

NALTEA

National Association of Land Title Examiners and Abstractors

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Mary Mitchel, President
Email: president@NALTEA.org

There have been a multitude of articles written of late, not to mention the chat room conversations, blogs, etc., pertaining to various degrees of fraudulent behavior throughout the industry. Closer to a subject that is near and dear to our hearts was the recent arrest of an abstractor in Upstate New York. This abstractor was charged with several counts of larceny and falsifying business records related to mortgage filings. Suffice it to say that it is disheartening, more so when you are one of the victims to whom this happened. I guess I should consider myself lucky that it only involved one of my files; however, that is one too many in my book. There is a certain level of trust that must exist between abstractor and client. It only takes one abstractor, who chooses to violate this trust, to tarnish the perception of abstractors/searchers in our industry. This is the very thing that we have all been striving to overcome and is one of the main reasons our organization was formed in the first place. I know that "one bad apple does not ruin the bushel" but boy, it sure does not help.

I always like to try to see the positive side of things, so I guess you could say that this is a perfect example as to why our industry desperately needs to get our abstractors certified. In case you were wondering, this abstractor is not a current member of NALTEA, thank goodness! Will our certification program guarantee that

this will never happen again? Certainly not, however it goes a long way to making abstractors/searchers accountable for their actions. As a certified abstractor/searcher, you are expected to perform to a certain level of professionalism that meets the standards set by NALTEA. The timing could not be better. Please look for the updates from our education committee, as we are extremely close to completing the questions portion of the testing. The next step, following board approval, is the testing facilities.

We need to work together to fight the negativism that exists. No matter what others have done to put that black cloud over our industry, we have the necessary tools to brighten our futures. We are gaining members each month and are making every effort to offer more to our membership as we grow. Let's continue to work together to keep our association moving in the right direction. Our industry depends upon it.

One last item I wanted to mention. Our current contract for the NALTEA Web site hosting and maintenance will be up for renewal in August of this year. We are currently accepting bids from any company that may be interested. Ideally, this bid should also include the production of our monthly newsletter. If you are interested, please contact me, or any other board member. We would be happy to provide more specifics as to what should be included in your bid.

As always, your comments and/or ideas are always welcomed.

Collections Top Ten List

Contact:

NALTEA
815 Superior Avenue
Suite 1218
Cleveland, OH 44114

E-mail: info@NALTEA.org

Dave Gaer, President, Wexford & James
www.wexfordjames.com

Many firms wait too long before they put a proactive effort into collecting outstanding receivables. Here are ten reasons why a continuous effort to capture those outstanding balances is the best route for any organization.

10. Effective collections are a matter of

low-key fact finding, persistence and communication. An intense one-time push can cause client alienation.

9. Lost time value of money can be very significant.

8. Waiting sends a clear message to your clients that you do not expect prompt

(Top Ten... continued from front cover)

payment. You need to reeducate your clients regarding your firm's expectations of them.

7. Some clients' financial status will have deteriorated, making it difficult for them to pay.
6. Clients will have forgotten the service you performed for them, or how important the matter was.
5. You have less leverage over your clients if you are no longer working on their behalf.
4. You should be thanking your clients for their business, not asking them for money and making unnecessary compromises.
3. In some cases, you will make deals to get paid, making it harder to ask for the normal fee (or higher) the following year. In addition, you have proven the fee is negotiable.
2. If the receivable is 90 days past due, only 70% of the dollars you should be collecting now will be collectable.
1. Professional services firms average over 100 days to collect their receivables. By contrast, Fortune 500 companies collect their money in an average of less than 45 days.

Wexford & James is a professional collection agency specializing in commercial (business to business) collections throughout North America. W&J currently assists NALTEA members throughout the United States with their collection requirements. If you are interested in discussing how Wexford & James can assist your company please call me at 877.547.6848 x113.

Board of Directors Update

Pat Scott, Board Member
Email: vlhammett@yahoo.com

Ever wish you were a fly on the wall of a NALTEA board of directors meeting? Well, flies are dirty little things and there really isn't any need to be a fly to find out what is being discussed in the board meetings. We tell you about it right here in this very newsletter! Here is a summary of the May 15, 2007 meeting of the board.

The Treasurers Report for the month of April was reviewed and accepted by the board. Among the changes we anticipate in the near future is the ability to accept dues and conference fees via credit card.

All of the committees had progress to report. The membership committee reports 13 new members for the month of April. The Ethics Committee has submitted proposed guidelines for a grievance procedure. The board is expected to take up discussion on the proposal prior to the next scheduled board meeting.

The Education Committee is continually making progress on preparing an ample number of test questions

to be used in the process of certifying abstractors. The committee is nearing the 400 question benchmark determined to be the minimum needed for a strong certification program. All questions will then be screened for relevance, correctness and originality.

The Benefits/Publications Committee is building upon the members' only section of NALTEA's Web site, adding a resources page to the existing benefits page. Both the benefits and resources page are to be updated from time to time, so check in often and have a look around.

Planning for the 2008 NALTEA conference in New Orleans, Louisiana, is in full swing. We can all look forward to a memorable conference to be held in a classy venue at an affordable price. The Events Committee will keep you updated as the planning progresses.

The Public Relations Committee submitted a proposal from the American Legal & Financial Network (AFN) suggesting ways in which the two organizations might work together to achieve our goals.

In other activity, the board's continued discussion of title camps is focused, at this point, on creating guidelines for successful events and to what extent NALTEA should be involved in the process. Lynn Hammett submitted a wealth of information on the concept and evolution of these locally planned and locally held events.

For a more in-depth view of the workings of the various committees, you don't have to look far. The committee chairs provide updates on their committees' activities each month right here in the newsletter. If you are a history buff and would like to revisit, say, February of 2006, you can find back issues going back that far at www.NALTEA.org!

Education Committee Update

Jeanne Johnson, LandRecs.com
Email: landrecs@aol.com

The NALTEA Education committee has been hard at work. Our first study guide, "National Abstracting, Searching and Land Records Management" is complete and available online. We have almost finished the large data bank of questions from which the NALTEA Certified Abstractor Exam will be drawn, and NALTEA Certified Abstractor (NCA) designation awarded. The test is a very large task for the education committee, because, as we all know, laws, rules, customs and terminology change not only from state to state but also county to county. However, we feel extremely fortunate to have broad representation from many states, including California, New York, Florida, Minnesota, Michigan, North and South Carolina, and we are spending a great deal of time getting the test polished.

We are now also considering ways to present the exam to the NALTEA Community, including using a national outside vendor/s such as ASI or Promissor Testing. These would be a good choice because they have test sites across the country where they provide similar multiple-choice tests for various designations and licenses, including real estate agents, brokers, appraisers, etc.

Another option, perhaps in addition, is to provide live NCA Prep Sessions in several locations across the country as well as after NALTEA Camps and the NALTEA Convention, and then administer the test after the course. Costs and locations are being considered. The education committee would very much appreciate hearing comments from members as to their thoughts.

We believe that many underestimate both the knowledge that our business requires and the importance of our work. We know that NALTEA members care. Please tell others that you take our profession and the quality of your work very seriously by working toward your NCA designation.

Education is expensive; but then, less than ignorance!

Benefits/Publications Committee Update

Doug Gallant, Chairperson
Email: benefits@NALTEA.org

The Benefits committee has been working on additional items for the members' only area of the NALTEA Web page. Many of the ideas we are working on will require a review by the board before they are presented to the members. Being title people, we are all accustomed to viewing any proposal with a jaundiced eye. However, with the board's approval, we are implementing a section within the members only benefit area which will offer ideas and suggestions that could save money for the members. We plan to review the various offers that are out there now from national office supply companies, investment firms and the like. While these may not be NALTEA-endorsed ideas at the moment, it should afford the membership an opportunity to know some things that are available that they may not have had the time to look into themselves.

Our hope is two-fold. One, to offer ideas to the members, and based on the feedback we receive, to pursue stronger board endorsed relationships with various entities. Two, receive information from the membership at large about ideas and contacts we may not have considered ourselves. On that note, the committee would love to hear from the membership on ideas or contacts that could perhaps help others in our group. Any ideas that a member submits will be considered strongly for inclusion in the tips and suggestions section of the members only area of the webpage.

Self-Preservation

Robert A. Franco, Source of Title
Email: rfranco@sourceoftitle.com

In a recent post on blog.sourceoftitle.com, *Not For Sale*, I presented my opinions of what it would take to see a return of the busy days of the 90's. Unfortunately, my prediction was that it will take a "whole lot of getting worse and some pretty lean days ahead." Interest rates need to go up, so that they can drop again. Homeowners need to build

more equity in their homes to be able to refinance, or come up with a nice down payment to upgrade to a nicer home. That is going to take time.

The real estate market has always been cyclical, or so I have heard. I got into this business in 1993 and have never really seen a "market correction." We have always managed to keep very busy... at least until this past year.

When things were booming, the abstracting field experienced phenomenal growth. Several new abstractors got into the business. And, as things slow down, abstractors who have been laid off by title companies have gone independent. It's what they know, what they were trained to do, and they need to make a living. The problem is that with increased competition and a decrease in the volume of work, making a living is becoming tougher for all of us. I don't think that anyone could argue that not all of the abstractors are going to be able to remain in this business. If you haven't already done so, this is the time to think about self-preservation. How do you plan to weather the slow times ahead?

Hopefully, you have prepared for slow times by saving some of your earnings during the refinance boom. However, as we all know, the low prices that have become the norm in this business surely made saving a more difficult endeavor.

We all know that its time to tighten our belts and cut expenses. Some of the steps we need to take may be pretty obvious, but the timing may not be. A part of being a good business person is knowing when its time take action. No one wants to have to lay off employees, for example, but if you have to do it—you have to realize when it's time. Waiting too long can jeopardize your long term future and all of your employees' positions.

We need to be proactive in preparing for our futures. Everyone will do this in different ways. Here are some of my thoughts:

- We must refrain from making any large purchases in the near future. It's time to conserve cash, and the last thing we need heading into the future is another payment.
- We must take a hard look at our expenses and see what we can cut. We cancelled our cleaning service some time ago; we all pitch in and clean the office ourselves. We cancelled the maintenance contract on our copier; we will just pay for any repairs that may need done in the future. The maintenance contract was about \$500/year and we found another company that will service them for \$80/hr + parts. I cancelled my membership with the local board of realtors and ALTA; we just weren't seeing any return.
- We must eliminate high payments. We recently refinanced our mortgage to get rid of some payments to improve our cash flow.
- We must be more diligent with collecting our accounts receivables. We don't allow companies to get behind in their payments; we cut them off until their balance is paid. We also plan to be more aggressive in the use of collections agencies to go after larger balances that remain unpaid.

The Changing World of Indexing

Doug Gallant, Independent Title Services, Inc.
Email: benefits@NALTEA.org

[reprinted from the first NALTEA newsletter, July 2004. Since we have many new members since then, we thought it would be nice to take a look back at an issue that was important to us at the time and still relevant today.]

My expertise is limited to Ohio, but I assume the same things are going on around the country. The proliferation of computer indices has changed the way we research and report information. Where in the past we could rely on the marginal notations on documents, the computer indexing gives us a new tool to find assignments, references and cancellations we may not have found before.

Relying on the standards established by the state or local bar association may not shield the title examiner from a lawsuit or embarrassment regarding missed information. I think it is incumbent on all of us to think beyond whatever may be required and familiarize ourselves with the various quirks in the systems we work with. In certain counties locally, some information on the computer is back twenty years, while other information may only go back ten years. Here in Ohio, the rules and requirements for an accurate examination of title are not up to speed with the information available and the manner in which it is found. The rules are still written based on the pre-computer format and not germane to the way we go about our work now.

I believe that due diligence by the examiner requires us to go beyond what we were taught years ago and to embrace the vagrancies in indexing to find information that we would have been blissfully unaware of in the past. My brother made the point some time ago that if the title examiner should have found the document, regardless of the local requirements, it is most likely a valid recording.

One of the biggest challenges of working with computer indexing is dealing with our responsibilities regarding similar names, or idem sonans. In most manual systems this is quite easy to deal with, but some computer systems do not lend themselves readily to checking for variances. It is the duty of the title examiner to determine how broad to make the search to insure the accuracy of the examination. At times this can be almost a Zen exercise, based on the examiners feeling regarding what has been found, and what should be expected.

While computer indexing has in most cases shortened the time necessary to run a search for an experienced examiner, training someone to index has gone from the easy part to a complex area to learn.

**Got an idea for the newsletter?
E-mail: publications@NALTEA.org
Feel free to submit an article for publication, or just an idea for us to explore for an upcoming edition. We appreciate any contributions our members can make.**

Another thing to consider is how aggressively you want to go after new business. One of the first things a number of companies cut when things slow down is advertising and marketing. Unfortunately, if you cease all efforts to gain new customers, things are even less likely to improve. Rather than discontinue all advertising and marketing efforts, you should take a look at what you are currently doing and see what is working and what is not. When things are slow, most advertising is not going to provide exceptional returns, but that doesn't mean you should cancel them all. Instead of pursuing all of your marketing plans, consider rotating what you do and focus more on the less expensive options.

- Call some of the clients you haven't heard from lately to remind them that you are still there and able to provide them with exceptional service.
- Prepare a professional letter of introduction, a simple information sheet with all of your contact information, coverage area, and prices, and send them to local title companies in your area. If they are slow, they may be considering laying off their in-house abstractors. Let them know that you are available to help them if the need you.
- Take a look at your company's Web site, or create one. A Web site is a relatively inexpensive way to convey information about your company. However, some companies forget to update them as the company changes. Keep the information current and make sure that it still presents the image and message that you would like to convey.

What ever your plans, a couple of things that I would strongly advise you not to cut are E&O insurance and health care coverage. Lapses in insurance can have devastating consequences, even if you are luck enough not to have a potential claim during the period you are not covered, it may cause problems with retro-active dates and pre-existing conditions.

These are just some of my personal experiences and observations. I'm sure that others have different opinions and tips on how they plan on preparing for the future. If you have anything you would like to add, or comment on, please send an e-mail to rfranco@sourceoftitle.com. I'll add them to the next NALTEA newsletter. As members of a professional organization, we need to help each other.

NALTEA Membership Update

Nikky Eisenhuth, Committee Chairperson
Email: membership@NALTEA.org

NALTEA welcomes the following new member:

Monica Bradshaw Oak Park, IL

This brings the total membership to 114 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.