

September/October 2007

Official Publication of the
American Land Title Association

Title News



ALTA Launches a New Consumer Web Site

The Way We Were 1989-1998 **14**

Solving the Three Biggest Marketing
Mistakes Title Companies Make **28**

Twenty New Ways to Make Money
with Your Title Company **32**

2007 Member Vendor Directory **38**



100 years of good deeds.



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INSURANCE GROUP



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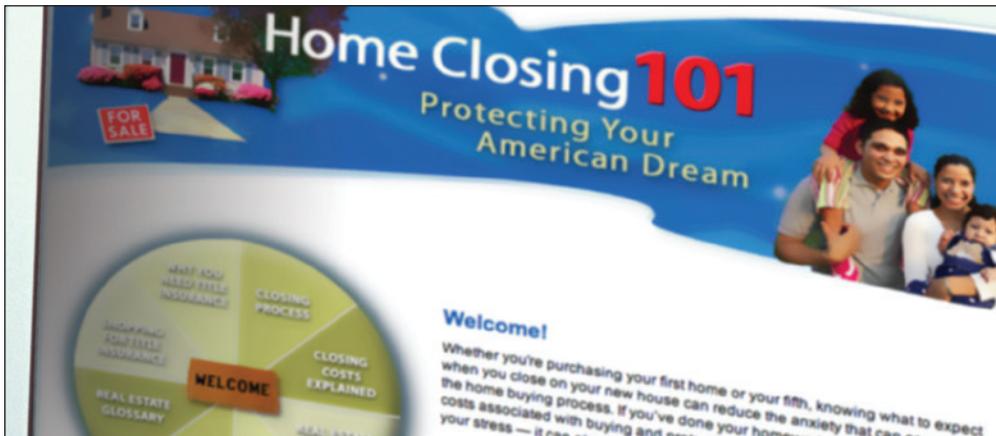


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Old Republic National Title Insurance Company
Old Republic General Title Insurance Corporation
Mississippi Valley Title Insurance Company
American Guaranty Title Insurance Company

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2007 Member Vendor Directory

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by Lorri Lee Ragan

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Date	Event
October 10-14	ALTA Annual Convention Hilton Chicago, Chicago, IL
March 10-12	2008 Federal Conference The Grand Hyatt, Washington, DC
April 13-15	Tech Forum 2008 Mandalay Bay Resort & Casino, Las Vegas, NV

STATE CONVENTIONS

September 6 - 9	Maryland
September 9 - 11	Ohio
September 12 - 14	Arizona
September 12 - 15	Colorado
September 13 - 15	Indiana
September 13 - 15	North Dakota
September 14 - 16	Dixie Land (AL, GA, MS)
September 14 - 15	Missouri
September 19 - 21	Nebraska
November 14 - 16	Florida
December 6 - 8	Louisiana

TitleNews

PUBLISHER
James R. Maher

EDITOR IN CHIEF
Lorri Lee Ragan, APR

DESIGN/ELECTRONIC
PRODUCTION MANAGER
Shawn Sullivan

ASSOCIATION OFFICERS

PRESIDENT
Gregory M. Kosin
Greater Illinois Title Co.
Chicago, IL

PRESIDENT-ELECT
Gary L. Kermott
First American Title Insurance Co.
Santa Ana, CA

TREASURER
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UNDERWRITERS SECTION
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Richmond, VA

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Lenders Title Company
Little Rock, AR

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ABSTRACTERS AND TITLE INSURANCE
AGENTS SECTION
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Land Title Guarantee Company.
Denver, CO

Jack Rattikin, III
Rattikin Title Company
Fort Worth, TX

IMMEDIATE PAST PRESIDENT
Rande Yeager
Old Republic National Title Insurance Co.
Minneapolis, MN

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 point of view

EMBRACE CHANGE



It is hard to believe that my year as president of ALTA is coming to a close. It has been an honor to travel to various states and meet with the many dedicated professionals in our industry. We should all be proud of our profession.

The GAO Report issued in April provides a good roadmap for improving oversight of the industry and for protecting consumers. Generally, ALTA supports the recommendations offered by the GAO. But we will have to work hard to implement those recommendations and make commitments to promote behavior that will benefit consumers and enhance the reputation of the industry.

Simply, we must embrace change. We must embrace change in the industry and we must embrace change at ALTA.

Crisis is a great motivator for change. In successful change efforts, people find ways to help others to see the problems or solutions in ways that influence emotions. Change pushes you out of your comfort zone, and then, it pushes you to your personal best. The key is always about changing the behavior of people.

To address change in the industry and before I leave office in October, I will be outlining the implementation of a Multi-Faceted Plan for Improving Oversight of the Industry and Educating and Protecting Consumers. This Plan will include introducing ALTA's Principles of Conduct which will include proactive programs for members, ALTA and our regulators. ALTA will launch a comprehensive Consumer Education Program which will include a Capitol Hill Outreach Program.

ALTA will also hire a state legislative/regulatory staff person to monitor state issues and develop relationships with state regulatory agencies. With this new person in place, ALTA will be formulating an Outreach Program to state associations and state regulators to formalize a regulatory coordination plan with the title industry and other real estate related industries.

To address change at ALTA, we will launch new and positive initiatives to address the needs of current and new members to give them a compelling reason to join our association or maintain their membership in ALTA. Organizational changes will also occur.

These are our challenges and I will not accept the excuse that they can't be done.

Even if change starts at the top, it can easily die somewhere in the middle. Sometimes, change must come from both the top down and from the bottom up. That's where ALTA members come into the picture.

We can all be leaders in this industry. Leadership knows no age nor is it limited by rank. Leadership is saying 'yes' to the right kind of responsibility and saying 'no' to the wrong kind of temptation.

Leaders also bring sides together. The programs outlined above are programs that agents and underwriters can unite upon as they are proactive and constructive. This is the strong forward looking action that I called for nearly one year ago in San Francisco. The time has come for agents and underwriters to understand and respect each other.

The time is here. The need is now.

You are all leaders and you can all make a difference in this industry.

I look forward to your feedback and your leadership as we move forward together and embrace the changes we face.

Thank you very much for your support this past year. I hope to see all of you in Chicago.

– Gregory M. Kosin



You can't automate dedication.

There's no button on your keyboard for instant dependability. There's no software program that can give you sound advice on real estate transactions. It's true that automation has taken our industry to a new level. But behind the computers, you still need real people.

For every kind of customer we serve, throughout every step in the real estate transaction process, LandAmerica's Agency Services Team has a solution. That is why so many of our Agent Partners select LandAmerica. We believe the entire experience should be seamless, efficient and enjoyable for everyone involved. Our dedication to providing our Agent Partners with products and services that save them time and money, and help them grow their business, is what sets LandAmerica apart. To find out how you can become a LandAmerica Agent Partner, use our website or phone number listed below.

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news

We Need Your Curative & Claims Stories

You can win \$500 for yourself or a colleague. How do you win? Simply by sending us an example of how your heroic curative work cleared a title defect so that the closing could be completed or how an Owner's Policy helped a consumer with a claim. Please spread the word to your processors, closers, and claims staff; it's their chance to get recognized.

Your stories will help us demonstrate to regulators, legislators, and the press the value of the exhaustive work we do prior to the closing. Claims stories will help us show consumers the value of the owner's policy. Talk to your staff. Omit the names of the parties but tell us your tale. It's

time we help our frontline people shine.

THREE \$500 American Express Gift cards will be awarded. One to the company that submits the most stories, one to the person who submits the best curative story, and one to the person who sends the best claims story (as judged by the ALTA PR Committee).

The deadline for submission is September 30. To submit your stories, go to ALTA's Web site and look for the Contest box on the right-hand side. Winners will be announced in ALTA's News You Can Use, Title News. Ready, set, enter! Questions? Contact Lorri Ragan at lorri_ragan@alta.org or 800-787-2582 ext. 218.

Win Prizes at the Annual Convention!

Join us for the Title Triumph® Tournament and Treats taking place during ALTA's Annual Convention in Chicago on Thursday, October 11, from 1:45 p.m. to 4:00 p.m. and test your title industry knowledge. The event is sponsored by Old Republic

National Title Insurance Company and will feature numerous treats that begin with the letter "T." Prizes will be awarded to all winning teams, so form a team and get ready for some fun!

Congressman Visits ALTA Offices



Representative Ed Royce (R-CA) visited the ALTA offices on July 25 to discuss issues of importance to the title industry. He addressed the members of the Finance and Planning Committees here for a meeting. Royce is the sponsor of the National Insurance Act that would create an optional federal charter for life and property/casualty insurers. His bill includes a definition of title insurance and a monoline provision that, in effect, prevents property/casualty insurers from offering a mortgage impairment type product.

Royce impressed the group with his understanding of the impor-

tance title insurance plays in the secondary capital markets by monetizing real property through the clearing of title and issuance of a title policy. He is a follower of Hernando DeSoto, who authored *The Mystery of Capital: Why Capitalism Triumphs in the West and Falls Everywhere Else*, which is very complimentary of the U.S. property and title system. Other issues discussed included predatory lending and regulatory reform of government-sponsored enterprises (GSEs — Fannie Mae/Freddie Mac/Federal Home Loan Banks).

Title Agent and Underwriter Offices Should Prepare for Use of 2006 ALTA Loan Policy

The recent Freddie Mac bulletin, announcing a delay in the required use of the 2006 ALTA Loan Policy, was only a reprieve. The form will be required starting January 1, 2008, in all states where regulatory approval has been given. (Our anecdotal information is that only TX, NM, FL, LA, and DE haven't approved it yet.) We need to be ready. It doesn't do our individ-

ual company or industry credibility any good not to meet this reasonable deadline. The form has been approved for more than a year, and most title production software has been revised to accommodate it. The title industry needs to respond at the operational level. If you have questions on the ALTA forms, e-mail Jim_Maher@alta.org.

Escrow Accounting Procedures Course Now Includes Certificate

The Land Title Institute, ALTA's educational subsidiary, recently upgraded its Escrow Accounting Procedures Online Course. The new self-study course is designed to teach your employees managerial practices to

minimize risk when handling escrow funds. Based on student response, the course now includes a certificate that the student can print at the conclusion of the course. For more information and to enroll, go to www.alta.org/lti.



New Telephone Seminars Available to ALTA Members

ALTA members can now access telephone seminars on business topics through a sponsorship between The Land Title Institute, Inc., ALTA's educational subsidiary, and KRM Information Services. The seminars will be conducted by some of the most respected names in business education, including editors from *Harvard Business Review* and *Kiplinger's*.

This first telephone seminar, "Keeping Your Most Valuable Women in Your Workforce," will be held on September 25 from 12:30 p.m. to 2:00 p.m., eastern time. The program, conducted by *Harvard Business Review* editors, will focus on the challenges that companies face in retaining the top women in their workforce. Featured speakers include Sylvia Ann Hewlett, Carolyn Buck Luce, and Melinda Wolfe, experts in business diversity. Sylvia Ann Hewlett will moderate the Q & A session.

The tuition for this live event is \$349 and includes one free telephone connection per office;

a hardcover copy of Ms. Hewlett's book *Off-Ramps and On-Ramps: Keeping Talented Women on the Road to Success*; a copy of the *Harvard Business Review* article of the same title, and a "key learnings summary" with permission to copy for all participants.

KRM offers a 100 percent satisfaction guarantee. If you are not pleased with the seminar for any reason, they will refund your money. To sign up for this first telephone seminar, go to www.alta.org/meetings/telephone.cfm or call Kevin Russell, ALTA's education manager at 800-787-2582 ext.232.



CENTENNIAL NEWS

Presidents Roll Call

LOOK FOR THIS SPECIAL PRESIDENTS ROLL CALL SECTION IN EACH ISSUE OF TITLE NEWS THIS YEAR, WITH A LISTING AND PHOTOS OF ALL ALTA PRESIDENTS. HERE ARE THE PRESIDENTS FROM 1987 THROUGH 2007.



Marvin C. Bowling, Jr.
1987 - 1988
Richmond, VA



Mike C. Currier
1994 - 1995
Carlsbad, NM



Frank P. Willey
2001 - 2002
Santa Ana, CA



Charles O. Hon, III
1988 - 1989
Chattanooga, TN



Herbert Wender
1995 - 1996
Philadelphia, PA



Stanley Friedlander
2002 - 2003
Cleveland, OH



Richard P. Toft
1989 - 1990
Chicago, IL



Dan R. Wentzel
1996 - 1997
Walnut Creek, CA



Charles J. Kovaleski
2003 - 2004
Orlando, FL



Bill Thurman
1990 - 1991
Austin, TX



Malcolm S. Morris
1997 - 1998
Houston, TX



Mark A. Bilbrey
2004 - 2005
El Reno, OK



Richard A. Cecchettini
1991 - 1992
Minneapolis, MN



Joseph M. Parker, Jr.
1998 - 1999
Winston-Salem, NC



Rande K. Yeager
2005 - 2006
Minneapolis, MN



Richard J. Oliver
1992 - 1993
Green Bay, WI



Charles H. Foster, Jr.
1999 - 2000
Richmond, VA



Michael F. Wille*
2006
La Crosse, WI



Parker S. Kennedy
1993 - 1994
Santa Ana, CA



Cara L. Detring
2000 - 2001
Farmington, MO



Gregory M. Kosin
2006 - 2007
Chicago, IL

*deceased

Centennial Gems

Q: What state land title association did ALTA file suit with against the Comptroller of the Currency?

A: In 1992 ALTA worked with the New York State Land Title Association to file *ALTA et. al. v. Clarke* in New York federal court to protest a ruling by the OCC that allowed a national bank to sell title insurance policies in connection with residential and commercial loans.

Q: In what year did ALTA develop a set of guidelines to encourage uniform claims closing?

A: 1991.

Q: ALTA held its first telephone seminar in 1998. What was the topic?

A: How to Stop Filing Form 1009-S Without Getting in Trouble With the IRS.

Q: What was the first non-title insurance product that ALTA fought against?

A: Norwest's Mortgage Title Option Plus Program, or TOP. Borrowers obtained a mortgage from Norwest and were solicited by its subsidiary, ATI Title Company, to obtain TOP. Norwest contended that TOP was not title insurance, but ALTA felt otherwise. Read the article on this decade's history to find out what happened.

Q: In what year did ALTA hold its first Technology Forum and Expo?

A: The ALTA Tech Forum, as it is now known, started in 1998. Today it still has the premier Expo to showcase technology products and services, and the educational portion has been expanded to include sessions on management topics as well as technology topics.

Q: In what year did HUD issue its most recent final regulations on REPSA?

A: The regulations were adopted November 2, 1992.

Oh, The Places We've Been!

Many ALTA members say it is fun to reminisce about the wonderful convention locations over the years. Look for this special section in every issue of *Title News* this year listing the places we've been!

- 1987 Seattle, Washington
- 1988 Toronto, Canada
- 1989 San Francisco, California
- 1990 Chicago, Illinois
- 1991 Boston, Massachusetts
- 1992 Maui, Hawaii
- 1993 Desert Springs, California
- 1994 Orlando, Florida
- 1995 Dallas, Texas
- 1996 Los Angeles, California
- 1997 Seattle, Washington
- 1998 New York, New York
- 1999 Colorado Springs, Colorado
- 2000 Big Island, Hawaii
- 2001 Desert Springs, California
- 2002 Palm Beach, Florida
- 2003 Phoenix, Arizona
- 2004 Boston, Massachusetts
- 2005 New York, New York
- 2006 San Francisco, California

ALTA Launches New Consumer Web Site

ALTA has launched a new consumer Web site that will be a valuable tool for ALTA members to use with Realtor, lender and consumer clients. It will also help Congress, HUD, the NAIC and state regulators have a better understanding of the value we bring to the closing process.

Earlier this year the title industry received a report from the Government Accountability Office (GAO) based on its year-long review of the title industry and how it works. In the report, the GAO made several recommendations to HUD, including improving consumers' ability to comparison shop for title insurance.

Although the recommendations were directed at HUD, ALTA heard the message that it needed to do a better job of educating consumers about the closing process, title insurance, and the value we provide. To accomplish this, ALTA has launched a new Web site, www.homeclosing101.org, specifically for consumers. >>

by Lorri Lee Ragan



Home Closing 101

Protecting Your American Dream



Welcome!

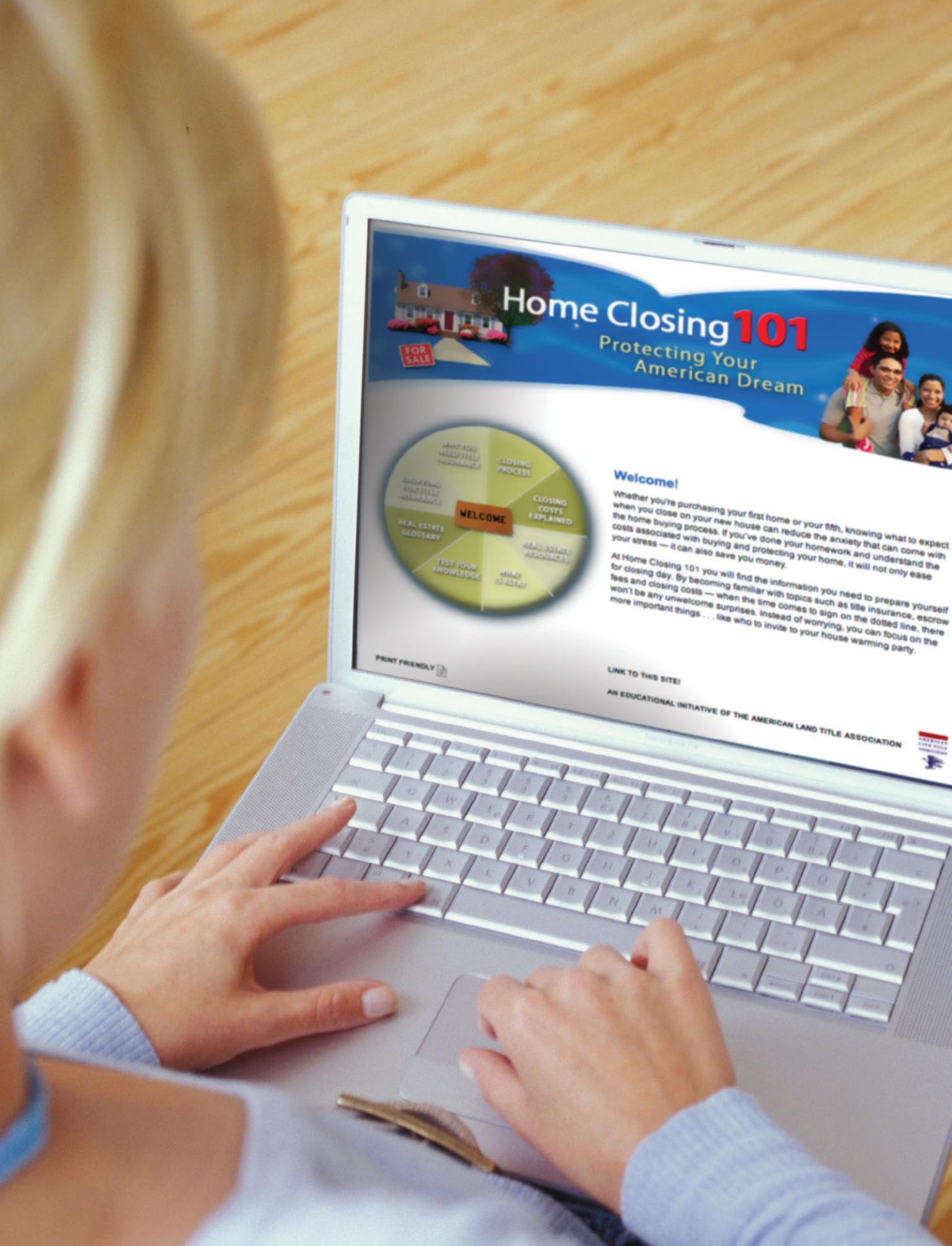
Whether you're purchasing your first home or your fifth, knowing what to expect when you close on your new house can reduce the anxiety that can come with the home buying process. If you've done your homework and understand the costs associated with buying and protecting your home, it will not only ease your stress — it can also save you money.

At Home Closing 101 you will find the information you need to prepare yourself for closing day. By becoming familiar with topics such as title insurance, escrow fees and closing costs — when the time comes to sign on the dotted line, there won't be any unwelcome surprises. Instead of worrying, you can focus on the more important things . . . like who to invite to your house warming party.

PRINT FRIENDLY

LINK TO THIS SITE!

AN EDUCATIONAL INITIATIVE OF THE AMERICAN LAND TITLE ASSOCIATION



The new Web site has a consumer-friendly look and feel and provides consumers with the information they will need to prepare for their closing day. It explains the closing process and some of the common terms associated with closing, as well as what happens during a title search and why it's important to obtain an Owner's Policy. Members of ALTA's Public Relations Committee contributed to the content of the new site.

Sections on the new site include: The Closing Process, Closing Costs Explained, Why You Need Title Insurance, Real Estate Resources, a Real Estate Glossary, a section with information on shopping for title insurance, and a quiz section for consumers to test their knowledge about the closing process.

The PR Committee encourages you to put a link to this new site on your Web site, and to promote it to your consumer clients as well as your Realtor® and lender clients. On the bottom of each page you will see "Link to This Site," which will explain how easy it is to add a link on your company's Web site.

ALTA has scheduled a home-buying seminar on the Hill in mid-September to announce the new site to members of Congress and their staffs. We will also promote it to HUD, the NAIC, and individual state regulators to show that the industry is serious about providing consumers with more information about title insurance and the ability to shop for it. ALTA will hire a state regulatory/legislative staff person to make in-person visits, along with representatives from the various state land title associations, to state regulators across

Home Closing 101
Protecting Your American Dream

FOR SALE

WELCOME

WHY YOU NEED TITLE INSURANCE
SHOPPING FOR TITLE INSURANCE
REAL ESTATE GLOSSARY
TEST YOUR KNOWLEDGE
CLOSING PROCESS
CLOSING COSTS EXPLAINED
REAL ESTATE RESOURCES
WHAT IS ALTA?

Welcome!

Whether you're purchasing your first home or your fifth, knowing what to expect when you close on your new house can reduce the anxiety that can come with the homebuying process. If you've done your homework and understand the costs associated with buying and protecting your home, it will not only ease your stress — it can also save you money.

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LINK TO THIS SITE!

AN EDUCATIONAL INITIATIVE OF THE AMERICAN LAND TITLE ASSOCIATION

PRINT FRIENDLY

AMERICAN LAND TITLE ASSOCIATION

▲ On the bottom of each page you will see "Link to This Site," which will explain how easy it is to add a link on your company's Web site.

the country educating them about our complicated business. And we will work with outside groups such as the National Association of Realtors to have them link to our site as well.

Let Us Hear From You

We invite you to go to www.homeclosing101.org and let us know what you think of the new site, and click on the section with instructions on linking to the site. Together we can help educate consumers about the value we provide to the real estate process and help provide some of the transparency that the GAO said was needed. We look forward to your comments.



Lorri Lee Ragan, APR, is the director of communications for ALTA. She can be reached at lorri_ragan@alta.org or 1-800-787-2582 ext. 218.



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The Way We Were 1989 – 1998

The issue of banks and bank holding companies trying to sell title insurance continued to be a challenge for ALTA this decade. Add to that the emergence of mortgage products that were actually title insurance, and the industry faced some serious competition.

Bank Battles

We shall vigorously challenge” any attempt by the Office of Comptroller of the Currency (OCC) to approve an application by Citibank to engage in title insurance. This is what ALTA told the OCC in early 1989 after we learned of such a possibility. ALTA contended that title insurance was not “incidental” to banking as used in the National Bank Act.

On March 3, 1989, the Federal Reserve Board approved the application of Merchants National Corporation, a bank holding company, to permit state banks owned by Merchants to resume insurance activities. The Board concluded that the insurance prohibitions of the Banks Holding Company Act did not apply to activities engaged in directly by state banks affiliated with the bank holding company.

The issue of whether banks and bank holding companies could engage in insurance activities surfaced on a new front almost daily. Thus the ALTA Government Affairs Committee thought it was important that ALTA members become conversant not only with the policy arguments for and against such bank activity but also with the legal framework that controlled the policy debate.

Upon the Committee’s recommendation in June 1989, ALTA President Charles O. Hon, III, president and treasurer, The Title Guaranty & Trust Company of Chattanooga, Chattanooga, TN, authorized Sheldon Hochberg to prepare an article on this subject for *Title News*.



His article “Banks, Bank Holding Companies and Title Insurance: A

Non-Technical Guide Through the Labyrinth of Applicable Law and Regulation” appeared in the July/August 1989 *Title News*. In the conclusion of the article it is stated that “... the federal and state regulatory regimes applicable to bank and bank holding company insurance activities are complex and many questions regarding their scope and applicability are still in the process of resolutions.”

In 1986 the OCC issued an interpretative ruling that a national bank may act as an agent in the sale of title insurance in any community, regardless of population, if such activities were undertaken in transactions involving the bank’s loans. Based on that ruling, on June 20, 1989, the OCC approved the application of Chase Manhattan Bank to establish two subsidiaries to sell title insurance policies in connection with residential and commercial real estate loans originated by Chase affiliates. Prior to the OCC ruling, national banks had not ever engaged in the title agency business. ALTA and the New York State Land Title Association filed suit, *ALTA et. al. v. Clarke*, in this matter against the Comptroller of the Currency in federal court in New York.

The OCC contended that banks could sell title insurance under authority to engage in activities “incidental to banking” as provided in the National Bank Act. ALTA and NYSLTA contended that the National Bank Act prohibited national

banks from selling insurance, except in communities of 5,000 or less.

On August 15, 1991, the trial court denied the motion of ALTA and NYSLTA for summary judgment in the Clarke case. The court deferred to the OCC's interpretation of the banking statute, which the agency applied after making the critical finding that Congress had not clearly addressed the issue of whether Section 92 of the National Bank Act encompassed title insurance.

ALTA and NYSLTA Filed an Appeal

On January 7, 1992, oral argument was held on the appeal in the United States Court of Appeals for the Second Circuit. The appeal was pivotal as it was the best remaining chance for ALTA and NYSLTA to exclude national banks from title insurance agency activities. Our major points were that Section 92 of the National Bank Act was the exclusive provision granting insurance agency powers to national banks, and it prohibited national banks from engaging in title insurance agency activities except in communities of 5,000 or less, and that selling title insurance was not incidental to banking.

On June 15, 1992, in *ALTA et. al. v. Clarke*, the Court of Appeals for the Second Circuit reversed the decision of the lower court and decided in favor of ALTA and NYSLTA. The Appeals Court concluded that 12 U.S.C. 92, which authorized a national bank "located and doing business in any place the population of which does not exceed five thousand inhabitants" to act as an agent for "any fire, life or other insurance company" impliedly prohibits

national banks in places with more than 5,000 inhabitants from selling insurance, including title insurance.

In September 1992 Chase Manhattan Bank filed a petition for a Writ of Certiorari with the United States Supreme Court in this case.

On June 14, 1993, the Supreme Court denied certiorari in *Clarke*

 The OCC contended that banks could sell title insurance under authority to engage in activities "incidental to banking."

and thus left in place the Appeals Court decision denying national bank authority to sell title insurance in locales with populations above 5,000.

On May 3, 1994, the U.S. District Court for the Southern District of New York issued a Final Judgment and Decree stating that:

1. The June 20, 1989, ruling of the OCC approving the application of Chase Manhattan Bank to engage in the insurance agency business through two operating subsidiaries exceeds statutory authority, and is null and void; and
2. Chase Manhattan must terminate all activities engaged in pursuant to this ruling.

When on November 17, 1988, the Federal Reserve Board approved the acquisition of Milwaukee Title Insurance Services, a title agency, by First Wisconsin Corporation, a bank holding company subsequently named Firststar Corporation, ALTA challenged the approval by filing

a lawsuit against the Board in the U.S. Court of Appeals for the D.C. Circuit.

This action by the ALTA Board of Governors was further evidence that the industry would not ignore continued attacks by regulators.

On November 3, 1989, in the Firststar litigation, counsel for ALTA

argued before a three judge panel of the U.S. Court of Appeals for the D.C. Circuit that Firststar could not engage in title insurance agency activities through an operating subsidiary.

The court ruled against ALTA in this litigation.

The decision was based on the principles of *Chevron*, the leading decision on when the courts should defer to federal agency interpretations of statutes, which the states are charged with implementing. The court stated: "Even if we were to find the statute to be ambiguous with respect to whether title insurance agency activities are grandfathered under Exemption G (of the Garn-St. Germain Depository Institutions Act of 1982), this court must defer to the agency's construction of the statute."

In late 1989 ALTA received reports that the Federal Reserve Board was considering rescinding its policy of allowing operating subsidiaries

of state banks to engage in the same activities permitted their parent companies under state law. ALTA testified in favor of the rescission.

But subsequently it was reported that the Federal Reserve Board would not go forward with this rescission because of a decision in the Merchants National litigation. In that case, on November 29, 1989, the second U.S. Court of Appeals in New York upheld a Federal Reserve Board ruling that the agency does not have the power to regulate the activities of state-chartered bank affiliates of bank holding companies. The court held that such state-chartered subsidiaries can engage in any insurance activities that are permitted under state law.

In addition to seeking a solution via litigation to the problem of banks entering the title insurance business, in 1990 the title insurance industry looked to federal legislation to restrict the expansion of banks into the insurance field.

On April 4, 1990, the House Financial Institutions Subcommittee held a hearing on the Merchants



▲ ALTA members and others from the insurance world meet on the bank powers issue during a “fly in” to Washington, DC.

National case. ALTA President Richard Toft, chairman, Chicago Title Insurance Company, Chicago, IL, submitted a letter on behalf of the title industry to Subcommittee Chairman Frank Annuzio (D-IL) in which he stated: “While we believe that this decision should be reviewed and reversed by the Supreme Court, if the Court does not reverse the lower court’s decision, it is imperative that Congress act to eliminate this loophole.”

After encouraging success in early 1991 on the House of Representative’s side, ALTA and others in the insurance industry saw efforts fall short late in the year to enact federal legislation to prohibit banks from entering the insurance business.

In January 1993 the Federal Deposit Insurance Corporation proposed removing regulations that had been in effect since 1946 prohibiting banks from acting as sureties and guaranteeing title to real property. ALTA was concerned about this development and filed comments on the proposed regulation, urging “that the FDIC explicitly prohibit bank underwriting of title insurance directly from a bank or from a subsidiary.”

In 1993 the D.C. Court of Appeals in *IIAA v. Ludwig* upheld the government’s administrative

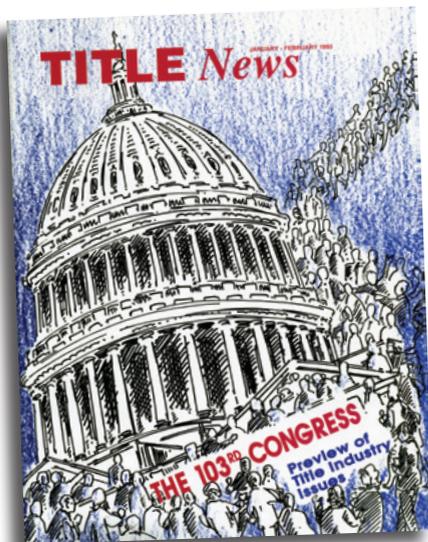
determination that a national bank in a “small town” can sell insurance nationwide from that small town. Mr. Ludwig, in 1993, had replaced Mr. Clarke as Comptroller of the Currency.

In 1996 the Supreme Court in *Barnett Bank* made it clear that a state may not prohibit a national bank located and doing business in a small place from selling any forms of insurance, including title insurance. This decision nullified the application of many states’ antifiliation laws prohibiting banks and their affiliates from having insurance affiliates. The Supreme Court recognized that states remained empowered to regulate national bank activities. The Court noted, however, that a state may not “prevent or significantly interfere” with a national bank’s ability to exercise any of its federally authorized powers, including the power to sell title insurance.

In 1996 the 104th Congress adjourned without enacting legislation broadening insurance powers for national banks or curbing the authority of the OCC to broaden bank powers.

ALTA Modifies its Position

At its meeting in January 1997, the Board of Governors discussed the



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recommendation of the Government Affairs Committee that ALTA might want to consider modifying its position on bank powers. As a result the Board of Governors adopted the following resolution on financial services affiliation:

ALTA does not oppose financial services affiliation provided that state regulation of insurance is preserved through absolute functional regulation and that adequate consumer safeguards are adopted, either at the federal or state level, or at both levels.

On January 14, 1997, the OCC asked for comments on its proposed preemption of a Rhode Island statute providing for consumer protections on the sale of insurance by banks. One month later, ALTA joined three other agent

organizations in filing comments opposing the OCC's preemption of the Rhode Island law. In a letter to the OCC concerning this matter, ALTA President Dan R. Wentzel, chairman and CEO, North American Title Company, Walnut Creek, CA, stated:

"The title insurance industry believes that state regulation of insurance is the linchpin of the insurance regulatory process. This attempt by the OCC to preempt a strong state insurance law specifically enacted to protect consumers when banks sell insurance is premature, outside the scope of the OCC's authority and poor public policy."

On May 14 Wentzel testified before the House Committee on

Banking and Financial Services and stated in part as follows:

"All members of the national insurance community, both underwriters and agents, have historically supported separation between banking and insurance. In the title insurance sector, support for this separation has been especially strong. This reflects that fact that title insurance is a mortgage-based product.

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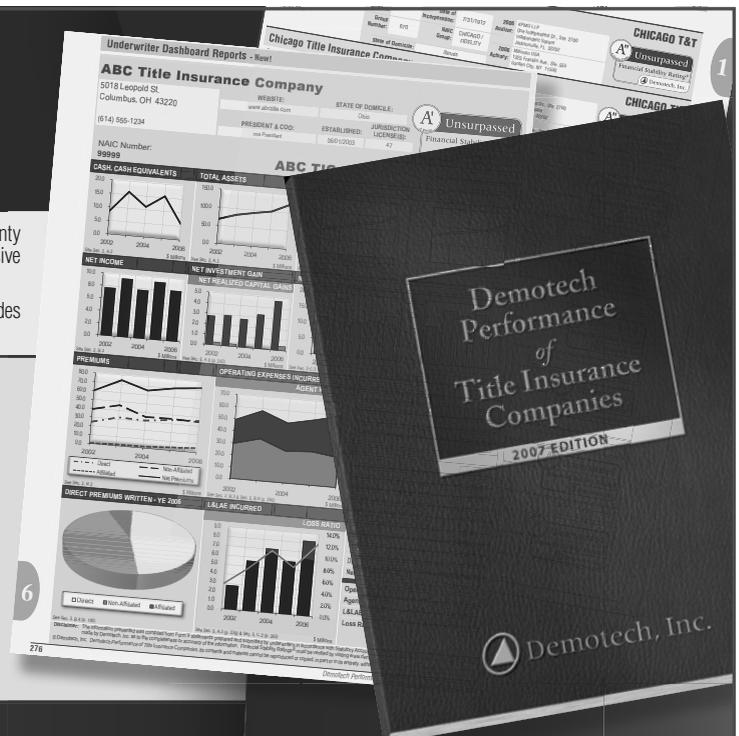
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title insurance marketing position, a banking institution can seriously jeopardize the interest of consumers with respect to both price and product. For example, several years ago a consortium of savings and loans caused the failure of their captive title insurer, when they used reserves to shore up their institution.

ALTA has successfully litigated against bank entry into the title insurance industry, challenging the OCC's determination that sale of title insurance was incidental to banking, and winning in the second circuit in *ALTA v. Ludwig*.

That said, ALTA is now prepared to support financial modernization in the form of affiliations involving banking and insurance entities, conditioned on strict state functional regulation and adequate consumer protection. As with other insurance trade associations, this support is more a recognition of the reality of the marketplace, following the Barnett Supreme Court decision, rather

with most effectively by permitting banks to engage in title insurance activities only through bank holding company affiliates, and by requiring that those activities be subject to consumer protection law and regulation. We strongly believe that bank holding company affiliates engaging in title insurance activity must be supervised on a functional basis by state agencies historically engaged in such regulation, and most capable of doing so.

ALTA believes that limiting title insurance sales and underwriting to affiliates will minimize the threat to both bank and insurer solvency, promote functional regulation of insurers, and help keep a level playing field.

ALTA also believes that every entity engaged in the sale or underwriting of title insurance should comply with RESPA and other specific state regulatory requirements, such as insurance reserves, consumer protection, antikickback, and con-

■ ALTA has successfully litigated against bank entry into the title insurance industry, challenging the OCC's determination that sale of title insurance was incidental to banking.

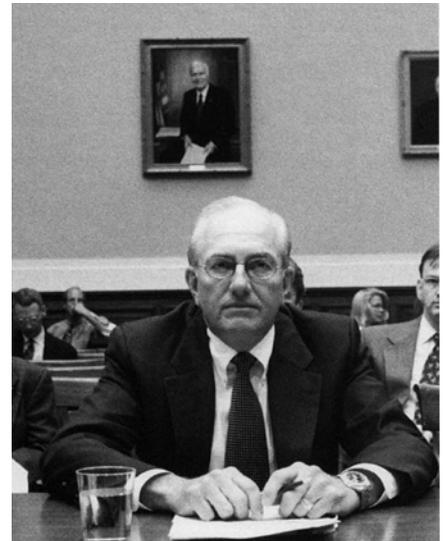
than a change in perspective.

ALTA members continue to believe that bank participation in the sale and underwriting of title insurance creates significant problems that must be addressed. We believe these problems can be dealt

trolled business statutes."

There will be more on the issue of banks in the title insurance business in the next issue of *Title News*.

ALTA Contends That "TOP" is Title Insurance



▲ ALTA President Dan Wentzel delivers testimony on bank powers legislation to the House Banking Committee.

Late in the summer of 1994, the Norwest Mortgage Title Option Plus Program, or TOP, became a concern to ALTA.

Norwest was the second largest lender in the country. ATI Title Company was a subsidiary of Norwest. Borrowers who obtained a mortgage from Norwest were solicited by ATI to obtain TOP. TOP informed the lender who was in title, according to the real estate records, and any lien of record. Norwest advertised that consumers would save at least 10% of the cost of lender's title insurance by using TOP. TOP provided no title protection to the borrower. It was not subject to rate or coverage regulation, reserve requirements, oversight by state agencies, or premium tax. Norwest/ATI contended that TOP was not insurance. ALTA and others said that it was title insurance, and

strongly objected to it as being anticonsumer. The program was approved by Freddie Mac and in December by Fannie Mae subject to various conditions.

In 1995 and 1996 the major areas of title industry activity concerning Norwest's TOP program occurred at the state level. ALTA assisted state title associations and individuals to bring the TOP program under individual state regulatory supervision. In 1995 fourteen state insurance regulators advised Norwest that the TOP program constituted insurance/title insurance in their jurisdictions.

RESPA Regulations

On November 2, 1992, HUD issued its regulations on RESPA. They were effective December 1, 1992.

In early December ALTA held a seminar in Washington, D.C., concerning the RESPA regulations. During the seminar a number of questions were raised concerning the regulations.

At the January 1993 meeting of the ALTA Board of Governors, James R. Maher, ALTA executive vice president, stated that the regulations were ambiguous and inconsistent, and made it difficult to formulate an industry position.

The Board designated an ALTA Committee on RESPA to formulate policy recommendations regarding proposed changes in HUD's reg-

ulations or interpretation of those regulations. Each national underwriter was to appoint one member, and three agent members were to be appointed.

In response to concerns expressed by several agent members and at least one underwriter who had been accused of violating Section 8 of RESPA by refusing to recompense surveyors when transactions failed to close, Jim Maher outlined ALTA's concerns in this area in a letter to HUD. He concluded that "HUD should enlighten everyone as to what its enforcement policy in an area like this will be rather than singling out people who have engaged in a practice long accepted but now suddenly characterized by HUD as violative of federal criminal law."

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HUD requested title industry input on defining “core title agent services” in RESPA. ALTA consensus on whether to provide that input and what the content should be was difficult to achieve. Nevertheless, the Board of Governors, at its March 1993 meeting, approved a statement entitled “Suggested Language for Clarifications to New RESPA Regulations.” It was forwarded to HUD along with a cover letter from ALTA President Richard J. Oliver, president, Smith Abstract & Title Inc., Green Bay, WI, and Immediate Past-President Richard A. Cecchettini, president, Old Republic National Title Insurance Co., Minneapolis, MN, and stated in part:

■ ALTA’s position represents an interpretation of, and a reaction to, the RESPA regulations as adopted

■ The Board designated an ALTA Committee on RESPA to formulate policy recommendations regarding proposed changes in HUD’s regulations or interpretation of those regulations.

on November 2, 1992, and does not necessarily represent how title people feel about the appropriateness of the federal government regulating the title insurer-agent relationship.

■ HUD’s enforcement policy should be sufficiently flexible to allow for legitimate differences in local/regional business practices.



▲ Jim Maher, (left) ALTA’s executive vice president, moderates a 1992 seminar in Washington, D. C. concerning the RESPA regulations.

In addition the validity of the regulations was challenged in a lawsuit brought by the Mortgage Bankers Association and CRISIS, a coalition of independent settlement service providers.

On January 4, 1994, ALTA staff and ALTA’s outside counsel met with senior HUD staff and legal counsel to discuss ALTA’s position regarding RESPA regulations. HUD staff could not be as candid as they would have liked because the regulatory revisions to RESPA were still under consideration by HUD. ALTA representatives were able to discuss at length ALTA’s positions on controlled business, core title agent services, and state-controlled business law preemption.

On July 21, 1994, HUD published the long-awaited proposed RESPA regulations. The regulations provided for additional restrictions on employer-employee referrals and computerized loan originations systems (CLOS). Minor revisions were made in the controlled business disclosure form. One of the most controversial aspects of the regulations was the ability of employers to pay employees for the referral of business to affiliates. The proposed rules allowed the payment of bonuses and compensation to managers of controlled business for referrals to affiliates as long as the compensation was not tied directly to the

Federal Legislation to Amend RESPA was Proposed

By letter dated March 1, 1993, the Chairmen of the full Banking and Housing Subcommittees in the Senate and the House sent a letter to HUD Secretary Henry Cisneros urging the Secretary “to undertake a thorough review of the final RESPA rule.”



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number and value of referrals and the employees did not routinely deal with the public. Although this was an improvement over the existing rule, it did not take into account the ability of managers to exercise more subtle coercion over their employees to make referrals to affiliates. Particularly disappointing to ALTA was HUD's refusal to amend the rule on preemption of state-controlled business laws. HUD refused to acknowledge ALTA's position that the HUD Secretary did not have the authority under the RESPA statute to preempt conflicting state-controlled business laws unless he determined that they provided less protection to consumers and competition.

In 1995 a House bill, H.R.1362, the "Financial Institutions Regulatory Relief Act" would transfer RESPA regulatory authority to the Federal Reserve Board and enforcement authority to the Federal Trade Commission.

On May 23, 1995, Parker S. Kennedy, ALTA immediate past-president, and president, First American Financial Corporation, Santa Ana, CA, told the House Financial Institutions and Consumer Credit Subcommittee that ALTA had serious reservations concerning these proposals.

At the direction of the Board of Governors at its October 1996 meeting, ALTA President Dan R. Wentzel appointed a task force to submit recommendations to the Board for a revised ALTA position on RESPA Section 8. The task force met in December and presented its recommendations to the Board in January 1997. The task force called for radical change in ALTA's long-standing RES-



▲ Joe Parker, (r), chairman of ALTA's Abstracters and Title Insurance Agents Section, talks with the Senate Banking Committee Financial Institutions Subcommittee Chairman before hearings on RESPA.

PA Section 8 position: acceptance of controlled business as a market reality, provided services were actually rendered by the entity; repeal of Section 8 with its replacement by some alternative regulatory approach to be determined through coalition efforts; and certain interim measures to erase the negative effects of existing enforcement problems.

Mr. Wentzel reported that the prevailing view from HUD and Capitol Hill was that repeal of Section 8 was not feasible.

On July 9, 1997, Joseph M. Parker, Jr., chairman of the ALTA Abstracters and Title Insurance Agents Section, president, Parker Title Insurance Agency Inc., Winston-Salem, NC, testified before the Senate Subcommittee on Financial Institutions and Regulatory Relief concerning RESPA. He recommended changes to RESPA Section 8:

1. to provide express recognition that compensation arrangements between insurers and their bona fide title agents can include compensation for the solicitation of business; and
2. that RESPA criminal penalty provisions be eliminated.

At the March 1998 meeting of the Board of Governors, the Board adopted the recommendation of the Government Affairs Committee that ALTA, within the context of modifications to RESPA Section 8, oppose packaging or bundled pricing of goods and services, recognizing that the consumer had a separate benefit or interest in the selection of the product or service and the pricing of each component of the package. This policy clarified the past ALTA policy that "ALTA supports packaged pricing of goods and services which are for the lender protection only and in which the consumer has no separate benefit or interest in the selection of the product or service."

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ALTA's Strategic Plan

At its meeting on March 18, 1996, the Board of Governors approved the initial step in the association's Strategic Plan, which included Vision 2002, a Mission Statement, Program Goals and Management Goals.

Vision 2002 provided that by the year 2002, ALTA would be:

- The preeminent association representing information and service providers supporting the real property transaction.
- Operated more like a for-profit enterprise, consistent with member interests.
- Focused on issues that are common to the broad base of its membership.
- An effective voice that articulates the interests of the industry at the federal level and works with state/regional associations to provide effective advocacy at the state level.
- Preparing its members and customers to compete successfully in a changing marketplace.

The Mission Statement provided that:

- The mission of ALTA is to prepare members to compete successfully in a changing marketplace through information, education, and technology services, to advocate member concerns, and to communicate with and provide related services for important constituents.

Other Firsts This Decade

- The Land Title Institute released 10 educational training videos from 1989-1995, and held one regional seminar annually from 1989-1998.
- In 1991 ALTA developed a set of guidelines to encourage uniform claims coding.
- In May 1993 ALTA held its first Federal Conference.
- In late 1993, the ALTA Land Title Systems Committee completed a three-year effort to develop EDI (Electronic Data Interchange) Standards for the title industry. The project included a cooperative effort with other real estate and mortgage finance participants at both the MBA EDI Workgroup Meetings and DISA (Data Interchange Standards Association), the secretariat for data interchange standards. The result was publication of approved standards for Title Insurance Services Order and Response, Title Evidence, and Real Estate Settlement Information.
- In 1996 ALTA held its first annual Legal Symposium for underwriter, agent and associate member counsel.
- The Land Title Institute introduced its Correspondence Course 1 in 1997.
- The MERS (Mortgage Electronic Registration System, Inc.) registry goes live in 1997.



- In February 1998 ALTA held its first Technology Forum and Expo.
- On April 14, 1998, ALTA held its first telephone seminar. The topic was "How to Stop Filing Form 1099-S (Without Getting in Trouble With the IRS)."
- In 1998 the first annual vendor survey to identify products specifically targeted to the title industry was distributed by the Technology Committee in cooperation with the Committee on Internal Auditing.

The Next Decade: 1999-2007

Look for the final article in ALTA's 100-year history series on the next issue of Title News. If you missed any issues this year, you can find all of the articles on ALTA's Web site under the special 100th Anniversary section.



William J. McAuliffe, Jr. was executive vice president of ALTA from 1965 to 1984. He is serving as historian and adviser to ALTA during the 100th anniversary celebration. He can be reached at billm@alta.org.

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Solving the Three Biggest Marketing Mistakes Title Companies Make

Over the past several years I've seen title companies make the same marketing mistakes, then wonder why their business is not growing. By analyzing the top three mistakes, you can learn how to avoid them and make smart marketing choices.

When marketing efforts are not successful, many title companies wonder why. They may have sent out direct mail, refreshed their Web site, or attended a trade show, but they are left disappointed and frustrated with languishing sales and underused resources. Why isn't the phone ringing? What went wrong?

The high-level answer to this question is that marketing efforts must be more than a disconnected series of tasks. Effective marketing is not a single activity, but a well-planned effort that takes thought, consistency, and fortitude to accomplish. The deeper answer comes from analyzing the top three biggest marketing mistakes I've seen title companies make. Are you making one or more

of these? If so, consider these tips on how to recover:

#1: Marketing Without a Marketing Strategy

Common Mistake: Just "doing some marketing" without first taking the time to strategize.

Rather than doing nothing when you've been stung by continuous marketing failures, you go off and do some marketing – any marketing. You buy some promotional products and pass them out, buy an advertisement in the Chamber of Commerce newsletter, and visit a potential client every day for a month. And still no more business. Every prospect has 147 free pens on his/her desk; only about 3% of your target market reads the Chamber newsletter (that means you wasted 97% of the cost of the

ad); and 17 of the 20 offices you visited ate the doughnuts and threw away the information you left.

Recovery Plan: You need a strategy—and fast. Stop all marketing activities immediately and take the next month or so to plan your new approach. Think about what your message will be, how (which medium) you should say it, and who your target market is.



The who is easy. Who is your target market? In most areas it would be real estate agents, mortgage lenders, attorneys, builders, etc. I always ask clients which market will give them the greatest opportunity to grow their sales. If it makes sense – we start there. It's relatively easy to obtain lists of these prospects from trade associations and list firms. Lists of real estate agents can be purchased relatively inexpensively.

The how isn't too tough either. Ask your target market where they go to get information about title companies when they are interested

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in changing companies. Often it's through a referral. When is the last time you asked your good customers for a referral? Other places to find prospects would be through trade publications, direct mail, and the Web. Recognize you can't afford to market to everyone, so define your target markets by grouping and categorizing the characteristics of your current customer base. Then choose marketing vehicles that only cater to that defined group of potential buyers. Money spent in other vehicles will just be wasted.

What you should say may be the toughest assignment. Analyze each of the services you offer, including features and benefits, concentrating on what differentiates you from the competition. Survey your competition and document their service, pricing structure, strengths and weaknesses, along with your competitive advantages. Once you identify your key advantage over the competition, make that the key message of your marketing efforts. Build the case for using your services, just as an attorney would build a case for a client.

One point to bear in mind when you are creating your message: Most of your prospects, such as real estate agents and mortgage lenders, are motivated by money. They are in the business they are in because it offers somewhat unlimited income potential. Use headlines and copy to convince your target market that if they come to you, you will help them close more deals, save time, and create much less heartburn in the settlement process.

You want every marketing piece you create, whether it be direct mail, postcards, a Web site, ads in trade publications, a 60-second elevator speech or message on-hold, to do these four things:

1. interrupt – capture the attention of your target market.
2. engage – promise the reader or listener you will supply them with important information about your services.
3. educate – tell them why they would be an absolute fool to do business with any title company but yours.
4. offer – offer some low-risk item such as an invitation to an educational seminar or a CD/DVD with information about ordering settlement services on line, or about

homeowner's associations, etc., (you can think of something that your company can provide) that gets your prospect to say they are interested in learning more about your service.

Finally, create a marketing plan with an associated budget that will act as your roadmap to success.

Effective marketing takes patience and persistence. Your journey is just beginning. Stick with it, and soon you will see business coming out of the woodwork.

#2: Failure to Follow-Up on Leads

Common Mistake: After you go through all the work of creating a marketing plan, hopefully you end up with lots of leads. You call the leads to set up an appointment to try and earn their business. About 80% of the time you leave a message, but rarely do you get a callback. After a couple of calls you give up and move on to other prospects. All the time and money spent to generate that lead has been wasted.

Solution: First, create an electronic database of your prospects. Get rid of the stack of business cards in the rubber band (buy a card scanner for about \$150 and scan them in). Microsoft Outlook or Excel can be used to capture this information. Act and Goldmine are two powerful customer relationship management applications that will manage your list of clients and prospects. Use the scheduling and tracking features in these programs to schedule your first call and follow-up calls. Continue these processes until you contact the person or you're ready to give up. Did you know that 80% of all salespeople give up after the third contact, when

research indicates most people will not consider doing business with you until the seventh or eighth contact? Don't give up!

We have to understand that only a small percentage of your target market (2 to 5%) is ready to change title companies today. Maybe this prospect isn't ready to change today but may be in the future. You must keep in contact with this person on a regular basis so when the time comes that they may be interested in changing title companies, you will be the top-of-mind choice. Send postcards, e-mails, or letters (the best method to use) on a regular basis. Repeat the message you developed earlier. Call and ask for a referral if they're not interested in your services right away.

You need to have some fortitude to understand that the leads won't turn into customers overnight. In a couple of months you will start to see the fruits of your labor. Stick with it.

#3: Having No Sales System in Place

Common Mistake: When you hire a new, inexperienced closer, you spend hours training him or her. You show them how to use the production



software, you teach them the system you use to process a settlement—from order to post-closing—and you train them on what to do when there is an exception to the process. You have a system for everything.

But when you hire a new marketing person, on the other hand, you

Did you know that 80% of all sales people give up after the third contact, when research indicates most people will not consider doing business with you until the seventh or eighth contact?

may just hand them a box of business cards and say "go out and sell title." Maybe, if they are lucky, you have an Excel spreadsheet of prospects, and maybe you have a budget to support your marketing efforts.

Solution: Develop a sales process, just as you have a process for everything else in your office. Have a process in place from the time you receive a lead until the time you know a person will never do business with you.

You must be sure that every lead is followed up and every prospect is contacted on a regular basis. Sales is purely a numbers game, the more prospects you contact, the better your chances of getting more business. And as I stated earlier, it may take seven to eight contacts before a prospect will consider doing business with you.

Don't forget about your current customers when you develop your system. The number one reason cus-

tomers move onto other companies is neglect. They do not feel appreciated. Develop a system where every closing is followed up with a thank-you letter. Communicate with your customers on a regular basis. Let them know you care about them.

A Down Market Needs Better Marketing

When the market is contracting, the only way to get more business is to grab a bigger piece of the pie. Current business conditions make marketing much more important than it was two years ago. But be sure you have a strategy and the systems in place to maximize your return on investment, and that will lead to a successful marketing program. You can make it happen.



Chris Ripley has been involved in sales and marketing for 26 years. He founded the Strategic Marketing Group in 2003 and has been working

with title companies since 2004. For more information visit www.titlemarketingthatworks.com, e-mail Chris at: cripley@smg2.com, or call 800-258-0702.

Twenty New Ways to Make Money with Your Title Company

The title company of the future is not your father's or your grandfather's company. As the title industry becomes more and more scrutinized and regulated, all title companies will have to broaden their revenue base to survive. Here are some ideas to take your company to the next level.

The world of title is changing yet again. Historically this has happened several times. In the late 19th century, title insurance began to take the place of other forms of title assurance such as abstracts and certificates of title. In the 20th century the secondary loan markets were established, and title insurance became a key component of the transfer of mortgages to that market. In 1974 RESPA created the regulatory environment for the escrow closing. This resulted in title companies becoming clearinghouses for RESPA-compliant closings. In recent years, the increased use of the Internet and increases in technology have also changed the industry.

Today, the average title company does many different things. It sells title insurance, and most provide escrow closing services. Many also

specialize in 1031 exchanges. Several provide abstracting work for other title companies. Lastly some disburse construction loans for a fee, or service loans for lenders. Although these lines of business have evolved over many years, most have a cap on earnings and profitability.

I suggest the title company of the future is not your father's or your grandfather's company. As the title industry becomes more and more scrutinized and regulated all title companies will have to broaden their revenue base to survive. Some companies have begun this process. Using Affiliated Business Arrangements, marketing new products, and negotiating for better underwriting splits and interest on escrow accounts are just a few of the tactics companies have used to accomplish revenue growth.

Additional Lines of Revenue

There are several adjunct lines of revenue that title companies can take advantage of. They are described below. While my companies have tried about half of the 20 or so ideas with varying degrees of success, all of them can be potential new revenue streams for companies that deploy them well.

#1: Property and Casualty Insurance.

The residential resale closings you conduct every day often have one overlooked thing in common. Each customer must have a new homeowner's insurance policy. This can put you in the driver's seat to sell that homeowner's insurance to the customer. In my experience, the best way to accomplish this is through a stand-alone insurance agency that utilizes your title company to generate leads. But if you do not have the capital to start your own stand-alone insurance agency, several underwriters have programs to issue property and casualty insurance. Check with your underwriter; their in-house program may be just what you need to start your own insurance agency.

#2 Home Inspections.

The home inspection business is an easy additional business to get into because you would market home inspection services to the same group of clients that you market title insurance to. A simple Internet search reveals ten or more franchise companies that specialize in home inspection busi-

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nesses. If you do not have construction or engineering experience, I highly recommend that you consider a franchise for the training it provides and the access to promotion materials. If you do have this experience, the Web site www.hometechonline.com/bar-maint2/index.htm is a great resource. This company sells the most widely used home inspection form used in the United States and also sells a great book titled: "How to Make Money in the Home Inspection Business."

#3 Homeowner's Association Escrows/Management.

If you have clientele that are builders and developers, this is a good sideline business to be in. New subdivisions are being set up with built-

in homeowner's associations. These associations collect monthly dues from homeowners just like a condominium association or Planned Unit Development. Specialty realty management companies have popped up all over the U.S. to manage the escrow accounts for these associations. And if you have a block of builder business, you can easily leverage your title services with your homeowner's association management service. Please check with your individual state since many states require a real estate broker's license to do this type of work.

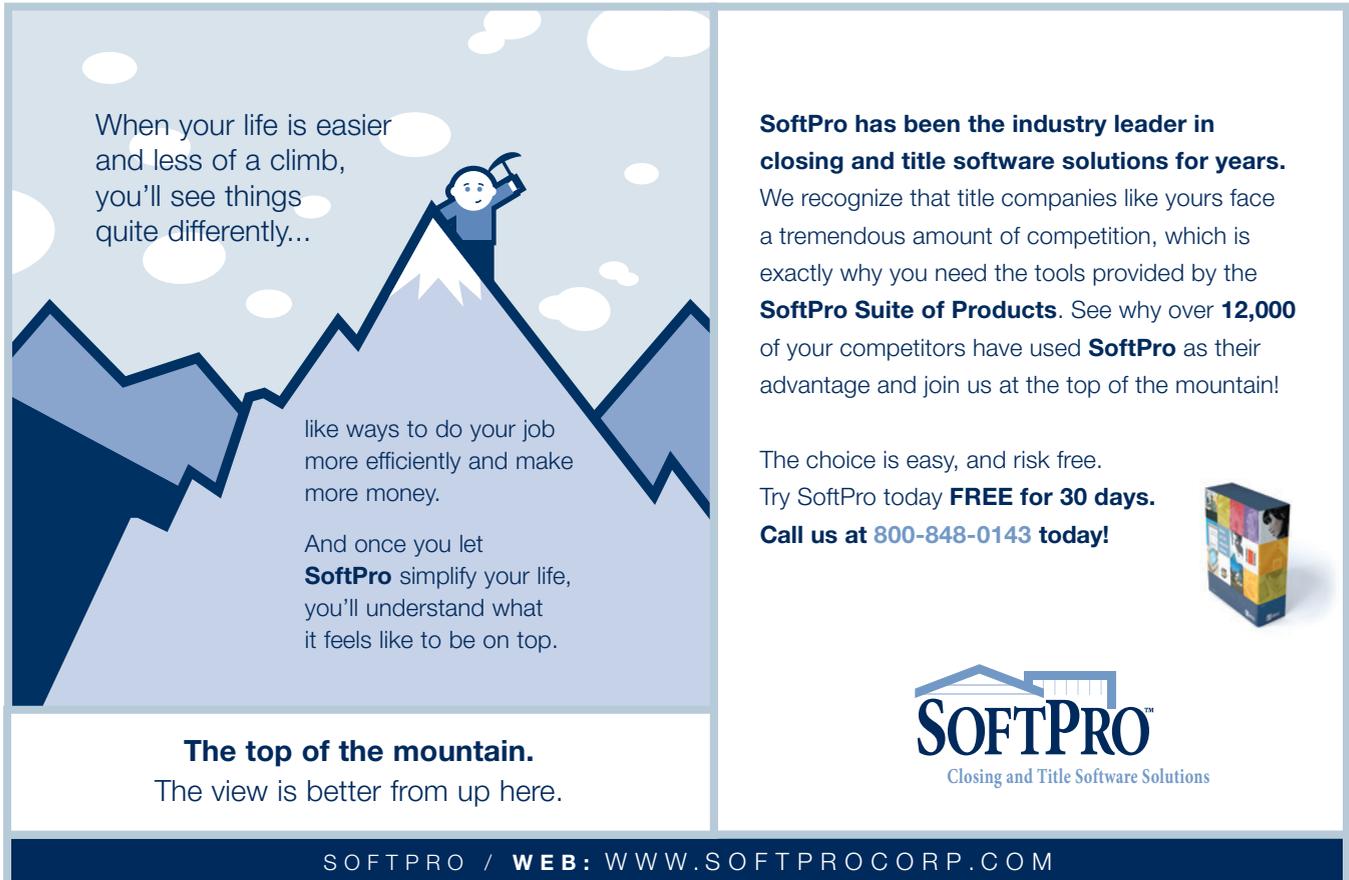
#4 REALTOR Ad Books.

Another avenue of additional revenue is owning a home magazine publication franchise. Again, do an

Internet search and you will find several turnkey franchise opportunities to own your own publication. Most of these franchises are desktop publishing systems where you upload pictures to the franchise company Web site, and they print the books and send them to you. All you are required to do is sell the ads and send in the photos of the houses. Some franchise sites include: www.realestatebook.com and www.homesandland.com.

#5 Loan Servicing and Tax Payments.

Several title companies already take advantage of the additional revenue of servicing loans and making automated payments. As a title company you are a unique user of



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bank services -- you have unique banking relationships and know how escrow accounts and disclosures work. Many small community banks have the need for escrow services for tax payments. Few have the staff or the willingness to take on that responsibility. One office of mine gets \$5 per month per loan escrow. Now \$60 per year may not seem like a great deal of money, but if you consider we currently have 400 escrow accounts, you'll agree it's a good source of revenue. A yearly escrow disclosure is required, and the format is available on www.hud.gov. We use a simple \$39 software program to prepare annual escrow account disclosure statements. It is available at: www.nationallawforms.com/real-estate/software-escrow.htm.

#6 Selling Use of Your Title Plant. Many companies do not take advantage of this potential revenue source. Some have had the value of their title plants significantly reduced as

the local register of deeds has automated and made records available over the Internet. There are many entities that may want to use your title plant -- surveyors, lawyers, other title companies, national search companies, national title agents, Realtors®, and banks. The main thing to remember is that if another title company wants to use your title

loved it because they were not getting a preliminary title report with the mortgage guarantee product. Now they get one with my product and do not mind paying a little extra for it.

#8 E-Recording Fees. If you have not yet had your registrar of deeds start accepting E-re-

 Many small community banks have the need for escrow services for tax payments. Few have the staff or the willingness to take on that responsibility.

plant, it has a title order you are never going to get. Denying another title company use of your plant will not prevent competition from doing title work in your area. Competition will enter your area whether you sell them use of your plant or not. The only thing you can do is earn some additional fees from their use of your plant.

ording, look into Maricopa County in Phoenix, AZ. They have been recording electronically for ten years. Title companies have gotten so used to it that the paradigm has shifted, so they charge an extra fee if a client won't record electronically. These fees are out there for the taking, and in some states they are statutorily mandated.

#7 New Policies or Products. Our companies have had great success collecting extra charges for the new ALTA 2006 Owner's Policy, or the ALTA 1998 Expanded Coverage Policy. I have been combating mortgage guarantee-type products in my area for a while. A local mortgage guarantee company sells mortgage guarantee products for \$37. I negotiated a special rate with my underwriter to sell Short Form Loan Policies for a rate comparable to the rate charged by the mortgage guarantee company. The banks

#9 Prepare Real Estate Contracts. If you are willing to go through the process to obtain your real estate brokers license, a whole myriad of services open up to you. First and foremost is preparing real estate contracts for a fee. You can do so under the brokerage rules as a transaction broker. This type of brokerage representation can be thought of as "representing the transaction" fees charged. These fees can range from \$250 to 1% of the transaction.



#10 Life Insurance

Instead of Mortgage Life Insurance.

Has anyone ever explained the difference between mortgage life and term life insurance to you? Most likely, the buyers in your closings have never had it explained to them either. Here is the difference—mortgage life insurance protects the lender. You pay a premium every month, but the coverage grows less and less over the life of the loan. When the loan is paid off, the life insurance under a mortgage life policy ends. Term life is “life insurance for a flat rate and term.” You pay the same rate for a number of years, and if death occurs, you receive the same life benefit. Let’s look at a quick example—a \$250,000 loan taken out by a borrower who dies in year 17 of the mortgage. Premiums for both mortgage life and term life are usually close to equal for equal dollar amounts. Under mortgage life, the remaining balance after 17 years is paid off – about \$150,000. If he had term life, the loan would get paid off plus the beneficiary under the policy would get the difference—\$100,000. Consider having your closers licensed to sell life insurance and present a brief description like this at closing and you will get sales.

#11 New Homeowner Lists.

This idea starts with creating a list of all the individuals who bought a home in the current month and then making it available to companies and individuals who would want it. Your company’s access to real estate records makes this a natural fit. Companies who would be interested in such a list include insurance agents, home improvement companies, remodeling contractors, interior decorators, furniture companies, tax

advisers, accountants, investment professionals, and the list goes on and on.

#12 Foreclosure Packages and Comparative Market Analysis.

How much do you know about the foreclosure process? When a bank starts to foreclose, often the first step is to order a Comparative Market Analysis. This is a comparison of the sales prices in the area and is usually less expensive than an appraisal. Offer this service to your banks when they order foreclosure title work. A second option is to sell foreclosure reports to prospective third-party purchasers at the actual foreclosure sales. Include the title commitment, plat, restrictions, assessors info, property tax info, etc. Advertise these packages in the local paper under foreclosures or legal notices.

#13 Tax Certification Service.

This service checks to make sure real estate taxes are paid yearly by borrowers that banks have on their books. You can provide this service for your local banks. Most of the large underwriters have a tax service company already providing this service. Get help from them to set up your system.

#14 Flood Letter Service.

Again underwriters have found a way to make this service profitable, and have made the service available to agents. Flood maps cost about \$1.50 per panel and can be purchased from the Federal Emergency Management Agency (www.fema.gov). Flood letter services can be profitable, but first and foremost—it is a service. And if you give good service, you can generate a following from your local banks and lenders.

#15 Mortgage Broker Services.

Obviously because this has the potential to be a competitor to your business sources, I only recommend this to title companies with very strong residential resale business referred by real estate agents. A good resource to start is *The Mortgage Originator Success Kit: The Quick Way to a Six-Figure Income*, by Darrin J. Seppinni. The mortgage broker business is highly lucrative. The average fee to a mortgage broker is over \$3,000 per transaction. It does not take very long to see how making just a few loans can be highly profitable. Furthermore, many national lenders (Countrywide, Washington Mutual, Wells Fargo, GMAC, etc.) have complete back-office systems for mortgage brokers. As a mortgage broker you help your borrower fill out the loan application and turn it in to the national lender. They process the loan, do the underwriting, and make the necessary approvals. You get the



fee.

#16 Property / Rental Management.

Rental and property management is a fast growing field. In fact, one of the newest franchises available for this business – Real Property Management, Inc. (www.realpropertymgt.com) is one of the nation’s fastest growing franchise corporations. Over 30% of the housing in America is nonowner occupied.

This means they are rentals. You as a title company have the perfect access to apartment owners, buyers of rental property, vacation home buyers, etc. When these properties are bought – and you do the closing – why not refer them to your own property management company?

#17 Web Site Development.

How can you best strengthen your relationship with your independent real estate brokers? Help them develop their Web sites. Few real estate agents take full advantage of web tools or do not have the know-how to do so. You can help them and possibly get some added title business to boot. Remember, it is a RESPA violation to give something of value for the referral of business, so you must charge for your web development services... but if you are good at it, real estate agents will gladly pay for the help.

#18 Environmental Inspections/ Termite Inspections.

Environmental and termite inspections can be a real service to your real estate agent clients. And it can be additional revenue for you. The Environmental Assessment Association (<http://iami.org/EEA/home.cfm>) has information about becoming an environmental inspector. Termite companies are also available through franchising opportunities. Both Orkin and Terminix (America's #1 and #2 termite companies) offer franchises.

#19 Real Estate Company/Brokerage.

I recommend this to title companies that do not rely heavily on real estate agent referrals for business. Opening a real estate brokerage is easy to do. It requires licensing but

provides not only access to additional income, but also access to new title orders. The average real estate agent pays over 35% of his/her commission to a broker. Further, part-time agents choose not to keep licenses active due to the cost most brokers charge to have part-time agents on staff. If you can keep costs to part-time agents low to maintain their license, you

costs), and the savings between your cost of being an agent to the cost of reinsurance is the income to the new private underwriter. The income of the underwriter can grow as equity or as income depending on your market goals. Plus, the big payday, the five national underwriters are always looking to buy local and regional underwriters to increase their market share.

 Our companies have had great success collecting extra charges for the new ALTA 2006 Owner's Policy, or the ALTA 1998 Expanded Coverage Policy.

can be successful in attracting agents to your brokerage. Most title companies have the necessary space needed to start a brokerage; all they need is to hire the agents.

#20 Title Insurance Underwriter – Start Your Own.

This is another idea whose time has come. Ever wonder what your underwriter does with all of the premiums you send him? If you are a company that has not had a claim in years, you probably wonder this a lot. A group of agents in several states has banded together to form their own underwriting companies. These companies have low overhead and service the agent/owners as well as other agents. Reinsurance is purchased at a much lower rate from the national underwriters (when compared to agency direct

Go Make Some Money

I hope this list has sparked your interest and given you some new directions and ideas to pursue. This list is not all-inclusive, but it contains some of the best ideas I have heard or tried. Hopefully you can use some of these ideas to grow your income stream, increase the value of your company, and truly bring our industry into the 21st century.



Michael A. Holden is president of Guaranty Land Title Insurance, Inc. Columbia, MO, and managing board member of LandChoice Company LLC.

He can be reached at mikeholden@landchoice.net.

2007 Member Vendor Directory

ALTA has taken some of the work out of finding a new vendor for your business and technology needs. Visit the Technology section of ALTA's Web site to find detailed product information on these ALTA member companies.

Title companies should realize the importance of keeping up-to-date on changes in business and technology that could enhance their business operations. Whatever your challenges, these experts can help you make improvements to your bottom line. To search further, use the online version of this directory, which allows you to search by product type, location, features and functionality, and compatibility with your hardware, accounting, and other systems.

Affiliated Title Management LLC
White Marsh, MD
www.atmlc.net

American E-Title Corp.
Iselin, NJ
www.americantitle.com

AmeriTitle
Bend, OR
www.ameri-title.com

Belle Abstract Corp.
Huntington Station, NY
www.belleabstract.com

Capital Professional Insurance Managers, Inc.
Chevy Chase, MD
www.cpim.com/tiac

Charles Jones Inc.
Trenton, NJ
www.charlesjones.com
Annual Convention Booth 418

Clear Skies Title Abstracting, LLC
Hampton, VA
757-880-3916

Cornerstone Management Solutions
Woodbridge, NJ
www.snapclose.com

Corporate Development Services, Inc.
West Chester, PA
www.cdswebcentral.com

Data Tree LLC
Santa Ana, CA
www.datatree.com
Annual Convention Booths 302 & 304

Details Abstracting Services, LLC
Menomonee Falls, WI
414-698-7183

Disburs-All LLC
St. Louis, MO
314-721-0188

Discovery Title Services of Virginia, Inc.
Church Road, VA
804-590-8526

ESS Solutions LLC
Catonsville, MD
www.essllc.com

Extract Systems
Formerly Uclid Software
Madison, WI
www.extractsystems.com

FetchDocs
North Wales, PA
888-699-3132

First American National Commercial Division
Boston, MA
www.firstam.com

First American/SMS
Irvine, CA
www.firstamsms.com
Annual Convention Booths 206 & 208

First Data Systems
Nashville, TN
www.firstdatasystems.com

Freedom Settlement Group, LLC
Winchester, VA
540-665-2700

Gatorsystems
Pittsburgh, PA
www.gatorsystems.com

GlobeExplorer
Walnut Creek, CA
www.globexplorer.com

Granite Software, Inc.
Burbank, CA
www.iclosingsdirect.com

hal Systems Corporation
Dallas, TX
www.halfile.com
Annual Covention Booth 502

Hall Settlement Systems, LLC
Frisco, TX
www.hallsystems.com

Hardin County Abstract Co.
Elizabethtown, IL
618-287-7944

High Plains Land & Title
Dodge City, KS
620-225-6574

International Land Systems (ILS), Inc.
Silver Spring, MD
www.landsystems.com

LandAmerica Illinois Agency Office
Chicago, IL
www.landam.com
Annual Convention Booth 318

Legal Title & Closing, LLC
Tampa, FL
813-258-6343

Lincoln Data, Inc.
Spokane, WA
www.lincolndata.com

MKAssociates - Nationwide Land Survey Coordination
Warrenton, VA
www.mkassociates.com

Monroe Title Insurance Corp.
Rochester, NY
www.monroetitle.com

Nelson County Abstract, Inc.
Lakota, ND
701-247-2221

New England Abstract LLC
Wallingford, CT
203-269-9600

North American Title Company
Miami, FL
www.nat.com

Park Avenue Abstract Corp.
Monroe, LA
318-343-5999

Pottawatomie County Abstract Co.
Westmoreland, KS
785-457-3441

RamQuest Software, Inc.
Plano, TX
www.ramquest.com
Annual Convention Booths 216 & 218

RBJ Computer Systems, Inc.
Monrovia, CA
626-357-9725
www.rbj.com

Realty Data Corp.
Garden City, NY
www.realtydata.com

Rels Title
Bloomington, MN
www.rels.info

reQUIRE, Inc.
Virginia Beach, VA
www.titletracking.com

ResourceLink Insurance Services
Redondo Beach, CA
www.resourcelinkinsurance.com

Scott County Abstract and Title, Inc.
Shakopee, MN
www.scottcountyabstract.com

Silver Bay Systems, Inc.
Eagle River, WI
www.silverbaysystems.com

SoftPro
Raleigh, NC
www.softprocorp.com
Annual Convention Booths 303 & 402

Sound Title Agency
Northport, NY
631-262-1826

Statewide Title, Inc. Headquarters
Salisbury, NC
www.statewidetitle.com

Tanya R. Stevens
Lucedale, MS
601-947-8744

Stewart Transaction Solutions
Houston, TX
www.sureclose.com
Annual Convention Booths 403 & 405

The Rockridge Group, Ltd.
Woodstock, IL
815-338-3320

Title Centers of America, LLC
Crossville, TN
www.titlecenters.com

Title Program Administrators
Phoenix, AZ
www.titleprogram.com

Title Solutions Group
Modesto, CA
www.titlesolutionsgroup.com
Annual Convention Booth 214

TitlePro
Lancaster, PA
www.go-titlepro.com

TitleSCAN Systems
Sudbury, MA
www.titlescan.com

TitleSoft, Inc
Maitland, FL
www.titlesoft.com

TSS Software Corporation
Annapolis, MD
www.iwantTSS.com

U.S. Land Title
Marietta, GA
www.uslandtitle.com

Ultima Corporation
Hardy, AR
www.ultima.com

USA Digital Solutions, Inc.
Phoenix, AZ
www.digisolaz.com

Wauhara Abstract Corporation
Wautoma, WI
920-787-2524

White & Williams, LLP
Philadelphia, PA
www.whiteandwilliams.com

Windward Consulting/Software
Waunakee, WI
608-850-5170
Annual Convention Booth 202

> member news

Member News

CALIFORNIA

First American, Santa Ana, has



several announcements:

Christine Helton-Adams has been appointed vice president, Sacramento to escrow operations manager. Helton-Adams joined First American in 1986 and has worked in the customer service, title, and escrow departments.



Barbara Girolami has been promoted to vice president, valuation for First American eAppraisalT's Valuation Consulting group, Poway. A 15-year veteran of the mortgage industry, Girolami joined First American eAppraisalT in 2005 as director, valuation consulting.



George Grupp has been named chief financial officer for First American Corporation's Specialty Insurance segment. An industry veteran with more than 30 years of experience, Grupp has worked extensively with the finance and operation functions of title insurance and P&C insurance companies.



Pamela L. Pucci has been named vice president, county manager for Sacramento and South Placer Counties. Pucci joined First American Title in 1989 and most recently was vice president, Sacramento regional escrow operations manager.

CALIFORNIA CONT.



Diane Swanson has been named vice president, national sales manager for First American eAppraisalT's Valuation Consulting group, Poway. Swanson joined First American eAppraisalT in 2001, most recently as director of operations for the Poway service center.

Old Republic National Title Company has several announcements:

John Geraci was appointed senior vice president, Los Angeles/Ventura county manager for Old Republic Title Company, Oakland. Geraci has over 23 years of experience prior to joining Old Republic.

Donna E. Thompson has joined Old



Republic Default Management Services, Irvine, a division of Old Republic National Title, as senior vice president of REO

management. She has over 20 years of experience in REO management and specialized experience in default services.

John D. Snelgrove has joined Old



Republic Default Management Services, Irvine, a division of Old Republic National Title, as senior vice president of

operations. He has over 15 years of management and specialized experience in default services, most recently as senior vice president at a national default services subsidiary of a major national underwriter.

VIRGINIA



J. Scott McCall has been promoted to group senior vice president – agency services for LandAmerica Financial

Group, Richmond. McCall has been with LandAmerica for more than 20 years, focusing primarily on the company's agency business.

Mergers & Acquisitions

Skywire Software, providing software and services to the insurance, financial services, and other industries and its parent company, Hall Financial Group, announced they have entered into a definitive agreement to acquire Canadian-based Whitehill Technologies, Inc.

KUDOS

Baillie Hall & Hershman P.C. Wins Quality Award

The law firm of Baillie Hall & Hershman P.C., Cheshire, CT, a supplier of real estate closing services to the employee relocation industry, won a 2007 Connecticut Quality Improvement Innovation Award (CQIA) for its use of an online ordering system that allows real estate clients to input their closing data online. The standardization of data entry has increased information accuracy by 50%. The CQIA Innovation Prize recognizes accomplishments in the last five years. Details: Elisabeth Hershman, 212-289-6734.

Six Named Certified and Associate Land Title Professionals

Five members of the PA Land Title Association were recently recognized as Certified Land Title Professionals and received the CLTP designation.

Pamela A. Croke, executive vice president of PLTA and the executive director of the Pennsylvania Land Title Institute; **Philip S. Janny**, title agent and real estate coordinator for Joseph J. Plunkett, P.C., in Allentown; **Karen V. Matz**, owner of Matz Land Transfer Services, Inc. in West Chester; **Nanci Reese** vice president and agency representative of LandAmerica Commonwealth and Lawyers Title in Lancaster; and **Diana Sabol**, assistant vice president and agency representative for Commonwealth Land Title Insurance Company in Philadelphia. **Christopher Ritchie**, president of Eagle School Abstract in Wayne, was recognized as an Associate Land Title Professional (ALTP).

PLTA Presents Its Two Highest Awards at Convention



Elizabeth A. Murphy, director of operations for PLTA, received the Albert E. Pentecost Service Award, presented annually to the individual who has made the greatest contribution to PLTA during the preceding year.

Warren R. Strouse, CLTP, recently retired as vice president of First American in King of Prussia, received the James G. Schmidt Distinguished Service Award for his substantial, lasting contributions to the welfare of the land title industry.



PRIA Presents Founders Award to Mark Monacelli

Mark A. Monacelli, county recorder for St. Louis Co., MN, received the Carl R. Ernst Founders Award from the Property Records Industry Association (PRIA). The award was presented by Carl Ernst, the first recipient and award's namesake. The PRIA Founder's Award was created to honor an industry member who not only reflects the association's core values but who also has provided proven, unparalleled leadership in addressing specific industry needs and standards.



▲ Monacelli, right, accepts the award from Carl Ernst

In 1998 Monacelli encouraged and supported the creation of the Property Records Industry Joint Task Force and guided the move from task force status to a permanent not-for-profit corporation, PRIA. He served as preliminary president in 2002, and the board reelected him in 2003. Under his guidance the Property Records Education Partners (PREP) was created, and there are now PREP chapters in 20 states. He steps down as president of PRIA, but will continue to serve as director of PRIA representing the National Association of County Records, Election Officials and Clerks.

Lighthouse Title Group Recognized by Entrepreneur Magazine

Lighthouse Title Group, Holland, MI, is the nation's only title agency to be added to *Entrepreneur* magazine's Hot 500 List. The Hot 500 rankings are compiled with the help of Corporate Research Board, a research organization. To be considered for the list, companies must have: 1) been founded no earlier than 1998 and no later than 2002; 2) have sales for the year 2002 at \$100,000 or greater, 2006 sales must not exceed \$1 billion; 3) must have had positive growth between 2002 and 2006; and 4) must have a minimum level of sales growth or a sales growth quantifier of 1 or higher between 2002 and 2006 (the growth quantifier is a measurement that combines percentage and absolute growth.)

Only 95,000 businesses – or 0.5 % of the 19 million businesses -- met the above criteria. *Entrepreneur* then contacted the businesses with the greatest growth to confirm eligibility. To be eligible the founder of the company must be actively involved in the company, the company cannot be a spinoff or a division of a larger company, and company sales for 2006 must be at least \$1 million. Details: Bob Wuerfel, 616-820-7290.

> member news

New Members

COLORADO

Steven Reed
Arapahoe Title Company
Aurora

CONNECTICUT

Jason Estabrooks
Ledyard
Jimmy Marin
Sabre Title Services, LLC
Orange

FLORIDA

Jesús Uriarte
Advantage Florida Title Services, Inc.
Miami
William Stroop
Five Star Title Services, LLC
Punta Gorda
Sheryl Hughes
K.E.L. Title Insurance Group, Inc.
Altamonte Springs
Artie Rehkopt
Land Title Search Associates, Inc.
Clearwater
Michael Vandetty
Max Title Services, Inc.
Miami
Erik Wesoloski
S & W Group, LLC
Miami

GEORGIA

Todd Haag
Bluespot, Inc. DBA: Georgia Titles Unlimited
Atlanta
Bruce Bromell
Marietta
Willie Butler
Coastal Title Service
Pembroke
Farris Cadle
Farris Cadle, Inc.
Garden City
John Cash
Images USA, Inc.
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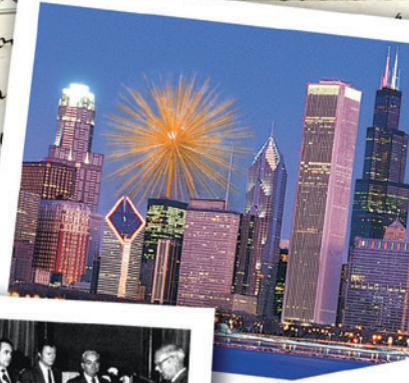


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