



NALTEA

The National Association of Land
Title Examiners and Abstractors

Message from the President

In this issue:

Message from the President

Front Cover

Board of Directors Report

Page 2

Membership Committee Update

Page 3

Case Study—Ticor v. Countrywide

Page 3

Why Become a NALTEA National Certified Abstractor

Page 4

Market Outlook

Page 4

Please take the opportunity to
visit our website at:

www.naltea.org

Contact:

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

Mary Mitchel, President
Email: president@naltea.org

NALTEA recently completed a Case Study / White Paper written to address issues raised on a pending case between Ticor Title Insurance Corporation, Plaintiff vs. Countrywide Home Loans, Inc., Defendant. This case pertains to a property in Chicago, Illinois. The plaintiff seeks to blame Countrywide for lax mortgage documentation and further states that Ticor is not responsible to honor an insurance claim due to Countrywide's conduct. Ticor, we feel, desperately grasps at Countrywide's involvement in the sub-prime mortgage era that created an unprecedented loosening of standards in mortgage underwriting. Even though Countrywide was a dominant player in the tide of non-documentation loans in the quest for profit, it is our opinion that Ticor's contention that Countrywide is at fault is unfounded. NALTEA walks you through this particular loan process, from the point of a contract of sale through the subsequent sales, and finally the foreclosure of the same. Our paper stresses the need for certified abstractors, thus using seasoned professionals to conduct the necessary 'hands-on' research which NALTEA feels is the foundation for the lending community. We will be making this white paper available to NALTEA members on our website in the "members only" area. This will be posted within the next week or so.

We are also in the process of completing a White Paper, which

addresses the industry at large as it relates to "Shell Policies", or what I used to refer to as "non-policy policies". This white paper will be titled, "Is a Bailout of the Title Industry on the Horizon? Title Companies Push Shell Policies at the Expense of the Public" and will touch upon the effect that poor quality title work, inappropriate loans, unethical lender behavior, etc., have had on the mortgage market, more specifically our industry. NALTEA touches upon the differences between the traditional title insurance process & products and the new "quicker, cheaper" Shell policy, which has recently emerged. NALTEA points out several areas of concern, not only those which will directly affect the abstracting community, but those that affect every consumer whose lender utilizes such a policy. Mortgage lenders and the mortgage-backed securities in the marketplace are the objects of our concern as well. The basis for our paper is to request a call to action for regulators and professionals in the real estate, title and mortgage industries to stand up against the bad title insurance product(s). We feel that this is in the best interest of these industries, the general public and to our economy as a whole. Obviously, this is just the tip of the iceberg. With so many of us, who are passionate about these issues, discussing the various pitfalls, we will get this completed before it becomes the length of an epic novel. As soon as this paper is

completed, it, too, will be made available, in its entirety, on our website.

With everything that we have been seeing written, over the past few months, these two papers are something that you should be very interested in, as they both hit home to all of us. For many of us, our businesses have been directly affected, adversely, by these types of situations, products, attitudes, etc. It is time to get vocal, take action and be heard. I was contacted recently by a NALTEA member who mentioned a similar case that was pending in another state. Should you come across something similar, which you feel would support our sentiments, please feel free to share. If you take some time to do the research, I am sure that you would be surprised at how many cases, similar to the one we studied, are out there right now. We can all learn from each and every one of them. It also never hurts to recite aspects of these types of cases when trying to make a point with your clients, as to why they should be ordering searches with a true professional. We are our best advocates.

Please feel free to contact me at: president@naltea.org, at any time.

Board of Directors Report

Pat Scott

Email: pscott@oconnortitle.com

The last board meeting was held on Monday, October 20th, 2008

As with every meeting, I acted as chair and I began with the approval of the prior meeting minutes, as well as a review of the current Treasurer's Report. Then it was on to the individual committee reports.

The Education Committee had completed its initial research on possible testing centers for the NALTEA Certification Exam. There were 3 or 4 that were contacted. The greatest roadblock, they found, was the exorbitant costs involved. Not only were there "per year" minimums & guarantees that NALTEA was to provide, there were yearly maintenance fees and limitations imposed upon the actual functionality of the exam. One of the companies even required the use of their software, which was produced & maintained from China. Needless to say, the board quickly, and unanimously, decided against those particular companies. After further research, there was a promising possibility. An initial exploration into the potential use of an exam website, appeared be encouraging. The board was provided with 1 or 2

possibilities to take a look at. The costs were minimal, which would allow NALTEA to keep our cost to the member more reasonable. Further research, by the committee and the board members will be conducted over the next week or so. The board was in agreement that, although we have to keep moving forward in our quest to provide the exam to the most members as possible, NALTEA will continue to offer the exam at each conference site. Jeanne Johnson will be attending the LLTA (Louisiana Land Title Association) conference in December, at which time she will be representing NALTEA, making a presentation summarizing the importance of NALTEA Certification. NALTEA will be providing some marketing materials.

The Membership Committee reported on the progress of the upcoming membership drive, which is a joint venture with the Public Relations Committee. The first batch of research data is due to be returned within the next week or so. This is information being collected by the individual who was recently contracted by NALTEA on a part time basis. The Public Relations Committee offered to put together a PR piece addressing potential members, which will introduce them to NALTEA. The Membership Committee had also started distributing "articles of interest" to current members. The response has been positive so far. It was suggested that some of the more pertinent articles be made available under the "members only" area of the website. They could be used as a reference later on.

The Public Relations Committee was due to meet on Thursday. They were working on the text for emails, as part of the membership drive. It is important to be sure that the data collected contains enough, pertinent information. The committee was also working on a piece that could be sent to all of the land title associations, inviting them to take the NALTEA Certification Exam, when the time comes. Obviously, right now the only location or availability for the test would be at our upcoming conference.

The Publications/Benefits committee had been in touch with Fox Point, who is the E&O provider what expressed great interest in helping NALTEA membership. Their representative was awaiting information pertaining to our Certification Program, as he was willing to offer additional discounts to Certified Abstractors, as well. A copy of the general application was re-distributed for the board's review. NALTEA will have to complete

one to get the ball rolling. The Education Committee will forward a copy of the Certification Requirements, along with any other information that was needed. The board agreed that their offering would be of great benefit to all members, as the savings were pretty substantial across the board. Lastly, articles of interest and all committee articles were due prior to the end of the month.

Planning & Events Committee was going to conduct some research into the possibility of providing a live video link to our upcoming conference. That would allow those that could not afford the trip to take part in our conference, albeit long distance. There may be a certain level of interaction available as well. It would be especially helpful when elections are held, from a voting standpoint. The board agreed that this was worth pursuing.

At this point, there many topics that needed to be touched upon. Some were still pending from our prior meeting, while others were of some importance to get resolved during this meeting.

NALTEA was in the process of finishing two separate white papers. Status reports on their progress were provided. We discussed several changes that needed to be made to our current website, in order to provide more up-to-date news, articles and events information to our membership. Many great ideas were discussed and approved. Those changes were to be made sometime within the next month or so. The board also discussed the upcoming conference dates, elections and the voting process. It was agreed that this board needed to obtain the approval of the membership to move the annual conference date, as well as future elections. A ballot was going to be sent to all current members, asking for their vote. Speaking of which, please let us know if you have not received a ballot. Just drop us a quick note at: membership@naltea.org. It is very important that we here from you.

Our next board meeting was scheduled for Monday, November 17th, 2008.

Membership Committee Update

Carol Walker

Email: membership@NALTEA.org

We have 2 new members this month.

- Joseph A. Grabas – Joseph A. Grabas, CTP

- Pamela A. Thomas – Black Lab Abstracting, LLC

NALTEA has 71 active members and has begun gathering information for a future membership drive. 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.

Case Study: Ticor Title Insurance Corporation, Plaintiff vs. Countrywide Home Loans, Inc., Defendant

NALTEA has analyzed the case of Ticor vs. Countrywide from the perspective of title abstractors and title examiners. Members can access the complete white paper at www.naltea.org. Look for future white papers in the members only section

Mortgage fraud is estimated to cost \$4 to \$6 billion in annual losses each year. The FBI has determined that there are two areas of mortgage fraud: fraud for profit and fraud for housing. In the case of Ticor vs. Countrywide, fraud for profit is evident. Our perusal of the public records suggests that a more thorough examination of the documentation on file by a qualified abstractor or title examiner would have shed light on numerous fraudulent acts prior to the loan closing.

The property in question is located at 4578 S. Oakenwald Avenue, Chicago, Illinois. The plaintiff seeks to blame Countrywide for lax mortgage documentation and asserts that Ticor is not required to honor an insurance claim because of Countrywide's conduct. Ticor's line of reasoning is Countrywide's involvement in the sub-prime mortgage era that created an unprecedented loosening of standards in mortgage underwriting. Even though Countrywide was a dominant player in the tide of non-documentation loans in the quest for profit, Ticor is equally at fault for accepting shoddy underwriting standards. Underwriters, including Ticor, have been complicit in an overall loosening of title search standards and as a result, need to take responsibility for negligence in the title examination process.

The Education Committee is revamping their webpage at www.naltea.org. Check for updates soon with certification requirements, testing dates, and educational opportunities.

The Louisiana Land Title Association presents: “Why Become a NALTEA National Certified Abstractor?”

Jeanne Johnson from the NALTEA Education Committee will be giving a presentation at the Louisiana Land Title Association (LLTA) in New Orleans on December 5th, telling the LLTA about NALTEA and its NCA certified abstractor designation and education program.

The presentation is designed to encourage LLTA members to join NALTEA and show their level of expertise at the national level. The NCA certification will help them be recognized by national companies as an expert in the field of abstracting and will help them to better understand the needs and language of out-of-state customers. In addition, NALTEA helps its members stay current on national real estate trends and changes, and gives an important national voice to independent Abstractors and Examiners.

The 2 hour program is a portion of the educational seminar given at the NALTEA conference in New Orleans earlier this year. The seminar will highlight the study guide “Principles of Abstracting and Land Records Management” National Edition, the same manual that was approved by NALTEA and provided to those who were preparing to take the NALTEA certified abstractor exam at the conference.

While every state handles land titles a bit differently, the seminar will focus on variations of a theme including things like “What is the difference between a mortgage and a deed of trust?” and “What are the most common forms of ownership used in the U.S.?”

*Jeanne Johnson is an active associate member of NALTEA. After having spent thirty years in the title industry she has been an author and subject matter expert for various publishers relating to title insurance, abstracting, title examination, and closing and she is now a full time educator for the land title industry and owner of **www.RealEstateTitles.us** (RETUS) a content-specific website with online education for the abstracting, title insurance, closing and land title industries.*

Market Outlook

Doug Gallant
Email: benefits@naltea.org

Median home prices dropped last week by more than they have in the 40 years the records have been kept. It seems we are back to near the historical norm for housing prices vs. median income. I am not an economist, but it seems these things run a bit past the norm on the way down, so we are probably not done with the slow down yet. There is also the large inventory of housing that is now bank owned that needs to be absorbed. That seems to be the big issue the housing market will face over the next couple of years.

I suppose the only good thing in all of this is the lesson that the newer folks in the title search industry are getting about the volatility of our work.

Best to everyone, and Happy Holidays.



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.