



# NALTEA

The National Association of Land  
Title Examiners and Abstractors

## Message from the President

### In this issue:

Pat Scott, President  
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### Message from the President *Front Cover*

Was it the spark that takes NALTEA to a new level of activity nationwide? The answer to that question depends upon the number of potential leaders within NALTEA. The spark of which I speak is the regional event held on Saturday, May 22<sup>nd</sup>, in Deerfield, Illinois. You can read about the details of the event in a separate article within this issue.

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So, what's next? I believe there are similar events-in-planning by the same group of NALTEA members who produced the May 22<sup>nd</sup> event. It looks like Northern Illinois abstractors will be rich with opportunities to attend a well-presented review of land title concepts and terminology that are widely recognized across the nation – material upon which the NALTEA certification exam is largely based. There are a handful of NALTEA Certified Abstractors who are currently qualified to teach the class, scattered across different areas of the country. I hope the Illinois event sparks more events in those regions.

There is significant value in holding regional events – not the least of which is the presence of abstractors who work under the same set of local laws and practices. So, while NALTEA is national in scope, the participants in regional gatherings have an opportunity to discuss the application of universal concepts to local practice. To maximize the potential, participants can plan for round table discussions to fill any allotted time unused by the certification class. This allows

participants to ask and answer the nagging questions on issues that may not have been covered in the class.

The betterment of our local abstractors can only work to increase our attractiveness to our potential customers over the other options at their disposal – automated title searches and outsourcing to foreign countries.

How do we get more of these events happening within easy driving distance to any member who wants to attend one? The path to prominence will be a long one. Each local event will be a paving stone along the way.

The potential teachers among us will need to step up, earn their designations as NALTEA Certified Abstractors, and attend the Train the Trainers class at our October conference in Dallas. Land records guru Jeanne Johnson has generously offered to teach the class as she did at last year's conference in Charlotte.

It takes some effort to put together a local event. But help is available to those who are willing and able to take the initiative. Once you have learned how to teach the class, the outline is provided in the form of a Power Point presentation. Follow the program and have fun with the discussion. NALTEA will even help fund the event to keep costs at a reasonable level for participants. Invite nonmember abstractors in your area, and have some applications on hand. These events can be a great way to recruit new members, too.

# Board of Directors Report

Ed Gunther

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The May Board of Directors meeting was held via conference call on May 18<sup>th</sup>. Present were President Pat Scott, Treasurer Wanda Steudel and Directors Dave Pelligrinelli and Ed Gunther. April meeting minutes were approved along with treasurer's report.

A discussion about our unsuccessful attempts to fill the Treasurer, Secretary and Vice President positions ensued. Wanda has graciously agreed to continue as Treasurer. Tamikio Veasley's name was submitted to the board for the vacant Secretary position. Tamikio has recently become a NALTEA member, passed the exam and has received the NCA designation. Her resume will be reviewed at the June Board meeting. The Board will appoint a Vice President to serve out the existing term.

Wanda brought to the Board's attention that the NALTEA laptop currently is running Vista operating system. Wanda indicated that, just as many users of Vista are encountering, she had compatibility problems and other issues with Vista. A motion was made and carried to allow Wanda to purchase and replace the current Vista operating system on the NALTEA laptop.

The outlook was good for the upcoming NALTEA Meet & Greet. It looked like as many as fifteen abstractors were going to take the Certification Review Class. The event would kick off with a continental breakfast at 7:30 am Saturday May 22<sup>nd</sup> at the Marriott Courtyard in Deerfield, IL. While the class was conducted President Pat Scott and Director Ed Gunther were going to greet interested abstractors that could stop in during the day to check NALTEA out and enjoy beverages along with a deli lunch in the hospitality room. Those that were interested would be invited to sit in on the class. The Meet and Greet is free to all and the class that will run from 8:00 am to 4:00 pm has a fee of \$50.00 payable at the door.

Final arrangements were being made for the Annual NALTEA Conference for October 22 – 24<sup>th</sup> at the Crowne Plaza Hotel in Addison, TX. All efforts are being made to make this the best conference to date. Plans are in place to have vendor managers there that are looking for

quality abstractors. Planning and Events has extended invitations to several large banking entities to have vendor tables and or speak at our annual conference.

Membership continues to grow. We now have 113 active members and four pending applications. This is encouraging in the current economic climate. Now is the time to stress the importance of quality professional abstracting and examining services.

Dave Pelligrinelli has reported the successful printing and mail distribution of NALTEA's first directory. Because of the advertising revenue, the directory was produced and distributed at no additional cost to the organization.

Dave requested and received Board approval to issue a position paper on missing mortgage assignments for the Florida Attorney General's office. It was further agreed that it was in the best interest of the organization to issue position papers on other topics that the Board and the organization held strong opinions on. The position papers could also be good fodder for the NALTEA blog on the Source of Title.

Dave also reported that we have not had very much response from state land title associations with regards to a NALTEA speaker at their events. He requested that other Board members solicit their local associations about having speakers from NALTEA. Dave also reported that most publications were too expensive to reach or provide any probable benefit to our organization. However, he was investigating an online site focused on the mortgage servicing industry that would be relevant to our niche.

It was confirmed that the Certification Test Time Limit was set at ninety minutes which everyone agrees is sufficient to complete the test. Pat submitted a revised document to replace the current Certification Requirements document posted on the web site. Discussion on this will be held at the June Board Meeting. There was also discussion regarding exam retakes. Consensus was that retakes be done between 7 and 30 days after the original test date at no additional charge. No vote was taken. There was a consensus opinion that test scores could be revealed to the examinee with a friendly suggestion that the scores not be made public by the examinee.

Pat also indicated that email questions seemed to be along the same lines and that adding a Frequently Asked Questions page to the web site would be productive in getting the NALTEA message out.

The Board is continuing to express interest to AFN regarding panel participation and NPRRA for holding joint conference.

In addition to the Frequently Asked Questions page, updates will be made to the web site. There is still some out of date information and the Board will take another look to make sure all pages are up to date.

Consideration is being given to a Tote Bag giveaway promotion. Wanda is checking in storage to determine if we have a sufficient number of bags in stock.

An extension for the newsletter deadline was requested to be able to include a report on the Meet & Greet. Pat agreed to check with Doug Gallant on that. The meeting for June is set for the 21<sup>st</sup> at 5:00 pm Central Time.

## Membership Committee Update

Pat Scott

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NALTEA proudly welcomes our newest members:

**Michele Dahlstrom** of Washington Court Records Service

**Darren Miller** of E-Abstract

**Eduardo Carrillo** of Infotrack, Inc.

**Nicholas Pyle** of Infotrack, Inc.

**Kenny Guerra** of Infotrack, Inc.

**Phillip Christianson** of Infotrack, Inc.

**Rodney Veinot** of Infotrack, Inc.

We now have 119 active members.

## Understanding Bankruptcy: A Topic Introduction

Melissa Schutz, NALTEA Education Committee

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**Please Note:** *The following information is written from a nationwide perspective. Laws vary from state to state. It is important that you learn the state-specific laws for the state that you work in. Also, it is important to note that this is not a legal opinion. It is an introductory/ refresher training course only.*

Do you realize that in 2010, nationwide, there are almost **6,000** new bankruptcy filings **per day**? That in 2009, **1.45 million** new cases of bankruptcy were filed, which was a **38%** increase over prior years? As an abstractor in our current real estate mortgage environment, we all encounter properties in various stages of foreclosure and owners/ borrowers in various stages of bankruptcy. It has become a daily part of our searches. Because of this, it is important for us to be comfortable with the bankruptcy process and how it affects title searches.

### **What is Bankruptcy?**

Bankruptcy is the process where a person or a corporation legally declares him/her/itself unable to pay outstanding debts. This court-managed procedure allows a debtor who is overwhelmed with debt to satisfy those obligations through either a liquidation of assets or a reorganization of debt.

There are different types of bankruptcy proceedings, but all are governed by Federal Bankruptcy Law and are handled in Federal District Courts. Even though these laws are federal and apply to all states, individual states have the authority to pass state-specific laws that impact or modify, but don't contradict, bankruptcy proceedings within their state.

**Types of Bankruptcy** Depending on the debtor and their situation, there are different categories of bankruptcy. Let's take a look at two major types: liquidation and reorganization.

**Chapter 7 (Liquidation):** Chapter 7 is the most common form of bankruptcy which is available to individuals, married couples, corporations, and partnerships. This form of bankruptcy involves the liquidation and sale of the debtor's assets (excluding those legally exempted from the process) with the proceeds of that sale going to creditors. With a Chapter 7 case, the debtor turns over all of their assets, not including exempt items, to a trustee of the court. The trustee then sells these assets to raise funds. The funds are then divided by the trustee between the creditors, in order of priority. Once the funds have been exhausted, the remaining debts are discharged or forgiven.

- Certain debts cannot be discharged or forgiven by Chapter 7. These can include federal, state and local taxes, child/ family

support payments, perfected liens, student loans, and court fines or fees. For a complete list, reference your state's bankruptcy statutes.

- **What is a perfected lien?** This is an important concept for abstractors: A perfected lien is secured by collateral and recorded. A recorded mortgage is a perfected lien. However, if there are multiple mortgages on a property involved in a bankruptcy proceeding, the most senior lien has priority for repayment. Typically, lenders are lined up in priority for repayment based on their mortgage recording order. First recorded, first for repayment.

### **Chapters 11, 12, and 13 (Reorganization):**

Chapters 11, 12, and 13 all involve a reorganization of debt but are divided into separate chapters based on the category of debtor. Chapter 11 covers individuals, partnerships, corporations, and railroads. Chapter 12 covers family farmers. Chapter 13 covers individuals with less than an established amount of debt, and must be approved by the court.

Under reorganization, the debtor's assets are not sold and unpaid debts are not discharged (except with Chapter 13 which allows some debts can be discharged). Under reorganization, the debtor works with their creditors to pay back a portion of the debt or to change the payment terms of the debt to allow more time for repayment. With reorganization, the creditors must agree to the new plan and terms.

Chapter 11, 12, and 13 bankruptcies are all designed to give the debtor a chance to catch up.

### **Common Bankruptcy Terms:**

It is easier to understand the events of a bankruptcy case if you understand common terms associated with it. The following is intended to help with the basics.

- **Automatic Stay:** A court order issued upon filing of bankruptcy that disallows collection actions against the debtor or the debtor's assets. This order can be released either by the bankruptcy court or upon the appeal of a creditor. It is important to note that the automatic stay will halt any property foreclosure proceedings until lifted.

- **Bankrupt:** The debtor whose debts exceed his/her/its assets or ability to pay.

- **Bankruptcy Court:** The specialized federal court in which bankruptcy matters under the Federal Bankruptcy Act are conducted. There are several bankruptcy courts in each state, and each one's territory covers several counties.

- **Discharge:** An order given by the bankruptcy judge at the conclusion of all legal steps in processing a bankrupt person's assets and debts that forgives remaining debts which cannot be paid, with certain exceptions.

- **Liquidation:** A process in which a trustee for the court sells the current assets of the debtor (not including those assets exempt from forced sale.) The proceeds are then used to pay off the bankrupt person's debts in order of priority. Once all of the monies have been exhausted, any remaining debts (not including non-dischargeable debts) are discharged and forgiven.

- **Reorganization:** A process which allows the debtor to refinance and reorganize debts and to work out new payment plans with lenders. In many cases, reorganization allows the debtors to pay only a portion of the money owed or allows them to pay off their debts over a longer period of time.

As an abstractor, this introductory information can help you understand an overview of the process, but to fully understand how the bankruptcy laws in your state will affect your title searches, more research will be needed. I highly recommend that you do further research with your state statutes or by talking to a lawyer licensed in your state.

## **Meet & Greet**

Ed Gunther

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The NALTEA Meet & Greet was a successful event. President Pat Scott and Director Ed Gunther were on hand to Meet & Greet both NALTEA members and prospective NALTEA members at the first Meet & Greet Conference held Saturday May 22<sup>nd</sup> in Deerfield ,IL. The highlight of the event was the Certification Class that was presented by Tim Korzen and Quanah Rhodes.

Anyone that has attended the class knows that this class challenges the most seasoned

abstractor. Quanah and Tim got their trainer certification from Jeanne Johnson at last year's NALTEA annual conference in Charlotte, NC and have diligently worked on presenting the class. This was their best class to date. Both instructors focus on keeping the attendees involved throughout the eight hour class. Attendees have had nothing but praise for the content and the professional presentation by both Tim and Quanah. Congratulations on a job well done to both Quanah Rhodes and Tim Korzen. Both donated their time on what proved to be a beautiful warm spring day in the Chicagoland area.

Blair Wagner of NPRRA stopped in and Pat and Ed discussed with him the possibility of having a joint conference with NPRRA and NALTEA for the 2011. The ability to share common expense to give both organizations more bang for the buck seemed to have some traction.

Attending the class were two employees of the highly respected law firm of Pierce and Associates. Pierce and Associates is considering certification of its examiners and abstractors.

The Marriott provided a great setting for the Meet & Greet. After spending the morning in the reception room Ed and Pat moved activity outdoors to the courtyard and shared great conversation with NALTEA members in attendance and some prospective members.

The Train the Trainer class will be presented again at the NALTEA Annual Conference October 22<sup>nd</sup> – 24 in Dallas, TX. We encourage NALTEA Certified members to get certified to train others. Events like this Meet & Greet are needed to spread the NALTEA message and to fortify the examining and abstracting profession throughout the country.

Hopefully we can have Meet & Greet events on an ongoing basis. Contact: [events@naltea.org](mailto:events@naltea.org) if you are interested in hosting a Meet & Greet or are interested in participating.

## **Adventures of a Traveling Abstractor**

Jill Kissell

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I love to travel. I have always loved to travel. And I am a tourist to the core. I drive scenic routes on purpose; I stop at every scenic overlook

and historical marker; I tour local museums (railroad stations, blacksmith shops and Underground Railroad stops to name a few); I shop town squares for local crafts to give as presents on holidays; I buy fresh produce at roadside stands; I eat at all small town cafes that say "home cooking" (USUALLY with a great result); and I take tons of pictures at every stop. So its no surprise to hear that my job as a traveling abstractor not only provides me with an interesting career, but often scratches my tourist itch as well.

Now, not being from Iowa you might ask "what is there to see in Iowa besides corn, soy beans and hog farms?" Or, as my east coast grandparents (who had never been out of their New Jersey city apartment) remarked, on their first visit to Iowa: "We didn't see one single Cowboy or Indian!"

But the truth is, contrary to popular belief, Iowa is NOT flat. The southern part of the state is filled with beautiful green rolling pastures and oak forests that provided the habitat for the return of the dwindling wild turkey in the 1980s and 90s. Forming the eastern border of the state, the Mississippi River is edged with massive cliffs that look out over Wisconsin and Illinois and provide high altitude homes for bald eagles and peregrine falcons. And forming the western border of the state, the Missouri River valley is bordered by a world-wide phenomenon that we call the "Loess Hills."

The Loess Hills, I am told, were formed by the prevailing winds blowing river valley "loess" (sandy loose soil) from the west to the east, which accumulated year after year after year and essentially became so large that the hills were nicknamed "Iowa's mountains." Such deposits of loess, I am also told, exist in only two places in the world - one in China and one in Iowa. I have driven through the Loess Hills on many occasions. They run through several counties on the western edge of the state all the way from the south tip of the state to almost the north tip, which is just under 200 miles. There are several county and state parks in the Loess Hills, and as you go farther north, especially around the Sioux City area, there are numerous historical markers and monuments recanting Lewis and Clark's travels through the area. There are so many things to see in the Loess Hills that I have yet to see them all, even having traveled the area for 15 years.

But last week I got an opportunity to drive through part of the Loess Hills Pioneer State Forest and Preparation Canyon State Park.

Two of us had worked in Monona County together that day, (me and Donna) and, as it turned out, we were both in the meandering mood, so we took the long way home. We drove some winding wooded county roads through the Loess Hills Pioneer State Forest and through Preparation Canyon State Park up to an observation deck that was built on the very top of an extremely high peak. I know we were only looking out across the river into the state of Nebraska, but I couldn't help agreeing with the white bearded gentleman standing next to me who said "I think I see Russia from here!"

There was indeed a great canyon in the park, which fell away from the road at striking angles and was lined with a mixture of native prairie plants and gnarly trees growing sideways out of the hills. The one question that kept coming to my mind was "why the name Preparation Canyon?"

I envisioned some sort of Native American sacred grounds - perhaps a ceremonial ground where they had sweat lodges; or ceremonies to prepare braves for battle; or a burial ground where they prepared their dead for the afterlife. Even though we stopped and read every informational sign we saw, none of them answered my question. So, when we got home Donna did what every knowledgeable researcher does these days -- a Google search!

Following is an excerpt from the article that Donna found listed on Google. It answers my question about the name, but I would never ever have guessed it in a million years!

**History of the Area:** The 344 acre the park encompasses what was once the town of Preparation. In 1853, Charles B. Thompson broke from the Mormon wagon train to Utah after receiving a message from the "Spirit." The Mormon leader and elder led 50 to 60 Mormon families to Kanessville, now Council Bluffs. Upon much searching, Thompson and a few select men chose the area called "Monona," an Indian name meaning "Peaceful Valley." Here they organized the town of Preparation, complete with houses and schools and started Monona County's first newspaper which Thompson owned and operated.

This place was their "School of Preparation for the Life Beyond." The Mormons soon learned they had discovered one of the richest farming valleys in the new territory. Realizing the valley's potential wealth, Thompson's newspaper printed this message from a spirit he called "Beneemy": "I appoint Charles B. Thompson chief steward of my house to receive, hold, manage and direct all the treasures of my house to him." Believing this, the people turned over all deeds and possessions to Thompson, who grew quite wealthy. Thompson also taught his followers to call him "Father Ephraim" after the Ephraim in the Holy Scriptures. In 1856, the people realized their mistake and asked for the return of their property, but "Father Ephraim" refused. Angered, the people decided to lynch Thompson. After receiving warning from a young follower, Thompson escaped the mob by hiding in a friend's attic in Onawa. Thompson fled the state, unable to secure the deeds. Many disillusioned Mormons then left the valley and headed for Utah.

In 1856, the Iowa Supreme court divided the land equally among the remaining families, whereupon the town of Preparation began to grow. At one point, Preparation had sixty-seven houses, a post office, skating rink and blacksmith shop. But by 1900, the town had faded and all that survived was a stockyard operation which closed in 1946.

Martha and Walter Perrin, descendants of the original Mormon families, sold 82 acres of their land to the state of Iowa in 1934. In 1969, Martha Perrin sold another 157 acres and, eventually, the Perrin family homestead site to the state. These acres of land once contained the town of Preparation, including the valley the Mormons had settled many years ago for their "Preparation for the Life Beyond."

Who'd a thunk it? Not me - I'm still stuck on the Native American thing!

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](http://www.naltea.org).