

NALTEA

National Association of Land Title Examiners and Abstractors

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Wanda Steudel, NALTEA President
Email: president@naltea.org

I cannot believe that we are into March already. The NALTEA Board of Directors has met twice. The Public Relations and Membership Committees are working together on a membership drive. We hope to double our membership this year. The Education Committee continues to meet twice a month in order to provide education to our members and to work on our Certification Program. Robert Breakell has rejoined us and has agreed to chair the Ethics Committee. Publications and Benefits continues to work with E & O and health insurance providers to try to help NALTEA members offset with the continued high cost of insurance. This committee also publishes this wonderful newsletter. By the way, the newsletter is now posted on the Website. The Event and Planning Committee has already begun to look into planning our next conference.

We have some very dedicated members working very hard for all of us. They certainly could use your help. If you are willing to help, even for a short period of time, let us know. You can find a list of the committees on the left hand side of the website www.naltea.org. If you click on a committee it will bring up that committee's site and contact information.

I would like to encourage all of you to become aware of other land title organizations and happenings in your area and get involved. You may gain some valuable information regarding other aspects of the industry. You will also be able to make them aware of NALTEA. We were contacted by an abstract organization near Philadelphia, Pa. just recently, and they have invited one of us to come to speak at one of their meetings. I was also recently interviewed by "The Title Report," one of the publications from October Research. My goal was to give an honest, positive, perspective on NALTEA. I have not seen the article at the time of this writing, but I have had a couple of calls from people this week who have seen it and wanted to know more about NALTEA. I have also been asked to serve on a panel as a representative for abstractors at the Ohio Land Title Association's conference in May. Pat Scott recently attended a Small Agents and Abstractor conference sponsored by ALTA in St Louis. I think you will find his article regarding his experience in this newsletter. So, you see, we are being noticed. It may be just a ripple at this time, but I am confident that we will soon start to make waves. You don't have to be a board member in order to be a positive representative for NALTEA. We should all be very proud of this organization and letting everyone know who we are.

NALTEA Attends the ALTA Small Agents and Abstractors Forum, Kansas City, MO.

Patrick Scott, Board Member
Email: pscott@oconnortitle.com

I recently had the pleasure of leaving the cold winds of Chicago for...the even colder winds of Kansas City, MO, for the third annual Small Agents and Abstractors Forum, hosted by the American Land Title Association. Weather and lack of sandy beaches aside, it was a worthwhile event to attend.

Roughly 25 owners and employees

of companies that fit into the categories of small title agent and abstractor - hence the forum's title, attended the forum, held on February 19, 2006.

The morning session did not provide the enlightenment I had been anticipating. After a long presentation about upgrading software, the agenda turned to discussion of topics. The initial discussion focused on competing against unfair marketing practices. While I consider it to be a subject highly worthy of

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discussion, marketing title insurance to realtors dominated the discussion. I observed little, if any, participation by attendees with issues pertaining to marketing the services of an abstractor. And, with so many different regulations in the different states in discussion, I was unable to draw many parallels to marketing abstract services.

The atmosphere seemed to change for the better in the afternoon session. Maybe it had something to do with the group having had an opportunity to converse in small groups over lunch. But, the participation grew and onlookers became participants. Topics seemed to take on a more universal appeal.

One such topic, introduced by Joshua Reisetter of Brookings County Abstract Co., Brookings, SD, involves the practice of casualty insurance companies seeking to revise the law in mono-line states. Mono-line states would be those prohibiting companies insuring non-title risks from insuring title-related risks. The purpose of the proposed amendments appears to be to redefine casualty insurance in a way that would allow the insurers to insure condition of title. Translation: In mono-line states, casualty insurers enter a market currently reserved for licensed title insurance companies.

An astute abstractor might ask, "So, what? I'll just market my services to the casualty insurance company. They'll be needing abstracts, right?" Well, not so fast. "Mortgage Impairment" insurers may have little use for title searches. Rather than a check of the public record, it would appear that risk is determined by actuaries calculating the projected default rate on a pool of mortgage loans. In my understanding, it would work roughly the same way as insuring your house or car. Mortgage impairment insurance is not a new phenomenon. ALTA has been aware of the issue for years and has been working with the various state land title associations to slow or stop the spread of the practice.

The forum's able moderator, Mike Nichols, of the Jones Abstract & Title Company, Indianapolis, IN, made a point of opening up the floor to discussion of abstractors' issues. John OConnor, of OConnor Title Services, Inc., Chicago, IL, took this opportunity to slip in, not one, but two shameless plugs for NALTEA.

Throughout the forum, Nichols proved an excellent moderator, keeping the discussion moving from one topic to the next. The participatory nature of the meeting kept attendees' interest, as each was given opportunities to his/her own perspective on the various topics.

I have learned that ALTA is considering hosting its next forum for small agents and abstractors on November 11-12 in Cincinnati, OH. I would urge all NALTEA members to consider attending. Maybe, if enough of us abstractor types attend, they'll change the name to "Abstractors and Small Agents Forum". I know that I will try my best to make it in November. I hope to see you there!

Ethics Committee Update

Email: ethics@naltea.org

NALTEA has six standing committees, Education, Membership, Planning & Events, Publications & Benefits, Public Relations, and Ethics. Probably the least glamorous but none the less extremely important is Ethics.

Our organization exists for many reasons. Our mission statement is: *"To foster better understanding between the membership and others involved in the title profession, to provide information and education to the membership and others, and to assist the members in providing quality service to their clients."* We can do all the education and promotion that we want, but if we do not subscribe to and operate under a code of ethics, none of that will matter. Ethics and integrity should be the foundation of any successful business.

NALTEA has a code of ethics. It can be found on our website, www.naltea.org. It is pretty straight forward easy to understand. I remember reading somewhere, and I apologize to whomever I am stealing this from (I hope I am not being unethical), but it is something that I have remembered and try to do everyday. "At the end of the day, ask yourself, "Did I do an honest job today? 'Were my actions worthy of respect from my customers, employees and peers?" "Did I make decisions based on adherence to the law, and were they made in the best interest of all parties or were they solely made to gain business and make a profit?" We want NALTEA members to be the best of the best. If we would all ask ourselves these questions and adhere to them, then we would fulfill our mission.

We are looking for members for this committee. This is a very important aspect of our organization. Please email me at wstuedel@accusearchco.com and tell me that you feel that this is an important committee also.

Pride Goeth

Reprinted with permission from First American's *Claims Chronicles*, by Bert Rush.

San Francisco, CA -- This three-story commercial building in the city's Mission District was once part of the garment-making empire of Yee Nor Kong and her husband, Raymond.

At one time the couple operated nine sewing shops employing 450 seamstresses. With scattered investments in restaurants and commercial real estate projects, the Kongs were high-limit spenders, known for their expensive tastes, trips abroad, and gambling binges in Las Vegas where they sometimes dropped as much as \$350,000 in a night.

First American was asked to insure a refinancing of this building for \$1,000,000, through which an existing line of credit secured by a deed of trust against the property was being paid off--and was to be closed.

The loan closed on April 29, and First American's escrow officer wire-transferred \$610,675 to the former

**If you have an idea for an article, please contact publication-benefits@NALTEA.org.
Any contributions to the newsletter will be greatly appreciated.**

lender the following day. Then the Company insured the new lender as holder of a first deed of trust.

But, someone dropped a stitch.

Instead of closing the line of credit and forwarding a reconveyance (release) of their deed of trust, the former lender let the line remain open--and in due time, they probably also sent the Kongs a monthly statement showing a zero loan balance and available credit of \$600,000.

On May 23, Yee sent a fax to the former lender instructing that \$600,000 be advanced from the credit line and deposited into one of her corporate accounts, which was promptly done.

Two months later, the Kongs' business empire collapsed. Local newspapers reported that their checks were bouncing everywhere, they had gone into hiding, and they owed banks more than \$30 million. When the insured deed of trust went into default, we soon learned that the old line of credit remained open with a balance greater than \$600,000--and its deed of trust was unreleased. Worse, our escrow file contained no proof that the former lender promised to send a release when its credit line was paid off.

First American paid more than \$650,000 to reimburse our insured lender.

Footnote: When the Kongs went into hiding, less than three months after the insured transaction, the following was reported under the headline "Why Kongs' Empire Collapsed" in the San Francisco Examiner: "So when the couple abruptly shut down their nine garment companies and vanished two weeks ago, friends were stunned. Only a month earlier, Yee Nor Kong had hosted a lavish party to showcase the \$600,000 remodeling job on her home at 1459 Powell St."

Pride goeth, they say, before a fall.

MORAL: Just another example of what can go awry. Title insurance is excellent protection against all sorts of misunderstandings that can occur through closing.

Oxley Urges GAO to Launch Investigation into Title Insurance Practices

Reprinted with permission from *Source of Title*, by Jarrod Clabaugh.

WASHINGTON, D.C. — The Financial Services Committee, concerned about the practices consumers are being exposed to by title insurance companies, sent a letter to David Walker, the Comptroller General of the United States Accountability Office on February 22, 2006. The letter, which was authored by Michael Oxley, the chairman of the committee, addressed the concerns the committee has about the costs and general practices currently associated with title insurers in the United States.

Oxley noted in the letter that the cost of title insurance has become an increasing burden on many consumers as housing prices have ballooned across the nation. He wrote that "questions about the need and price of title insurance are of particular concern" as consumers refinance their mortgage loans while interest rates remain historically low.

The letter also addressed the numerous investigations that have been launched by state regulators that expose the illegal referral fees between title insurance companies and members of the real estate profession, such as mortgage lenders and real estate agents. The letter admonished these violations of RESPA in addition to highlighting the various abuses associated with reinsurance agreements. Oxley specifically noted how the agreements have "forced title companies to pay millions of dollars in settlements, and have uncovered anti-competitive practices within the title industry."

Based upon these investigations and its observations, the committee drafted the letter to the GAO and has asked them to examine and address the several concerns. First, the committee would like the office to analyze the overall title insurance market to determine what factors impact the price of the product, including the associated claims, the cost of a title search, marketing costs and the overhead of conducting business. Secondly, the committee wants the office to determine the number of title insurers in operation; their market share; how the product is marketed and sold; the extent to which title insurance is a nationwide business; and, to what extent consumers actually benefit from a competitive title insurance marketplace.

Finally, the committee is asking them to examine the relationship between title insurers, lenders, realtors, and homebuilders for anti-competitive practices and investigate potential barriers to entry in the market.

The GAO is currently reviewing the letter that was submitted by the Financial Services Committee and has not publicly addressed the issues presented in the letter nor has it taken any official actions. Various government officials have been addressing the practices of title insurers in both 2005 and 2006.

Recently, Eliot Spitzer, the attorney general for the state of New York, launched an investigation in that state into the practices of title insurance companies and has placed specific interest on First American, Fidelity and LandAmerica. Representatives from all three companies have indicated that the companies are cooperating fully with the investigation and will continue to do so.

NALTEA Members can use their membership number as a coupon code for 50% off of Subscriptions to Source of Title, and 10% off of enhanced listings.

Florida Supreme Court Hears Testimony Regarding the Online Publication of the Public Record

The Florida Supreme Court recently heard testimony from court clerks, journalists and business leaders who argued that limiting access to online public records is impractical. They also argued that online records should not be removed based on unfounded fears of privacy rights' violations. The meeting, which was held on March 1, 2006, was the first in a series open to the public that questioned proposals provided after then-current Chief Justice **Harry Lee Anstead** ordered a moratorium on the electronic availability of many records in 2003.

Based upon Anstead's moratorium, a committee submitted 21 recommendations that it requested the court implement before allowing electronic access to certain public records. Many of those who argued before the courts questioned the necessity of the recommendations.

"This is simply a stalling process," said R.B. Shore, the court clerk for Manatee County. "The moratorium, in my opinion, fears the future. It's like stopping the issuance of a driver's license because we're afraid somebody's going to get in an accident."

According to an article in *The Lakeland Florida Ledger*, the opponents of the bill focused on a recommendation that would require clerks to review all court files, both electronic and paper, to remove anything the legislature has exempted from non-judicial public records.

This would be impractical, according to Kenneth Kent, the executive director of the Florida Association of Court Clerks and Comptrollers, because Florida courts hold more than 10 billion pages of records and the recommendations call for the implementation of more than 1,000 statutory exemptions from these files.

According to a lawyer for the title industry, Katherine Giddings, the current moratorium is more harmful than beneficial as it has hurt the turn-around time for getting information to her clients. Prior to the moratorium being issued, Giddings noted that information was available to her clients 24 hours a day, seven days a week. Her clients must now wait until the courthouses are open and have someone search the records at those locations.

The Florida Supreme Court also heard testimony from those defending the removal of the public record documents from the Internet. The court has yet to decide on the matter, but its decision could impact counties' actions nationwide.

Membership Committee Update

Nikky Eisenhuth, Chairperson
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NALTEA welcomes the following new members.

Breakell & Associates, LLC Robert Breakell	Torrington, CT
Mid-Mississippi Abstract Co LLC Madison, MS Patricia Roberts	
Parasec Vince Meden	Sacramento, CA
Title Solutions , Inc Mike Skene	Irvine, CA

This brings the total membership to 110 members.

The Public Relations and Membership committees are involved in a joint effort to help NATEA reach the goal of doubling our membership by the time the next conference rolls around.

Together, we have undertaken the daunting task of creating a listing of each county's Clerks/Recorders office in the nation. We will soon begin emailing or snail-mailing a flyer to as many such offices as is feasible. We will be asking that the Clerks/Recorders post the flyer for viewing by the abstractors working in their offices. We will also seek volunteers to hand-deliver our flyer to the counties they visit.

We welcome all offers of assistance from the dedicated professionals of NALTEA. If you happen to be in possession of current email and address information for your states' county recording officials, you would be providing a valuable service by sending the information to either membership@naltea.org or publicrelations@naltea.org. If you are inclined to amplify your voice in the abstracting industry, consider joining a NALTEA committee. The Membership Committee is now accepting new members.

If you know anyone that you think may be interested in joining NALTEA please e-mail info@naltea.org and someone will contact them with a membership application.

On October 13, 2006 thousands of women and men will unite in Tampa Bay and walk 60 miles through the Tampa Bay area and camp out each night. As a condition of participation, I must raise at least \$2,200, but I have increased my goal to raise at least \$5,000. So, yes, this is a plea for your emotional and financial support. For more information, or to donate, please log on to <http://www.the3day.org/TampaBay06/nikkye> or e-mail nikky@sourcedocsinfo.com. Thanks in advance for your support. Nikky Eisenhuth