channels, while their primary work happens inside a production system. But do title professionals spend anywhere near 57% of their time in communications?

What Do We Know?

Communications are a big part of the workday and invariably have a dedicated location in the workspace. Typically, staff dedicate one screen or section to their production software, another screen to a web browser, and a third to email. Throughout the day, staff flip between screens to get their work tasks done in a process referred to as "context switching."

According to a study from Cornell University, such context switching causes a lack of cognitive function. Human brains are not wired for a working day of glancing between an inbox, various documents, web portals and more. No wonder that 45% of people report that this makes them less productive, and 43% say it is very tiring to continually switch between tools and communication channels.

After many years of combating a continuous flow of phishing attacks the industry is well aware that email is a major source of risk to all the transaction parties. It is no surprise that studies have shown that 91% of all cyberattacks start with a phishing email. Yet email remains the most common communication channel, used for 81% of exchanges of pre-closing documents and data and 90% of CD collaboration. As a result, we know that the primary communication channel used today is also the source of the vast majority of the cybercrime issues that agents must deal with through training, technical solutions, and insurance.

What Do We Not Know?

Unfortunately, very little data is available about the effects of industry communications title agency operations or that of their trading partners. In other words, we don't know what we don't know. Without more data, it is difficult to know whether specific changes would improve productivity, security or the working environment.

The First Step Toward Change Is Awareness

Knowing the answers to these questions would help the industry increase awareness and formulate effective strategies:

1. How many different communication methods are used every day, such as web portals, messaging applications, SMS, email and so on?
2. How does a multi-channel communication environment affect operational expenses, quality of service and response time?
3. How much time is spent in a typical workday on any sort of communication, including email tasks such as reading, processing, archiving and responding to emails?
4. Are users, managers and owners satisfied with the current state of communications? If not, what changes would they like to see?
5. Are today's communication methods capable of safely providing the right message to the right person at the right time and in the right place?

It has been suggested that modernized and improved communications would help the industry evolve by lowering labor expenses, reducing security vulnerabilities and enhancing the overall experience. However, a deeper understanding of the current circumstance is needed to direct this change. Empowered with greater knowledge, targeted investments in the right transformative technologies and directed upskilling of industry talent will accelerate the adoption of any upgrades to title industry communications.

TODD HOUGAARD, *president and co-founder of BLITS.IO, can be reached at todd.hougaard@blits.io.*

How Much Time Per Day Does Email Cost?

Share your experience on the **ALTA Community** by answering two questions:

1. How many emails do you receive each day e.g., 100? 300? 500?
2. How much of your work time is spent on email e.g., 10%? 40% 75%?

On the Community thread on this topic, Cheryl King, founding partner of Fidus Title Co. in Arkansas, said she receives 200 to 300 emails per day to three accounts. She spends less than 90 minutes per day in her inboxes (two for work and one personal).

For work emails, King schedules one hour at the end of the day to clear everything out that has been resolved or is junk. She also puts emails in folders that need action and tasks that need completed. She also creates rules that direct some emails to folders. This allows King to monitor emails and answer questions on topics she's not the primary person.

Emails sent to King are flagged by an auto rule in her inbox. This allows her to ignore for the time being anything emails that aren't flagged. For the common /repeat questions, King uses email signatures with text in them to avoid recreating the wheel answering the same questions over and over.

King also batches emails. As an example, she reads emails from ALTA the same time once per week. For payables, King sets a default day to pay bills at once. All these categorized times are at the top of the day in her calendar (Payables on Mondays, ALTA on Fridays, etc.). When planning her day, King moves them to the right time or reschedule if that day is not going to work.

"It is honestly worth the time to come up with a plan that will work for your personality and style," King said. "It takes less time than dealing with the things we missed and hunting for things in the amorphous blob that is our inbox."

Have You Heard of Lender Fraud?

Email Solution Helps Title Company Prevent Theft

Paul Hofmann WTP attends ALTA's Large Agents Conference because he gets to hear from similar-size companies about the issues they are facing. During the January event, Hofmann learned about a service that tracks outbound email and monitors for anomalies after it's delivered.

Intrigued by the technology, Hofmann, owner of Washington-based Aegis Land Title Group, signed up with RPost. A day after implementing the solution, Aegis Land Title Group detected two of their emails were opened in Russia.

"Seeing the emails were opened in Russia was an immediate red flag," Hofmann said. "Then we had to start investigating and making phone calls."

That's when things really started to get interesting.

The title company's emails were delivered to a U.S. server and then auto-forwarded and opened on mobile devices in Russia. This activity triggered high-risk alerts back to Aegis' security team. A quick investigation revealed the title company was involved in a transaction with a fraudulent lender.

Aegis was working with a borrower refinancing two commercial properties. The consumer found the lender online. It turns out the lender was a fake. Despite having the appearance of a legitimate website and allegedly operating in 49 states, Aegis uncovered inconsistencies. When checking the lender's address in South Florida, a Google Street View displayed an image of a duplex apartment. Additionally, when they called the lender's main phone number, it was disconnected.

"I've been in the title for 30 years and haven't experienced this type of fraud," Hofmann said. "The technology is pretty simple and puts a beacon in the email. The geofencing (a virtual perimeter for a real-world geographic area) and categorizing of emails based on the country where the emails are opened and then ranked by risk made the whole package worthwhile."

Mike Rooney, vice president of enterprise sales at RPost, said the technology pings their servers every time there's activity with an email after it's been delivered. The solution identifies the location, network, and several other proprietary risk indicators. RPost then uses analytical AI to make risk-based decisions for customers.

"In real time, the technology can detect these anomalies and trigger high-risk alerts to customer security teams. These alerts serve as an early warning signal and prompt proactive fraud investigations, before it's too late," Rooney said.

RPost's solution also checks a nefarious network list, an evolving list of networks which has been associated with fraud in the real estate industry. Title companies that work with RPost participate in this list by providing information about suspicious networks.

"The solution was built for email eavesdropping and is now detecting different types of fraud impersonations, such as this case of lender fraud which had nothing to do with eavesdropping," Rooney said.

Hofmann said his company has already caught two other fraudulent transactions, which resulted in 30 phone calls.

"The phone calls we've made after getting the 'red' alerts have been great on the sales and marketing side because our customers really feel like we are actively looking out for them," he said.

Hofmann added he's seeing this type of fraud spread.

"We're also seeing construction disbursement fraud, with criminals sending fake invoices to title companies," he said. "Having this technology in place is key because these things are evolving fast. Title agents should also look at their passwords and auto-forward settings, and implement multi-factor authentication."

Security: Red

Activities: 15

Locations: 11

Email Age: 2 hours 42 minutes

Pre-empt cybercrime.
After the hook is in, before the steal.

Risk Details: All Activities

Time (UTC)	Activity	Location	Country	Network Addr.	Network	Risk
02/23/2024 21:47:35	Open	Moscow, MOW	Russian Federation	176-100-243-133	Smart Techno	Red
02/23/2024 21:20:10	Open	Buenos Aires, C	Argentina	146-70-38-103	M247 europe	Yellow
02/23/2024 21:16:19	Open	San Jose, CA	USA	65-154-226-167	Pan0001	Green
02/23/2024 21:14:30	Open	Singapore	Singapore	196-19-249-220	Iomart Cloud	Yellow
02/23/2024 21:12:50	Open (N)	Ashburn, VA	USA	184-73-135-57	Amazon-Aes	Yellow
02/23/2024 21:12:20	Open	Shelton, WA	USA	216-235-102-58	Hood-Canal	Green
02/23/2024 20:49:20	Open	Shelton, WA	USA	216-235-102-58	Hood-Canal	Green
02/23/2024 20:29:44	Open	Shelton, WA	USA	216-235-102-58	Hood-Canal	Green
02/23/2024 20:14:26	Open (N)	Mountain View, CA	USA	35-243-23-173	Google	Yellow
02/23/2024 20:14:26	Open (N)	Ashburn, VA	USA	3-88-137-65	Amazon-Aes	Yellow
02/23/2024 20:14:26	Open (N)	Hilliard, OH	USA	18-224-70-228	Amazon-02	Yellow
02/23/2024 20:14:26	Open (N)	Hilliard, OH	USA	18-216-243-252	Amazon-02	Yellow
02/23/2024 20:14:26	Open (N)	Mountain View, CA	USA	35-243-23-188	Google	Yellow
02/23/2024 20:04:43	Open	Shelton, WA	USA	216-235-102-58	Hood-Canal	Green
02/23/2024 19:15:32	Open	Shelton, WA	USA	216-235-102-58	Hood-Canal	Green

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Georgia Appellate Court Addresses Notice Provided by Unsigned Security Deed

WW3 Ventures v. Bank of N.Y. Mellon, Nos. A23A0719, A23A0720, 2023 Ga. App. LEXIS 536 (Ct. App. Nov. 3, 2023)

By Michael R. O'Donnell and Thomas Perisco

Facts

Laurie and George Warren bought residential property in Gwinnett County, Ga., in 1999. In 2006, the couple decided to refinance their mortgage with Novastar Mortgage Inc. and subsequently conveyed a security deed to a nominee for Novastar. The security deed, recorded in the Gwinnett County land records, was executed by the Warrens and notarized, but it did not contain an attestation by a witness. BNY Mellon was assigned the security deed in 2010. Five years later, WW3 Ventures successfully bid on the Warren's home after the homeowners association secured a judgment for $13,500 in unpaid homeowner assessment liens.

A quiet title action then ensued after WW3 became aware of BNY Mellon's interest. The trial court appointed a special master to hear the matter. As its principal evidence in support of its summary judgment motion, BNY Mellon submitted "affidavits from the notary public who witnessed the security deed and a purported unofficial witness who was present when the Warrens executed the security deed but "erroneously failed to sign [the security deed] in the designated spaces as unofficial witness." In turn, WW3 filed its own motion for summary judgment asserting that it had neither actual nor constructive knowledge of BNY Mellon's security interest before the sale in that it did not conduct a title search prior to the foreclosure.

The special master held that the security deed was defective due to the missing signature. However, WW3 had constructive notice of the security deed because it was cross-referenced in a plat and the 2010 assignment. The trial court adopted the special master's report entirely in its final judgment. As a result, BNY Mellon's security deed was a valid lien on the Property. Special master fees were enforced against BNY Mellon.

Holding

On appeal, WW3 contended that the trial court erred in awarding title to BNY Mellon's interest because a defective security deed does not itself provide constructive notice or inquiry notice under Georgia law. However, it concluded that WW3 was under inquiry notice of BNY Mellons' security interest and therefore affirmed the trial court's judgment.

In so doing, the court found first that "[i]f a mortgage is duly signed, witnessed, filed, recorded, and indexed, such recordation shall be deemed constructive notice to subsequent bona fide purchasers…a mortgage without due attestation shall not be held to be notice to subsequent bona fide purchases." (Ga. Code Ann. § 44-14-39). As to BNY Mellon's security deed, the Court found that "[a]lthough the security deed is signed by the maker and is attested by a notary public, it lacks the attestation of an unofficial witness. … The absence of an official witness signature confirms that BNY Mellon's security deed 'was not in recordable form as required by OCGA § 44-14-33 and did not provide constructive notice.'" (citations omitted)

However, the Court of Appeals found that "[i]ndependent of the security deed's lack of constructive notice, however, other documents in the chain of title referenced the security deed, and those documents [namely, the 2010 Assignment] placed future purchasers—including WW3—on inquiry notice. The court elaborated that if the description of land in a recorded instrument is sufficient to identify the property, the purchaser is chargeable with all notice he would have if he made an inquiry into the instrument. Here, the 2010 Assignment had the property's postal address and was indexed under the parties' names. In other words, the security deed would been picked up in a title search if WW3 did one. As such, the Court affirmed and held that BNY Mellon had a valid lien on the Property.

Importance to the Title Industry:

This case is important in it clarifies whether a security deed lacking the necessary signature can still provide inquiry notice to the purchaser. The takeaway is that just because constructive notice is absent from the transaction, inquiry notice is still at issue, and buyers of real estate cannot ignore compelling evidence of liens or property interest and must conduct proper due diligence, including having a title search done on the acquired property.

MICHAEL R. O'DONNELL, *co-managing partner of the law firm* **RIKER DANZIG LLP**, *can be reached at modonnell@riker.com. Thomas Perisco, an associate with the firm, can be reached at tpersico@riker.com.*

Big Four Manages Business Through Down Market

Title Premium Volume Decreases 31% from 2022 to 2023

AS MORTGAGE ORIGINATIONS DECLINED IN 2023, SO DID TITLE INSURANCE PREMIUM VOLUME. Title insurance premium volume decreased more than 31% to $15.1 million in 2023 compared to 2022. The largest underwriters managed expense to offset the reduction in order volume. Here's a recap of how Fidelity, First American, Old Republic and Stewart fared in 2023 and the fourth quarter.

Fidelity

Fidelity National Financial Inc. reported its title insurance segment generated $883 million in pretax income in 2023. This compared to pretax income of $1.1 billion in 2022.

During the fourth quarter of 2023, the company's title segment produced pretax net earnings of $245 million. This compared to $239 million in pretax earnings during the same period in 2022.

According to Fidelity, the decrease from the prior year was primarily a result of historical low volumes due to higher mortgage rates, partially offset by higher average fee per file and healthy volume of commercial orders closed for the full year

"Over the past year we have demonstrated our capability to closely manage our expenses as mortgage volumes have continued to decline as a result of the persistent rise in mortgage rates," said Mike Nolan, Fidelity's chief executive officer. "A clear benefit of our financial strength, scale and profitability is our ability to strategically build and expand our title business by investing in technology, recruiting talent and making acquisitions, which we have continued to do while maintaining our industry leading margins."

In 2023, Fidelity's direct operations opened 1.23 billion orders and closed 837,000 direct orders. This compared to 1.59 billion direct orders opened in 2022 and 1.22 billion closed orders.

Fidelity paid $262 million in claims in 2023. This is up from $253 million in claims paid in 2022.

Last year, Fidelity spent $30 million on 10 acquisitions to expand its title business through the downturn.

"We will continue to pursue a balanced capital allocation strategy focused on growing our business through attractive acquisitions while maintaining a steady return of capital to our shareholders," said Bill Foley, Fidelity's chair.

First American

First American Financial Corp. [reported](#) that its title insurance segment generated pretax income of $494 million during 2023. This compared to $757.4 million in pretax income during 2022.

During the fourth quarter of 2023, the company's title insurance segment generated pretax income of $59.8 million. This compared to $112.5 million in pretax income during the same period in 2022.

During the company's earnings call, First American acknowledged that the cybersecurity incident the company suffered in December impacted fourth-quarter results. After taking its system offline, some transactions were moved to other providers while others were delayed into 2024.

"We were performing well in a challenging market ahead of the cybersecurity incident that occurred in late December," said Ken DeGiorgio, chief executive officer at First American Financial. "We elected to take systems offline, which materially impacted the company's operations and, consequently, our fourth quarter financial results. Our title orders and related product demand appear to have returned to normal levels, however. We expect no significant ongoing impact from the incident."

For the year, First American's commercial revenue decreased 37% in 2023 to $658 million.

In 2023, First American's direct operations opened 629,100 and closed 455,500 orders. This compared to 895,500 direct orders opened and 695,900 closed orders in 2022.

First American paid $169.5 million in claims last year. This was down from $177.1 million in claims paid in 2022. The company reported its provision for policy losses and other claims was $30 million in the fourth quarter of 2024, or 3.0 percent of title premiums and escrow fees, down from the 4.0 percent loss provision rate in the prior year.

During the earnings call, DeGiorgio called 2024 a "transition year," and said First American believes forecasts for this year's origination volume are a bit optimistic.

"While difficult market conditions will likely persist this year, we do expect to benefit from modest growth in both our residential and commercial businesses, but this could change depending on the path of mortgage rates," he said. "We continue to run our business efficiently and maintain a strong balance sheet."

Old Republic

Old Republic International [reported](#) its title insurance segment generated pretax income of $133.5 million for 2023. This was down from pretax income of $308.8 million in 2022.

During the fourth quarter of last year, Old Republic's title segment reported $43.9 million in pretax income. This was up from $45.0 million during Q4 2022.

"In addition to managing our cost, our leadership team has continued with a focus on strategic planning," said Carolyn Monroe, president and CEO of Old Republic National Title Holding Co. "From an IT perspective, modernizing the company has been a real priority. We have had a multi-year approach with several initiatives to optimize our processes, procedures and operating structure. This includes improvements in automation and technology. These initiatives improve the efficiency of our teams, which will allow us to take advantage of improving market conditions when they occur with less of a need to scale up."

Title Insurance net premiums and fees earned decreased by 22.8% and 33.2% for the quarter and full year 2023, respectively, the company reported. Both directly produced and agency produced revenues declined, driven by a continued drop in mortgage originations attributable to higher mortgage interest rates.

Loss and loss adjustment expense for 2023 decreased to $48.7 million from $89.1 million in 2022.

Stewart

Stewart Information Services Corp. [reported](#) that its title segment generated $27.3 million in pretax income during the fourth quarter of 2023. This compared to pretax income of $26.9 million during the same period a year ago.

"Our fourth quarter results reflect continuing uncertainty in the real estate market due to the higher interest rate environment coupled with the normal seasonality," said Fred Eppinger, Stewart's chief executive officer. "We have made excellent progress on our strategic investments during 2023 and will continue to focus on balancing thoughtful cost discipline with investment in these long-term enterprise initiatives to create a stronger and more resilient company."

During the fourth quarter of 2023, Stewart's direct operations opened 68,583 orders and closed 51,806 orders. During the final quarter of 2022, the company opened 62,307 direct orders and closed 53,362 of them.

Total residential revenue in the fourth quarter of 2023 declined $17.5 million, or 10%, primarily due to a 5% decline in total residential purchase and refinancing transactions and a lower average fee per file compared to the fourth quarter 2022, Stewart reported.

According to the company, fourth-quarter domestic commercial revenues decreased $10.8 million, or 16%, primarily driven by 14% lower commercial transactions compared to the prior year quarter. Average domestic commercial fee per file in the fourth quarter of 2023 was $14,800, compared to $15,100 in the fourth quarter 2022, while the average residential fee per file in the fourth quarter 2023 was $3,200, compared to $3,500 in the prior year quarter primarily due to transaction mix in the fourth quarter 2023.

As a percentage of title revenues, title loss expense was 4.1% in the fourth quarter of 2023 compared to 3.7% in the fourth quarter of 2022, which benefited from last year's favorable claims experience. During Q4 2023, Stewart paid $20.6 million in claims and losses. This compared to $21.6 million in losses and claims paid during Q4 2022. For the year, Stewart paid $80.3 million in claims and losses. This was down from $102.7 million in losses and claims paid during 2022.

Taking the Long View

How a Strong Corporate Culture Can Enhance Every Aspect of Your Business

By Scott Kriss

Many business owners these days are aware of the challenges they face, and nowhere are these challenges more critical than in the real estate industry.

The most successful title insurance industry veterans know one thing for sure: We've been here before, and we know that strong businesses survive.

One pathway many agents and business owners are taking to ensure they are ready to meet the demands of an uncertain market is to create a strong corporate culture that is built to withstand the challenges and—more importantly—prepare them to ramp up for a more active market as the year progresses.

The Purpose of Business

In 1776, Adam Smith opined that the purpose of business was to make a profit. Milton Friedman practically created a religion out of that idea. Then Peter Drucker came along and suggested that "the purpose of business is to create and keep a customer."

While these are interesting objectives, Harvard Law School Professor Rosabeth Moss Kanter offers a more encompassing vision, writing in *Harvard Business Review*, "Rather than viewing organizational processes as ways of extracting more economic value, great companies create frameworks that use societal value and human values as decision-making criteria. They believe that corporations have a purpose and meet stakeholders' needs in many ways: by producing goods and services that improve the lives of users; by providing jobs and enhancing workers' quality of life; and by ensuring financial viability, which provides resources for improvements, innovations and returns to investors."

Kanter's view takes us right to the heart of corporate culture. Corporate culture is the sum of a company's values and beliefs as expressed in its hiring policies, the benefits it provides, how it manages and engages employees, its level of concern for work life balance, its human resource policies, its customer service approach and how it positions itself within the social fabric of its community.

Why Having a Strong Corporate Culture Matters

Corporate culture always exists, often emerging organically over time without any thought or design. Great corporate cultures are created with intention, often with the goal of ensuring the success of the business as well as the advancement of its employees.

Having a defined corporate culture helps guarantee everyone in the company is rowing in the same direction. When everyone on staff is working in concert with the goals and aspirations of the company, it leads to greater profitability, increased creative input from staff, far less turnover and more satisfied customers.

Strengthening your company culture will provide you with two benefits in the coming year: retention of valuable staff and the loyalty of clients who will not only supply you with orders in the lean months but will sustain your growth as the market comes back into equilibrium in the future.

There's also another long-term benefit to building and maintaining a strong corporate culture. With M&A activity expected to increase and affiliated arrangements becoming a popular way to grow geographic footprint, many owners will be seeking to partner or even "cash out" by selling their businesses to growing firms. When doing their due diligence in the M&A process, the first thing a potential acquiring company is likely to consider is culture. After all, the challenges of bringing two companies together are made far more difficult if the cultures are wildly divergent or if there is no intentional culture at all in the acquired company. For those seeking a profitable conclusion to their exit strategy, demonstrating an empowered, satisfied team is one of the biggest selling points available.

Begin With Core Values

It bears repeating that every company has some type of culture already, but the art of a great culture is to infuse intentionality into it. A company's culture is rooted in its core values, so the place to begin is to establish what those core values will be.

Nominate a Colleague for an ALTA Our Values Award

Don't let the extraordinary ALTA members in your life go unnoticed. Nominate someone for the ALTA Our Values Awards. Our Values describe who we are as an industry and encapsulate our promise to our customers. Celebrate your friends and colleagues who showcase what it means to Lead, Deliver and Protect in the best possible ways.

To enter, visit the online survey below and share a short, specific story of how your nominee "lived" one of Our Values—Lead, Deliver or and Protect—while working with a customer or impacting our industry.

Winners will be recognized during ALTA ONE, Oct. 15-18 in Orlando, Fla., and receive free ALTA ONE registrations.

The deadline to submit nominations is May 31.

To submit a nomination, go here: **https://www.surveymonkey.com/r/2024ourvalues**

Identifying your core values feeds into the development of your mission and vision, which in turn becomes the basis for developing the kind of company culture it will take to fulfill your mission and achieve your vision.

For instance, if one of your core values is innovation, you may want a creative culture, where employees are given the space and freedom to experiment and create new products or service delivery protocols.

If your product or service requires a teamwork approach because there are a lot of moving parts and a need for constant communication, you may want to develop a collaborative culture, with little hierarchy, encouraging employees to have a lot of input into the process.

Core values can cover the gamut and in addition to innovation or collaboration, may include a customer-first orientation, persistence, openness, honesty, transparency, diversity, integrity, social responsibility or an emphasis on learning and growth.

As you enter the process of determining your core values, input from your managers and staff is going to be crucial to ensure you are creating a culture that truly enhances the work environment for everyone.

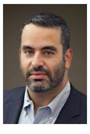
Creating a Corporate Culture to Achieve Your Mission and Vision

When considering ways to strengthen the culture of your company, you will want to ensure that you approach the idea wholistically, meaning the culture should provide each employee with everything they need to find personal success as well as meet the objectives of the company.

Here are a few specifics to consider.

- **Management style:** To create a strong company culture, management must be dedicated to aligning core values, mission and vision with how they hire, train and manage the staff. If you want employees to embody the core values, managers must model them as well.
- Respect and communication: Embedding respect in your culture must include creating a mechanism for employees to report violations of any kind with the expectation that the HR department will follow up and address issues with honesty and integrity.
- **Growth opportunities:** As a title company manager, it is in your best interests to ensure your employees are in constant learning mode, offering your staff plenty of opportunities to attend seminars in their area of expertise, as well as cross-training within your company to provide a pathway for employees to move up. Cross-training also enhances your ability to shift staff to cover absences or to help out in busy times.
- **Recognition:** Some bosses think the paycheck is all the recognition an employee needs, but true leaders know that recognition and appreciation are good for the soul. Employees who feel appreciated experience a greater sense of belonging and tend to be more invested in working hard for the success of the entire company.
- **Work-life balance and benefits:** Companies that are open to flex time for childcare and transportation, parental or caregiver leave, or offer gym memberships send a clear message to their staff that they truly value and support employees' wider needs.
- **Flex time and work from home:** Providing these opportunities is going to be increasingly important for recruitment as millennials accustomed to this work style continue to take a larger role in the title industry in the coming years. At the other end of the spectrum, our senior title staff holds vital institutional knowledge. For career professionals contemplating retirement, flex scheduling and work-from-home options gives them an opportunity to extend their careers while cutting back to enjoy other pursuits.
- **Financial incentives:** Establishing regular annual reviews with commensurate raises and bonuses is a way to let your staff know you appreciate their effort. If appropriate, offering 401(k) plans, profit sharing, reimbursement for training and education or tuition assistance can also enhance a core value focused on empowering and supporting your employees.
- **All work and no play:** Simple gestures can have an enormous impact on morale—even in small companies. It's important for your employees to find a sense of purpose at work but also to be happy to come to work (at least, most days!). Infusing some lighthearted activities from time to time can help in that regard.

It is statistically proven that companies that boast strong, effective cultures perform better than those that do not. If you do nothing else, as we launch into another exciting year in real estate, take time to identify and invest in all those intangibles that will create the most fertile environment for success for you, your staff and your company.



SCOTT KRISS *is president and CEO Kriss Law/Atlantic Closing & Escrow, which is licensed in 30 states. He can be reached at scott@krisslawatlantic.com.*

NAR Reaches $418M Settlement to Resolve Commissions Dispute

Realtors for Homesellers No Longer Allowed to Offer Buyer Agents' Commissions in Listings

THE NATIONAL ASSOCIATION OF REALTORS (NAR) ON MARCH 15 AGREED TO PAY $418 MILLION over approximately four years to settle a lawsuit related to broker commissions.

In 2023, a U.S. district court in Missouri ruled in favor of homesellers alleging NAR, Keller Williams and HomeServices of America had violated antitrust laws and engaged in a conspiracy to artificially inflate commissions paid to real estate agents.

The settlement, which is subject to court approval, makes clear that NAR continues to deny any wrongdoing in connection with the Multiple Listing Service (MLS) cooperative compensation model rule (MLS Model Rule) that was introduced in the 1990s in response to calls from consumer protection advocates for buyer representation.

"NAR has worked hard for years to resolve this litigation in a manner that benefits our members and American consumers," said Nykia Wright, interim CEO of NAR. "It has always been our goal to preserve consumer choice and protect our members to the greatest extent possible. This settlement achieves both of those goals."

In addition to the financial payment, NAR has agreed to put in place a new MLS rule prohibiting offers of broker compensation on the MLS. While offers of broker compensation are disallowed on the MLS, such arrangements continue to be an option consumers can pursue through direct negotiation and consultation with real estate professionals. Offers of compensation help make professional representation more accessible, decrease costs for home buyers to secure these services, increase fair housing opportunities and increase the potential buyer pool for sellers. They are also consistent with the real estate laws in the many states that expressly authorize them.

Further, NAR has agreed to enact a new rule that would require MLS participants to enter into written agreements with the buyers they're working with. NAR continues, as it has done for years, to encourage its members to use buyer brokerage agreements that help consumers understand exactly what services and value will be provided, and for how much. These changes will go into effect in mid-July 2024.

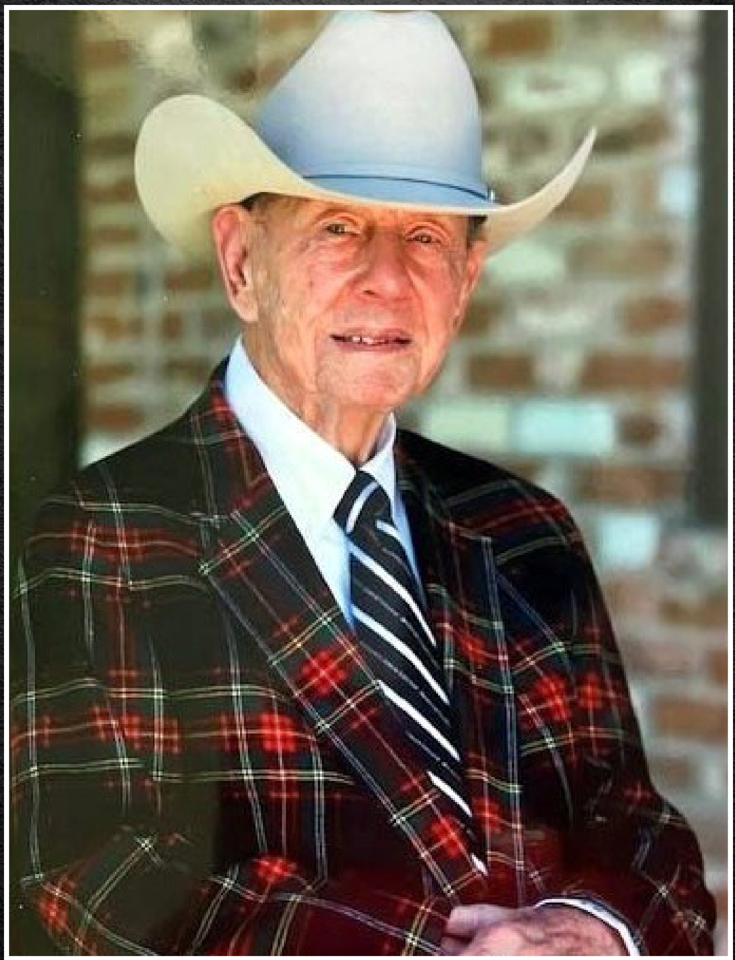
The settlement releases most NAR members and many industry stakeholders from liability in these matters. NAR also secured in the agreement a mechanism for nearly all brokerage entities that had a residential transaction volume in 2022 that exceeded $2 billion to obtain releases efficiently if they choose to use it. The same agreement was reached for MLS systems not wholly owned by Realtor associations.

Despite NAR's efforts, agents affiliated with HomeServices of America and its related companies—the last corporate defendant still litigating the Sitzer-Burnett case—are not released under the settlement, nor are employees of the remaining corporate defendants named in the cases covered by this settlement.

"Ultimately, continuing to litigate would have hurt members and their small businesses," Wright said. "While there could be no perfect outcome, this agreement is the best outcome we could achieve in the circumstances. It provides a path forward for our industry, which makes up nearly one fifth of the American economy, and NAR."

Stewart Morris Sr. Passes Away at 104

STEWART MORRIS SR., WHO HELPED GROW STEWART TITLE INTO WHAT IT IS TODAY, PASSED AWAY MARCH 11 AT THE AGE OF 104.



Morris' extended family started Stewart Title in 1893. At the age of 10, he started working as an office boy sweeping floors, running errands and tending to other tasks for $5 a week. Morris went on to become president and co-CEO of the company, now known as Stewart Information International.

He received his Bachelor of Arts degree from the University of Texas at Austin and his law degree from Southern Methodist University in 1943. The same year, he graduated from the U.S. Navy Midshipman's school at Columbia University and went on to serve in the Pacific during World War II.

Morris and his brother, Carloss Morris, were thrust into leadership when their father, William Carloss Morris, and two other top company leaders all passed away in 1950. Carloss Morris handled the legal and underwriting side, while Morris led the affiliated title office operations. At the time, Stewart Title only had eight offices and a few agents in Texas. Morris' leadership helped grow the company to all 50 states and 13 foreign countries with offices and agents in over 9,000 locations.

In 2018, Stewart Title commemorated Morris' 80 years of service to the company. David Stutts, who was senior vice president and chief risk officer for Stewart at the time, said, "Dr. Morris can be described through these four words: faith, passion, zest and generosity. He exemplifies these values every day as he touches lives here at Stewart and around the world."

Morris was preceded in death by his wife of 70 years, Joella Mitchell Morris, in 2013. The couple had three children, including Stewart Morris Jr., who served on ALTA's Board of Governors.

Morris, one of Houston Baptist University's Founding Fathers, twice chairman and a member of the Board of Trustees of HBU, and his wife were instrumental in the establishment of the university, which opened its doors in 1963. Involved in his community for more than 50 years, Morris served as advisory trustee of the National Trust for Historic Preservation; director of the Harris County Heritage Society, Galveston Historical Foundation and the Oldham Little Church Foundation; senior chairman at Southern National Bank; chairman of the Carriage Museum of America; and honoree life trustee of the Carriage Association of America. In 1995, Morris was inducted into the Texas Business Hall of Fame.

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U.S. District Judge Rules Corporate Transparency Act Is Unconstitutional

A federal district judge in Alabama on March 1 issued an opinion finding that the Corporate Transparency Act (CTA) is unconstitutional on the grounds that Congress supposedly exceeded certain limits on its powers.

The decision was handed down in the case of *National Small Business United v. Yellen*, No. 5:22-cv-01448 (N.D. Ala.), which was a challenge brought by the National Small Business Association and one of its individual members against the Secretary of the Treasury. The ruling prevents the Treasury Department from enforcing the CTA against the plaintiffs. In a release, FinCEN said it will comply with the court's order for as long as it remains in effect.

Under the CTA, companies must report information to the U.S. government about the individuals who ultimately own or control the company. The law went into effect Jan. 1, but businesses have until the end of the year to file reports to Treasury.

It's been reported the government will appeal to the U.S. Court of Appeals for the 11th Circuit. While the impact of the case is limited, there's a good chance small business groups will file copycat cases in other friendly jurisdictions.

The CTA was passed in 2021 to curtail illicit finance flowing through the United States. The U.S. Treasury estimated this to be equivalent to 2% of U.S. GDP, or approximately $460 billion each year. Treasury Secretary Janet Yellen has said, "There is a good case that, right now, the best place to hide and launder ill-gotten gains is actually the United States."

It's not believed that this ruling will have any impact on the Treasury's notice of proposed rulemaking that would require certain people involved in real estate closings and settlements to report information to the agency about all-cash residential transactions nationwide involving legal entities and trusts.

Georgia Becomes Ninth State to File Lawsuit Against MV Realty

Georgia became the ninth state to sue MV Realty and certain affiliates for filing unfair real estate fee agreements in property records, known as Non-Title Recorded Agreements for Personal Services (NTRAPS).

According to the lawsuit filed by Georgia Attorney General Christopher Carr, the brokerage's "Homeowner Benefit Program" preys upon homeowners, offering small cash gifts in exchange for decades-long contracts for the exclusive rights to sell the property.

ALTA, the AARP and the Southeast Land Title Association (SLTA) applauded Carr for filing the lawsuit.

"The property rights of American homebuyers must be protected," said Elizabeth Blosser, ALTA's vice president of government affairs. "A home often is a consumer's largest investment, and we have to ensure there are no unreasonable restraints on a homebuyer's future ability to sell or refinance their property due to unwarranted transactional costs."

AARP Government Affairs Director Samar Jha added, "Attorney General Carr's actions and the steps taken by the Georgia legislature to pass legislation to prohibit such predatory business practices are a great example of how the judiciary and the legislature can come together to protect homeowners and their rights."

Other states to sue MV Realty include California, Florida, Indiana, Massachusetts, New Jersey, North Carolina, Ohio and Pennsylvania.

"Consumers deserve protection against predatory business models," said Deborah Bailey, ALTA's Board Governor and co-chair of SLTA's Georgia Governmental Affairs Committee. "Georgia is demonstrating to the country that it is possible to be a top state for conducting business while simultaneously protecting consumers. This filing underscores the importance of companies that are marketing innovative financial products to do so in a responsible manner. Companies doing business in Georgia, like any other state, have a responsibility to protect consumers and to make sure their products are safe, legal and ethical."

Landmark Title Expands in Nevada

Arizona-based Landmark Title Assurance Agency recently expanded its reach in Nevada with the opening of an office in Elko. The addition marks the privately held title company's fourth branch in Nevada. The company opened its Nevada operations in July 2020 with its first office in Las Vegas. Since that time, the growing escrow and title company also added offices in Reno and Incline Village.

"We are building an incredible team in Nevada of experienced escrow officers," said Greg Hulett, president of Landmark Title Nevada. "Opening an office in Elko will allow us to serve more clients in that area, as we continue to expand our business throughout the state."

Qualia Accuses Settlor, Former Employee of Stealing Trade Secrets

Qualia Labs Inc. filed a lawsuit Jan. 16 against Settlor and a former employee alleging they stole trade secrets.

In a court filing with the U.S. District Court of Colorado, Qualia alleges that its former senior manager of product at ResWare Krista Myers, who is now a product manager at Settlor, stole data from Qualia before she resigned her position.

Meyers joined Qualia in 2021 following the software provider's acquisition of ResWare in December 2020. The lawsuit alleges Myers resigned from Qualia in May 2023 after she "secretly" interviewed for and accepted the position at Settlor.

According to the lawsuit, Qualia claims that Myers stole roughly 900 files, which included "the plans for scale-up of ResWare, the software itself, key customer contacts, lists of actual and potential customers, specifications of future product features, customer experience and feedback data, research regarding new software upgrades and features, historic and planned customer pricing methodologies, market research and data, product roadmap documentation and customer-facing documentation."

According to the complaint, Qualia reached out to Myers on Sept. 1, 2023, about her confidential information agreement and trading secrets privately. In late November 2023, Qualia reportedly found forensic proof that Myers had stolen intellectual property and trade secrets.

The complaint states that upon this discovery, Qualia sent a letter to Settlor and Myers on Dec. 1, 2023, to resolve the matter. In the letter, Qualia asked Myers and Settlor to disclose and return the allegedly stolen data and it cautioned them against deleting or altering the files. Despite this warning, Qualia claims that within hours of receiving the letter, Myers and Settlor deleted all of Qualia's data she allegedly uploaded to the Settlor system.

"Based on the facts currently known and in connection with its ongoing investigation, Defendants Myers' and Settlor's actions were not inadvertent, but rather intentionally and willfully undertaken as part of a larger plan, to quickly build a competing product by cutting corners and illegally using stolen Qualia data to do it," the complaint states.

Qualia is suing Settlor and Myers for misappropriation of trade secrets. It is suing Myers for breach of contract and Settlor for intentional interference with a contract. The company asks for damages and injunctive relief, and demands a jury trial.

True Title Company Acquires Premier Title Group

True Title Company expanded its reach in Missouri with the acquisition of Rolla, Mo.-based Premier Title Group LLC.

"We are very excited about joining the community, serving Rolla and the surrounding areas by providing our new and existing clients with best-in-class service and an ever-growing network of branches with convenient access for all of our stakeholders," said John Duckworth, president of True Title.

True Title Company has 12 other offices in Missouri, including in Clayton, Arnold, Chesterfield, Eureka, Farmington, Festus, Frontenac, House Springs, O'Fallon/Dardenne Prairie, St. Charles, South County and Washington. In addition, True Title Company has a partner network that includes affiliate offices in Illinois and Colorado.

Historic California Fish Hatchery Transferred to Native American Tribe

After years of discussion, the California Department of Fish and Wildlife (CDFW) transferred more than 40 acres of the historic Mount Whitney Fish Hatchery in Inyo County to the Fort Independence Indian Community. The community is recognized as one distinct separate tribal government of the four Owens Valley Paiute Tribes. The no-cost transfer marked the CDFW's first-ever land return to a California tribe.

Inyo-Mono Title Co. insured the land return to the tribe. The historic hatchery structures, residences and other buildings cover approximately 19 acres. The remaining 21 acres have native plant vegetation including shrubland, and an oak and willow riparian habitat adjacent to Oak Creek. The willow flycatcher, a special-status species, is known to use the property as a habitat.

"Water is an integral part of Paiute culture, history and social structure," said Tribal Chair Carl Dahlberg. "Our indigenous Paiute members settled on the banks of the Oak Creek since time immemorial and these lands have always been sacred to our people. Our worldview values the delicate ecosystem which connects us to this land which traditionally was a cultivation site for indigenous plants, such as taboose and nahavita. This property is inextricably entwined into who we are as Paiute people and we hope to bring this knowledge and history back to the community through the preservation of the Mount Whitney Fish Hatchery."

Bill Would Tax Real Estate Investors Who Buy Single-family Homes

Sen. Tammy Baldwin (D-Wis.) has introduced a federal bill that would tax real estate investors who hold more than 15 single-family homes.

The Affordable Housing and Homeownership Protection Act would provide up to $50 billion over 10 years to help build and preserve approximately three million affordable housing units nationwide.

"Wealthy, out-of-state investors are buying up housing stock in Wisconsin—driving up rent and putting homeownership out of reach for too many in the state," Sen. Baldwin said. "It's wrong, and we need to both crack down on these Wall Street investors and also do more to preserve and expand access to affordable housing for the Wisconsinites who live, work and raise families in our communities. Our bill will get at both ends of this problem—disincentivizing any wealthy investor from gobbling up Wisconsin's housing and, if someone does, then making sure they are part of the solution to create more opportunities for safe, affordable housing."

According to Redfin, the number of single-family homes being purchased by investors fell 30% nationwide last year as home prices increased. But investors still were buying about 16% of all homes purchased nationwide in the third quarter of 2023, more than double the share bought up by investors in 2000.

Closinglock Secures $12M in Series A Funding

Closinglock received $12 million in Series A funding, which was led by Headline and backed by LiveOak Ventures, RWT Horizons and GTMfund.

Closinglock reported the infusion of capital will allow it to accelerate product development, expand its technological infrastructure and further enhance its capabilities in safeguarding and streamlining real estate transactions.

"This Series A funding is a testament to the dedication and expertise of our team, as well as the relevance of our solutions in combating fraud in real estate," said Andy White, co-founder and CEO of Closinglock. "We are thrilled to add Headline as a partner as we continue to innovate and strengthen our offerings to better serve our clients."

DataTrace Expands TitleFlex Property Data Solution

DataTrace released enhancements to its property data platform TitleFlex.

The offerings include new search and automated list-building capabilities that enable title companies to generate more effective prospecting lists of property owners with a propensity to buy or sell real estate. The new tools allow title companies to support the business development efforts of their real estate and lending clients, deepening their relationships with important industry participants.

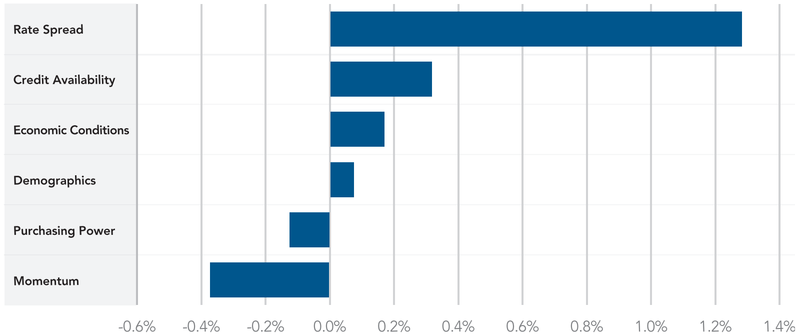
With the TitleFlex enhancements, title companies can access pre-defined specialty searches and create custom prospect lists from more than 150 million residential properties. TitleFlex now includes filters that can hyper-segment lists by owner characteristics, such as specific types of investors, including empty nesters, and move-up buyers, or by loan or property characteristics, including rental properties poised to sell and high-equity properties.

Recent Integrations

- **TitleEQ**, a national title and settlement services provider specializing in commercial real estate settlements and residential consumer purchase transactions, has integrated with **Nova**, Liquid Logics' cloud-based loan origination system. The integration provides access for mortgage lenders using Nova to TitleEQ's instant title quotes and full settlement service suite. TitleEQ utilizes TitleBox LIVESearch, an instant, AI-generated assessment of title searches designed to help clear title more efficiently and cost-effectively.
- **SoftPro** integrated with **United Tax Services** for nationwide tax reporting. Without leaving their SoftPro environment, users can electronically request and receive nationwide tax reports, Texas tax certificates and nationwide lien searches from United Tax Services.

Existing-Home Sales Outlook

Percentage-Point Contribution to Monthly Change in Existing-Home Sales



4.00 SAAR
Existing Home Sales in January 2024

4.05 SAAR
Existing-Home Sales Outlook for February 2024

1.4%
Monthly Growth

*The Existing-Home Sales Outlook nowcasts existing-home sales based on the historical relationship between existing-home sales and U.S. demographic data, house-buying power, financial and economic conditions, as well as momentum, the weight assigned to past values.

National Consumer House-Buying Power

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

December 2023

$347,000
House-Buying Power

-0.9%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Markets

	States		Markets
1	New Jersey **$490,245**	1	San Jose, CA **$720,738**
2	Massachusetts **$481,858**	2	San Francisco, CA **$652,425**
3	Hawaii **$469,949**	3	Washington, DC **$603,238**
4	Maryland **$460,469**	4	Boston, MA **$518,125**
5	Rhode Island **$451,308**	5	Salt Lake City, UT **$511,076**

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

Movers & Shakers

First National Title Appoints Texas Underwriting Counsel

First National Title Insurance Co. (FNTI) named Michael Willey as vice president and Texas underwriting counsel. Previously, Willey worked at Old Republic Title as national underwriting counsel, where he underwrote high liability and extra hazardous risk. In addition, he was head of the UCC Group, providing transactional review and consultation, procedure implementation and policy issuance. Prior to Old Republic, he spent three years as in-house litigation counsel for Fidelity National Financial, serving multiple state and federal jurisdictions in the southern and northern United States. Willey served 11 years in the U.S. Navy's intelligence sector.

Truly Title Bolsters Leadership Team

Texas-based Truly Title Inc. named Marc Archuleta as regional vice president and branch manager of its office in Upper Kirby, Texas. Prior to joining the title insurance industry in 2005, Archuleta worked as a mortgage banker and construction loan lender. Archuleta served in the U.S. Navy, stationed in both Virginia and Japan. His commitment to excellence is further exemplified by his former role as a professional tennis chair umpire for the ITF/USTA/ATP/WTA tour.

Doma Names Agency Manager for Indiana, Kentucky and Ohio

Doma Title Insurance Inc. has appointed Matthew Hood as agency manager for Indiana, Kentucky and Ohio. In this role, he will provide Doma independent agents with the tools, resources and underwriter support they need to thrive and grow in the coming years. Hood brings more than three decades of title insurance experience to his position. Earlier in his career, he served as president of Escrow Title Services Inc. in Chicago. He has also managed territories for national underwriters, most recently as Midwest regional agency manager for a national underwriter, assisting the company with its development of new markets in six states.

Alliant National Title Hires State Manager for New Jersey, Pennsylvania

Alliant National Title Insurance Co. recently appointed Theresa Kane-Mackenzie as assistant vice president and state agency manager for New Jersey and Pennsylvania. In her role, Kane-Mackenzie will oversee the company's operations and expansion efforts throughout the two states. She has more than 25 years of experience in the real estate and title insurance industries. Kane-Mackenzie has worked for companies ranging from national underwriters to providers of specialized technology solutions for title insurers.

Ardan Names Controller

Ardán Inc. appointed Rachel McIntosh as controller for its community of companies, which include Westcor Land Title Insurance Co., Grid151, X1 Analytics, Ardán Data Services and Westcor International. As controller, she will oversee and manage the financial operations of Ardán. McIntosh has been a part of the finance team at Westcor Land Title and Ardán for more than 10 years. Under her leadership, Ardán has successfully grown from managing a single entity's financial statement to multiple entities' financial statements.

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Actions Taken at ALTA's Board Meeting

DON KENNEDY
ALTA president

I'M ALWAYS AMAZED BY THE PASSION MY FELLOW MEMBERS OF THE ALTA BOARD OF GOVERNORS have for our industry and our mission of protecting property rights.

During our meeting, we discussed cybersecurity and managing the risks associated with artificial intelligence. The ALTA Board also approved a recommendation to adopt revisions to the 2021 ALTA Forms Collection, as well as the approval of a new Collateral Assignment endorsement.

Another key item we addressed was ALTA's bylaws, which are crucial for any association as they serve as the governing documents that outline the rules, procedures and structure of the organization. Over the years, ALTA leadership has reviewed the bylaws and made changes to address issues such as how to fill leadership vacancies for the board and executive committees, how specific committees are governed and relationships with state land title associations.

In February, ALTA's board also approved a motion to direct the Bylaws Committee to develop recommendations to amend the association's bylaws to add a process for the removal of a member. This process could include notice, an opportunity for remediation and the right to appeal before ultimate removal from the association.

In addition, the ALTA board approved a motion to modify amendments to the ALTA Good Deeds Foundation's bylaws. The approved changes included clarification for the nomination and election of the two classes of directors; addition of a vice chair; modified the office of president to establish that officer as an ex officio voting member of the foundation's Board of Directors and provide that the ALTA CEO serve as president; established provisions for the Advisory and Standing committees; and provided for the ALTA Board of Governors to approve future actions by the AGDF Board of Directors to amend the bylaws or dissolve the AGDF.

The Bylaws Committee considers all proposals to amend the bylaws and engages in a biannual review to ensure alignment with ALTA governance and operations. ALTA's last bylaws revision came in 2021, when the board approved changes to align with ALTA's recently modified engagement structure.

According to Jeffrey Tenenbaum, managing partner and co-founder of Tenenbaum Law Group PLLC in Washington, D.C., bylaws are essential for an association's legal standing.

"When associations need to consult their bylaws, such as during a membership dispute or amid concern about an errant director, they are often surprised to find that the bylaws are outdated, do not conform to the law, or do not reflect the organization's current practices," Tenenbaum said.

Pursuing discussions and policy development to define the association's expectations of its members and volunteer leaders is an important process. I'm thankful to serve with a group of leaders who embrace protecting the integrity of our valuable industry.

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