



AMERICAN
LAND TITLE
ASSOCIATION



2011 Year in Review

ALTA

LAST YEAR PROVED TO

only be an appetizer to changes on the horizon in the marketplace. Sure, implementation of the new RESPA rule, expiration of the homebuyer tax credit, lapses in the national flood insurance program, and of course the massive mortgage reform legislation all made for an unsteady market, but those were only small tremors compared to items we are contending with today. Now, we face game-changes with reform of Fannie Mae and Freddie Mac and regulators' proposed 20 percent down payment requirement for Qualified Residential Mortgages. Also, on July 21, new regulatory powers were conferred upon the Consumer Financial Protection Bureau (CFPB). One of the Bureau's chief tasks is to combine the Truth in Lending Act (TILA) disclosure and the Real Estate Settlement and Procedures Act's Good Faith Estimate (GFE). This means we will eventually contend with a new settlement statement once again.



Even with all these changes on the horizon, the association had many successes in 2011 and anticipates more accomplishments in 2012. Despite the sluggish economy over the past four years, professionals in the title insurance industry understand the value of association membership. For the second year in a row, ALTA has set record membership, which now stands at more than 4,000 member companies. Not only are we gaining new members, but we are retaining membership at an excellent rate of 85 percent. It's clear our members value the benefits of belonging to ALTA. It is with this increased support from our members that we strengthen the advocacy of the land title insurance industry that legislators, regulators and other policymakers have come to know and respect. While membership is up, we aren't resting on our laurels. Late in 2011, we launched a new membership program aimed at real estate attorneys, which provide an untapped resource of new membership. Growing our numbers will only enhance our ability to serve and protect the title insurance industry.

Over the summer, ALTA once again had the opportunity to speak before Congress. President Anne Anastasi testified during a hearing before the House Financial Services Subcommittee on Insurance, Housing and Community Opportunity about how to improve transparency in mortgage disclosures. Anastasi reiterated the importance of an Owner's Title Insurance Policy. Subcommittee Chairwoman Judy Biggert (R-IL), a former real estate attorney, agreed saying, "... not having an owner's policy is a scary thing."

We are also taking steps to increase the professionalism of our membership. In June, ALTA's Board moved to have the association begin to build a National Title Professional Program and create an education designation. While in the development stage, the designation will have several qualification requirements, including a statement attesting the applicant is, and will remain, in compliance with all state and local licensing, regulatory and legal requirements. We've discussed developing a national certification designation for some time. Now is the right time to pursue this and strengthen the professionalism and ethical standards in the industry.

As you can see, we've accomplished a lot but have much to do. With your help and participation as an ALTA member, we will push the industry forward to renewed prosperity. With record membership and financial stability, ALTA is well positioned to represent the land title insurance industry in a time when the real estate market remains fragile. We look forward to building upon our strong foundation and continuing to improve our deliverables to members in the industry.



Michelle L. Korsmo
Chief Executive Officer

THE AMERICAN LAND TITLE ASSOCIATION'S

government affairs department ensures that ALTA's positions are heard by Congress and federal government agencies before they enact legislation and regulations. We are also engaged in issues impacting the industry at the state level and to insurance regulators through the National Association of Insurance Commissioners (NAIC).

ALTA's advocacy efforts were focused on four main areas in 2011, including the creation of a new initial mortgage disclosure form that merges RESPA and TILA; GSE Reform; Dodd-Frank implementation; and private transfer fee (PTF) legislation.



Over the past year, ALTA has worked closely with the Consumer Financial Protection Bureau as it melds TILA and RESPA disclosures into one, simpler initial mortgage disclosure form.



ALTA has maintained that disclosures should be itemized, including a listing for Owner's Title Insurance. ALTA expects the CFPB to release a draft of its HUD-1 toward the end of 2011. Once we see a draft, ALTA's RESPA Task Force will share industry comments with the Bureau to ensure the best possible forms are created for the industry and consumers.

July marked the first anniversary of the passage of the massive Dodd-Frank Act. Chief concern among these new rules for the title industry is the proposed risk retention rule and the proposed definition of a qualified residential mortgage (QRM). The



proposed definition contains strict credit underwriting standards that include a 20 percent down payment requirement but is silent on collateral underwriting required for these "gold standard" mortgages. Estimates are that the risk retention requirement will add 300 basis

points to mortgage rates, further shutting out potential borrowers. Many analysts believe that the QRM will have a significant impact on the future mortgage market practices because QRMs will be exempt from any risk retention, which will make them cheaper to originate. ALTA has two objectives for our advocacy in QRM: (1) ensuring that the definition includes strong standards for underwriting the legal title to the collateral through a title search and examination backed by a title insurance policy, and (2) preventing the rule from unreasonably constricting mortgage credit.

With the financial regulation reform completed, attention turned to reforming the Government Sponsored Enterprises of Fannie Mae, Freddie Mac and the



Federal Home Loan Banks. A bipartisan GSE reform bill proposed by Rep. John Campbell (R-CA) and Gary Peters (D-MI) to overhaul the federal mortgage finance system would require the placement of title insurance on loans sold on the secondary market. While the future of this particular bill is uncertain, its title insurance language is further evidence that members of Congress from both parties agree with the common sense idea that collateral underwriting standards need to be maintained in the future housing finance system. Inclusion of this ALTA supported language is due in large part to meetings ALTA members had with members of Congress during the Federal Conference and Lobby Day in March. Due to our advocacy efforts, It's clear more legislators and regulators understand the value of title insurance as Rep. Brad Sherman (D-CA) said that you can't have high-quality loans without title insurance. ALTA will continue to lobby to ensure that any reform takes into consideration the importance of title insurance to housing finance.

ALTA's efforts to ban the use of private transfer fees made



**COALITION TO STOP
WALL STREET HOME RESALE FEES**

significant progress in 2011. Through our national public relations push to increase awareness about these predatory fees, 37 states now ban or restrict PTFs. New York will soon join the states banning these fees and we expect several other states to consider legislation in upcoming sessions. We have explained the issue to a number of federal regulatory agencies including the Federal Housing Finance Agency, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Department of Treasury and Department of Housing and Urban Development. ALTA continues to meet with Congress and the Administration to educate policymakers about consequences of these covenants on consumers and the safe and efficient transfer of real estate.

ALTA's advocacy staff spends a significant amount of time working on behalf of the industry before the National Association of Insurance Commissioners' (NAIC) Title



Agent Statistical Plan Working Group, which developed a national title agent data call. The Working Group has approved an Agent Data Call Implementation Guide to assist states in implementing the statistical report. So far, only a handful of states of shown interest in implementing the data call. Confidentiality of the information gathered is still an area where the title industry will have to push state regulators intent on adopting the data call. The NAIC Title Insurance Task Force has indicated that financial oversight will become a priority. This includes addressing title insurer solvency regulations and how to get the regulations in-line with requirements on property and casualty insurers. Regulators are concerned with how to prevent insolvencies and defalcations. Defalcations represent one of our largest regulatory risks and are very harmful to the industry's reputation. It appears that regulators may be willing to give us a little to come up with our own solutions to this problem, but they are making it clear that they are preparing to act if necessary. ALTA continues to take the issue of defalcations and solvency very seriously and are working on proposed solutions.

(TIPAC) – Power Through Political Action

The Title Industry Political Action Committee (TIPAC) is the collective voice of the land title industry and plays a critical role in advocacy on behalf of the industry as the official PAC of the American Land Title Association.

TITLE INDUSTRY
POLITICAL ACTION
COMMITTEE



TIPAC is the only political action committee of its kind, organized for the express purpose of representing the title industry on Capitol Hill.

TIPAC enables ALTA to develop relationships with members of Congress, while educating and advocating on behalf of the title insurance industry.

In 2011, TIPAC once again raised more money from more ALTA members than ever before, surpassing the record set in 2010. (Final numbers will not be available until January 2012, but as of printing, TIPAC has received more than \$260,000 from 444 title professionals.)

TIPAC once again secured 100 percent participation from ALTA's Board of Governors and set a record for the number of Diamond Club Donors (\$5,000) in 2011. TIPAC works closely with our members who serve as state trustees to promote TIPAC at state Land Title Association Conventions. TIPAC contributors are recognized monthly via ALTA's TitleNews, TitleNews Online emails, and online at www.alta.org.

TIPAC trustees will continue to deploy a comprehensive strategy and fundraising plan for 2012 to continue to grow the PAC in influence, significance and strength. TIPAC will once again aim to reach the \$300,000 fundraising goal.

To help expand the solicitable class of our PAC, ALTA established an incorporated organization of title industry professionals called the Title Action Network (TAN), with the objective of increasing ALTA's grassroots footprint by providing title professionals who are not members of ALTA a stake in the outcome of issues ALTA advocates.

ALTA OFFERED A VARIETY of meetings throughout 2011 to benefit our members, holding three major conferences as well as 12 information exchange and 15 standing committee meetings.

In order to make our meetings more accessible and affordable to members across the country, we held five Agents and Abstracters Forums, which took place in Nashville, Kansas City, Minneapolis, Las Vegas and Baltimore. These forums are low cost and provide the opportunity for agents and abstracters to meet with peers and freely exchange ideas, experience and opinions on issues that affect your business in a roundtable setting.

Other information exchange meetings held in 2011 included two Title Agents Executive Conferences (a.k.a. the Large Agents Meeting) and subject-specific meetings for Industry Accountants, Internal Auditors, Reinsurance and Title Counsel. These meetings provide a forum for industry leaders in their respective arenas to discuss issues of importance and to share best practices and lessons learned in a noncompetitive environment.

We consistently ask our members about the topics that are most important to them in order to build content targeting core business needs of our members. By being responsive to our members, ALTA has seen nearly a 20 percent increase in attendance for all meetings over the past two years despite the economy. For the fourth year in a row, ALTA was able to secure CE and CLE credit for each of our major conferences. ALTA is proud to say it offered a total of 234 hours of Continuing Education in many states from 13 sessions, and 160 hours of Continuing Legal Education hours from 10 sessions for the 2011 Annual Convention.

FEDERAL CONFERENCE

March 13 - 16

Liaison Hotel on Capitol Hill
Washington, D.C.

Nearly 200 ALTA members converged upon Washington to attend ALTA's Federal Conference. On the first day of the conference, attendees heard panels discuss the impact of last year's RESPA reform and efforts by the federal government to prevent mortgage fraud. U.S. Senator Ben Nelson (D-NE) and U.S. Reps. Ed Royce (R-CA) and Ed Perlmutter (D-CO) each took time out of their schedules to share comments on several items impacting Congress. After providing their comments, Royce and Perlmutter shared the stage while fielding questions from the audience.



The second day of the conference took members to Capitol Hill to meet their own congressional Representatives and Senators. After being trained to conduct



Capitol Hill appointments, ALTA members held more than 190 meetings with members of Congress and their staffs, offering input on how to reform Fannie Mae and Freddie Mac, RESPA Reform and the Dodd-Frank Act. Among some of the notable members of Congress Federal Conference attendees visited included U.S. Sens. Tim Johnson (R-IL) and Richard Shelby (D-AL), and U.S. Reps. Allyson Schwartz (D-PA), Ed Royce (R-CA), Judy Biggert (R-IL), Gary Miller (R-CA), Spencer Bachus (R-AL).

Mark your calendar for May 6-9, 2012, when ALTA will meet at the *Hyatt Regency Capitol Hill* in D.C. for the **2012 Federal Conference**.



BUSINESS STRATEGIES CONFERENCE

May 8 – 10

The Cosmopolitan
Las Vegas, NV

More than 200 attendees heard messages about the current state of the industry, what the

future holds and the best strategy to succeed. 2011 ALTA President Anne Anastasi opened the first day's general session touching on the importance of having Fannie Mae and Freddie Mac remain in the marketplace, and the need to continue sharing the importance of title insurance.

ALTA's
BuSiness
Strategies
CONFERENCE

CoreLogic chief economist Mark Fleming said the housing market would remain difficult in 2011, as home prices would continue to fall. David Kittle, former chair of the MBA, provided



analysis on the amount of negative equity in several markets, offered insight on the state of the lending industry, and how the industry can improve by issuing better loans and reduce fraud. Also, syndicated award-winning columnist Ken Harney complimented ALTA for its efforts to ban private transfer fees and offered suggestions to help the industry garner better press during the general session of day two of the conference. He said the No. 1 thing the industry can do to help its image is provide better transparency into what takes place during the transaction. He suggested title agents provide an ongoing series of messages to the consumer updating them on the status of the transaction.

The **2012 Business Strategies Conference** will be held March 25-27 at the Marriott Louisville in Derby City USA, *Louisville, Kentucky*



2011 ANNUAL CONVENTION

October 12-15
Charleston Place
Charleston, S.C.

The 2011 Annual Convention is once again expected to be the largest gathering of title professionals in the industry, with more than 600 of your colleagues meeting in historic Charleston, S.C.



This veritable “Who’s Who” of the title industry provides excellent networking opportunities, an active exhibit hall, and informative speakers in the general and professional development sessions. Highlights of the program include a moving presentation by a former Navy SEAL who will share how you can apply tools and techniques SEAL teams use to thrive and survive in rapidly changing and hostile environments in business situations, anytime, anywhere. To help you explain the value of title insurance to others, professional speaker Sue Hershkowitz-Coore will give a dynamic and funny presentation on connecting with individuals on an emotional level in a transparent and authentic manner. 2011 ALTA President Anne Anastasi and 2012 ALTA President Chris Abbinante will join RESPA attorney Phil Schulman to discuss how recent legislative and regulatory changes and further alterations will influence the marketplace. Finally, Fannie Mae Chief Economist Doug Duncan will provide analysis on the latest economic statistics and explained how it will impact the future real estate and mortgage markets heading into 2012.

ALTA is planning a tremendous program for the **2012 Annual Convention**, which will be held from Oct. 17-20 at the Broadmoor in Colorado Springs, Colorado.



IN 2011, ALTA'S LAND TITLE INSTITUTE (LTI) continued to enhance and expand its Continuing Education (CE) and Continuing Legal Education (CLE) offerings at all ALTA major meetings. This year more CE and CLE hours were offered to members than ever before. These professional development sessions offered at the meetings continue to attract our members, and more attendees are taking advantage of the CE and CLE hours offered.



In addition to credit offered at the meetings, customers were looking to earn CE credits without leaving the office. The number of online course enrollments and CE credits awarded for the distance learning courses continued to be strong in 2011. We expect the trend to continue in 2012.

LTI continues to focus on directing in-house and volunteer resources towards building a solid and comprehensive curriculum to serve the land title industry. Working with the ALTA Education Committee, staff continues to engage in ongoing aggressive marketing efforts, including monthly product specials and strategies to capture the enthusiasm of current students.

LTI changed its online course vendor in April of this year. The new system is more accessible and allows LTI staff to respond to the needs of students more quickly. LTI staff is currently updating the extremely popular "Title 101" and is also in the process of finalizing the "Closing and Escrow 101" course. LTI hopes to launch both courses in the upcoming year. In 2012, LTI will also strive to create new products and courses to help both you and your business succeed.

AS THE NATIONAL VOICE for the title industry, ALTA informs federal policy makers, state regulators and legislators, the media and consumers about the value of title insurance. Through all of our communications, ALTA is unifying the message of the title industry's role in the economy.

ALTA provides an information pipeline through various communications that can be shared with customers and clients, helping to position you as an industry expert.



Our information vehicles include the monthly print magazine, TitleNews, and several emails, including the weekly Advocacy Update, twice weekly TitleNews Online and daily News You Can Use. In 2012, we expect to offer members the ability to manage their subscriptions via ALTA's web site to our various communications.

To help ALTA get its message across to key stakeholders, the Communications Department has collaborated with the Government Affairs team. Due to this effort, we have already become more engaged in releasing statements about items impacting the industry, including the CFPB, and have been able to be included in many more articles carrying ALTA's message than the past.

While the media barrage following the foreclosure paperwork



issue has waned somewhat over the past year, questions about MERS and court rulings continue to keep the attention on our industry. ALTA persists to engage with various reporters wanting to know how lenders' processing errors would impact homeowners and sharing how title insurance protects consumers, lenders and investors. As a sign that more journalists are hearing our story, a positive article titled "3 reasons every homeowner needs title insurance," appeared on Fox Business in May. The article says that the "robo-signing scandal and the explosion of mortgage fraud make it clear that – given the reliance on computer data – title insurance is more necessary than ever."

To keep the positive momentum, we have developed an article titled “Title Insurance Vital to Protecting Homebuyers” to help combat misconceptions in the marketplace stemming from the foreclosure paperwork issues. The article explains what title insurance is, the different title insurance policies, the steps taken to issue a policy, how it differs from other insurance products, how a policy can protect consumers and what questions consumers should ask before purchasing a policy. The article can be a useful tool for members to submit to their local newspapers in order to educate consumers on the value of title insurance and the importance of purchasing an owner’s policy. We encourage members to put their name on the article and include contact information and a descriptive sentence about themselves and their company. This will help establish the ALTA member as a contact for future articles from that publication.

Proposals to make refinancing available to more homeowners also have drawn interest from reporters writing articles about title insurance. ALTA responded to two articles published in September that said the title industry is not transparent and has high costs related to refinances. In less than 24 hours, ALTA responded to both articles to explain the inaccuracies. The articles remind us of the importance of reaching out to consumers and transparency in our business. We will continue to remain vigilant for more stories on the industry. If you see something in your local paper or other news source please forward it to ALTA Director of Communications, Jeremy Yohe, at jyohe@alta.org.

With ALTA being proactive with the media, we were quoted in more than 50 national publications in 2011, including the Wall Street Journal, The Washington Post, The Washington Examiner, Bloomberg, The Hill, HousingWire, Inman News, National Journal, National Mortgage News, The Title Report and The Legal Description, among others.

Bankrate once again released its annual report on state-by-state closing costs over the summer. While the study shows title insurance costs changed little from 2010, Bankrate again relies on a faulty methodology of collecting data and fails to accurately describe the true cost of title insurance. ALTA will continue to work with Bankrate in an effort to get more accurate numbers.

We also continue to expand the association's social media presence in an effort to educate a broader spectrum of people about the industry's value. ALTA now has a stronger presence on LinkedIn (American Land Title Association group), Facebook (facebook.com/altaonline) and Twitter (@ALTAonline).

Stay connected with ALTA



Earlier this year, ALTA unveiled a new tool to help members communicate and market their services. Annual Convention and Business Strategies Conference attendees

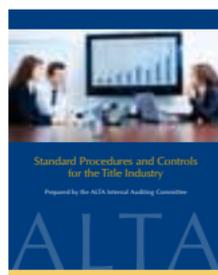
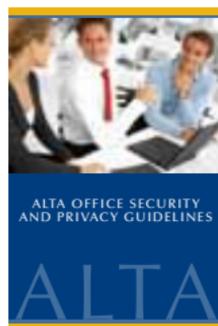


recorded a short video message promoting their company. The personalized recording was included in a one-minute video promoting the benefits of title insurance. The video can be used to help market your company by putting it on a company's website; social media pages (Facebook, Twitter, YouTube, LinkedIn); or link to it from email. We plan to offer this during future meetings.

2011 once again proved to be a banner year for ALTA membership, which is now at an all-time high of more than 4,000 companies – representing a 60 percent increase over the past decade. ALTA boasts a diverse membership base, with the majority of our members being small agents that rely on the benefits provided by ALTA to succeed in the marketplace. Over the past year, we added roughly 750 new members.

ALTA provides many resources for members to differentiate themselves in the market. To help members improve their operations and gain a competitive advantage, ALTA also created two new documents. The ALTA Office Security and Privacy Guidelines Booklet provides guidance on how to protect sensitive customer and company information and should be considered when your company develops or updates office security and privacy policies. Meanwhile, the Standard Procedures and Controls for the Title Industry is a guide offering minimum internal control procedures that should be implemented within each title company to ensure the acquisition or transfer of property is handled with a maximum degree of efficiency, security, and safety. These guidelines will help improve the title industry by imposing consistent and fair standards against which every company is measured.

ALTA also updated its Abstracter and Title Agent Operations Survey, a nationwide survey evaluating the current status and operations of the industry at the agent and abstracter level. For the first time, the survey also looked at the industry's curative and loss mitigation efforts and the current state of regulatory affairs regarding state and national statistical calls. The survey is a great yardstick to compare your operation with industry averages.



The association recently published its 2010 Title Insurance Industry Data book. Since 2003, ALTA has sponsored the collection of financial and market share data for the title insurance industry. The Data book contains various compilations of family and industry statistics for financial data and various market share reports. Each quarter ALTA releases Title Industry Financial and Market Share Data and provides an overview of the strength of the industry.



ALTA has partnered with two companies, FedEx and MobileSecure, to create discount programs for members that will benefit their businesses. The FedEx program offers ALTA members significant discounts on shipping and ground services. The MobileSecure Laptop Protective Services offers ALTA members a discounted rate on a service that protects data on company laptops, in the event that they are lost or stolen.



These exclusive tools help members differentiate from non-members and can even help streamline your business. Make sure you are utilizing all the benefits ALTA membership offers.

2012 MAJOR MEETINGS



2012 Federal Conference and Lobby Day
May 6 - 9, 2012
Hyatt Regency Capitol Hill • Washington, DC



2012 Business Strategies Conference
March 25 - 27
Marriott Louisville • Louisville, Kentucky



2012 Annual Convention
October 17 - 20, 2012
Broadmoor • Colorado Springs, Colorado

2011 STRATEGIC PARTNERS

ALTA's Partnership Program is an opportunity for leading and progressive industry companies to actively support ALTA's mission by providing members and other title industry professionals with the tools necessary to achieve success and efficient business operations. Below is the list of ALTA's 2011 Industry Partners.

DIAMOND PARTNER



PLATINUM PARTNERS



First American



GOLD PARTNERS



stewart

SILVER PARTNER



BRONZE PARTNERS



[r] require
REQUIRE TRACKING

AMERICAN
LAND TITLE
ASSOCIATION



American Land Title Association®

1828 L Street, NW, Suite 705
Washington, DC 20036-5104

p. 202.296.3671

w. www.alta.org

e. service@alta.org