

NALTEA

National Association of Land Title Examiners and Abstractors

In this issue:

Message from the President

Message from the President
Front Cover

Mary Mitchel, President
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Message from the President

NALTEA Victimized by Theft
Page 2

There has been a lot going on over the past month or so therefore, I have geared this month's article toward the informative, rather than discussing a particular topic in general.

Maintaining a Balanced Clientele
Page 2

First, and foremost, the board has selected a replacement for the seat vacancy left by LaWanda McMillian's resignation last month. We asked all interested candidates to provide a brief statement outlining their reasons for wanting to sit on the NALTEA Board of Directors. We held a vote, via e-mail, followed by a special meeting, via conference call, during which it was determined that Jay Duncan would be the best candidate at this time. For those of you who did not attend our last conference, Jay was the "runner-up" during the last election for a seat on the board. On behalf of the board, I welcome Jay back and am confident that he will make a positive contribution to our current board's work for NALTEA. Jay's term will run to January of 2009.

The Back End
Page 3

Board of Directors Update
Page 3

NALTEA Membership Update
Page 4

I would also like to take this opportunity to thank the other candidates who expressed interest and took the time to submit their statements. I hope you all give serious consideration to running for one of the three seat openings for which elections will be held during our upcoming conference in January. I encourage all members to consider sitting on the board at some point. At the very least, it provides you with a better understanding of the multitude of issues that are addressed each month, as well as a clear picture of the level of commitment made by each of the board & committee members. I often think that, during the course of our daily business lives, the general membership tends to forget that all of these positions are voluntary and that everyone does this in addition to their own businesses, etc., because they care enough to want their voices heard. Any successful association

can attribute a portion of that success to the influx of members that are willing to step up and share their ideas, viewpoints and experiences through participation. Whether it be through joining a committee or sitting on the board of directors, everyone's perspective brings a freshness to the association. We welcome anyone who is willing to volunteer their time and appreciate the extra effort put forth. There will be further announcements made, via the newsletter and on our Website, regarding the upcoming elections. Please take a moment to consider taking a more active role in NALTEA.

That ties into my next item, which is an upcoming conference, held by the Association for Title Information Management (ATIM), to which NALTEA was invited to participate on a panel. Actually, NALTEA was not their first choice, however when a panel member was unable to attend, NALTEA was contacted to fill the spot. Be that as it may, we were happy to have been invited to take part in this panel discussion. The panel is entitled "Automated Title Products – Pros and Cons". ATIM considered NALTEA to represent the "cons" or "Skeptic" side of the discussion to complete the panel. Although we were given very short notice, it is to be held on September 24th & 25th, Lynn Hammett has volunteered to attend on behalf of NALTEA. Again, we have a great opportunity to provide NALTEA's viewpoint on several topics. As explained by David A. Floyd, who contacted us on behalf of ATIM, there are approximately 30 recognized experts that donate their time each year to serve on the eight to ten panels, which comprise a typical conference. The annual conference is attended by land title database owners, managers and users, application software developers, outsourcing vendors, underwriters, consultants, vendor managers, the lending community, technologists, county clerks and recorders, etc. There are usually presentations made by a couple of the groups, along with insight from others. For this particular

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(President's Message... continued from front cover)

conference, there will be eight topics of discussion:

1. Crystal Clear or Cloudy: One Man's Opinion of What the Future May Hold
2. A view From The Top: Opinions and Predictions from the Underwriter's Perspective
3. Annual County Clerks and Recorders Forum
4. The Impact of Privacy Concerns on Title Information Providers
5. Title Plant Operations: Controlling Costs and Improving Efficiency
6. Automated Title Products – Pros & Cons
7. The Electronic Closing: Just Around the Corner?
8. Land Title Associations: What's Happening at the State and National Level

As you can see, there are some very interesting topics to which NALTEA would be happy to contribute. I will be asking Lynn to provide us with an overview of the conference for next month's newsletter. So stayed tuned.

As I have mentioned before, NALTEA is always willing to contribute to conferences, discussions, symposiums, etc., whenever it appears to benefit our association. Understandably, there will always be differences of opinion on many of these topics. We do not always get the opportunity to share our viewpoints in person, in one location with a diverse crowd such as this. If there is ever an opportunity in your area, which you feel may be a benefit to NALTEA to attend, please do not hesitate to drop me an email with the pertinent information. The board is in continual contact throughout the week and can easily determine if a conference or meeting would be worth the cost. In most cases, even though NALTEA may be invited, the full cost is not covered, therefore the board needs to discuss the potential benefits versus the costs to see if it is worthwhile. I always appreciate the e-mails! I can be reached at: president@naltea.org OR mmitchel@accusearchco.com.

NALTEA Victimized by Theft

Wanda Steudel, Treasurer
Email: treasurer@naltea.org

There is never any good way of reporting bad news. I need to report to the membership that the NALTEA laptop was stolen from my office. First of all, let me assure all you that there were no Social Security numbers, tax ID numbers or banking information for ANY of our members stored in this laptop.

The information on the membership stored in the computer was gathered from the application forms that you filled out when joining. So, we have names, addresses and phone numbers.

There was some NALTEA banking information that was in QuickBooks. It was password protected, but as we know, if someone who intended to hack into it took the laptop, there is no foolproof way to prevent

that. I have notified the bank and they and I have put safeguards in place to monitor our account.

This has been an awful experience, especially since we are right in the middle of our membership renewal period. We have purchased another laptop and are working diligently to restore all the information.

We have also taken steps to prevent this from happening again. We have purchased a cable system to lock the laptop down when in use at the office. At night we either lock it up in a filing cabinet or it goes home with me so that I can continue to restore the data.

If you have any questions or concerns, please do not hesitate to call or e-mail me.

Maintaining a Balanced Clientele

Doug Gallant, Member Benefits/Publications Chairperson
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It has been interesting to watch the changes in activity the last year. So many title examiners have invested a lot of time and effort into developing an over-reliance on refinance work the last several years while that market was hot. Others hitched onto builder accounts that were predicated on qualifying buyers based on questionable buy-down, adjustable rate, and all the other creative loan programs.

These accounts while they were hot, required in many cases a volume discount from the title examiner, or unreasonable turn times. Now, I see many of the same folks chasing the foreclosure work, and the same thing is happening regarding fees and turn times.

I think that as NALTEA members we need to keep in mind that all these things run in cycles, and it is best to have a balanced portfolio of client accounts. Residential sales go up and down, commercial, foreclosure and refinance business do the same. The nice thing is that they do not generally run in concert. To repeat myself, a balanced portfolio in your client base is as important as a balanced portfolio in your private investments.

Not to deny that good money can be made by chasing the hot trend of the moment, but I have found that for the long term, with less stress, that covering all types of title work to be the best way to avoid the highs and lows.

The certification program that NALTEA is working toward should give us all a leg up on the competition in the near future. I do believe we are entering a market phase that will be unlike many of our members have seen. I would not be surprised to see something similar to the late seventies, when we lost so many jobs in the industry as every facet slowed to a crawl. Perhaps it will be similar to the situation in the mid-eighties when nothing was going well with the exception of the equity loan business. Regardless, it is a new situation we find ourselves in now. The competition from the overseas companies and the growth of the thin plant companies over the last twenty or so years has changed our challenge. It is my hope that in the slowing environment, more clients will come to see the value of NALTEA-certified examiners. I'm afraid that the equity loan business is a lost cause. It is an industry that really

does not require a thorough exam, never really did. One need only attend a few foreclosure sales to see how rarely the equity lenders actually bid to preserve their interest.

Yet, for the actual title examination, whether for sales, foreclosure, refinance or commercial, I believe that in the slower environment I envision, the remaining clients will come to value the quality of our work more highly. I think that will lead to a greater appreciation of NALTEA certification as a sign of a competent title examiner or abstractor. It will certainly be slower for some time now. I think hoping for a rebound by the middle of next year is optimistic. For those of us dedicated to the title industry and the value a competent and thorough search, the next couple of years could well afford us the opportunity to grow our businesses. Not only in a short-term volume sense, but, more importantly, in a long-term manner.

The Back End

Mary Mitchell, President
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Many abstracters, especially beginners, do not ever give a thought to what happens to their search once it is completed, nor how it may affect the “back end” of the entire settlement process. There are many reasons why a client may order a current/present owner search versus a full search, however, the end result is ultimately a closing of some sort. Whether its purpose is to consolidate debt, make home improvements or to purchase a new home, a closing is going to take place and the search product is a key component of that process.

Those of us who have actually conducted closings certainly understand how important the information that an abstracter provides is to that process. For those of us who have not, and have really not given it much thought, I'd like to provide a summary of that process. Knowing the “why” will always help you to provide the product that your client is looking for and ultimately will be happy with. It all starts with a loan application, which is where our clients obtain the necessary information to place an order. They determine what type of search is needed, based on the loan type, and place it with an abstracter. We complete our research and return a product. Why do the clients call back to verify loan amounts, spellings, tax figures and “good thru” dates?? Well, let's consider the scenario whereby, in this particular case, the client is issuing title and conducting the settlement/closing themselves based on our report. They may also utilize other outside sources such as credit report, property appraisal, etc. Once it is determined that the borrower meets the necessary guidelines for loan approval, a closing date is scheduled. In the interim, the lender will begin preparing for the actual settlement/closing.

Now comes the preparation of the Settlement Statement, more commonly referred to as a HUD1. Almost all real estate transactions involve large sums of money, which needs to be itemized by monies being collected and monies being disbursed or paid out. For this example, I am using a purchase transaction. The HUD1 is a

document, which clearly reflects each charge, credit and disbursement for this transaction, for all parties. There are several parts to the HUD1, each having their specific purpose. I am going from memory here, so some of the section letters may have changed, but you will get the gist. The first eight parts (A-I) are filled with general information on the specific transaction, i.e., loan type, name of parties, address, etc. Part J addresses the buyers' charges and credits and is subdivided into several sections accordingly. Part K contains the sellers' charges and credits, which is also subdivided into several sections. Not to get into too much detail but these areas itemize everything owed and paid by both the buyers and sellers. Much of this information was provided to the lender by an abstracter, i.e., open liens, real estate taxes, etc. This is why it is so important to be sure that your information is as accurate as possible, understanding, of course, that we can only provide what is of public record. If you are showing an open tax amount, you had better be sure that the “payoff figure” you provided, along with the “good-thru” date, is current. Settlement/closing agents are responsible for calculating all figures/payoffs, however they should be confident that the initial figures reported were correct at that time. Many lenders provided their borrowers with an “estimated or preliminary” HUD based on the raw data we provide.

Once the closing file is prepared, which normally includes such things as: deed, mortgage and note, payoff letters from any lien holders, survey, title commitment, settlement statement, etc., the client may order an update to be sure that nothing has intervened since the original search was conducted. The actual settlement/closing concludes the process. Many clients will also order an additional update to verify that the necessary documents have been recorded, such as the deed, mortgage, discharges, etc. At this point, the closing agent will usually make any necessary copies of closing documents and distribute accordingly to lenders, agents, etc. and make sure that all disbursements were made properly. It is normally their responsibility to follow up on payoffs to be sure that all applicable releases or discharges are filed of record. You may see additional requests for document retrieval or to verify the recording information. A form (1099S) then has to be filed with the IRS and the seller. The last step for the closing agent is to be sure that the owners and lenders policies were issued, when applicable.

I have only summarized what may take place, based on one scenario and based upon my personal experience in my area of operation, to give you a peek at the big picture. Keep in mind, however, that there are many variations of the same process, depending upon where you are geographically, type of loan, parties to the transaction, etc. As I mentioned at the beginning of this article, understanding the “whys” can help you to determine how thorough a search you need to do. Don't be afraid to ask questions of your client. They may not even know what they need. If you know what they intend to do with your information, it will only help you provide the type of information your client anticipates and will eliminate having to make additional trips to the county

or registry of deeds. More information is better. Although I probably have you “old timers” snoozing in your desk chair, I hope you newer abstracters have been enlightened a bit.

As always, don't hesitate to contact me with any suggestions for future articles, comments or input of any kind. They are all welcomed. I can be reached at: (585) 229-7806 or by emailing me at: mmitchel@accusearchco.com OR president@naltea.org

Board of Directors Update

Mary Mitchel, President
Email: president@naltea.org

I thought that I would go ahead and write the board update this month, since I already touched on some current news in my president's message.

We held our most recent meeting on Tuesday, August 21. As always, we began the meeting with the approval of the minutes from our prior meeting, followed by a brief review and approval of the Treasurer's Report as submitted. We then moved on to the committee reports.

There was nothing new to report from the Ethics Committee, as the revisions to both the Grievance Procedure and Claimant Form had been reviewed and approved previous to our meeting. A copy, of the final versions, was forwarded to the committee.

The Education Committee is busy putting together all of the questions, that had been previously reviewed and approved by the committee, to be forwarded on to the board for their final review and approval. It is estimated that there are between 350 – 400 questions ready to go. Once the board reviews these, the tests can be prepared. The committee plans on holding a class, followed by the test, at the upcoming conference. The committee's next challenge is setting up the testing method(s) and the cost of the test.

Membership reported a total of 123 active members to date. There were one or two that were awaiting approval.

The Public Relations Committee was preparing a press release to announce the 2008 NALTEA Conference. A list still needs to be prepared for the publications in which NALTEA would like this carried. It was suggested that within that press release, a brief instruction on how to register would be helpful.

That tied right into the Publication/Benefits Committee report, which updated the board on the improvements to the Website to accept credit card payments for membership renewal and conference registration. The membership renewal was ready, however, the conference registration was to take a bit longer. It was anticipated that a pilot would be ready in another week or two. The board did not see this as a problem at all since most attendees, traditionally, wait until the last quarter of the year to register for the January conference.

The Planning/Events Committee needed to start to finalize speakers for the conference. Anyone that had suggested speakers, or had previously spoken with

potential speakers, were encouraged to contact them and, if still interested, refer them to Joan Ripley at: events@naltea.org. There was a brief discussion regarding whose name was brought up previously so that the board could be sure everyone was contacted. Everything else is status quo for now until we get closer to the conference.

A discussion was held regarding the vacant seat on the board of directors that was left by LaWanda McMillian's resignation. It was suggested that those who had previously run for the board and those who may be interested be contacted to establish their current level of interest. It was also suggested that each candidate submit a brief statement outlining their reason for wanting to join the board. I offered to contact known candidates, as well as to provide an announcement in the August newsletter. The board decided that, given time restraints per the NALTEA guidelines, the deadline would have to be September 5 which would allow the board to review and subsequently elect a replacement.

Robert Franco updated the board regarding his work on the Amicus Brief. He was close to being finished. It was a tremendous undertaking. The board was to be copied on the final draft, for approval.

There was discussion regarding those individuals who had taken the prior certification test, which was eventually nullified by the board of directors at that time. There was an inquiring regarding the status of the “grandfathering” of those members, in light of the current discussions around our new tests. After some further research, it was determined that the prior board decided to offer certificates to all of those individuals who had passed the test and are still active members. Shortly following that test, all monies were refunded and a notice was sent to each person stating the same. This board is honoring that decision, therefore anyone who passed that test, and pays for the new testing, will be provided a certificate, regardless of their grade should they choose to take the test again. It was suggested, however that those individuals take the test so that they can provide the board with valuable feedback.

The board's next meeting is Tuesday, September 18.

NALTEA Membership Update

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

NALTEA Welcomes the following new member:

Todd Abstracting Services, Inc.
Cindy Todd

Salisbury, MD

Reminder: Annual dues were due the end of the August. If you have not yet renewed, you can do so online by clicking on the “Pay Your Dues Online” link. If you need assistance, please email treasurer@naltea.org. Those members who have not renewed, and do not renew before the end of the month, may not received the NALTEA newsletter for October.

Please continue to support your professional association by renewing your membership for another year!