


NALTEA
**The National Association of Land
Title Examiners and Abstractors**

Message from the President

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Pat Scott, President
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We hear a lot of advice on surviving this ever-changing real estate market. The way I see it, if we are still in business today, we are already survivors. The frenzy-paced lending, driven by the subprime craze, was curtailed years ago. Each year, we read stories attempting to predict how long it will be before the market returns to normal.

For those who entered the business of abstracting during the first half of this decade, the subprime years might seem to be the norm. To those who have been in business longer, normal may look different. More stable, perhaps. A series of smaller hills and valleys, driven by the fluctuating interest rates which, in turn, were driven by various economic activity.

We now see a whole new set of rules for mortgage lending. It will be difficult for anyone to predict what normal will look like in the next decade. If I had to guess, I'd say it will look much like it did in the early 1990s, only with a lot more regulation.

The subprime-era boom created an environment that invited large numbers of people to enter the business of title research. With a built-in demand, and the attractive prospect of self-employment, it's easy to see how many would leave the shackles of employment for the promise of high profits and flexible hours. Others entered the business being self-trained and in possession of a shingle to hang out. Some are

still in business today, others are not.

For those who are no longer in business, several factors may have been in play. Widespread posting of information on the internet, a flooded market, declining value of services, all are likely factors convincing abstractors to abandon their chosen field of work. Some may have simply failed to adapt to the changing market.

What have the survivors done to maintain enough cash flow to keep their doors open? What, if anything, do the surviving companies have in common that will serve them as the market seeks a new norm? Product diversification may be one adjustment. Maybe others adjusted by downsizing staff or canceling the office lease and setting up office in the home. Others may have used free time to further their skills to prepare to compete in the future.

I believe the future will demand highly competent abstractors, not high numbers of abstractors. The independent abstractor who can reliably complete accurate searches on industrial property will be sought after. The industry has an interest in maintaining a healthy working relationship with the highly experienced, and knowledgeable, local title researchers.

It is my hope that NALTEA will play a major role, both in the development of skills, and in identifying the most able abstractors to those who require the services of the best in the business.

Board of Directors Report

Pat Scott

Email: pxs@oconnortitle.com

This is a summary of the meeting of the NALTEA Board of Directors on January 18, 2010. The meeting was held via telephone conference.

As the ranks of NALTEA Certified Abstractors grow, The Education Committee is tending to the logistics of tracking the continuation of the certifications. This involves sending out reminders to the designees before CE credits are due; verifying receipt and acceptability of CE credits (hint – educational programs provided at NALTEA conferences qualify as credits); and verifying continuous NALTEA membership as requirements for continued certification. At this time, 9 members are registered for the exam during the remainder of January, with several more set to test in February.

In response to the Board's request at the December meeting, the Education Committee is posting clarified Requirements for Certification on its page of the NALTEA website. Current and future designees should visit the page for updated information.

Ed Gunther, Chairman of the Planning and Events Committee, held a NALTEA exam review session, conducted by three of his NALTEA-Certified employees, for the benefit of other company abstractors who are preparing for the exam. Ed would like for NALTEA to combine some review sessions with regional mini-conferences throughout the year. The Board is in general agreement, recognizing cost as a factor in case-by-case decisions. Several NALTEA Certified Abstractors are already qualified to conduct the review sessions in their own regions.

The Membership Committee announced the appointment of a new chairperson, Teri Carro of CMP Search, Inc. Teri immediately went to work updating recruiting materials, with a plan to revitalize membership recruitment efforts.

The Public Relations Committee is stepping up efforts to build industry recognition of the NALTEA certification program. David Pelligrinelli, the committee chairperson, informed that several phone calls to land title associations elicited favorable responses to the idea of inviting a NALTEA representative to present the certification program at their annual conference or a monthly meeting. Dave reported also that the website Titlebrand has proposed an agreement involving

ad links. The Board will take a closer look at the proposal over the period preceding the next meeting.

Conversation turned to comparing the percentage of passing grades for the on-line certification testing to those of the monitored classroom-style testing at the conference. The Board will be looking for significant changes in the percentage of passing scores, and significant increase in the average scores as signs to help determine the integrity of the on-line testing process.

Next, the Board agreed that NALTEA would send an email message to all members seeking candidates to fill the officer positions of Treasurer and Secretary. Our current Treasurer, Wanda Steudel, has expressed a desire to step down from the Treasurer position, due to time constraints. The board has asked Wanda to act as Vice President following the transfer of Treasurer duties to the successful candidate.

Our Secretary, Malinda Griffin, has resigned citing scheduling conflicts that would prohibit her presence at several future meetings. The Board thanks Malinda for her service to NALTEA. We hope to see Malinda return to an active role within NALTEA when time allows.

If you are a member of NALTEA (Corporate/Independent or Individual) and you did not receive the email message seeking candidates, please contact us at info@naltea.org for details.

In other business, the Board elected to award NALTEA's first Emeritus Membership to past Board Member, Secretary and President, Mary Mitchel. Emeritus Member status, similar to Honorary Member status, carries no dues requirements and no voting rights.

Finally, the Board approved the offering of inexpensive ad space to all members in our printed directory. Any ads purchased will be included in any subsequent printings through August 31, 2010. Subsequent printings will be based upon changes in membership numbers. Look for a message to arrive by email in the next few days. If you are a NALTEA Member and you do not receive the email, please check your spam folder to verify that NALTEA incoming mail is not blacklisted and that we have your current email address on file. The Board set a deadline of February 12th for receipt of ad copy for the current printing.

The next meeting was scheduled for Monday, February 15, at 6:00 PM Eastern time.

Membership Update

Pat Scott

Email: pxs@oconnortitle.com

Please welcome **Teri Carro of CMP Search, Inc.**, as the newly appointed chairperson of the NALTEA Membership Committee. Questions about NALTEA membership may be directed to Teri at membership@naltea.org.

NALTEA proudly welcomes our newest member:

Michael B. Taylor of Infotrack, Inc.

We also have 5 late renewals in response to a final notice of unpaid dues. We now have 92 active members.

2010 Issues

David Pelligrinelli

Email: daveafx@windstream.net

We are already a month into 2010, and this will be an eventful year for our industry. For the individual abstractor, several issues will be important; E&O premiums, revenue, and the condition of public records.

The average experience level of the abstractor pool was lower over the past decade than it was in previous decades. Along with the large increase in volume of transactions since 2000 increased the percentage of errors, and therefore title claims. With a higher claims payment experience, E&O insurers are raising rates across the board, even for those with no claims history. This is not going to slow down, and will likely get worse in the coming years. Title policy insurers are adopting the strategy of using less thorough searches for underwriting, and insuring over them. While it may be a good strategy for their cost structure, it is not stopping them from making E&O claims against the searcher when a title policy claim is made by the property owner or lender. Reducing exposure, and limiting risk is the bare minimum of preventive measures an independent abstractor should take, along with being extra vigilant about accuracy with searches.

Abstractors still have a challenge to face with collectable revenues. Continuing to build a bigger client base is a key element of managing for an abstractor in 2010. While the number of competing abstractors has gone down slightly, as some leave the business, the volume of transactions and closings is dramatically reduced as well. At the same time, being sure to do business only with paying clients is also an

important priority to pay attention to. A non-paying customer is worse than no client at all, since they not only gave you no money, they took up your time. Marketing, promotion, and developing business relationships could be as much of a time investment as actually doing searches in 2010.

It is important for abstractors to also consider the condition of the records they are searching. After the "tsunami" of transaction volume from 2002 - 2005, it is easy to see why property records we find in the coming years will not be in as good shape as they have been historically. Inexperienced closers, overworked municipal staff, and complex transaction details have resulted in records not being as straightforward to interpret. Abstractors should take an extra look at the documents in their searches to be sure that legals are correct, releases are accurately corresponding to the right mortgage or lien, and that ownership chains are consecutive. I can tell you from direct experience that the frequency of errors is higher. The errors may be small, but as we all know, there is no gray area in title records. An "I" without a dot is not an "I" until it is fixed. The sheer volume of activity over the past decade has left many mortgage releases recorded incorrectly or not at all, liens recorded on the wrong property, and deeds recorded in the wrong order from double closings.

These are just three of the issues abstractors will face in 2010. I expect that the next 2 - 3 years will be hard for those in the industry. I also expect that those who are in business in 2014 will be real experts.

NALTEA is putting in a great deal effort to provide benefits for the industry. This month you will read about the NALTEA directory advertising, associations with local abstractor groups, exposure to affiliated industries, and abstractor certification. These are just a few of the areas where your national trade association is looking out for the interests of the independent abstractor this year, and there will be much more.

I'd be glad to hear from readers with their suggestions about ways we can help in 2010. Please email me at daveafx@gmail.com

The organization welcomes input from the membership. You can contact the board members or the various committee chairpersons at the e-mail addresses found on the NALTEA website at www.naltea.org.

Land of the Free, Home of the Brave

I admit it, I am a Title Geek. I always thought land titles was something “you either get” or “you just didn’t get” —maybe that is why I love teaching land titles - abstracting, title examination, closing, etc. And I feel camaraderie among those of us in the trade. Among my favorite subjects is Land Title History. So for this month I’ve decided to talk about the creation of the Public Land Survey System (PLSS.)



Which of these U.S. Presidents do you think was a Land Surveyor?*

George Washington Most know George Washington as leader of the Continental Army in the American Revolution and as the first president, but few are unaware Washington was County Surveyor for Culpeper County, VA. Throughout his life as surveyor, farmer, soldier, military officer and president, Washington relied heavily on his knowledge of surveying and maps. Early in the Revolutionary War, with the responsibility of the army on his shoulders, Washington found it necessary to use those survey talents to make field sketches of terrain, saying *“The want of accurate Maps of the Country which has hitherto been the Scene of War, has been a great disadvantage to me. I have in vain endeavored to procure them and have been obliged to make shift, with such sketches as I could trace from my own Observations.”*

Recognizing the need, Washington then appointed the first geographer to the Continental army in 1777.

Thomas Jefferson Meanwhile, in June 1773, Thomas Jefferson followed in his father’s footsteps as surveyor of Albemarle County, Virginia. Washington and Jefferson talked often about the Revolutionary War, the lands being fought over and how to fund the war. In 1776, the Continental Congress declared thirteen colonies independent and offered a *land bounty* as payment to regular enlistees in the Continental Army who fought for America. Unlike England, where only royalty owned lands, an American could fight for his country and earn his own land!

With Jefferson chairing the survey committee, the Crown and Colonial systems were abolished. Parcels were then referenced according to grids, scientifically repeatable by Jefferson’s fellow surveyors. The grid system was finally enacted Under the **“Ordinance for ascertaining the Mode of disposing of Lands in the Western Territory.”** the Continental Congresses of 1774-1789 Jefferson issued rough Guidelines for “Surveyors, key among them was: *“The Surveyors shall proceed to divide the said territory into townships of six miles square, by lines running North and South, and others crossing these at right angles, unless where the boundaries of the late Indian Purchases may render the same impracticable, and then they shall depart from this rule no farther than such particular circumstances may require.”* and *“... each line shall be measured with a chain, shall be plainly marked with chaps or marks on the trees and shall be exactly described on a plat, whereon shall be noted, at there proper distances, all watercourses, mountains, and other remarkable and permanent things, over or near where such lines shall pass.”*



Surveying the Vast Lands Surveyors in the 1700’s required only two pieces of specialized equipment: a standard-length chain for measuring distance along a straight line and an instrument for calculating the angle between two distant objects. Jefferson’s surveying chain, called **“Gunter’s chain,”** was 66 feet in length. It was divided into 100 links, each 7.92 inches long. There were 80 chains in a mile, and 10 square chains equaled an acre. For the other tool, most surveyors used a **compass**. Just these tools to cover tens of thousands of miles!

Contracts for survey work were awarded to deputy surveyors by competitive bid. The deputy surveyor was generally a man of learning and some stature, with a crew of hardy chainmen, axemen, and a compass man, they ran the survey lines in the field and was responsible for erecting survey monuments, marking *“bearing trees,”* and recording all measurements in his field notes. The deputy surveyor’s work was verified by the surveyor general, and the field notes and plats submitted to the commissioner of the GLO for approval.

Surveyor Compass/Map



To mark the boundaries of townships and sections, surveyors placed *monuments* — typically wooden posts — at township and section corners, and at quarter-section corners. To insure these corners could be found if the posts were destroyed, surveyors marked *“bearing trees”* nearby the posts. In prairie areas, they built earth mounds around the posts, about three feet high. When a corner fell in a body of water, a *“meander corner”* was established, and the true corner then noted by measurement. Meander corners marked the intersection of section lines and a water body. A *“witness corner”* was used to designate a section or quarter corner when the corner was located where a monument was impractical. It was a daunting task. The surveyor was also responsible for mapping the physical geography of surveyed lands. Plats show lakes, rivers, swamps, waterfalls, and areas of prairie and forest, and other features. In areas with navigable watercourses or sizeable lakes, plats

sometimes include surveys of bank meanders. Also occasionally noted are man-made features such as settlements and roads. The deputy surveyor’s field notes include more detailed information, such as soil type, vegetation, and mineral deposits. Many of these maps are used today by environmentalists to determine early vegetation and reforestation of lands.



The survey progressed continuously in some areas and discontinuously in others. The surveyor general and the commissioner of the General Land Office (GLO) decided which tracts were to be surveyed in a given fiscal year. Preference was often given to lands that had commercial value and could be sold immediately and areas being settled. The ongoing settlement of Indian lands also affected the process. Often reservation lands were not surveyed until significantly later. The overall effect is somewhat of a patchwork quilt.

As you can imagine, the work attracted a unique group of adventurous persons, most of whom had no idea what they were getting into. Deputy Surveyor Henry A. Wiltse wrote in 1847 to his wife: *“Every member of my Party was crippled or disabled...worn out by fatigue...destitute of clothes. They had now to make a forced march of three days ... during that three days, they had not a mouthful. I contracted to execute this work at ten dollars per mile, ...but would not again, after a lifetime of experience in the field, and a great fondness for camp life, enter upon the same...at any price whatever.”*

Is this the POB?

Instructions and equipment were very poor, terrain was a problem and surveyors and personnel received very little formal training. Therefore, sections and quarter sections are not truly regular in size or shape. In fact the compasses in areas of iron ore were quite confused about the direction of North, creating some wild and crazy sections. But all in all the Public Land Survey was a huge success! Approximately 72 % of all U.S. lands fall under the PLS system. And to this day, from an airplane, you can see the square patterns of the PLS on the ground, with many major roads falling on the exact locations that the early surveyors cut through the wilderness.



Aerial Photo of Farm land under PLS

****If you answered George Washington, Thomas Jefferson AND Abraham Lincoln, you would be right! All three were Surveyors. Teddy Roosevelt was a conservationist, responsible for many of our national parks.**

Jeanne Johnson is Chair of the NALTEA Ed committee, an author, teacher and consultant for public and private land title professionals. She has been a keynote speaker for many land title associations, and has an online education school for Title Abstractors and Examiners at www.LandRecs.com.

Announcements

- Congratulations to Mary Mitchel. In recognition of her past service to NALTEA as a past Secretary, Board member and President, the board of directors has awarded Mary the status of Emeritus Member.
- Look for details of low-cost advertising opportunities to arrive soon in your email box. Ad space is available to members only in our first edition print directory. The directory will be distributed widely to potential customers and interested industry organizations. The deadline for receipt of ad copy is February 12th.