



NALTEA

The National Association of Land
Title Examiners and Abstractors

Message from the President

In this issue:

Message from the President

Front Cover

Public Relations Update

Page 2

Membership Committee Report

Page 3

Board of Directors Report

Page 3

Multiunit Real Property Ownership

Page 4

Member Profile

Page 5

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As I had mentioned in a previous article, NALTEA had the opportunity to take part in another study being conducted by the Government Accountability Office (GAO). This particular study focused on the topic of Bulk Sales of records &/or document images that are available of public record. Previous to our input, the GAO spent an entire week in Texas, speaking with as many abstracters as possible. The GAO offices in Washington & Chicago were represented. There were several, specific questions that were asked, as part of this study:

To what extent are social security numbers sold in bulk, through subscription services and via county websites?

- How is this information being used, both in the United States & abroad?
- What types of businesses purchase these records and how are they protected here & abroad?
- What Federal and State laws are in place to protect these records?

As you can see, these are questions that are not easily answered. I would imagine the GAO received many different opinions depending upon whom they asked and in what part of the country the participating party(s) conducted their business.

If Social Security numbers were originally on a document when it was

filed, those numbers will remain on the actual document forever. When records are sold in bulk, it is the actual copies of these recorded documents that are made available to "whomever" purchase them. Yes, there has been a lot of emphasis placed on the redaction of this information, however that only applies to the computer images, not to the physical documents. Keep in mind that some lenders, i.e., FHA, use the Social Security Numbers, or a portion of the same, when creating a loan number. This number usually appears on every page of the document. That being said, Social Security Numbers are at risk, in our opinion.

NALTEA is certainly not against the availability of county records on line. As abstracters, it makes our job easier to view documents that affect our ability to provide accurate, thorough searches. They don't, however replace the need to physically conduct our research at the County Hall/Courthouse/Registry of Deeds. These same records were originally housed there to benefit the county and its citizens. We feel that the bulk sales of these records, and the subsequent availability of some, or all, of the information contained therein, constitutes a breach of privacy & trust that our personal information is safe when recorded at the county level. There is no way to know what happens to any/all of the information once it is sold and resold, especially if/when it ends up in Pakistan, China, India, etc., etc. Where DO these records

end up? How are they used? Does anyone ever REALLY know?

Through experience, what we DO know is that there is no way to conduct an accurate search by the sole use of online images. Every single county is different, as are the indices they maintain. What many of these users of bulk sale images do, is pull as much information they can from the images they have and then come back to the abstracters to "fill in the blanks", or what they think are the blanks in the property history. This is yet another reason for a rise in title claims and, in some cases, a rise in foreclosures. Online lending, based on online searching, can result in bad loans or, at the very least, loans made on "misinformation". All of this feed the "faster, cheaper.." machine that is threatening to replace the abstracter.

During our discussion, at the GAO's request, we shared the names, and/or websites, of those companies & businesses that, to the best our knowledge, utilize records bought in bulk. Most of them advertise that fact on their respective websites. Others we had a working knowledge of, as they contacted us to do some of the "piece-meal" work I mentioned above. The GAO was familiar with many of them already, however did not have some of the specifics we were able to provide.

What are our Federal & State governments doing to protect this information? In two words... not enough, although some states are more aggressive in these matters than others as far as what types of documents they make available. Any suggestions as to what they should be doing?? We would love to hear from you. Lynn Hammett, NALTEA board member & participant in this study, had a great suggestion. She suggested limiting bulk sales to indices only, rather than complete document images. That would limit the amount of information made available on the worldwide web. Information, of a more personal nature, is not normally provided in the indices, therefore would not be made vulnerable to a breach in privacy issues.

At the very least, I feel that the GAO group left us with far more information than they had when they entered into our call. They asked many good questions pertaining to the specifics of our profession and where we fit into the loan process of our industry. A special thank you goes to Lynn Hammett for her tremendous insight & input on the call and to Jill Kissell for taking pages of

copious notes. With six people talking, it was a daunting task!

The GAO is planning on issuing their report in early September.

I hope that all of you take a moment to think about how issues, such as these, affect your profession and, more specifically your livelihood. Please make your feelings known, not only locally, also on a County/State level. Feel free to share your thoughts with us, as well.

We continue to take advantage of opportunities, such as these, and hope you do the same. Unless we speak, we will not be heard.

Public Relations Update

Pat Scott

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Two Public Relations Committee members attended events held by other industry associations in the month of April. Michael Lanin attended the 2008 TAVMA (Title and Appraisal Vendor Management Association) Conference and Expo in Orlando, Florida.

I attended the ALTA (American Land Title Association) Small Agents and Abstractors Forum, held in the Chicago, Illinois area.

Focus On Quality — The essence of the opening remarks given by Donald H. Blanchard, Deputy General Counsel and EVP of Countrywide Financial Corp.- and outgoing president and chairman of TAVMA. The hopeful words suggest a desire to leave behind the movement toward "faster and cheaper" that has infected the abstracting industry.

Blanchard's remarks were followed by the annual Industry Leaders Roundtable. The participating panelists included executives from several of the larger corporations involved with the vendor management industry. The roundtable discussion included claims, litigation and legislation that likely will affect every facet of the title industry – from underwriters to abstractors.

Following the roundtable, as the microphone was offered to the attendees for comments and questions, NALTEA member Michael Lanin stood up to deliver an impromptu, yet impassioned, speech about the value of the local abstractor to the industry. Lanin's remarks questioned the application of the "fast and cheap" mentality from the front-end of the mortgage process to the

back-end foreclosure process – where a higher level of liability and complexity is present.

Lanin also commented on the downward price pressure faced by abstractors – a condition that is driving many of the most able abstractors from the field – and asked, “have we reached the point where the underwriters can see that it is in their own best interest to take the pressure off these professionals and let them do their job...before there is no one left to do it?”

A reason for hope: When the meeting concluded, many people, even those who had been on the panel, expressed appreciation for the comments – something that needed to be said.

Michael Lanin has penned a detailed and entertainingly written narrative of his experience at the TAVMA conference. For the full text, please check the NALTEA website at www.naltea.org for a link to the article (to be added soon).

The Forum — The ALTA Small Agents and Abstractors Forum is an annual event that is intended to bring the smaller companies within the ALTA together to discuss the issues that most affect them. A common concern among small title agents and abstractors is business practices by larger companies that inhibit competition on a level field. The forum offers an opportunity for the smaller companies to discuss ways in which to maximize profit in such markets.

This year’s forum included two presentations, spanning the morning session. The first, presented by Ed Miller, Chief Counsel for the ALTA, included a summary of rules proposed by HUD in its efforts to reform the Real Estate Services Procedures Act (RESPA). Also included was the ALTA’s position on proposed reforms that will impact the title industry. For specifics, see the ALTA website. It’s all there.

Small Agents and Abstractor section chairwoman Anne Anastasi delivered a useful method of determining cost per unit to determine the feasibility of opening a new title office. Essentially, it involves dividing all costs of business (down to the phone bill) in a given year by the number of policies issued. A similar method might be suggested to abstractors to determine how competitive is too competitive when determining fees for service.

The two presentations left limited time for discussion among attendees, as many had to leave for flights to their home cities. The

discussion that did occur centered on customer service related issues.

Membership Committee Report

Carol Walker, Committee Chairperson

Email: membership@NALTEA.org

NALTEA welcomes the following new members

- Christine Marley — Starhill Technical Services, Bloomfield, IN
- Richard Knapp — Info Track Information Services, Inc., Deerfield, IL
- Debi Merrill — SearchQuest, Inc., Estill Springs, TN

This brings the total membership to 202 with 100 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.

Board of Directors Report

Pat Scott

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Following is a summary of items discussed at the most recent NALTEA board of directors meeting, held on April 21, 2008. The NALTEA board of directors provides this information in the interest of openness and insight into the focus and efforts of your association. Naturally, NALTEA welcomes comments and ideas from members and prospective members alike. Openness and insight go both ways.

The April 21, 2008 NALTEA board meeting began with the acceptance of the treasurer’s report and minutes from the March, 2008 meeting, as corrected.

Committee Reports — Due to the full agenda for the meeting, other committee reports were withheld pending later email discussion or publication in this issue of the newsletter. See articles about the Education Committee’s latest conversation with the General Accountability Office and the PR Committee’s article recounting experiences at other associations’ events.

The membership committee reports that we are back up to 100 active members. The committee has been contacting former members to find out their reasons for non-renewal. The committee anticipates a substantial increase in

membership as soon as certification testing is arranged in accessible locations. A new direct marketing campaign will then begin – jointly with the PR Committee – with the certification process as the centerpiece of the marketing effort.

The Publications and Benefits Committee has received word of some interest, but yet no bids, in response to its request with regard to website redesign and administration. Interested parties may respond at info@naltea.org.

Two locations are currently under consideration for the 2009 NALTEA conference: San Antonio, TX and Phoenix, AZ. The Planning and Events Committee is making a strong effort to keep conference costs at a minimum – and yet, present a conference that would be worth while at any price.

Proposals For Consideration — The board began discussion on a nine-point proposal, submitted by board member Jay Duncan, outlining suggestions for near-term implementation. Among the items discussed were:

- Designating a permanent address for NALTEA. Currently, the address used is that of the board-appointed treasurer, as most U.S. mail received by NALTEA is ultimately destined for the treasurer. The concern with our current approach is that, following an address change, some mail is routed to the past treasurer and requires forwarding. Discussion involved questions as to which address – NALTEA's current address, a third-party forwarding service, or other – should be made the permanent address; and also as to whether the frequency of delivery to a former address merited a permanent mailing location.
- Providing access to NALTEA by phone. NALTEA does not, at present, have a phone number. Correspondence is requested by email or fax. The proposal suggests that the addition of phone contact will add credibility in that a person will be able to answer questions through the method most readily available to those who wish to contact NALTEA. Board members were receptive to the idea, and offered suggestions which included: A cell phone provided to the president, and hiring an answering service to forward phone messages.
- Purchase an inexpensive desktop computer for back-up storage of information. Several lower-cost and more portable options were presented in response.

- Hire a part-time employee to handle some day-to-day tasks. As most NALTEA board and committee members are business owners, and the organization has taken on a large (and growing) number of projects, the proposal suggests the hiring of a part-time employee, or contract worker, to handle some tasks that would aid in the association's growth. Discussion centered on the types of tasks involved, whether a wage, commission, or both, would be offered, the location and supervision of the employee, and whether NALTEA is in a financial position to sustain an employee.

The board will explore the options set forth via email in the coming weeks. Due to the late hour, the remainder of the proposed ideas were tabled pending the May board meeting.

Before the meeting was adjourned, board member Lynn Hammett brought to the board's attention a request by South Carolina abstractors to consider a state charter. The request is rooted partially in the possibility of group insurance for South Carolinians as members of a non-profit association registered with the state. More on this and other important items to come in the next installment.

Multiunit Real Property Ownership: A Perspective of the Horizontal Property Regime

Lynn Hammett

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Vertical ownership of housing has its own special place in history. Research shows that the concept of multi-unit housing dates to Germany during the Middle Ages. One theory indicates that people lived together in "story" ownership as a means of protection from outside forces. The condominium provides the protection of a fortress, protecting the inhabitants and their possessions from the undesirable elements on the outside.

The common term for vertical ownership of property is often referred to as 'horizontal' because airspace is horizontally divided and owned individually with group ownership of common areas.

Horizontal property spread into France in the early 1800's. By the 1930's the country developed laws for multiunit dwelling. Belgium, Sweden, Italy, Spain and Latin America followed in the

early part of the 20th century. The United States was among the last of the industrialized nations to adopt the concept of multifamily dwellings. After all, it was relatively easy to acquire a single-family home in this country through the 1950's.

Puerto Rico adopted the Horizontal Property Regime Act in 1958. Congress followed in 1961 by authorizing the FHA to insure mortgages on condominiums. With that legislation in place, condominium ownership expanded across the country. Within a few years, over half the states had adopted legislation; by the end of the decade every state had adopted regulations for multifamily unit ownership.

The Uniform Condominium Act has been adopted by 10 states. Other states call their legislation Horizontal Property Regime Acts. The Uniform Common Interest Ownership Act is the most recent attempt to legislate condominium ownership. Presented in 1984, it succeeds all other acts and attempts to provide a model for laws involving common interest communities. A number of states have adopted some of the principals of the UCIOA.

All model acts have been adopted by the states in some limited form. However, one thing is perfectly clear. Uniform Acts and federal statutes attempt to equalize the process and provide guidelines, but in the end, state statutes vary significantly.

References:

McKenzie, E. (1996), *Privatopia, Homeowner Associations and the Rise of Residential Private Government*, Yale University Press

Jennings, M. (2008), *Real Estate Law*, 8th Edition, United States: Thomson West

www.nccusl.org/nccusl/uniformact_summaries/uniformacts-s-ucioa94.asp

www.en.wikipedia.org/wiki/Uniform_Common_Interest_Ownership_Act

Member Profile

Tim Padgett is Director of Business Development for DRN Title Search, a division of Document Retrieval Network. Padgett is responsible for expanding DRN's operations in its current region and developing the company's penetration into new territories in the title and document retrieval market. This market currently includes statewide title search services in ten states (Ohio, Kentucky, Indiana, Tennessee, New York, New Jersey, Pennsylvania, Missouri,

Nebraska, and Kansas) and statewide document retrieval services in all 50 states.

Padgett is a 19-year veteran of the title insurance industry. He was the founder and CEO of Delta Title Services, a title search and real estate information company in Cincinnati, Ohio, from 1995 until 2005. Under his leadership, the company developed a model for digitally researching and warehousing title information for five counties in the Greater Cincinnati area. Prior to that, he worked as an examiner, closer, and manager for title agencies in Ohio and Virginia.

Padgett served as chairman of the American Land Title Association (ALTA) Technology Committee in 2004-2005 and has been an active member of that committee since 2000. He was also an active member of the Mortgage Industry Standards Maintenance Organization (MISMO) of the Mortgage Bankers Association of America (MBAA) from 2002 until 2005.

Padgett graduated with a Bachelor's of Business Administration degree in Finance from the College of William and Mary in Williamsburg, Virginia. In addition to his title industry experience, he holds his active Series 7 and 63 brokerage licenses in all 50 states, the District of Columbia, and Puerto Rico. He is a native of Richmond, Virginia, and currently resides in Cincinnati, Ohio, with his wife, Stephanie, and their three children. Email: tpadgett@doret.com

Please contact benefits@naltea.org if you would like to have your profile in a future issue.

The Publications Committee is always looking for your ideas, comments or submissions for the newsletter. Please address to 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.