



NALTEA

The National Association of Land
Title Examiners and Abstractors

Message from the President

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Please take the opportunity to
visit our website at:

www.naltea.org

Mary Mitchel, President
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In recent weeks I have been thrown into retrospective thought pertaining to our profession, more specifically the impact of today's poor economic condition on the same. Time and time again, the rollercoaster economy has had a direct impact on our ability to make a decent living or any at all. The difference this time around, I feel is not only the duration of the "downside" spiral but the fact that we have been faced with other challenges that, at times, seems insurmountable. Between the availability of document images to companies overseas, the focus by large companies on the ever popular, cheaper, faster, condensed title products, to the rising operating costs, i.e., gas prices for one, we always seem to be on the front line of a major battle to retain our profession. That profession, as this board has stated many times before, being the foundation upon which this industry was built.

Why is it then that we, the foundation of this industry, are the very first stop on the "let's cut costs" train? You would think with all that has been written, reported, discussed and analyzed, with respect to today's housing market, poor economy and the negative impact on the average consumer, that there would be a renewed focus on quality rather than quantity when it comes to title reporting. With property values falling, in most areas of this country, and consumers being faced with rising costs everywhere they

turn, the one thing they very seldom question, nor would even know enough to do so, would be the costs incurred should they find themselves in a position to refinance, make a new home purchase, or sadly to require a foreclosure search. Not only are incomplete searches being done, the costs are being passed on to the unknowing consumer under the guise of a hefty "title examination" or "Title Abstract" Fee when in fact a lesser search may have been done at a lower cost to the lender. Everywhere we turn, it seems that guidelines that have been put in place to protect the consumer have actually enabled others to take advantage instead. We, the lowly abstractors, are the first to suffer once again, as we have been replaced, in many instances, by inadequate, automated processes used to cut corners & costs. Where will it end?? I have not a clue but only know that we must stand true to our selves and our profession.

Given these difficult times, the temptation is great to do anything to bring in more business. Some folks out there have even dropped their prices to "stay in the game". In actuality, they are not only hurting themselves, but hurting the rest of us as well. In my experience, I have found that taking that route only confirms to those "nay-sayers", who believe that what we do is quick, simple, cheap and that abstractors are making a ton of money, that we can all be manipulated to their benefit. Once a client starts paying the lesser fees, and your costs

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continue to rise, do you think you can just turnaround, increase your fees and retain that client? Maybe you can, maybe you can't but what does that say for the professional abstractor? It is very true, in most cases you "get what you pay for". I have been in the position of providing "clean up" work for several clients who had left us for a cheaper, faster version only to come back because errors were made during the course of a search. Granted, I was happy to do it, however made the point with the client that if they had only come to us first, they would not have had to pay twice in order to have the job done correctly. Not to mention, once again, the poor unsuspecting consumer who ended up having to pay another fee.

I certainly understand that it is most difficult to stand firm for what you believe to be true, especially when it has a negative impact on your business. Integrity has always been on the top of my list. At times like these, it is important that we stick together and, whenever possible, help each other out. Perhaps there is an area that you do not cover, or no longer are able to cover, in which a colleague may be able to provide services? Why not recommend them to your client. It shows your commitment to providing them with a greater level of customer service and assists a fellow abstractor at the same time?

Get more involved with NALTEA. We provide a great opportunity for networking. I do not know a single member that would not be willing to help another member if asked. I know if I am looking for an abstractor, the first place I go is to the NALTEA Directory. I would much rather support a fellow NALTEA Member, whenever possible.

You will be seeing many requests for your input, regarding various topics of interest, for which I hope you take the time to reply. We can only support you, if you tell us what you need, want or would like to see. Allow us to be there for you and make NALTEA a better association for its members. I am always open to your comments, suggestions, general ideas, etc. Please feel free to contact me at any time.

Public Relations Update

Pat Scott

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The Public Relations Committee last met on May 27, 2008 via conference call. Items under discussion included new member marketing,

industry issues of concern, industry alliances, and preparation of a RESPA reform position paper.

New Member Marketing While NALTEA continues to experience moderate growth, the PR Committee agrees that a stronger industry presence will enhance direct marketing efforts. The committee would make greater use of press releases and web presence to inform abstractors and other industry participants of NALTEA's efforts and successes.

Issues of Concern One major area of concern to abstractors is liability for omissions. More specifically, the possibility that errors in posting by the clerk/recorder, later corrected without public notation of the correction, may cause undue claims of abstractor negligence. The committee agrees that NALTEA should take a lead role in coordinating a campaign to ensure that those responsible for indexing the public records do so in a responsible manner.

Industry Alliances NALTEA alone has limited manpower and other resources take on issues such as the one stated above. The liability concerns related to public records maintenance affect many other industry professionals. The PR Committee recognizes that forming more industry alliances, and combining resources where our interests converge, can be far more effective than unilateral efforts.

RESPA Reform The PR Committee is currently at work on preparing a position paper to submit to the Department of Housing and Urban Development (HUD). The paper will address concerns, from the abstractors' perspective, about certain aspects of HUD's proposed rules.

Board of Directors Report

Lynn Hammett

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The NALTEA Board of Directors meeting was held on May 27. The Education Committee is preparing for the REEA conference, which will allow us to network with textbook publishers and real estate educators from around the country. The Education Committee hopes to introduce NALTEA and have our organization included in future textbook revisions. We also expect to education the industry about our function in the closing process. NCA and NMA certificates will be mailed in the next few weeks to those who passed the certification test at the conference in New Orleans.

The board has been discussing our position on the new RESPA reform presented by HUD. The line items in the closing statement have been an important discussion topic as it relates to the actual fees charged for the abstract. Some concern was discussed about the ability of vendor management companies as middleman to increase the fees at the expense of the abstractor. With HUD's focus on decreasing closing costs for the consumer, the downward pressure of fees from vendor management companies may adversely affect the abstractor, particularly if the abstractor fee is removed from the closing statement. The public relations committee is preparing a position paper as a response.

The PR committee is also looking for support from the industry and abstractors to influence county recorders to address the issue of corrections in the public record. NALTEA believes it is in the interest of our membership and the public that corrections in the public record be noted and documented.

Other discussion areas included state chapters for NALTEA, ways to keep the annual conference affordable, and changes and updates to the website.

The next board meeting will take place on Monday, June 16 at 7 pm EST.

Benefits & Publications Committee Update

Doug Gallant
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We have been working on streamlining our polling abilities via the newsletter. While our original format allowed polling by separate e-mail when we mailed out hard copies of the newsletter, some tweaking needs to be done to incorporate it with the electronic format. It will give the board or individual committees the opportunity to present questions to the membership to better gauge the wishes of the members. It is hoped that this function will be up and running by the next newsletter.

NALTEA has received an unsolicited offer for an E&O program that seems tailored for smaller independents. We are reviewing the offer and will present the findings to the board for their consideration shortly.

As always, comments and suggestions about publications and benefits are encouraged and welcome.

NALTEA Submits RESPA Comments

Pat Scott
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The NALTEA board of directors submitted comments to the Department of Housing and Urban Development (HUD) on Friday, June 6. HUD, as part of its protocol for implementing its proposed new rules, has invited comments from the public, industry participants and industry organizations. NALTEA submitted the following comments:

Sir / Madam,

The National Association of Land Title Examiners and Abstractors (NALTEA) appreciates this opportunity to comment on the proposed rules for RESPA. Being an association composed mainly of independent title abstractor companies and individual 'independent' abstractors, our concerns lie heavily with the matters concerning those parties. And, while our members may express additional concerns to you in separate communications, this association will limit comments to those that directly affect our members.

In contemplating the final rules, your further attention to the following sections will contribute toward meaningful and appropriate procedures that will serve your goals in proposing the rules. We respectfully submit the following concerns and recommendations to that end:

Itemization

The title search, or abstract, is the basis upon which every title policy is issued. Contrary to your findings, we believe this item, among others, should be disclosed along with the fee paid to the party ultimately providing the service. Further yet, the fee should be disclosed separate from the examination fee and any other major components relative to the issuance of the title policy.

If a separate party procures the services of abstractor services on behalf of the title agent, we believe that any charge for that service should also be disclosed separately. This would serve three valuable purposes: 1) It would offer the consumer a clearer picture of the services they are purchasing – as would the ingredient labels on their grocer's shelf; 2) It would inhibit mark-ups by parties who have not provided any added value to the title work. Any additional fees would need

to be listed based upon their own merit; and 3) It would allow consumers an opportunity to identify questionable components of the total.

This would facilitate compliance with Section 8 (b) of RESPA, which states: *"No person shall give and no person shall accept any portion, split, or percentage of any charge made or received for the rendering of a real estate settlement service in connection with a transaction involving a federally related mortgage loan other than for services actually performed."* Eliminating itemization would inhibit efforts to enforce the above, as well as state laws in line with RESPA's prohibition of unearned fees. Increasing itemization would facilitate enforcement and, at the same time, allow consumers to understand and question various items, thereby giving them leverage to negotiate the fees.

While it appears clear, from your 2005 roundtable discussions, that various consumer groups favor a simplified HUD-1/1A, the same result may be achieved without eliminating the itemized disclosure of expenses. By moving the itemized disclosures to the left of the expense columns, the consumers would have the choice of considering the various cost components or ignoring them. NALTEA submits that the benefits of itemization far outweigh any detrimental possibilities – both to the honest settlement providers and to the consumer. We also believe our recommendation is in agreement with the spirit of HUD's objectives.

Tolerances and Unforeseeable Circumstances

NALTEA has several concerns with regard to the 10% tolerance on third party settlement services costs – not the least of which is the potential to dilute the value of title insurance. As we have stated previously, the title search, or abstract, is critical to the value of any title policy, whether it be a lender's policy or an owner's policy.

There are many reasons why a title search may greatly exceed expected costs. These include, but are not limited to: examination of probate, divorce and other files - often including document copy purchases, at significant expense, from the record-keeping offices; and consolidation of property, requiring examination of numerous separate 'chains of title' prior to the consolidation.

We are concerned that the independent abstractors, already under tremendous pressure to provide a thorough search for declining fees, will be forced to work at a loss, in many cases, or leave their chosen occupation for other

endeavors. We are concerned that the most experienced and knowledgeable among us will be the first to leave. We are concerned that other parties will use the tolerance as an opportunity to inflate their own fees while presenting the 10 % tolerance as an excuse to avoid the additional payment to their vendors for additional services provided.

We recommend that you include 'unusually extensive title work' as an allowable 'unforeseen circumstance' to exceed the 10% tolerance. Each property's history is unique. While many are fairly routine to search, many others are not. But that title search will be just as involved whether it is conducted by the consumer's choice or the originator's suggested provider.

Additional Concerns

Independent abstract companies are typically small businesses operating on small budgets. They provide valuable cost savings to the industry, which can be passed on to the consumer. They work for many title agents, so the agents avoid the need to keep full-time staff in areas where there is not sufficient work to keep a full-time employee occupied.

We believe our recommendations will help to further HUD's objectives while preserving a necessary participant in the title insurance process. The alternative will be a less thorough process that will result in title insurance based increasingly on risk, and thus increasingly expensive to the consumer.

Respectfully Submitted,

The Officers and Board of Directors of The National Association of Land Title Examiners and Abstractors

Membership Committee Update

Carol Walker

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NALTEA welcomes the following new members:

- Edward Huguenin--Huguenin & Associates, LLC, Myrtle Beach, SC
- Terrence Green, Jr.--Palo Verde Research, Inc., Ft. Myers, FL

This brings the total membership to 204 with 102 active members. If you know someone that may be interested in becoming a member, please e-mail membership@naltea.org and someone will contact them with a membership application.