MAY 2024

TITLE News

AMERICAN LAND TITLE ASSOCIATION

Deputized to Help Prevent Money Laundering?

FinCEN's Proposed Rule Requires Nationwide Reporting About All-cash Residential Deals Involving Legal Entities and Trusts

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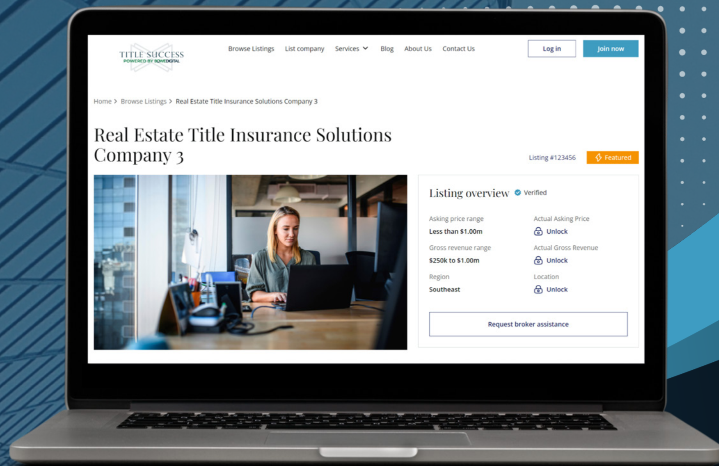

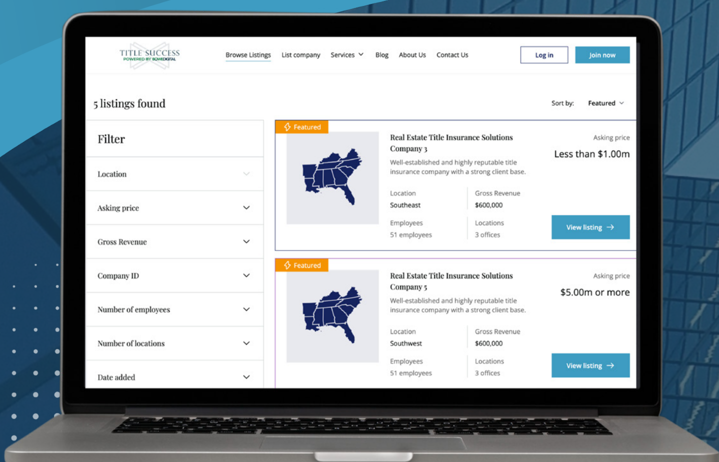

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iN This Issue

VOLUME 103 | NUMBER 5 | MAY 2024

COVER STORY

FEATURES

DEPARTMENTS

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

The digital edition of **TITLENews** includes a webinar recording that details FinCEN's proposed rule that requires certain people involved in real estate closings and settlements to report information to the agency about all-cash residential transactions involving legal entities and trusts. The webinar discusses the impact it will have on title and settlement agents.

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TITLENews

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

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False Hope for Homebuyers

JEREMY YOHE
ALTA vice president of communications

AT THE BEGINNING OF MAY 2024, FREDDIE MAC UPDATED ITS SELLING GUIDE to match Fannie Mae's allowance of attorney opinion letters (AOLs) for loans on condo properties and those subject to restrictive agreements or covenants.

Freddie Mac's decision to follow Fannie Mae's lead in embracing this unregulated, less protective product is a mistake. This expansion of using AOLs will expose additional consumers and lenders to unneeded risk and weaken protection of their property rights. Unregulated AOLs provide no coverage for some of the most frequent causes of claims, such as fraud and forgery, and they are, in fact, a more costly option in the majority of states.

In another interesting move, Freddie Mac is seeking regulatory approval to expand into guaranteeing second mortgages. The government-sponsored enterprise (GSE) proposes to purchase closed-end second mortgages on properties for which it already holds the first mortgage, subject to a combined loan-to-value ratio lower than 80%. The FHFA said it has determined this to be a new product that merits public notice and comment about whether it is in the public interest. At the end of Q1 2024, mortgage holders held a record $16.9 trillion in total home equity, of which $11 trillion was considered tappable equity available for access while retaining at least 20% equity, according to ICE.

In a report, Bank of America calculated that if Fannie Mae matches Freddie with this product, homeowners could extract about $1.8 trillion in equity. That's more than three times as much as the $512 billion in outstanding second loans and home equity lines of credit. The Wall Street Journal Editorial Board points out that this program does nothing to help first-time homebuyers and could leave taxpayers on the hook for billions in mortgage debt less than a two decades after taxpayers spent nearly $200 billion to bail out Fannie and Freddie for actions they took that led to the financial crisis.

The GSEs' title waiver pilot for certain refinances also substantially increases risk for consumers, lenders and taxpayers. As members of Congress from both sides of the aisle—as well as economic experts—have said, the pilot would not help reduce costs for low-income homeowners, but would rather be focused on "low-risk" refinances and apply to homeowners with substantial equity.

Continuing our effort to provide education, ALTA CEO Diane Tomb had this article published in HousingWire that shares real-world examples of how title insurance protects consumers. We agree that homeownership should be more attainable and affordable for more Americans. However, the notion that title insurance is in any way a principal driver of affordability challenges is wrong. Title insurance is a crucial benefit protecting homeowners and lenders.

ALTA News

AMERICAN LAND TITLE ASSOCIATION

HAPPENINGS, NEWS, UPDATES & EVENTS

ALTA Policy Forms Update

The ALTA Board of Governors on Feb. 9 approved a recommendation to adopt revisions to the 2021 ALTA Forms Collection, as well as the approval of two new Collateral Assignment endorsements. The forms went into effect April 2 after going through a comment period. Here's a summary of some of the changes:

2021 ALTA Forms Collection: Revisions to Forms and Endorsements

- **Short Form ECRLP Policies (Assessment Priority and Current Assessments versions):** The revision will resolve problems with incorporating a state statute as an exception, by reference to Schedule B in the updated versions. The revised version enables incorporation of the appropriate state statutes directly by incorporating Endorsement 8.1 (Environmental Protection Lien).

[6. ~~The following State statutes are made part of Schedule B, relating to the~~ This policy incorporates by reference the ALTA 8.1 Environmental Protection Lien endorsement~~:~~ ________________] Paragraph 2.b. refers to the following State statute(s): ________________]

- **Endorsement 3.3 (Zoning – Completed Improvement – Non-Conforming Use):** This revision is designed to address coverage for a permitted non-conforming improvement, coverage for specified zoning classification, and to allow for the checkbox selection of the specific zoning matters that will be covered if removal or alteration results, rather than automatic inclusion of a blanket list of covered zoning matters.
- **Endorsement 42 (Commercial Lender Group):** The revision is needed for alignment with the 2021 Forms Collection. It replaces what is now an incorrect reference to a base policy provision in the 2021 collection with the new defined term "Obligor."

"Participant"~~:~~ ~~means~~ a member of the Lender Group, but does not include an Obligor. ~~a non-insured obligor as described in Section 12(c) of the Conditions.~~

Policy forms 22021 New ALTA Endorsements

- **Endorsement 10.2 (Collateral Assignment) and Endorsement 10.3 (Collateral Assignment and Date Down):** The new Endorsements 10.2 and 10.3 are designed to address collateral assignments of an insured mortgage.

These forms may be downloaded at alta.org/policy-forms in the section titled "For Public Comment | Recently Adopted Forms – Not Published" and comments may be submitted to forms@alta.org.

Click here for more details.

ALTA, AARP Applaud Missouri AG on Lawsuit to Protect Homeowners

ALTA, AARP and the Missouri Land Title Association (MLTA) applauded Missouri Attorney General Andrew Bailey for his efforts to combat unfair and deceptive practices in the Missouri real estate market by filing a complaint against Florida-based real estate brokerage 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). This practice preys upon homeowners, offering small cash gifts in exchange for decades-long contracts for the exclusive rights to sell the property.

"The property rights of American homebuyers must be protected," said ALTA Vice President of Government Affairs Elizabeth Blosser. "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."

ALTA, AARP Applaud Missouri AG on Lawsuit to Protect Homeowners, cont.

Attorney General Bailey is the 10th attorney general to sue MV Realty over its "Homeowner Benefit Program." Nine other attorneys general have filed lawsuits, including those in Georgia, New Jersey, Florida, Massachusetts, Ohio, Pennsylvania, North Carolina, California and Indiana.

"We thank Attorney General Bailey for filing suit against MV Realty and its affiliates," said Cheryl Cowherd, President of the Missouri Land Title Association. "A home is often a consumer's most important asset, and we believe protecting them from these practices is of the utmost importance. This action puts companies using predatory business models on notice that the State of Missouri is serious about protecting its consumers."

"AARP is helping older adults steer clear from fraud, scams and other unscrupulous practices that threaten their economic security and savings," said Craig Eichelman, State Director of AARP Missouri. "Stopping unfair service agreements is an important way to protect what is often someone's most valuable asset, their home. We thank Attorney General Bailey for looking into this predatory business model that targets older adults and financially insecure homeowners."

Since 2023, 22 states passed legislation protecting homeowners from the predatory practice of filing unfair real estate fee agreements in property records, including Alabama, Arizona, California, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Maryland, Maine, Nevada, North Carolina, North Dakota, Ohio, Oregon, Tennessee, Virginia, Washington and West Virginia.

Boost Staff Productivity Using ALTA's Compensation Index

Are you looking to hire top talent or retain your incredible team? Do you want to boost employee morale and productivity while reducing inefficiencies? Are you interested in examining salary ranges for existing positions and analyzing the market for new roles? ALTA's 2023 Compensation Index, made possible by Stewart, is the comprehensive tool that allows you to do all that and more! Get started today.

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: 33
- Title Agents: 20
- New Attorney Members: 4
- New Associate Members: 5
- State With the Most, New Members: Florida with 4
- Total Members: 5,563

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 re-elect candidates to Congress who understand and support the issues affecting the title industry. So far in 2024, TIPAC has raised $276,466 from 321 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.

CALENDAR

2024 ALTA EVENTS

LARGE AGENTS CONFERENCE
July 21
Park City, Utah

ALTA ONE
Oct. 15-18
Orlando, Fla.

STATE CONVENTIONS

TEXAS
June 2-5

WYOMING
June 2-4

SOUTH DAKOTA
June 12-14

MICHIGAN
July 14-16

UTAH
July 11-12

INTRODUCING

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ionFraud is a new tool for FNF Family of Companies agents aimed at assisting in the identification of potential fake sellers as early as possible – during the order entry process. We know seller impersonation scams continue to plague all of us in real estate, and we want to make utilizing ionFraud the guidance you and your partners can lean on.

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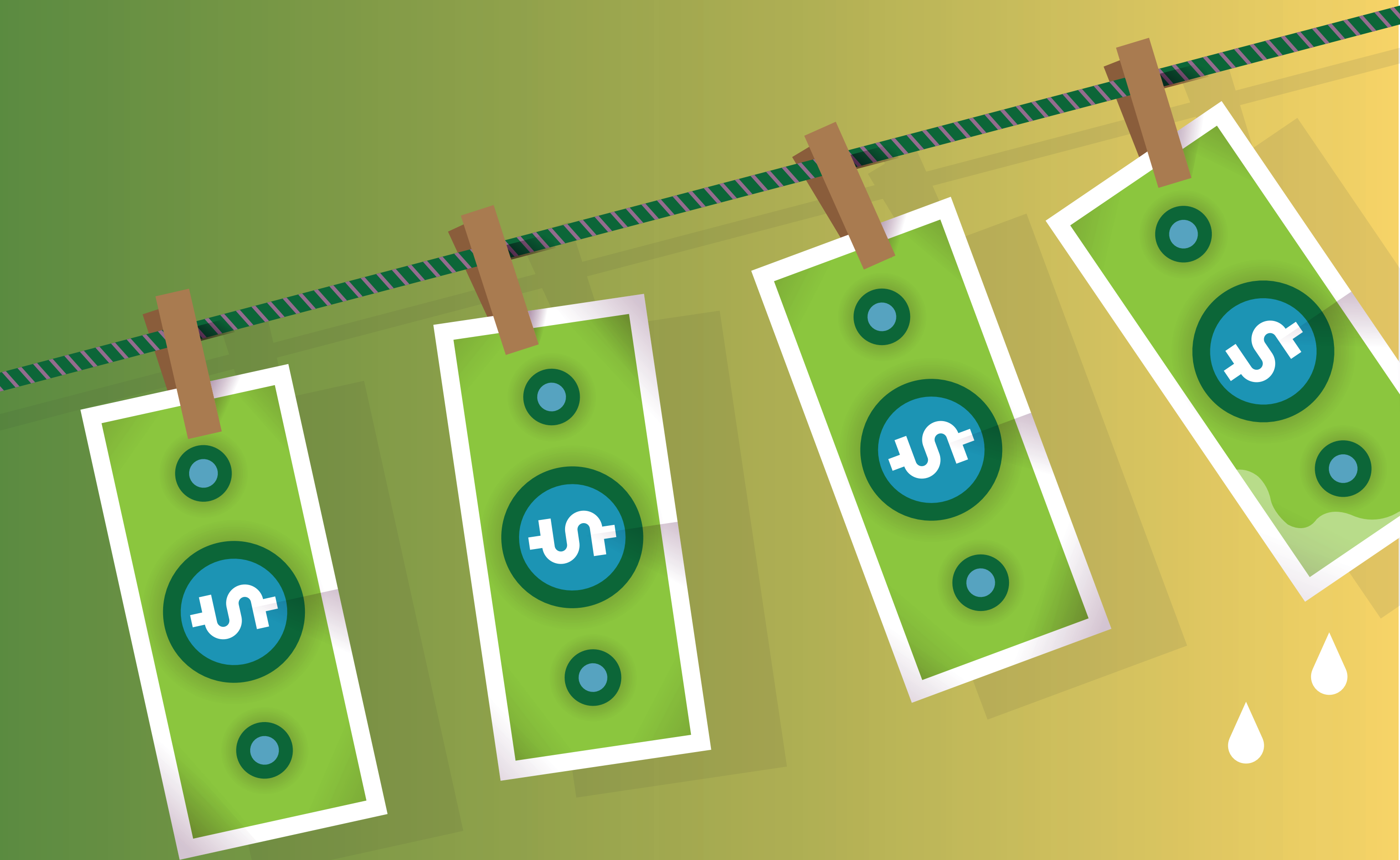

Deputized to Help Prevent Money Laundering?

FinCEN's Proposed Rule Requires Nationwide Reporting About All-cash Residential Deals Involving Legal Entities and Trusts

Since 2016, the Financial Crimes Enforcement Network (FinCEN) has expanded and renewed Geographic Targeting Orders (GTOs) that require U.S. title insurance companies to identify the natural persons behind shell companies used in non-financed purchases of residential real estate above a certain price threshold in select metropolitan areas of the United States.

What started with a few areas in New York and Florida, expanded to include several counties and major U.S. metropolitan areas in California, Colorado, Connecticut, Florida, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New York, Texas, Washington, Virgina and the District of Columbia.

In February, FinCEN issued a 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. All-cash transactions accounted for 28% of all transactions in 2023, according to the National Association of Realtors.w

The proposed rule expands on the GTOs, which require title insurance companies to file reports identifying the beneficial owners of LLCs in all-cash real-estate transactions above certain monetary thresholds in select areas in the U.S.

- Unlike the GTOs, reporting under the proposal is not limited geographically
- There is no dollar threshold.
- Under the rule, the person conducting the settlement will have to file a limited purpose suspicious activity report within 30 days of settlement.
- FinCEN indicated it will develop a specific real estate report form for electronic filing. This will hopefully address many of the issues the industry experienced with the GTO reporting.

According to the rule, the "reporting person" is the person conducting the settlement/closing or the person who prepares the settlement statement. Reporting can't be avoided if the buyer chooses not to purchase title insurance. (This was a concern under the GTOs.)

FinCEN has proposed that the rule go into effect one year after the final rule is issued.

"As the title industry has done since 2016, it stands ready to help law enforcement in investigating the use of real estate for money laundering," said Steve Gottheim, ALTA's general counsel. "While no one is happy to spend more money on nonrevenue producing requirements, we have been heartened to hear the value of the data provided by the industry has been to law enforcement. Obviously, this value will decrease as the rule expands to the whole country and FinCEN must make sure this rule is carefully tailored to ensure the cost is equivalent to any public benefit."

Table 1: Training Costs

Primary Per Person Training Costs		Initial Training		Refresher (Year 2+)	
Primary Business Categories	*Fully Loaded Hourly Wage*	*Time (hours)*	*Total*	*Time (hours)*	*Time (unadjusted)*
Title Abstracted and Settlement Offices	$70.33	1.25	$87.91	0.5	$35.16
Direct Title Insurance Carriers	$84.15	1.25	$105.18	0.5	$42.06
Other Activities Related to Real Estate	$70.46	1.25	$87.07	0.5	$35.23
Offices of Lawyers	$88.89	1.25	$111.11	0.5	$44.45
Offices of Real Estate Agents and Brokers	$70.46	1.25	$87.07	0.5	$35.23

SOURCE: FINCEN

Table 2: Transaction Reporting Costs

Estimated Per Transaction Reporting Costs		Non-Reporting Party		Reporting Party			
		Designation-Related		Designation-Related		Designation-Independent	
Primary Business Categories	*Fully Loaded Hourly Wage*	*Time (hours)*	*Total*	*Time (hours)*	*Total*	*Time (hours)*	*Total*
Title Abstracted and Settlement Offices	$70.33	0.25	$17.58	0.25	$17.58	2.75	$193.40
Direct Title Insurance Carriers	$84.15	0.25	$21.04	0.25	$21.04	2.75	$231.40
Other Activities Related to Real Estate	$70.46	0.25	$17.61	0.25	$17.61	2.75	$193.76
Offices of Lawyers	$88.89	0.25	$22.22	0.25	$22.22	2.75	$244.45

SOURCE: FINCEN

COVER: ISTOCK / ANIKEI; OMRAVESTUDIO

What Must Be Reported?

There is more information that must be reported under the proposal than under the GTOs. According to the proposed rule, the reporting person must provide:

- Their own information (name, category of reporting person and address).
- Name, address and taxpayer identification number (TIN) for the transferee and transferor.
- Beneficial owner information (BOI) for the transferee and anyone signing the transfer documents (names, date of birth, addresses and TINs for those individuals).
- Names, DOBs, addresses and TINs for all transferors on title or the beneficial owners if the seller is an entity.
- Address and legal description for the property.
- Information about the payments made by or on behalf of the transferee (this includes amount of each payment, the payor, the payment method and the name of the financial institution where the payment was drawn from).
- Information about any hard money or other lender not subject to anti-money laundering rules that was involved in the deal.

A provision in the rule allows the reporting person to rely on information about beneficial ownership provided by the transferee if the transferee certifies the accuracy of the information. This will require the reporting person to obtain a beneficial ownership affidavit in every transaction involving a legal entity unless FinCEN provides the industry access to BOI data.

ALTA Recommends Changes to Rule

A 60-day comment period ended April 16. ALTA submitted a letter suggesting several changes to the scope of the rule and data requested that will make it more effective and manageable for those responsible for reporting and improving the value of reports for law enforcement. ALTA also recommended a full-year implementation period from the date of publications of the final rule. ALTA also requested the ongoing GTOs not be expanded during this rulemaking process.

ALTA is concerned about FinCEN's underestimated expense the rule will cost the industry. According to the agency, the rule

Breaking Down the FinCEN Anti-Money Laundering Rule

When Do You Have to Report a Transaction

All-cash Transactions Must Be Reported:

- Exceptions: The proposed rule does not require residential real estate transfers to be reported if the transfer involves:

1. An extension of credit to the transferee that is secured by the transferred residential real property and is extended by a financial institution (this includes most banks, credit unions and mortgage bankers) that has both an obligation to maintain an AML program and an obligation to report suspicious transactions under this chapter

2. A grant, transfer, or revocation of an easement

3. A transfer resulting from the death of an owner of residential real property

4. A transfer incident to divorce or dissolution of a marriage

5. A transfer to a bankruptcy estate

6. A transfer that does not involve a reporting person

Sale of Residential Property or Unit in a Cooperative:

- Real property designed for one- to four-family occupancy
- Vacant or unimproved land zoned (or permitted) for construction for 1-4 family occupancy
- Shares in a cooperative housing corporation

Transaction Must Be Reported If the Buyer Is:

- A legal entity
- A trust

Transaction Must Be Reported If the Buyer Is Not a (an):

- Issuer of a class of securities under SEC Act
- State, local, federal, tribal government authority, agency or instrumentality
- Bank, credit union or depository holding company
- Money services business that is registered with FinCEN
- Securities broker dealers registered with the SEC
- Securities exchange or clearing agency
- Any other entity registered under the SEC Act
- Investment company as defined under Investment Company and Advisors Acts
- Insurance company (insurer) supervised by a state insurance department
- State licensed insurance producer (agent)
- A public utility that provides telecommunication, electrical power, natural gas or water or sewer service
- A futures commission merchant, introducing broker, swap dealer, major swap participant, commodity pool operator, or commodity trading advisor registered under the Commodities Exchange Act or entity registered with the CFTC
- Financial market utility overseen by the Financial Stability Oversight Council
- A legal entity that is a wholly owned subsidiary of the above or directly controlled by above.

FinCEN said these entities would be exempt because they already have sufficient anti-money laundering and countering the financing of terrorism compliance obligations, and are already subject to more government supervision or have disclosure requirements.

Transactions That Don't Need Reported

- Grant, revocation, transfer or movement of an easement
- Transfer resulting from probate or death of the owner
- Transfer incident to divorce
- Transfer to a bankruptcy estate
- Transfer where there is no reporting person

will cost the industry $453.9 million annually ($476.2 million in the first year). This equates to almost $500 per real estate report based on FinCEN's estimate that 850,000 reports will be filed annually. ALTA's letter said these amounts are excessive both in total and on a per-transaction basis.

Additionally, ALTA said the analysis fails to capture accurate training expenses. FinCEN estimates initial year training costs at $44.3 million or 75 minutes per employee. ALTA believes the initial year's cost estimates are too low because employees will need two levels of training: one level on learning the rule requirements and another level on how to complete the reports. The industry will also need to train real estate agents.

"When factoring in these realities, the cost of upfront training is likely to more than double," Gottheim said.

FinCEN also doesn't estimate any technology expenses. Given the scope of the rule, industry likely will need new code and technology to flag potentially reportable transactions and to collect sensitive data from customers. Since settlement agents will need to rely on real estate agent partners to collect much of the data, new technologies and processes will likely be necessary to reduce the risk of sensitive information being shared via potentially unsecured email.

Here's a summary of ALTA's recommended changes to the proposed rule:

Exempt Certain Low-risk Transfers

- ALTA suggested excluding low-risk transactions such as gratuitous or zero-dollar transfers and estate planning transactions.
- Reporting these transactions is likely duplicative since the mechanics of these deals mean that they are connected to another transfer that was subject to a mortgage company's or bank's anti-money laundering (AML) obligations or Suspicious Activity Reporting (SARs).
- FinCEN should add a nominal dollar threshold (such as $1,000) since a majority of these transactions are gratuitous. A single national price is easier to implement than differing thresholds across the country.

Who Must Report the Information to FinCEN?

In general, the settlement agent—whether an attorney, escrow agent or title agent—will have responsibility for reporting a transaction under the rule. However, what happens if there is no traditional settlement agent? In that case, FinCEN's rule provides a contingency (FinCEN refers to this as a waterfall and a cascade) of who can and should report information from a transaction.

The Reporting Waterfall

According to the rule, a real estate professional would be a reporting person required to file a report and keep records for a given transfer if the person performs a function described in the waterfall and no other person performs a function described higher in the waterfall.

For example, if no person is involved in the transfer as described in the first tier of potential reporting persons, the reporting obligation would fall to the person involved in the transfer as described in the second tier of potential reporting persons, if any, and so on. For any reportable transfer, a potential reporting person would need to determine whether there is another potential reporting person involved in the transfer who sits higher in the cascade.

- **First choice:** The person who is listed as the settlement agent on a settlement statement
- **Second choice:** The person who prepares the settlement statement
- **Third choice:** The person who files the deed for recordation
- **Fourth choice:** The person who issues the owner's title insurance policy
- **Fifth choice:** The person who dispenses the greatest amount of funds
- **Sixth choice:** The person who did a title examination
- **Final choice:** The person who prepares the deed

FinCEN also notes that companies or individuals within the waterfall can collectively agree to designate others in the waterfall to be the reporting person. How these agreements will work and whether other parties will be willing to take on this role is a major unknown.

What Is Considered Residential Property?

Since FinCEN's proposed real estate rule only requires reporting for residential transactions and not commercial ones, it's important to understand the distinction which may be different than the way you think about it in your business landscape.

For the sake of this rule, FinCEN defines "residential property" in three ways:

1. Real property designed for one- to four-family occupancy
2. Vacant or unimproved land zoned (or permitted) for construction for one- to four-family occupancy
3. Shares in a cooperative housing corporation

To determine if one of these three factors applies to a property, consider the following questions:

- Can I infer that a property is residential from its purchase contract?
- If the property is vacant land, is it zoned as residential or commercial?
  - Hint: This can be obtained from the county or city's zoning office
- Does the property's tax assessor data indicate a "building type"?
- Does the building appear to be designed for a family of four or less?

It's important to note, however, that just because a property meets one of these above indicators, does not necessarily mean it needs to be reported to FinCEN. If the property meets one of these indicators AND is purchased via an all-cash transaction, then it must be reported to FinCEN.

- FinCEN should include exemptions for both a transfer where the transferor is the managing or sole member of a transferee entity and a transfer where the transferor is the settlor of a transferee trust. We suggest adding the following exclusions:
  - A transfer where the transferor is the managing or sole member of a transferee entity
  - A transfer where the transferor is the settlor of a transferee trust
  - The recordation of a deed or other document in the public record to correct an error in an existing public record or a cloud on the title
  - A transfer where the transferee is a qualified intermediary

Eliminate the Need to Report Redundant Information

According to ALTA, there are four areas where FinCEN should reduce the cost and burden of reporting by altering its requirements in a manner that will improve law enforcement's ability to utilize the data.

1. The requirement to report beneficial ownership information (BOI) that is already being collected by FinCEN pursuant to the Corporate Transparency Act (CTA) should be removed.
2. The trust reporting requirement should be aligned with the data typically found on a trust certificate issued under state law.
3. The payments-related information should be altered to align with the information typically provided by a financial institution, such as a receipt of a wire transfer. Under the proposed rule, the reporting person must provide the total purchase price for the real estate and the amount, method, financial institution, payor and account number for each individual payment accepted for settlement. State laws limit the types of payment methods settlement agents can accept when conducting a real estate transaction.
4. The reporting of seller or transferor data under this proposal should be eliminated. It's unclear why this data would be valuable to law enforcement.

Provide an Explicit Good Faith Attempt Protection

Under the GTO regime, title companies have found it's not always easy to collect information from a buyer and their representatives when there is not a direct legal obligation for them to provide such information. Non-financed transactions typically have shorter periods between execution and settlement of the purchase and sale agreement. This makes it difficult to collect information prior to the settlement since the majority of data required under the GTOs (i.e. beneficial ownership information) is not needed for the settlement or the underwriting of title insurance. Title companies have received informal guidance from FinCEN to submit incomplete reports under the GTOs without the risk of penalty under the Bank Secrecy Act.

- ALTA urged FinCEN to provide an explicit provision in this proposal outlining a similar good faith attempt protection.

Additional Clarifications

- FinCEN should update the rule to utilize the definition of the term "residential real property." The rule in its current form is confusing and contains typographical errors. Further, it is odd to have a definition of residential real property and not use it in the proposed rule's core coverage provision.
- The rule needs to limit the determination of whether a property is residential to the information contained in the real estate purchase contract.
- ALTA recommends changing the requirements for entering into a designation agreement. The drafted provision is unworkable because it requires entering into a separate agreement for each individual transaction. For agents to have some level of cost savings for using an agreement, they need to have a level of certainty about the volume of transactions another party will report under an agreement. This is best done by allowing companies to enter blanket agreements with partners to cover transactions where they are likely to be in the reporting cascade, such as a title insurer agreeing to do reports for an agent if they are providing title insurance in the transaction.
- FinCEN should allow the reporting person to rely on a representation from the transferee entity that the transferee entity is subject to one of the rule's exemptions.
- FinCEN should provide guidance about the reporting of beneficiary information when a beneficiary is a minor.

"We believe these changes outlined in the letter significantly move in this direction," Gottheim wrote. "We look forward to working with FinCEN as it works to produce a regime that is clear, not unduly burdensome or duplicative, and safeguards United States real estate." ■

ISTOCK / OMRAVESTUDIO; ICONIC BESTIARY

doma Title Insurance

Top Red Flags For Seller ID Fraud

Cash-out "hard money" financing

Lack of contact with seller/borrower

Vacant or "free and clear" property

Recently amended Secretary of State filings

Recently issued/expired ID

Request to disburse funds to third party

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*CertifID survey of 256 real estate firms, October 2023

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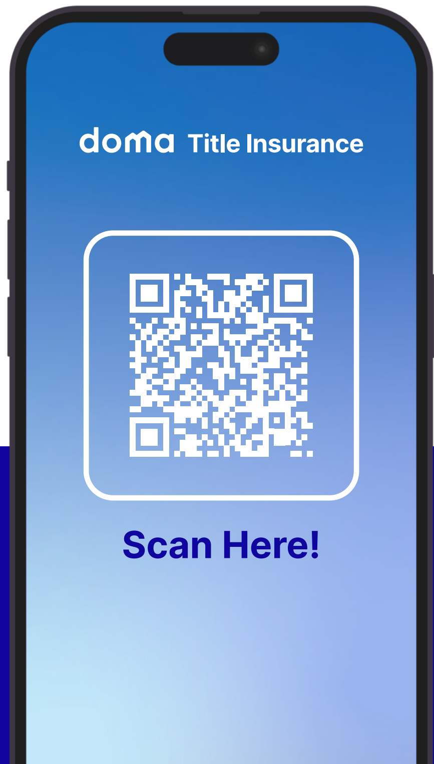

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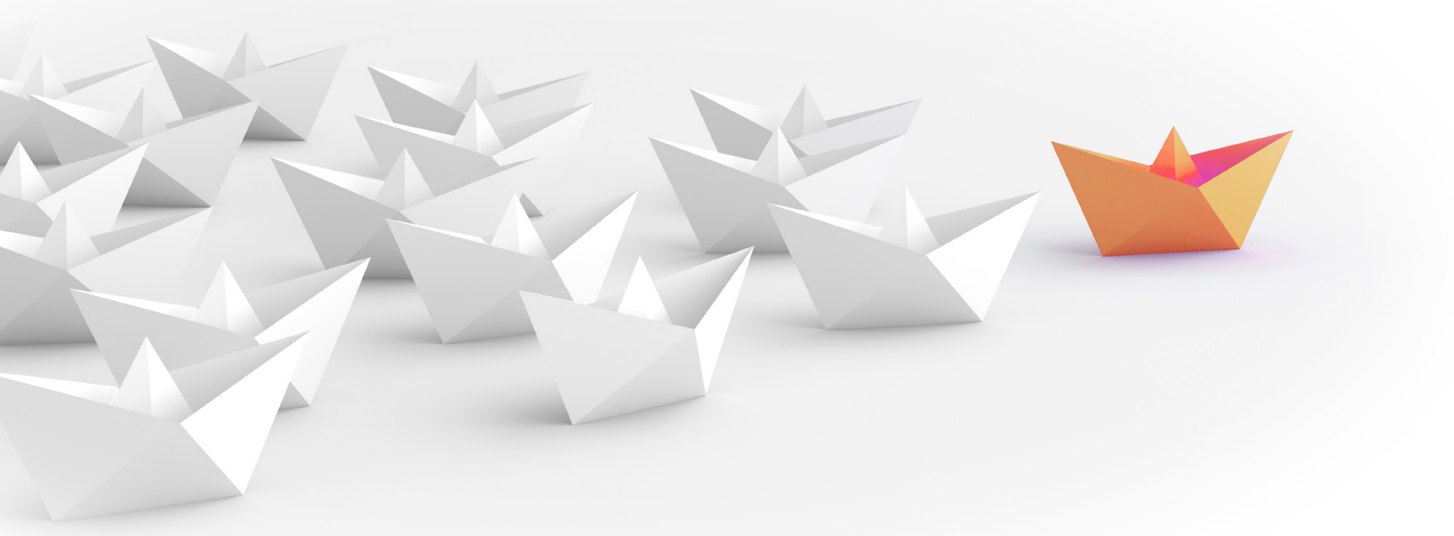
ALTA SPRINGBOARD

Take Your Business to the Next Level

The theme for the 2024 ALTA SPRINGBOARD in Oklahoma City, Okla., was Game On! At this year's conference, attendees learned strategies to take their game to the next level. Here's a report from all three Ideas Festivals.

By Megan Hernandez

Bulletproof Strategies for Leading Fearlessly



Leadership doesn't automatically belong to the person with the most seniority or the one with the best networking skills—leadership is something that comes from within.

Evy Poumpouras, a former Secret Service Special Agent and interrogator, shared her insights on leadership during the FNF Family of Companies-sponsored Idea Festival at the 2024 ALTA SPRINGBOARD in Oklahoma City, Okla. She noted leadership is about building genuine connections with others.

From her 12 years protecting the world's most high-value assets, including U.S. presidents and first ladies, as well as interviewing terrorists, Poumpouras took away hard-won lessons on how to shape a resilient mindset, communicate with maximum impact and create authentic relationships—yes, even with the bad guys.

Good leaders know how to be strong listeners, Poumpouras said. She described watching former President Bill Clinton interact with everyone from heads of state to the public and called on an ALTA SPRINGBOARD attendee to help her demonstrate. As she bent down to look her volunteer in the eyes, she used Clinton's Arkansas drawl: "Hello there, and what is your name," she asked. "Justin," the volunteer said. "Justin, it's so good to see you. And where are you from, Justin?" Poumpouras asked. She continued the conversation, using the attendee's name approximately five times in less than a minute. Additionally, Poumpouras didn't talk about herself during the conversation, she simply asked questions and listened.

"Take people in," she said. "Open your eyes, and listen. Be there" without distractions.

The one thing she never saw a U.S. president do? Hold their cell phone—on or off—while they spoke to someone. "Put your phone *away*," she emphasized. "Phones kill trust. Just the fact that your phone is out—even if it's face down—decreases your attention by 30%."

The two characteristics people appreciate in a leader are warmth—being open, welcoming, approachable and non-judgmental—and competence.

Good leaders understand the "rules of engagement," Poumpouras said. She cautioned attendees not to cut people off or finish their sentences. In addition, she noted, it's important to be mindful of when and how you correct others.

"Being adaptable is power. When you can adapt to a situation, that gives you the power."

"The whole point is to make people feel connected," she said. "You have to build rapport."

Finally, good leaders also know how to accept and adapt both to other people and situations. "People have difficulty accepting the reality of a situation," she said. But until you can accept the obstacle or the person you're speaking with, Poumpouras added, you won't be able to adapt to it.

"Accept the truth of what truly is," Poumpouras said. "Accept both the person and the problem—that does not mean *agreement*."

You can accept a person or situation without agreeing with them, she noted. She gave an example about questioning a terrorist. Of course, she didn't agree or condone with what the terrorist was accused of doing, but she had to accept who he was and how he thought to build trust so he would answer her questions honestly.

Evy Poumpouras, a former Secret Service Special Agent, speaks at the 2024 ALTA SPRINGBOARD.
Photo credits: Shawn Sullivan

Her point was that no matter the situation, whether in your personal or professional life, you must be able to accept what's happening in the now before you can have any influence over it.

"Being adaptable is power," Poumpouras said. Attempting to make others adapt to you is not leadership, "but when you can adapt to a situation, that gives you the power."

Identifying Fraud Trends

ALTA Board Governor Craig Haskins, CEO and president of Knight Barry Title Inc.; ALTA member Tyler Newlon, executive vice president of Pioneer Title Agency Inc.; and ALTA member Jeff Richardson, CIO of Shaddock National Holdings.

Real estate wire fraud and seller impersonation fraud were the key topics of conversation during an Idea Festival at ALTA SPRINGBOARD. ALTA Board Governor Craig Haskins, CEO and president of Knight Barry Title Inc.; Tyler Newlon, executive vice president of Pioneer Title Agency Inc.; and Jeff Richardson, CIO of Shaddock National Holdings, helped attendees understand what their businesses are up against during a panel on industry fraud trends.

"Fraudsters have gotten pretty impressive and brave," Newlon said. "My title insurance company has seen every party in a real estate transaction participate in a seller impersonation fraud case from the notary on down."

The best way to prevent real estate-related fraud is to get involved at the beginning of every transaction and communicate with all parties in the transaction, he noted. "Make sure you start early and communicate," Newlon said.

ALTA SPRINGBOARD

Take Your Business to the Next Level

Getting Started With an Artificial Intelligence Strategy

ALTA President Don Kennedy and Argun Kilic, CEO and co-founder of Areal.ai, during a panel discussion at ALTA SPRINGBOARD on artificial intelligence.

Seeing a new technology like artificial intelligence (AI) catch fire often is exciting and intimidating. ALTA President Don Kennedy sat down with ALTA members Argun Kilic, CEO and co-founder of Areal.ai; Hoyt Mann, president and co-founder of Alanna.ai; and Matthew Younkle, CEO and co-founder of Pythonic Corp., to discuss the benefits and challenges of incorporating an AI technology into a title insurance operation.

AI is an umbrella term that in its simplest form refers to the science of making machines that are focused on mimicking human tasks. Branches of AI include machine learning, which allows a system to learn from experience rather than being explicitly programmed to do a task; deep learning, a more complex type of AI involving neural networks that allows computers to observe, learn and react; and natural language processing, which is used to understand and process human language, such as in speech recognition and text analysis applications.

But knowing what AI is and knowing how to utilize it are two different things. Start small, Mann suggests. "We probably each could think of a few daily tasks that don't use a lot of brain power that AI could take on for us," he said.

"Pick a few small tasks and use AI to solve them," Younkle continued. "If you had an army of interns at your agency, what would you have them do?"

Running a business is time consuming, but you can get started by tasking AI with managing your calendar, building an email list or transcribing meeting notes, giving you more time to focus on your customers—or your next big idea.

Once you are aware of the tasks you'd like to hand off, you can begin to look for appropriate AI vendors. Finding the right vendor that fits your business can be a project in itself. "Look for success stories," Kilic said. "Has the vendor done this before? Do they have references? What does success look like? Make sure your vendor can answer that question."

Security is another issue you need to be aware of when interviewing vendors. "Ask for a copy of their information security policy and proof of insurance," Younkle said. "Get written confirmation that they're not sending your data to a third party to train other AI models."

Of course, once you've selected a vendor, deployment challenges remain. Most of the time, the major obstacle is your internal team's attitude about the technology. "I think it's psychological," Mann said. "There is a high amount of fear that there is something not human inserting itself between you and your customer."

No AI application is perfect, and there are still plenty of bugs to work out. For example, ChatGPT is a popular generative AI application that is trained to follow a user's instructions in a prompt and provide a detailed response. However, because ChatGPT has been directed to provide a response, "occasionally, it will hallucinate" if it can't find the correct answer on the internet, Kennedy said.

"That's a major problem that we see," Kilic said. ChatGPT "will force itself to give you an answer" and confidently provide incorrect information.

Mann said there's no need to be afraid that AI will take your job. "AI is not perfect, nor will it be. AI is not going to be (human) and never will be," he added.

"A lot of those good conversations you're having with customers are already becoming fewer and fewer because your workload is so great," Mann continued. Humans "are under pressure to be more productive: We're trying to answer more email, more phone calls, and a lot of time that's after hours. To have AI take on some of those tasks—some of that pressure—is something we all need to get our heads around. I don't want our industry to be the one with its head stuck in the sand because we're afraid."

MEGAN HERNANDEZ, *ALTA's director of public relations and marketing, can be reached at mhernandez@alta.org.*

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18 House Democrats Question Title Waiver Program

Misguided Pilot Faces Bipartisan Criticism

A group of 18 Democratic members of Congress sent a letter to President Biden expressing concern with the administration's program that will waive the requirement for lender's title insurance on certain refinances.

The letter—led by Rep. Wiley Nickel (D-N.C.)—highlighted the important and proven role title insurance plays in protecting homeowners and lenders and the unnecessary risk the title waiver pilot will place on the government sponsored enterprises (GSEs) and the broader housing finance system.

"While well-intentioned, this pilot program will not address the true issue of housing affordability in our communities and puts homebuyers at risk," the members wrote. "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."

The letter was also signed by Reps. Jake Auchincloss (D-Mass.), Lou Correa (D-Calif.), Jim Costa (D-Calif.), Joe Courtney (D-Conn.), Angie Craig (D-Minn.), Henry Cuellar (D-Texas), Vicente Gonzalez (D-Texas), Josh Gottheimer (D-N.J.), Joe Morelle (D-N.Y.), Scott Peters (D-Calif.), Brittany Pettersen (D-Colo.), Deborah Ross (D-N.C.), Brad Sherman (D-Calif.), Ritchie Torres (D-N.Y.), Marc Veasey (D-Texas), Jennifer Wexton (D-Va.) and Nikema Williams (D-Ga.).

"While we must find ways to lower housing costs, allowing the GSEs to assume unnecessary risk outside their core mission, possibly violating their charters, is not the path we should take. Fannie Mae and Freddie Mac have been under federal conservatorship since the last time they took on too much risk and helped create the 2008 financial crisis," the letter said. "We cannot afford to repeat the mistakes of the past. While we work to address the nation's housing affordability crisis, the GSEs must stick to their core mission of providing liquidity and stability to the mortgage market. Expanding into new, primary market lines of business and acting as an insurer while in conservatorship goes well beyond what the Enterprises are permitted to do and puts taxpayers at great risk."

In August 2023, Fannie Mae and the Federal Housing Finance Agency (FHFA) confirmed to ALTA that the title waiver pilot program was abandoned—a decision overridden by the administration.

ALTA commended the leadership of Nickel and his Democratic colleagues in raising their serious concerns about the administration's title waiver pilot program.

"It might sound like a good idea on the face of it, but this program is flawed— removing the expertise and protections provided by title professionals and doing little to promote homeownership affordability for those who need it the most while heightening risk at Fannie Mae and Freddie Mac," said Diane Tomb, ALTA's chief executive officer. "It is encouraging to have such thoughtful members of Congress who understand the importance of sound housing policy."

The letter encouraged the administration to focus on efforts that will truly increase the supply of affordable housing and bring down prices in communities.

"The proposed title waiver pilot misses that mark, and we ask that you reconsider moving forward," the letter said. "While we understand the enormity of the housing affordability crisis, shifting risk from the well-regulated title insurance industry to the GSEs and pushing small businesses out of the real estate ecosystem is not the right path forward to address that crisis."

The misguided title waiver program has faced bipartisan backlash from members of Congress since being revived ahead of the State of the Union. In March, three Republican members from the House Financial Services Committee—Warren Davidson (R-Ohio), Bill Huizenga (R-Mich.) and Andrew Garbarino (R-N.Y.)—wrote a letter to the FHFA questioning whether the program conflicts with the agency's Prior Approval for Enterprise Products rule.

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AVOIDING TECHNOLOGY DEBT

In Spite of Industry's Digital Transformation, Not Every Business Owner Is Happy With Their Tech Investment

By Hoyt Mann

IT'S LONG PAST NEWSWORTHY TO SUGGEST THAT THE TITLE INDUSTRY HAS UNDERGONE A DRAMATIC DIGITAL UPGRADE. In fact, most agree that the first wave of automation is already complete. While many will ask the question "What's next?" when it comes to the next phase of digitalization, there is also another significant group of title agents and business owners who are looking back on their technology decisions and investments with regret.

That's not to suggest that there are still (many) decision-makers who wish they hadn't automated some or all of their processes. You won't find too many executives longing for more manual key mashing or data extraction in their workflows. But you will find an unfortunate number of businesses that, rather than seamlessly transitioning into their new, automated workflows, are learning that their tech strategy was off-target, or that the systems promised them weren't what they were advertised to be. These are the title businesses attempting to move forward from technology debt.

A business is likely to experience technology debt when it takes on a new technology without allocating sufficient human resources to implement, maintain and/or update the new solution—including adequate and continuous training.

This results in unplanned or unexpected (and possibly expensive) maintenance and a constant shuffle of staff to meet these needs—none of which likely merited a PowerPoint slide during the introductory demo of the product. Unchecked technology debt can lead to unbudgeted expense and a dismal ROI for the technology.

Whether a business has selected the wrong product or didn't understand fully the time, cost and labor the solution would demand after the point of implementation, most technology debt can be avoided. Here's how.

Know Your Business Needs First

Let's face it, we've all been tempted at some point during our lives to make an impulse buy based upon great advertising or a cool new feature. We can also agree, however, that procuring and installing a complex technology for a business should be anything but an impulse buy. And yet, otherwise sophisticated owners and agents have occasionally been known to start their workflow overhauls after being convincingly pitched by a vendor at a trade show, or hearing about an intriguing feature of a solution from a friend or colleague.

It holds true in business just as it does in daily living: know thyself (and thy business)!

Yes, few owners would believe (or admit) they don't really know their operations inside and out. But they often learn—often after spending a handsome sum on a new technology—that they may have underestimated some of their weaknesses or overestimated some of their strong points. Start with an objective, top-to-bottom evaluation of the business. If needed, bring in a qualified, experienced third party to help with the process. The strategic assessment should provide a good, hard look at existing software, any and all hardware, infrastructure and an honest, critical assessment of what the team members can and can't (as well as will and won't) do.

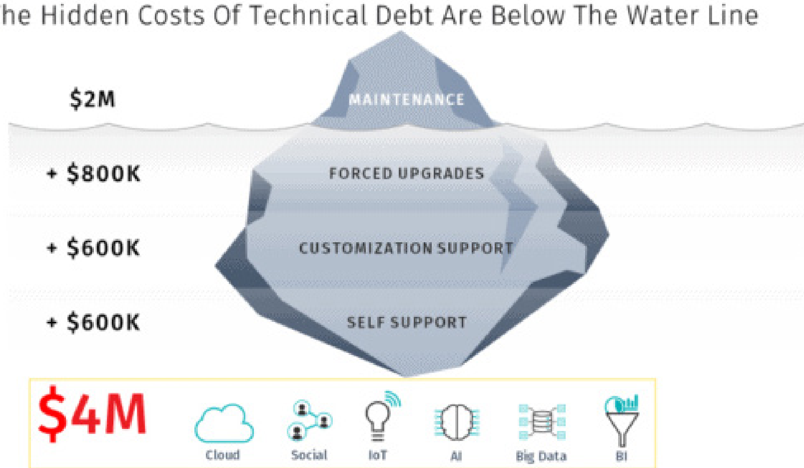
The audit should identify any outdated or obsolete systems in place, such as chokepoints in the workflow and areas where manual processes dominate. Anywhere an employee is transferring data from one system to another or extracting and/or inputting data by hand is suspect. When it comes to workflow management, keystroking is always a red flag.

Time to Prioritize Needs and Select the Best Route to Optimization

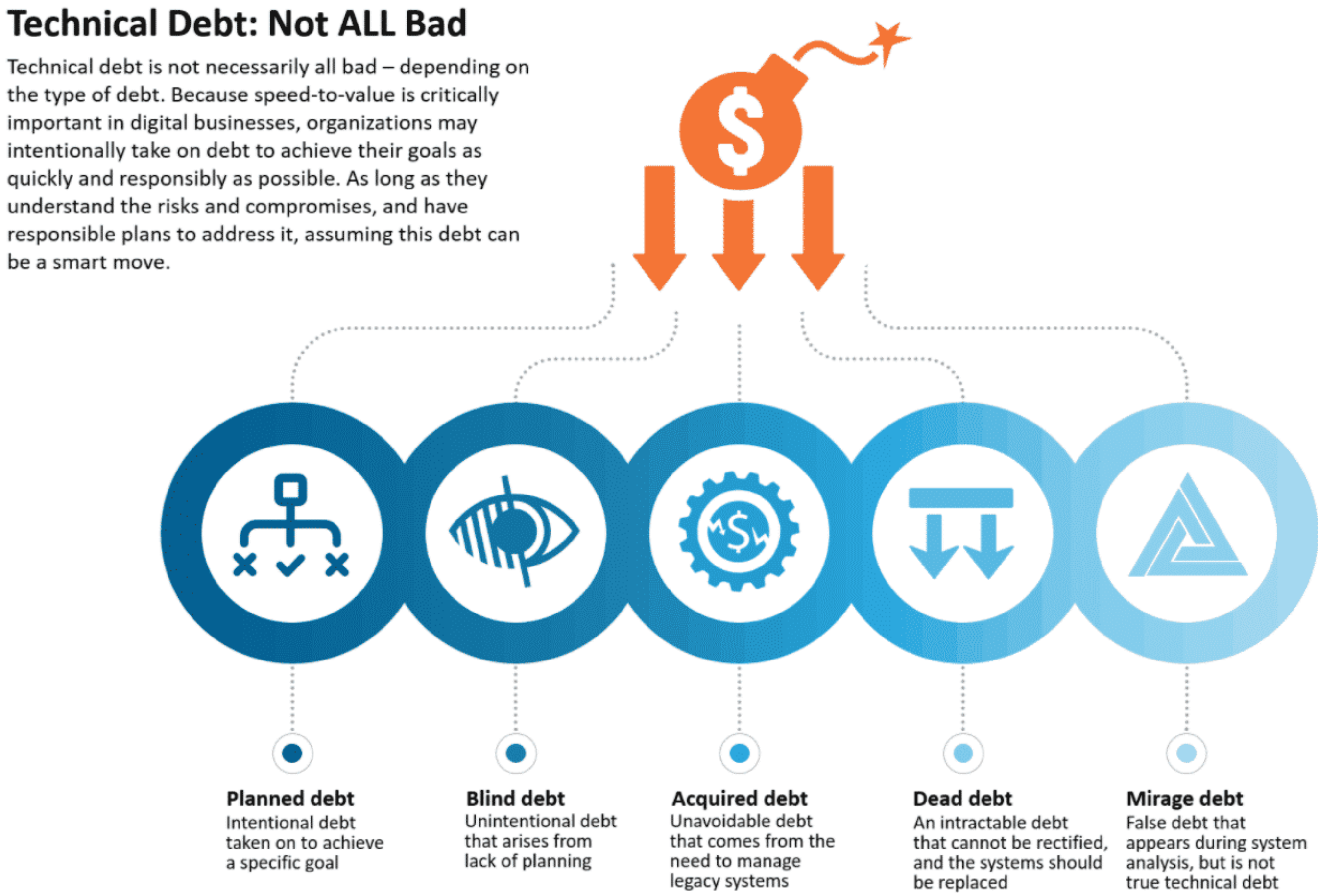
From here, the decision-making team or individual should be able to perform a strategic triage of sorts and decide which elements of the workflow and operation as a whole need entirely new systems, upgrades or other solutions in order to realize the optimal improvement in the operation. Now is also the time to make the decision to modernize, replace or integrate systems, possibly even outsource. Again, there are any number of qualified consultants and third-party experts willing and able to help and the expense of a great consultant at this stage of the process will be miniscule in comparison to the technology debt that could arise from poor planning.

Once a business has decided on the best solutions for its most pressing business needs, it's time to shop. This is where "doing one's homework" is imperative. For example, does one of the pieces in your existing tech stack already have the capability to do the same things as the new solution you're researching? Many agents and owners don't realize that their current title production platforms, for example, have other capabilities that could be better utilized or unlocked

The Hidden Costs Of Technical Debt Are Below The Water Line



Source: Rimini Street, February 2020



Everest Group Application Modernization for Digital Transformation: The Rise of Good Technical Debt

for a fraction of the cost of buying a new piece of software. At the same time, double and triple check before making a final decision about any elements of your operation that will stay on after the transformation. You'll want to know beforehand if any existing systems are (or are likely to be) incompatible with the new elements being integrated.

Traps, Pitfalls and Things to Look For

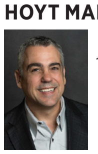
Beware of hidden costs! How disruptive is the implementation? Can you continue performing the day-to-day tasks of your operation while it's new systems are being deployed? How long will it take to train your team, how often does it need to happen and—most importantly, does the provider invoice for that? Is the new system relatively "future-proof?" If and when the rapidly escalating pace of digital evolution catches up with your system, is it a simple matter of accessing the cloud or tapping into an open application programming interface (API) to make that upgrade? Is there a cost? Is your provider always on the lookout for improvements and upgrades, and do they keep you informed?

Finally, how easy is it for your team to access the new solution, if needed. The cloud is always a great option, where available, but there are other solutions that allow ease of access and use (including work-from-home scenarios). Of course, this should be balanced with any potential security issues, depending on what the system does and what access it has to your sensitive data.

Similarly, the user interface (UI) is one of the main determinants for how well your employees will not only buy into a new system, but also utilize it at maximum efficiency. It's often a great idea to have a few of your key employees—not just executives, but managers, frontline specialists and the like—kick the tires thoroughly *before* the purchase has been completed.

It has been breathtaking to experience the pace at which the title industry has entered the digital age. There's still more digitalization (and development) to be done, however, and avoiding technology debt will be just as critical as agents and owners fill in the remaining gaps in their operations. For those willing to invest the time (and even money) to methodically build their tech strategy, the odds of experiencing technology debt are significantly less. It's a decision no less important than determining a business model or choosing a growth strategy. There's simply no place in the process for impulse shopping or leaping before you look.

HOYT MANN *is president and co-founder of alanna.ai, which provides a conversational ai virtual assistant serving as a communications hub between title agents and their clients nationwide. He can be reached at hoyt@alanna.ai or go to alanna.ai.*



Title Company May Rely on Default Judgment of Quiet Title

Citation: *Crehan v. McGuire*, *No. 362997, 2024 WL 295805 (Mich. Ct. App., Jan. 25, 2024).*

By Lauren Foster

Facts

Thomas McGuire received a warranty deed to Michigan Shores property from New Hope Baptist Church in January 2002. In March 2002, Matthew Crehan received a quit claim deed to the same property from Hosanna Christian Church Inc. (f.k.a. Muskegon Missionary Tabernacle Inc.). In May 2015, McGuire filed a quiet title action against Crehan, which resulted in a default judgment against Crehan. Thereafter, McGuire sold the property to a third party. Oceana Land Title Agency Inc. (OLTA) issued the title insurance policy.

In 2021, Crehan filed suit against McGuire and OLTA alleging they should have known that New Hope Baptist Church was not in the chain of title and alleging process errors in the 2015 default judgment against him. The trial court granted summary judgment to McGuire and OLTA, and also awarded OLTA its attorney fees.

Holding

The court held *per curiam* that Crehan's complaint against OLTA was "devoid of legal merit" and thus the award of attorney fees was not an abuse of discretion. The court noted that OLTA did not issue title insurance on the property until after the clouded title was resolved by the default judgment. At that point, "OLTA was free to rely upon that judgment when issuing title insurance."

Importance to the Title Industry

After the title agent flagged a cloud on title to the owner, the owner filed a quiet title action and received a default judgment. It was then proper for the title insurer to rely on the judgment and issue title insurance. The title agent did not have additional duties under state regulations, such as conducting further research at the county register.

LAUREN FOSTER, *senior attorney in the transactional services center for the law firm Paul Hastings LLP, can be reached at laurenfoster@paulhastings.com.*

Defining Your Brand

as a Title Insurance Agent

Between homeowners seeking peace of mind and lenders looking to protect their investment, the path to effective branding of a title insurance business is intricate. In reaching your target audience, it's important to consider diverse stakeholders, including real estate agents, brokers, attorneys and loan officers. Your strategy should address the needs of both your customers and the professionals who shape the real estate transaction. Let's explore how to create a brand that resonates with all parties involved.

10 Essential Brand Elements

1. **Logo:**
   - Having a well-designed logo is important. A recognizable and easy-to-read logo or brand mark will help identify you in the channels where you advertise.
   - Simple and sizeable: Most of your clients and consumers will find you while searching on mobile devices. In the United States, it is reported more than 80% of internet users access the internet through mobile devices. If your logo is too complex, it will be hard to read or recognize when reduced to the size of a mobile screen. The average profile picture space on social media sites is only 300 x 300 pixels!
2. **Color and Imagery:**
   - The colors you choose can have a big impact. Whether they are bold and bright, or subtle and subdued, color lends tremendous weight to how your clients view your brand. Colors increase brand awareness.
   - Color also affects the mind and body! It is proven that primary and secondary colors evoke strong emotional, psychological and even physiological responses. For example, red can actually raise your pulse and blood pressure.
   - The same responses also apply to imagery. Pick a few key words that embody your company and values. Think about the quick "elevator pitch" describing what you do. When you market yourself, be sure to pick images that match those words. This helps reinforce your identity in the marketplace.
3. **Consistency:**
   - Establish a cohesive brand identity. Use consistent colors, fonts, and logos across all channels—your website, social media and marketing materials. A unified brand builds trust and recognition. Although your communications will be tailored to each audience, you'll need to keep consistency within your messages, since many of your target audiences will overlap.
4. **Content is (still) key:**
   - If the real estate mantra is location, location, location, the marketing mantra is content, content, content! Create informative content about title insurance. Blog posts, videos and infographics can explain the importance of title insurance, demystify the process and address common questions. Online software (such as Canva® or Adobe Express®) is available with free or low-cost access to powerful social media, video and presentation creation tools.
   - Looking for more resources for marketing content? Check out Old Republic Title's ezMarket™ for customizable collateral, or ezShare™ for ready-to-share social media content.
5. **Identify Your Audience:**
   - Before diving into marketing efforts, understand your target audience. Fine-tune your messaging to resonate with the group you hope to connect with. Are you looking to attract more residential clients or commercial business? Your message and marketing strategies will vary depending on the answer.
   - Demonstrate your strengths! Make a list of your customers' pain points and what your business does specifically to remedy them. You might advertise your company's ability to work through difficult transactions, including distressed properties. You could also highlight the strength and stability behind a title insurance policy to give buyers and lenders additional peace of mind.
6. **Be Authentic:**
   - Your brand is a representation of your values. Laying a solid foundation of the ideas and values your business stands for, fosters growth and opportunity. Authenticity is a key reason for doing business and should be reflected in your brand.
7. **Tell Your Story:**
   - Nobody knows the business like you do! Take that knowledge and position yourself as an industry expert. Write articles, speak at conferences and share insights. Social media is an excellent avenue for this. Using platforms like LinkedIn can spread your influence. Thought leadership establishes credibility and attracts clients.
8. **Community Involvement:**
   - Participate in local events, sponsor community initiatives and collaborate with real estate professionals. Take pictures at events and post them on your social channels. Being active in your community reinforces your brand's credibility and positions you as a good corporate steward.
9. **Online Presence:**
   - Optimize your website for search engines. Ensure it is user-friendly, mobile-responsive and showcases your expertise. Leverage social media platforms to engage with your audience.
10. **Client Testimonials:**
    - Showcase positive experiences from satisfied clients. Testimonials build trust and demonstrate your commitment to excellent service.

Remember, successful brand marketing is about consistency, authenticity and delivering value to your audience. Your story is unique and the only person who can truly tell it is you. By implementing these strategies, your title insurance business can thrive!

Industry Update

TRG to Acquire Doma

Texas-based Title Resources Group (TRG) has entered into a definitive agreement to acquire Doma for about $85 million.

The agreement would be an all-cash transaction with TRG acquiring all of Doma's outstanding shares for $6.29 a share. The transaction, which was unanimously approved by Doma's Board of Directors, is expected to close in the second half of 2024, pending certain closing conditions, and regulatory and other approvals.

"We look forward to partnering with the Doma team and providing excellent underwriting services to Doma's many strong agents," said Scott McCall, president and CEO of TRG.

According to ALTA's market share data, TRG reported $470 million in title premiums in 2023. Doma reported $302 million in title premium volume last year. Combined, the two had 4.4% market share in 2023.

Doma's underwriting and technology divisions are expected to be renamed Doma TechCo, which Doma said would continue to have access to underwriting services and continued technology deployment for Doma Title Insurance Inc.

Under the terms of the merger agreement, Doma may solicit alternative acquisition proposals from third parties during a 50-day "go-shop" period following the date of execution of the merger agreement. The Doma Board of Directors will have the right to terminate the merger agreement to enter into a superior proposal subject to the terms and conditions of the merger agreement and the payment of a break-up fee. The contract calls for a termination fee of nearly $3.2 million, unless a superior proposal is received during the go-shop period. If that happens, the fee would be about $1.8 million.

Upon closing of the transaction, Doma will no longer be traded or listed on any public securities exchange. Doma was known as States Title prior to going public in 2021.

In January 2019, States Title acquired North American Title Group's underwriter (North American Title Insurance Co.) and the majority of its retail title business (North American Title Co.) from Lennar.

Lennar, through its affiliates, has 25% voting power of Doma's common stock, and it has agreed to vote in favor of the deal. After the transaction, Lennar will hold 8.36% of the merged companies.

Last year, Doma sold its operations in Florida to Near North Title Group, its West Coast operations to Williston Financial Group and its Texas operations to Capital Title of Texas.

Court Rules for Stewart in Software Contract Dispute With Qualia

A district court in Texas issued a summary judgment in favor of Stewart Title Co., which filed a lawsuit against Qualia Lab alleging the software provider gave “improper notice” concerning the termination of its license agreement for the title production platform ResWare.

The court held that the license agreement Stewart entered in 2015 with Adeptive Software (which later sold ResWare to Qualia in 2020) could not be revoked or terminated “at-will or for convenience.”

“Qualia’s purported notice to terminate or not renew the License Agreement was improper on its face and was without factual or legal support under the License Agreement,” the court held.

According to the lawsuit, on Jan. 24, 2023, Qualia told Stewart it would be terminating the ResWare licensing agreement on Jan. 24, 2024. Qualia said it wanted to “modernize” the Adeptive agreement. According to the lawsuit, Qualia claimed the license agreement was terminable at will and demanded nearly a 400% increase in the license and user fees under a new license agreement.

The court also ordered Qualia to provide annually the key or code that gives access and use of the ResWare software to Stewart. The key or code must be provided to Stewart at least 30 days prior to the expiration of the key, or Qualia must provide a permanent key to the software.

According to the lawsuit, about 4,000 Stewart employees use the software daily.

Fidelity Acquires N.C.-based Metro Title

Fidelity National Financial Inc. announced the acquisition of Metro Title Co., which is based in Raleigh, N.C.

Established in 2005, Metro Title provides a mix of commercial and residential real estate title services to the Triangle region. David Huffstetler, president of Metro Title, has over 25 years in the title industry.

“We at Fidelity National Title North Carolina are so excited to add Metro’s talent and experience to our team,” said Ken Stone, North Carolina state manager and title counsel for Fidelity National Title. “David has assembled a gifted team at Metro Title and has become a dominant player in the Triangle real estate community. We look forward to the incredible opportunities this union presents.”

Arizona Bans Unfair Real Estate Fee Agreements

Arizona became the 22nd state to pass legislation protecting homeowners from the predatory practice of filing unfair real estate fee agreements in property records.

The Arizona State Legislature recently passed Senate Bill (SB) 1218, which includes provisions protecting homeowners from the filing of Non-Title Recorded Agreements for Personal Services (NTRAPS). Sponsored by Sen. John Kavanagh (R-Ariz.), the new law will make NTRAPS unenforceable. Arizona Gov. Katie Hobbs signed the bill into law on April 2.

SB 1218 follows the objective of similar bills introduced across the country to provide a remedy for existing NTRAPS while also discouraging these types of unfair practices impacting homeowners.

“With the passage of SB 1218, the Arizona State Legislature has proven its commitment to protecting homeowners from deceptive and predatory practices. With this legislation, Arizonans can rest assured that their largest financial investments – their homes – are not at risk to NTRAPS,” said Elizabeth Ray, president of the Land Title Association of Arizona (LTAA). “The LTAA commends our lawmakers for their efforts and particularly applauds Sen. Kavanagh for his sponsorship of the bill.”

The new law will:

- Make NTRAPS unenforceable by law.
- Restrict and prohibit the recording of NTRAPS in property records.
- Create penalties if NTRAPS are recorded in property records.
- Provide for the removal of NTRAPS from property records and recovery of damages.

Other states to pass similar legislation include Alabama, California, Colorado, Florida, Georgia, Idaho, Indiana, Iowa, Kentucky, Maryland, Maine, Nevada, North Carolina, North Dakota, Ohio, Oregon, Tennessee, Virginia, Washington and West Virginia.

Old Republic Title, CertifID Partner to Combat Mortgage Payoff Fraud

CertifID and Old Republic Title formed a strategic partnership to help prevent mortgage payoff fraud in the title industry.

Fraud has become an increasing source of loss in the real estate sector, reaching $446 million according to a recent FBI public service announcement.

More than 90% of title insurance companies reported the volume of cybercrime attempts increased or remained the same over the past year, according to a Cybercrime & Wire Fraud Study sponsored by the ALTA Land Title Institute. According to the study, about half of title companies have adopted the industry best practice of using a wire or payee verification service.

Mortgage payoffs have become the largest source of loss for title and real estate law firms due to their large transaction size at $247,000 in median loss, according to CertifID. The new package offered by Old Republic Title and CertifID is designed to address this significant source of loss risk.

"Old Republic Title continues to focus on innovation to enable the success of our direct and agency operations," said Carolyn Monroe, president and CEO of Old Republic National Title Holding Co. "We are excited to leverage the comprehensive approach to fraud prevention that CertifID provides, inclusive of software, insurance, and recovery and support services, to help prevent fraud and create the best experiences for our agents and customers, and all parties involved in real estate transactions."

Tyler Adams, CEO of CertifID, added, "CertifID applauds the leadership by Old Republic Title to invest in solutions that can reduce risk while enabling efficiency in their direct and agency operations. We look forward to working together to truly solve the issue of payoff fraud seen across the industry."

Tennessee-based Title Companies Partner to Form Malcolm Title

Heartland Title and The Title Group LLC announced a partnership to form Malcolm Title LLC.

"The collaboration with The Title Group enhances our commitment to exceeding client expectations," said Derek Malcolm, a partner in Malcolm Title. "We are thrilled about the possibilities this partnership brings, and by combining our resources and knowledge, we are confident in the positive impact this will have."

Josh Terry, partner in The Title Group, expressed similar enthusiasm about the partnership, adding, "We are excited to enter into this partnership through the creation of Malcolm Title LLC. Derek's market presence combined with our operational efficiencies, helps to strengthen our position as industry leaders in the Northeastern Tennessee and Southwestern Virginia markets."

DataTrace Expands Title Plants in Eight Florida Counties

DataTrace has expanded the depth of title plants in eight Florida counties, including Charlotte, DeSoto, Hendry, Hernando, Highlands, Martin, Okeechobee and Sumter.

The coverage now in the counties dates back 30 years and uses DataTrace's proprietary artificial intelligence and automation technology.

Customers can search the geographically indexed Florida title plants using multiple property parameters, including legal descriptions, subdivision names and assessor parcel numbers, further streamlining and accelerating the title search and examination process.

"Our ongoing investment in title plant data and automation technology reflects our commitment to help our customers grow and increase efficiency, while providing the most complete, in-depth data in the nation," said Robert Karraa, president of DataTrace. "DataTrace customers can now access and rapidly search our unmatched historical title data in Florida and the rest of the nation."

DataTrace operates digital title plants in all 67 counties in Florida. In total, the company operates over 1,800 title plants, containing data covering more than 80% of the properties in the country.

Stewart Acquires Title Agency in New York

Stewart Information Services Corp. acquired White Plains, N.Y.-based All New York Title Agency Inc.

Founded in 1995 by Joseph Petrillo and John Martin, All New York is a commercial boutique title company. The company also serves residential, condominium and multifamily markets, and supports affordable and senior housing clients.

"As a long-time agent, we have known Joe and John for many years, and have seen how they run an impressive business. We're very proud to add them to the Stewart family," said Stewart Group President Steve Lessack. "Their depth of knowledge creates a strong foundation for Stewart in serving the affordable housing community. These sophisticated, high-liability transactions involving complex mortgage stacks with letter of credit bond enhancements, often coupled with transferable development rights, particularly in New York City, require a unique skill set that they have developed. Their capable team is a valuable addition to Stewart, and we're excited about the possibilities our combined teams have."

First American Enhances Closing Solution for Multiple Commercial Properties

First American Title Insurance Co. enhanced its multisite commercial real estate closing transaction solution, a key component within its end-to-end digital platform ClarityFirst.

Designed to support single commercial transactions encompassing multiple properties across multiple jurisdictions, ClarityFirst's multisite solution provides customers and other transaction stakeholders the ability to securely upload, view and manage project documents and artifacts for multiple properties within a single platform.

"ClarityFirst's multisite solution further streamlines and improves the efficiency of even the most complex commercial real estate transaction closings, bringing more speed, certainty and simplicity to the process," said

Jayson Murray, chief product and technology officer at First American's Direct Title Group. "This industry-first innovation extends First American's leadership of the digital transformation of our industry and reflects the breakthrough work and deep expertise of our people."

NotaryCam Achieves Record RON Growth in 2023

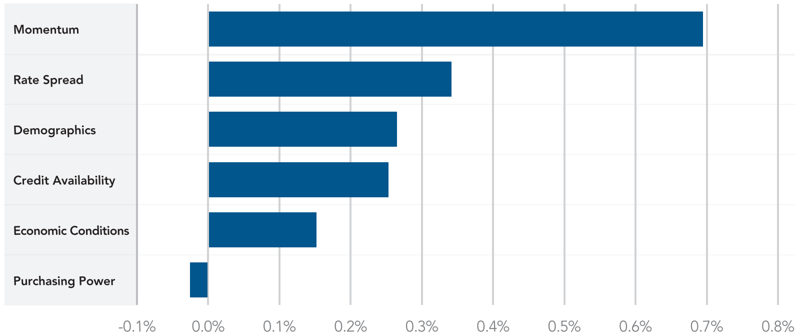
NotaryCam expanded its independent notary platform customer base by 46% and the number of loss mitigation-related remote online notarization (RON) transactions by 115% last year. The company also increased its medical credentialling remote notarizations by 45%, executing transactions in 160 out of 192 countries worldwide, and augmented its nationwide footprint by becoming an approved RON provider in North Carolina, Delaware and Illinois. With the passage of California's RON legislation in late 2023, NotaryCam also prepared its platform to begin supporting transactions in this state.

Recent Integrations

- **SoftPro** released a new integration with **American Eagle Title Insurance Co.** that allows users who are agents of the underwriter to order closing protection letters (CPLs) and access rates and forms through AE Netcom.
- **SoftPro** integrated with **Association Online** to allow users to order HOA estoppels and documents directly through the SoftPro 360 vendor portal.

Existing-Home Sales Outlook

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



4.38 SAAR
Existing Home Sales in February 2024

4.45 SAAR
Existing-Home Sales Outlook for March 2024

1.7%
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

January 2024

$354,601
House-Buying Power

-0.05%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Markets

	States		Markets
1	New Jersey **$494,611**	1	San Jose, CA **$730,532**
2	Massachusetts **$487,292**	2	San Francisco, CA **$647,602**
3	Hawaii **$476,899**	3	Washington, DC **$610,686**
4	Maryland **$464,508**	4	Boston, MA **$518,099**
5	Rhode Island **$460,520**	5	Salt Lake City, UT **$512,701**

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

Movers & Shakers

Doma Names Agency Manager for Kansas, Missouri and Nebraska

Casey Evans

Doma Title Insurance Inc. has appointed Casey Evans as agency manager for Missouri, Kansas and Nebraska. In this role, she will assist agents in developing effective marketing initiatives, as well as identifying and implementing business growth strategies specific to their markets.

Evans recently served as a new home sales consultant for Cronkhite Homes LLC. Previously, she worked in marketing for Home Mortgage Group, and prior to that, was a marketing manager for a national title agency.

Property Sync Appoints Interim CEO

Property Sync Software Systems LLC, a cloud-based SaaS title plant platform, announced the appointment of Rob Martinson as interim chief executive officer.

Martinson, who has over 30 years of experience in the technology sector, steps into his new role with a focus on continuing PropertySync's commitment to modern software solutions with best-in-industry user experience and reinforcing its position as a leader in the real estate title industry.

Martinson has held roles at Limelyte Technology Group, Inc., The Connecting Link and Triad Behavioral Health, among others.

Stewart Strengthens Texas Title Operations

Stewart Title recently hired John Nisbet as underwriting counsel. Nisbet will provide underwriting support and guidance to the company's Texas partners and agents within the Stewart Trusted Provider Network.

Nisbet brings 18 years of experience across commercial, ranch and residential transactions. After graduating from law school, he began representing equity partners in large-scale ranch projects across the Texas Hill Country. Most recently, Nisbet provided legal counsel to agents, brokerage departments and executive teams in the marketing, negotiation and sale of residential, commercial, and ranch real estate for the largest independent brokerage in South/

Left hand, Right Hand

ALTA CONTINUES TO SOUND THE ALARM AND RAISE AWARENESS

DON KENNEDY
ALTA president

that the title insurance waiver program will do nothing to help the housing affordability issue for those who need help the most and only significantly increases risk in the market.

To drive home this point, ALTA CEO Diane Tomb had an article published last month in American Banker reinforcing this point. Addressing housing affordability is important, but we should focus on true barriers such as the lack of supply and burdensome regulations versus title insurance. Those who don't understand title insurance attack the industry's low claims rate. Can you imagine what the national and individual economic fallout would be if we had similar claims rates as other lines of insurance?

Tomb wrote: "Simply put, purchasing a home with a faulty title can wipe out both the homebuyer's and the lender's interest in the property. A 70% claims rate—standard for other insurance lines—on property rights would be catastrophic to our economy. There's nothing that can be done to prevent storm damage to a home. A check can help pay for repairs. A claim against a property could mean someone loses their home."

In April, the U.S. Senate Committee on Banking, Housing and Urban Affairs held a hearing titled "Oversight of Federal Housing Regulators." The witnesses were Sandra Thompson, director of the Federal Housing Finance Agency (FHFA), and Adrianne Todman, acting secretary of the Department of Housing and Urban Development (HUD).

During the hearing, Sen. Katie Britt (R-Ala.) asked Thompson if there was a reason why the agency shifted paths and didn't go through the public notice and comment period before reintroducing the previously shelved title waiver program.

"We went through our normal process," Thompson said. "The pilot went through analysis, and we didn't do anything different or anything wrong."

The "normal process" for the title waiver pilot stands in stark contrast to how the FHFA is handling a proposal that would allow Freddie Mac to purchase certain single-family, closed-end second mortgages. The FHFA is providing a 30-day comment period. The FHFA should follow the same procedure for the title pilot.

While one hand of the federal government is looking to eliminate title insurance, another hand essentially wants to deputize title and settlement agents to help prevent money laundering in real estate. As you'll read in this edition's cover article, the Financial Crimes Enforcement Network (FinCEN) proposed a rule 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.

It's frustrating that while one part of the federal government understands our value and wants more from us, another considers us "junk fees" that can simply be waived. We know the truth and will continue to promote the industry's value.

"Jerry, you studied abroad in Europe for a semester, how do you say, 'Protect your money from closing scams when buying a home' in Mandarin?"

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