

NALTEA

The National Association of Land
Title Examiners and Abstractors

Message from the President

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It's a busy time for the officers, board and committees of NALTEA. On the heels of our recent meet & greet in Illinois, three of our association leaders are preparing to represent us at the conferences of two different associations in April. Debi Merrill will represent us at the conference of the Tennessee Land Title Association, and Doug Gallant and Dave Pelligrinelli are scheduled for a two-hour presentation at the NALTEA conference in Baltimore the following week.

At the same time, preparation for our own October conference is in high gear! Our Planning and Events Committee is narrowing down the venue choices and putting the program together. Soon, we'll be asking you to reserve the dates and begin looking at travel arrangements. For now, as we work toward our goal of assembling the best gathering of NALTEA members yet, it's not too early for our members to begin putting your individual plans in motion, to ensure the most positive experience for you and your business.

If you are considering a run for a board seat, this is the time to begin making yourself visible to the voting members. Committee work is an excellent way to distinguish yourself as a person who can accomplish the tasks necessary to advance our organization. We will be electing three board members in October.

To our Associate Members eager to demonstrate your support for quality in the field of abstracting, this is a good time to consider our sponsorship opportunities. Increase your visibility with a button ad on our website, your logo on our brochure, and an ad in our print directory, which we mail out and distribute at industry events. If you have a product or service of interest to our abstractor members, the Platinum level sponsorship will cover all of the above, as well as a favorably located vendor table at our conference.

Do you have thoughts on specific topics you would like to see addressed at the conference? How to handle odd issues that arise on searches? What to look out for in a Pre-foreclosure or REO search – and why? Or, perhaps you already know all you need to know about what to report and the reasons for their importance. Maybe you're more interested in hearing about new and imminent changes in federal laws, and trends in state-level legislation that may impact your business. This is the time to let us know what you want to learn, to discuss, to experience.

Remember, this is also our annual meeting of the membership, the most valuable and productive meeting of the year. This is especially true since conference last October, when the town hall meeting was added to the program. The loosely structured forum allows for a free and open discussion concerning the organization and its future. We look forward to your ideas, both now as we plan, and later at the conference.

Board Update

Debi Merrill

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A new year has begun and thus begins the 2011 Board of Directors Meeting updates. The January meeting was held Monday, January 24 via conference call. Those present on the call included Pat Scott, Ed Gunther, Debi Merrill, Doug Gallant and Jeanne Johnson.

December Meeting Minutes were approved, as was the December Treasurer's Report.

The Education Committee has been awarding the CE credits as earned at the 2010 Conference to each members file. They are also reviewing the Rules of Certification along with discussing a new membership category of "Employee Membership". As many of you know, Jeanne Johnson, head of the Education Committee, has been undergoing some major health issues. She is on the upward swing and looking forward to being back to full strength soon. We have truly missed her contributions and wish her a speedy and full recovery.

Although the weather throughout the country played havoc with snow storms in most states, the Feb 17th, Meet and Greet, in Rockford, Illinois was well attended and very effective. Kudos to Tamikio, Eddie and Frank for teaching this course and to Ed Gunther and other Board Members for setting it up and attending. More Meet and Greets are coming throughout 2011. Watch for one in your area.

Dates and locations for the 2011 NALTEA Conference are being discussed and will soon be available to everyone so they can SAVE THE DATES. Currently Clearwater Beach is a forerunner and the conference will be held one weekend in October.

Luckily there was no discussion in the Ethics department.

During the month of January NALTEA gained 4 new members, bringing our total to 107. On a sadder note it was also time to vote on removing the names of those members who had not paid from the membership list. In total we had to remove 21 names and if they were certified they have lost that designation. The slowness of the real estate market is hitting hard!

A discussion was started on attending The Tennessee Land Title Associations Annual Convention in April, 2011. We may turn this into an opportunity to hold a Meet and Greet in Chattanooga and introduce NALTEA to all in attendance.

NALTA (National Association of Independent Land Title Agents) has requested NALTEA to send a representative to their conference in April, to introduce our organization and to be a part of a discussion panel.

Due to Dave Pelligrinelli and Jill Kissell being absent from the meeting, discussions pertaining to VLTA, Public Relations, and Publications and Benefits were tabled until February's meeting which will be held on Monday, February 21.

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.

Membership Committee Update

NALTEA proudly welcomes our newest members:

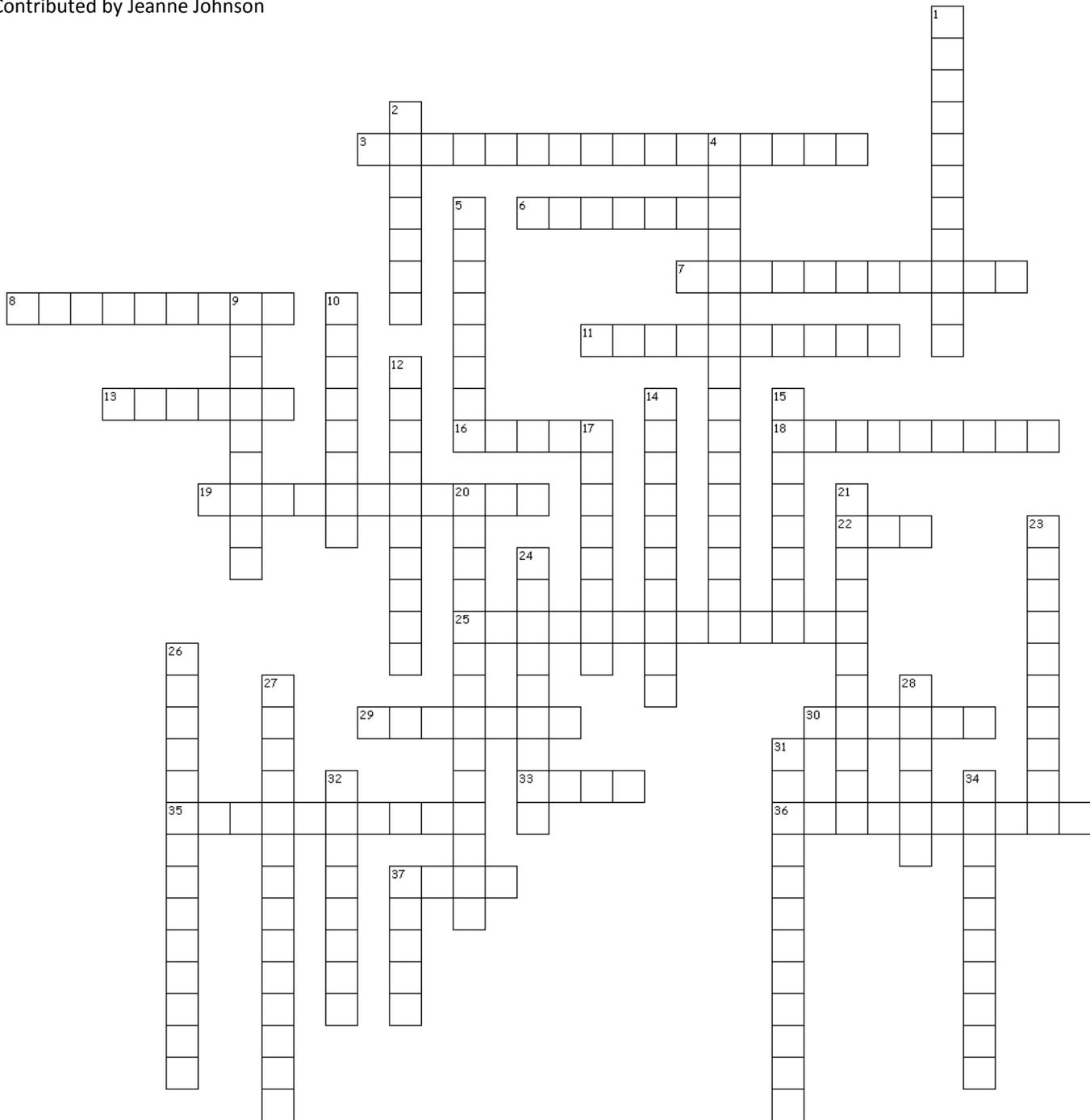
Tracy Davis, Title Examiner
Julie McKee of Parks Title Agency

NALTEA is pleased to welcome back member **Elisabeth Thierstein of Los Angeles County Document Services, Inc.**

NALTEA now has **110** active members.

Find us online at Facebook, Twitter and LinkedIn!! Just search NALTEA and join the conversation!





Across

- 4. A state that records in cities
- 5. Books that maintain laws
- 7. Charge made to record deeds
- 10. To go out as opposed to go in
- 12. Less than fee estate
- 14. Latin for sounds alike
- 16. Borrower who did not pay mortgage
- 20. Index with givers and takers
- 22. Archaic for unmarried woman
- 23. Any charge on land
- 25. French word for Book
- 26. A money charge against real estate
- 27. Equivalent of County in Louisiana

28. Only state with one Land Record office

- 29. NALTEAs highest designation
- 31. Deed best for a Grantor
- 32. Property lost if these not paid
- 33. Anything not real estate
- 34. Right to cross over another's land

- 35. Latin for and wife
- 36. Another word for document

Down

- 1. Highest level of ownership
- 2. Title can be defeated by covenant

3. Negative use of property

- 4. Office responsible for filing
- 6. The to have and to hold clause
- 8. Gives plat streets and easements
- 9. From rock to creek to tree
- 11. Another word for lender
- 13. Court ordered result
- 15. Vertical subdivision of property
- 17. Highest level of government
- 18. Identifies parcel of land
- 19. Recording without paper
- 21. President of NALTEA
- 24. When junior needs money
- 30. Sophisticated searcher
- 32. Atypical US recording system

Avoiding the Pitfalls of Online Searches

Jill Kissell

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The very best way to avoid the pitfalls of online searches is to not perform online searches. But I will be the first to admit that I have a real love-hate relationship with our state's online searching resources. I love many things about being able to obtain electronic copies from the comfort of my Memory Foam Executive desk chair – it saves time, gas, paper, ink – a very green solution indeed - and easy on my back as well. But I hate at least as many things as I love, the most obvious being the massive off-shoring of title searches which has resulted in a loss of jobs to our country and a substantial loss of business for me.

However I like to also think I am flexible and able to change with the times when needed. And I do believe that the internet is here to stay, thanks to Al Gore (oops - did I say that out loud?). So I have adapted my business to use the online resources (with great caution) when practical. Although we still have a rule that we NEVER use online searching as a primary tool for title searches, online sites can be a very good tool for specific chores, such as double-checking an index search, proof reading a report, verifying recording information, working up a bid on a project, or obtaining a requested document.

Before using a site for any purpose, you should satisfy yourself that you know the site. Who runs the site? Is it the official office that maintains the records (such as the County Recorder or Clerk of Court), or is it a non-related entity (such as a title company or a data aggregator), and what, if anything, will the site administrator do to guarantee the information on the site is accurate? What information is included in the site and what information is excluded? Where does the information come from - the county official or some other entity? What dates does the site cover? If the site covers multiple counties, are there any variations in information across the counties?

Read the website's Terms of Use - you might be surprised what they say. In Iowa, one our statewide Recorder's website contains a Disclaimer in the very first few sentences which tells you that the site is for informational purposes only, not intended to replace a "search of the official records," and disclaims all liability related to the use of the information on the website

So even if the site is run by an official office, and even if the information is being put into the system by the county official, the website may still not be an "official" record and the parties in charge will not take any responsibility for any information you glean from their system.

To complicate matters in Iowa, while the statewide Recorder's website is specifically stating it is NOT an official record, at least one individual county website seems to claim otherwise when it says:

Individuals or businesses who utilize the Recorders Indexing Inquiry can still access this data through the ... [statewide] web site. This is the **official statewide web site** for recorded documents in Iowa.

So is the statewide Recorder's website the official site, or is it not the official site? A little misleading, huh?

And of course there are little nuances in the way the website reports information among Iowa's 99 counties including:

- Most counties index tax liens on the statewide website, but at least two of them DO NOT; and nowhere on the state website can you determine who does and who doesn't.
- A variation is indexing codes, the most common of which is the listing of UCCs. Most counties list them on the statewide website as UCCs, but some counties list them as Mortgages. Likewise, most UCC terminations are listed as UCCs, but some counties list them as Releases.
- None of the vital statistics are listed in the index (and thank goodness for that small grace!), so if a titleholder is deceased, you won't know it by an online search of our state website.

And there are a million more little nuances that an experienced abstractor will have learned over the years; but an offshore searcher would not even think to look for. And it is this expertise that I hold out to my clients when I explain to them that I have to charge more because I can't conscientiously to provide them with a "that's the best I can do online" search.

If you choose to do online searches, be sure you know how to obtain and provide accurate information. Or better yet, talk to your clients frankly and see if they

don't really want a quality search for a reasonable fee rather than a faulty search for a cheap fee. I recently used a variation of one of my grandmother's favorite sayings on a client who was trying to emphasize the importance of cheap searches and fast turn times. After explaining to them that I worked very quickly and efficiently but would take as much time as needed to provide only the highest quality of products (which might be 36 hours rather than 24), I asked the client, "if you can't afford the time and cost for me to do it right the first time, where will you ever find the time and money to fix the mistakes?"

Hot Topics for Abstractors

David Pelligrinelli

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When Title Searches Go Bad

Abstractors know that the basic logic for running a title search is fairly straightforward; start with a known owner name and run the chain backward and forward until the desired time period or number of owners is covered. For most searches there are no "curveballs" which makes the search process much more complex than that. Because of this the title search process appears achievable to those who have never done a search before. Experienced abstractors understand however that the true measure of a title search expert is the accuracy of a search when the situation is not typical. End-users of title search reports are now discovering that the practice of using short searches and inexperienced title abstractors over the past decade has resulted in errors on searches, some not discovered until recently.

These most common mistakes being reported:

- Missed records due to alternate names not being checked
- Legal description typos being copied onto subsequent recordings
- Undiscovered rights transfers contained within document language, indicating the documents were not read as part of abstracting.
- Undocumented heirships due to lack of knowledge of probate
- Mineral rights ownership running separate from surface rights
- Statutory claims outside land records, such as civil judgments not being revealed on title reports

As we get into the 10's decade more of these errors from the 2000's era are being discovered. What do you think the probability is that this trend will decrease?

Is Negative Equity the New Normal?

Equity for homeowners had been a guarantee for over a century. Almost never did a property owner owe more than the home was worth. New reports suggest that in some markets the frequency of negative equity exceeds 50%. If more than 1/2 of property owners are underwater, what does that mean for the future of the real estate market?

In many cases the amount of negative equity is significant. Increasingly the home value doesn't even approach the total loan value, and prices continue to drop. It is possible that it will become more typical for a home to have a negative equity position. It would not be an unprecedented scenario as vehicle ownership frequently involves negative equity.

A more important factor in lending decisions is debt-to-income ratios and cash reserves. When (or if) lenders get a handle on the current property REO crisis they may develop programs to account for negative equity ownership as long as D/I ratios are very low.

Increased Use of Property Records By Real Estate Agents

Brokers and agents are checking records more frequently for new reasons in the past year. Several recent court cases have suggested that agents are responsible for new types of due diligence when taking a listing or working on a contract. Agents have lost lawsuits for not being aware of pending liens on a property, pending defaults, or excess negative equity. Some agents are running their own "mini searches" when taking a listing or starting a contract. This keeps them aware of any default status and also gives them a heads up on any problems which may arise when a contract goes to the escrow company.

Some agents are finding that the square footage on the assessors records does not match the actual structure, either due to error or due to unpermitted additions. Shrewd brokers who detect these discrepancies far in advance have the opportunity to resolve them before they lose the buyer, or before they get sued.

Most real estate agents presume that they should perform these searches themselves. I'll bet a savvy abstractor could demonstrate the benefit of having a professional title searcher do these searches for a reasonable fee to allow the agent to retain their time for what they do best; work with clients.