



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

### Contact:

NALTEA  
7490 Eagle Rd.  
Waite Hill OH 44094  
Fax: 216-771-7077  
E-mail: [info@naltea.org](mailto:info@naltea.org)

Lynn Hammett, President  
Email: [president@naltea.org](mailto:president@naltea.org)

As we move into March, the challenges ahead have become even more apparent. Opportunities exist, but finding them requires creativity and tenacity.

The Homeowner Affordability and Stability Plan is one such opportunity. Lenders are offered incentives to refinance existing mortgages for troubled homeowners under this program. ***Increasing your marketing efforts to claim your percentage of these newly refinanced mortgages can result in cash flow for your business.***

Fannie Mae, Freddie Mac and HUD are providing a portion of the funding for the plan. It's my understanding that Fannie and Freddie will be modifying hundreds of thousands of loans throughout the country at a maximum of 38% of household income. ***There is potential here for a new wave of title searches needing to be completed.***

An unfortunate consequence of these tough times is the inevitable foreclosures that do occur. I don't know about you, but since January our fax machine has been relatively quiet. Nothing. No foreclosure work, no refi's, nothing. Of course, I wasn't surprised. Banks had basically halted all foreclosure activity awaiting news from the White House to see which way the wind would blow.

The foreclosure plan was finally announced on Wednesday, February 18<sup>th</sup>. The good and bad news is that

banks are *not* required to halt foreclosures or work with borrowers. What this means for you is that foreclosure activity has resumed. We received several title searches on the day after the announcement, and I bet your foreclosure activity has increased as well. ***Make sure you continue to market your expertise in this area.***

We provide other services as well as title searches. Market research and appraisals are very active right now. ***Look for ways to diversify your services.*** I'm reminded of Jay Duncan's remarks at the NALTEA conference in San Diego a couple of years ago. He told us that, and I paraphrase, "We are researchers, first and foremost." We're not limited to title searches per se. We can take our expertise and repackage it into a product or service the market is willing to pay for.

Business 101 says in order to stay in business you have to market your business. That's a lesson for each of us and for NALTEA. The board is committed to refining our contacts outside of membership and looking for ways to expand our presence in the industry. I encourage you to do the same. Market your service. There is work to be had; we just have to exert greater efforts to find it.

Yes, I know customer service is key, but that's another topic for another day.

In the meantime, go out and let yourself be known. Market, network, and enjoy each day!

## Board of Directors

Lynn Hammett, President  
Email: [president@naltea.org](mailto:president@naltea.org)

The NALTEA board meeting was held on February 16, 2009. All members were present. The board had a lot to cover and agreed to meet again on February 23<sup>rd</sup> to complete the agenda. We welcome your suggestions and comments, so please feel free to contact any board member or officer if you have any input.

### Committee Reports:

The Ethics Committee has been working through a complaint concerning a NALTEA member over the past few months and reported that the matter has been resolved. The board discussed the value of the ethics procedure and felt as though it worked well for both parties involved. The board unanimously voted to dismiss the action.

The Education Committee discussed possible links to recommended reading for the NALTEA certification exam. We are concerned about the expense of the test and study guide for our members. The board is considering several options in an effort to lower the cost of certification.

Beta testing has begun for an online version of the NALTEA Certification Exam. Several board members have already participated and offered great feedback. Our goal is to have the exam ready to roll in the next few weeks. The committee and board are willing to provide onsite workshops to groups interested in taking the exam. Master Abstractors are qualified to teach workshops and the board discussed incentives to increase the number of qualified instructors.

Pat Scott represented the Membership Committee and suggested an idea to promote NALTEA by maintaining a blog on Source of Title. Pat Scott has encouraged all committees to become more active with the blog. Pat brought the board up to date on our effort to increase a marketing list for title abstractors and companies. To date we have increased our new contacts by 136 entities. This does not include current members of NALTEA. A contract revision was discussed that reflected the realities of the market today and the ability and method of gathering contact names, a motion was given and seconded,

and the board voted unanimously to revise the contract.

The Public Relations Committee Dave Pelligrinelli presented a number of ideas for providing value to our membership. Linking NALTEA to other related sites online would create greater exposure through the web. Title standards were suggested, particularly that NALTEA should be the guiding force in create and promote an industry standard for abstracting titles. This should provide credibility not only for NALTEA, but also for our membership.

Vikki Moffitt presented for the Publication and Benefits Committee on February 23<sup>rd</sup>. Newsletter submissions by FoxPoint and TitlePac were discussed at length. The information supplied by both companies was subject to editing, which was made clear by the committee. Clarification of what constitutes a benefit and what is considered marketing efforts led to the need for coordination between the Membership Committee and the Publication and Benefits Committee.

The Planning and Events Committee is still working on the October conference. Time is of the essence and the board agreed to provide any assistance needed to nail down the location and agenda.

Finally, we reviewed the membership procedure to address some instances of new members not receiving notification of their acceptance or access numbers. This has been resolved. The Model Abstractor's Act was discussed and positively received. NALTEA will continue to work with Robert Franco to perfect the document and looks forward to adopting it in the near future. A request to consider adopting a NALTEA Payment Resolution Service was discussed with the overwhelming opinion being that the service, while valuable, would require additional volunteers and staffing that we cannot provide. It was suggested that the marketplace would be a better venue for this type of service.

The next board meeting is scheduled for March 16<sup>th</sup> at 6 p.m. EST.

## Events Committee Update

Ed Gunther  
Email: [egunther@infotrackinc.com](mailto:egunther@infotrackinc.com)

I want to thank the members of NALTEA for electing me to the Board of Directors. Serving on the board as the chair of the Events Committee is

something that allows me to do something to raise the awareness of our organization and promote the benefits of being a NALTEA certified abstractor.

The board has selected the Columbus Day weekend in October for the NALTEA Annual Conference. As the chair for the event, I am inviting NALTEA members to participate on a planning committee. So far, Cindy Todd has volunteered to be on the committee and hopefully we can get some interest from a couple of other NALTEA members to be on the committee.

In August of 2008, NALTEA conducted a member survey for upcoming conference and that information will be utilized in the planning of the 2009 conference. Establishing a great location that will be cost effective is going to be a challenge.

We will need to present a conference that provides our membership with a value and a reason to attend. Our Education Committee will provide certification review programs and roundtable discussions. Suggestions for speakers or content pertinent to our industry will be welcomed. Last year Jeff Schurman, the Executive Director of TAVMA, was to be one of our speakers but was unable to attend because of weather. This year hopefully Jeff or another representative of the vendor management community will be available to speak to our membership. Building a relationship with TAVMA would help in getting our certification program recognized and utilized as a tool in selecting an abstractor by the vendor management community.

Involvement in NALTEA is imperative to its success. If you can find the time to participate in the planning of our Annual Conference, please contact me by phone at: 847-943-0210 Or email: [equnther@infotrackinc.com](mailto:equnther@infotrackinc.com)

## Blogging

Vikki J. Moffitt

Email: [southernabstractservices@yahoo.com](mailto:southernabstractservices@yahoo.com)

When I decided to write an article for this month's newsletter I was already stumped as to what the subject might be. There are so many things going on in the industry at the moment and most of it negative. I don't know about you, but I'm tired of hearing about the economy, the stimulus package, and the rise and fall of foreclosures in our area. So that got me to thinking about *blogging*. I know, we have all heard about how useful a tool it can be and all the

positive effects it can have for our business. So I decided that I would touch upon the subject this month.

A blog is a website, which is maintained on a somewhat regular basis. The more frequency in which it is updated, the better it will be to develop a following of loyal readers. It can contain commentary, opinions and information about your business. You can find almost every subject covered in blogs today all over the world. There are sites that allow you to join for free and you are permitted to post either privately or public. Whatever you are comfortable with, always read the fine print though. You need to make sure who owns the rights to your words.

Two of the more reputable blogging websites are [www.blogger.com/start](http://www.blogger.com/start) and [www.wordpress.com](http://www.wordpress.com). There are many more to choose from. These are two of the more popular ones. Most are very easy to navigate through. So if you are not a computer guru person, you can still use these sites to get a blog up and running and start promoting your business or just simply share your thoughts and ideas with others about topics that you are familiar with or current events to get you started. Then attempt to add a new blog for your business and start sharing information about your business or items that you find interesting that pertain to the title industry. The sky's the limit really, only your imagination can hold back.

There are many suggestions to keep in mind when creating and maintaining a blog. These are just a few to get you started with:

- Read the small print when signing up, know who owns what
- Personalize your blog, but no personal information, for your own safety
- Get into a routine of blogging
- Update frequently
- Keep it interesting
- Spell Check
- Be able to back up your commentary, if required

NALTEA has started a blog on Source of Title. It is still a work in progress. However, it is our hope that we will be able to share with the membership and connect more easily to others. If you have any questions, concerns or ideas for a post on the NALTEA blog, let us hear from you. We always welcome comments from the membership!

## Membership Committee Report

NALTEA proudly welcomes our newest members:

- Philip Apter – ETS, LLC
- Christine Phillips – Abstracting & Legal Research, Inc.
- Jennifer Perez – InDepth Solutions, Inc.
- Rob Arnold – AbstractorWatchdog.com
- Rachel A. Lallman – American Mid-Ohio Title Agency

We now have 84 active members.

## Benefits Committee E&O Insurance

Doug Gallant

Email: [dougernaut@columbus.rr.com](mailto:dougernaut@columbus.rr.com)

*The board has been working hard on acquiring preferential treatment on E&O for the members of NALTEA. We have a couple of companies that have expressed an interest in working with us in light of our increasing membership and the progress of the certification program. Last month, we published the presentation from FoxPoint, this month, we have information from TitlePac.*

## Insurance Is Full of Risk Choosing a Firm to Represent You Shouldn't Be

Lawrence A. Galpern, CPIA

TitlePac, Inc. Direct Dial 954 341-9466

E-Mail [lgalpern@titlepac.com](mailto:lgalpern@titlepac.com)

The title industry has changed. It is different than it was five or ten years ago - and even more different from just a year ago. These changes are widely discussed: lower margins, turmoil in the real estate community and the consumers' overall perception of the industry.

What is insurance (Not the real definition) Insurance is a nine letter word that gets treated like a four letter word, and I don't mean love. It's something that always costs too much, except of course to those who need it. To them it's a hell of a bargain.

Like everything else, both in our personal and business lives, the only thing that remains constant is change. After all we have seen station wagons become SUV', wrestlers become

Governors and even an actor become President. It wasn't that long ago when you dreamed of owning your own business, being your own boss and determining your own destiny. Now, That dream has come true, and you're open for business. You've found the perfect location, hired knowledgeable people, and sent your advertising budget wisely. Now you need to purchase the right business insurance to protect your dream.

Exactly how much and what kind of insurance do you need? It's not complicated if you leave it to the experts. Just as in your profession nobody can be everything to everybody nor can one be expected to know it all. So what do you do ... you go to the specialists ...and when it comes to Professional Liability (E&O) insurance TitlePac is just that, a specialist. A knowledgeable local insurance agent can serve your other needs such as an office package policy, workers compensation, automobile, health, etc.

We use knowledge as the key to helping our clients manage the risks they face, some straight forward, others complex. To be effective in that role, we need business intelligence information about what is happening in the marketplace, about any changing legislation and about the events shaping your industry.

The cold hard facts are that especially in this period of economic turmoil claims against those related to the real estate industry continue unabashed and insurance premiums continue to be a large expenditure. **"So abstractor beware ... make sure you get the very best in coverage and the service you deserve".**

The salient points of our **TitlePac Advantage** policy include:

- \* "A" rated insurer
- \* Available limits up to \$2,000,000
- \* Available deductibles starting at \$2,500
- \* Prior Acts coverage can follow expiring policy
- \* Extended Reporting Period endorsement guaranteed for up to 3 years
- \* In-House underwriting authority
- \* Very prompt quoting process
- \* Very prompt policy issuance
- \* Competitive pricing
- \* Broad coverage
- \* 24 Hour issuance of Certificates of Insurance

*All of the above complemented by a staff passionate service personnel makes doing business with TitlePac a genuine value.*

*We look forward to being endorsed as the go-to agency for NALTEA members.*

# Automated Title Search Technology

Dave Pelligrinelli

Email: [daveafx@windstream.net](mailto:daveafx@windstream.net)

Institutional clients have been chasing an automated title search technology for years. Many have not yet realized that a true property title search cannot be truly automated, because of the definition of what a title search is. Searching a property title is an analytical process of reading and comprehending documents, and their relationship to each other. Trying to create a system that does automatic title searches would be like automating architectural design.

It is certainly possible to use technology to make the parts of the process simpler, such as access to documents, or index searching. However, the process of interpreting the documents cannot be done by a computer. Each deed, mortgage and lien document is unique, and means different things in the context of that specific property. That is not even taking into account that some records relevant to a title search are not in the land records.

The nature of property records is that they are a collection of contract documents, not electronic data. Lengthy legal descriptions, vesting variations, and contingencies in documents can only be understood by a human reading the pages. An electronic report can be very useful to provide basic information such as sales price numbers, and mortgage amounts, but cannot replace an abstracted title report if line, encumbrance, and easement status of a property is needed. Even mortgage information is ambiguous when collected electronically. If a property has been refinanced several times during its ownership, there will be many mortgage documents and many release documents. How will a machine be able to match up the mortgages with releases, and correctly ascertain which mortgages have been released, and which are still open, and what is the current mortgage priority?

There are automatic reports available, which might list liens and mortgages, but those should not be confused with an actual title search. Even if those types of reports are used by some in real estate for title insurance, it does not make the report a true title search. It just means that the title insurer is willing to accept additional unknown risk and may be factoring that in to their expected claims expense.

That is not necessarily a bad thing, as long as it does not place additional burden on the insured. Having a claim, even if it is paid by the insurer can create inconvenience for the property owner, to say the least.

This is not written from the point of view of a buggy-whip manufacturer that is clinging to the idea of horse-drawn carriages. If a truly automated title search was possible, it would be a huge benefit to our

company in particular. We would not need to expend the tens of thousands of man-hours manually searching title records and abstracting search reports, and the expenses of my company would be drastically reduced.

However, it is unfair to allow consumers to rely on the misconception that a title search is like Google search; just punch in the address and the results pop up on the screen. That concept leads to relying on incomplete searches, which can put a property interest in jeopardy.

A demonstration of how impossible automatic title searching is comes in the form of a company called Zenodata. In 2003, it was formed with the business plan of creating a system to perform automatic title searching. It raised \$12.3 million in funding for research and development. In July of 2004, it received another \$10.4 million in a second round of funding for its operations. Including investments from private investors, angels, and friends and family, it had raised a total of \$27.1 million through that date.

With \$27 million in development costs, the company claimed that it was able to do searches in just 2 Florida counties. (Keep in mind, that Florida records are among the most electronically accessible records in the county, so that the property data is already available, meaning that the \$27 million was only needed to figure out how to interpret the records.) According to their press release, the product would have been "the first completely electronic land record database in the United States." The system was described as being able to allow users to conduct "one-button" automated title searches. This would have been well received by mortgage companies and title companies, to say the least.

In the spring of 2005, the company was scheduled to exhibit and give seminars at a large ALTA tech conference. At the very last minute, the company was a no-show, and closed for business around the same time. A fully funded tech company with 350 employees and almost \$30 million could not figure out how to make title searching automatic. That could indicate that the process of title abstracting is more of an art than a technology.

The Publications Committee is always looking for your ideas, comments or submissions for the newsletter. Please address to [benefits@naltea.org](mailto:benefits@naltea.org).

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).