

Title101

A Day in the Life of a Title

American Land Title Association
Washington, DC
August 2012

American Land Title Association

Kelly Romeo, CAE
Vice President
American Land Title Assn
Washington, DC



Welcome and Agenda

Anne L. Anastasi, CLTP

Past President, American Land Title Association

Genesis Abstract, LLC

Hatboro, Pa.



GAO Study of the Title Industry

- GAO report 2007 – better oversight is needed from the state level
- Title industry's commitment to educate and empower consumers
- Title industry's commitment to adhere to a set of ethical standards and business practices

Homeclosing101.org

- Consumer website
- Explains
 - Title policy
 - Why it is needed
 - What happens at closing
 - Fees and premiums
 - Contains glossary
- Easily linkable to company and regulator websites

Title 101 for Regulators

- 2008 – Pennsylvania
- 2009 - Nebraska, Oklahoma, Minnesota, Virginia, Colorado, Louisiana, NAIC, Pennsylvania Title 201
- 2010 - Missouri, Montana, Washington, Michigan, Indiana, Maryland, California, Nevada, New York, New Hampshire, Ohio
- 2011 - South Carolina, Arkansas, Wyoming, NAIC Webinar
- 2012 – Alabama, Utah, New Mexico, New Jersey, Michigan 201, Tennessee, PRIA convention

Title is different from P&C

- Title insures against *PAST* events
 - Cures existing issues to avoid future claims
 - Protection for errors, fraud, misindexing, missing heirs
 - Title Insurance “Inspects the wiring”
- One time premium

P&C vs Title Insurance

	P&C	Title
Loss Ratio	75%	6.3%
Operating Expenses	23%	92%
Combined average	98%	98.3%
Historical Profit	2%	1.7%

ALTA 2010 Survey Results

Gross revenue

– < \$500,000	58%
– \$5 – \$1m	15%
– \$1m-\$3m	15%
– > \$3m	12%

ALTA 2010 Survey Results

Orders

- < 500 38%
- 500 – 1100 22%
- 1100-2500 16%
- 2500-5000 5%
- > 5000 11%

ALTA 2010 Survey

Employees and orders

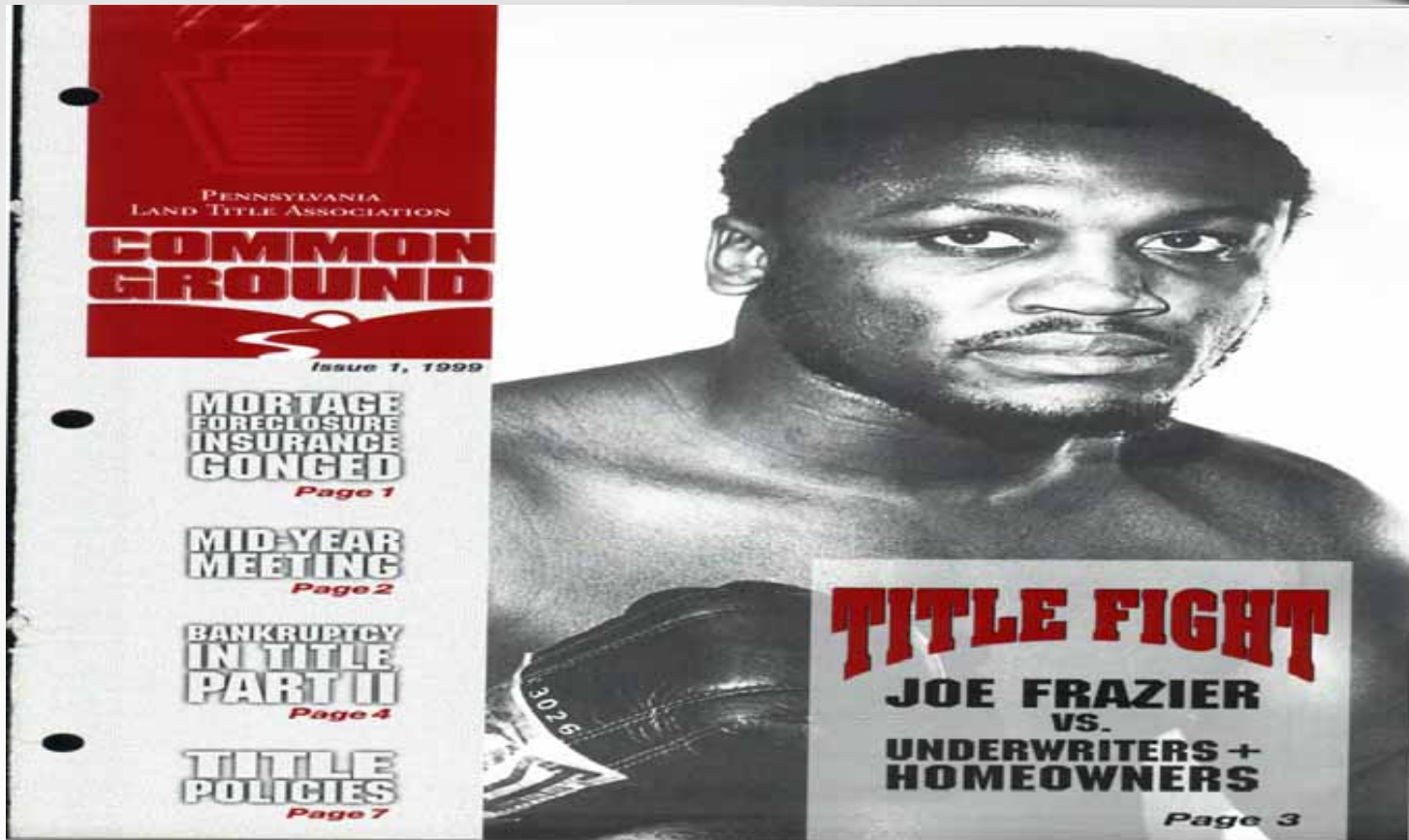
- < 500 2 employees
- 500-1100 5 employees
- 1100-2500 8 employees
- 2500-5000 19 employees

Dr. Hernando DeSoto

- World's leading economist
- \$9.3 Trillion of untapped capital
- *“The problem is that countless shanty towns the world over, do not have secure legal title to their homes. And without some kind of legal title, property cannot be used as collateral for a loan. The result is a fundamental constraint on economic growth.”*

Today's Outline

- Search and Exam
- Clearance and Curative Process
- Closing Events
- BREAK
- Recording and Policy
- Claims Process
- National Perspective
- Q and A



JUST BLOWING SMOKE?

How did Smokin' Joe Frazier, one of the great heavyweight boxers of all time, get into this magazine? From heavyweight title fights to a land title battle may seem like a reach, but with the filing of a lawsuit in Bucks County Court late last year, Frazier got the attention of virtually all title underwriters operating in Pennsylvania. The lawsuit is not exactly a knockout blow, but it has caused confusion and pain among the Southeastern Pennsylvania title community and hundreds of homeowners living on land once owned by Frazier.

In November 1998, Frazier's attorney (and daughter) Jacquelyn Frazier-Lyde mailed notices to hundreds of property owners in Northampton Township, Bucks County, indicating that Frazier intended to reclaim 140 acres of land now comprising a development called One Hundred

Acre Woods. Two weeks later, Frazier filed suit seeking the land and \$ 84 million in damages.

"Frazier scared lots of people with his complaint, but he has no facts to support the lawsuit," says Edward Hayes, Esq. of Fox, Rothschild, O'Brien & Frankel. Hayes represents thirteen title companies which issued policies on the homes. An attorney representing homeowners quickly reassured residents that their "homes aren't in jeopardy," while Northampton Township Solicitor Mark Goldberg also opined that



Frazier had no claim against the present-day property owners.

How did the former world heavyweight

champion get into this mess? Rewind to 1973, when Frazier and a partner (now dead) bought the property for \$ 834,000. They did not develop the land, and beginning in the mid-1980s deeded the property to Fricker Corporation, a developer in Horsham. Fricker prepared the land for development, then subdivided and sold it to several residential developers who built 475 town homes, duplexes and single homes on the 140 acres.

Frazier reportedly sold his interest in the land to a real estate investment trust. He and his partner received an up-front payment, and were to continue receiving payments over time. However, the trust was later merged into other companies, and payments to Frazier and partner apparently ceased before they had been fully paid the \$ 1.8 million due according to the terms of deal. The lawsuit proposes that any transfers of title to the developed and subdivided properties were void because Frazier was not fully compensated for his sale of the land.

Attorneys and defendants involved in the lawsuit are reluctant to comment further on the merits of the case or their defense strategy. The next round of this bout began in late February, when answers to the lawsuit were due. We will continue to report on this title fight in future issues of *Common Ground*.

Search and Exam

- Andy Maloney, Esq.
Nashville Title Insurance Corp.
Nashville, Tn

Clearance and Curative Process

Shawna Hulse, Manager

Realty Title

Brentwood, Tn

Closing Events

Matt McDonald, Esq.
President
Realty Title
Memphis, TN

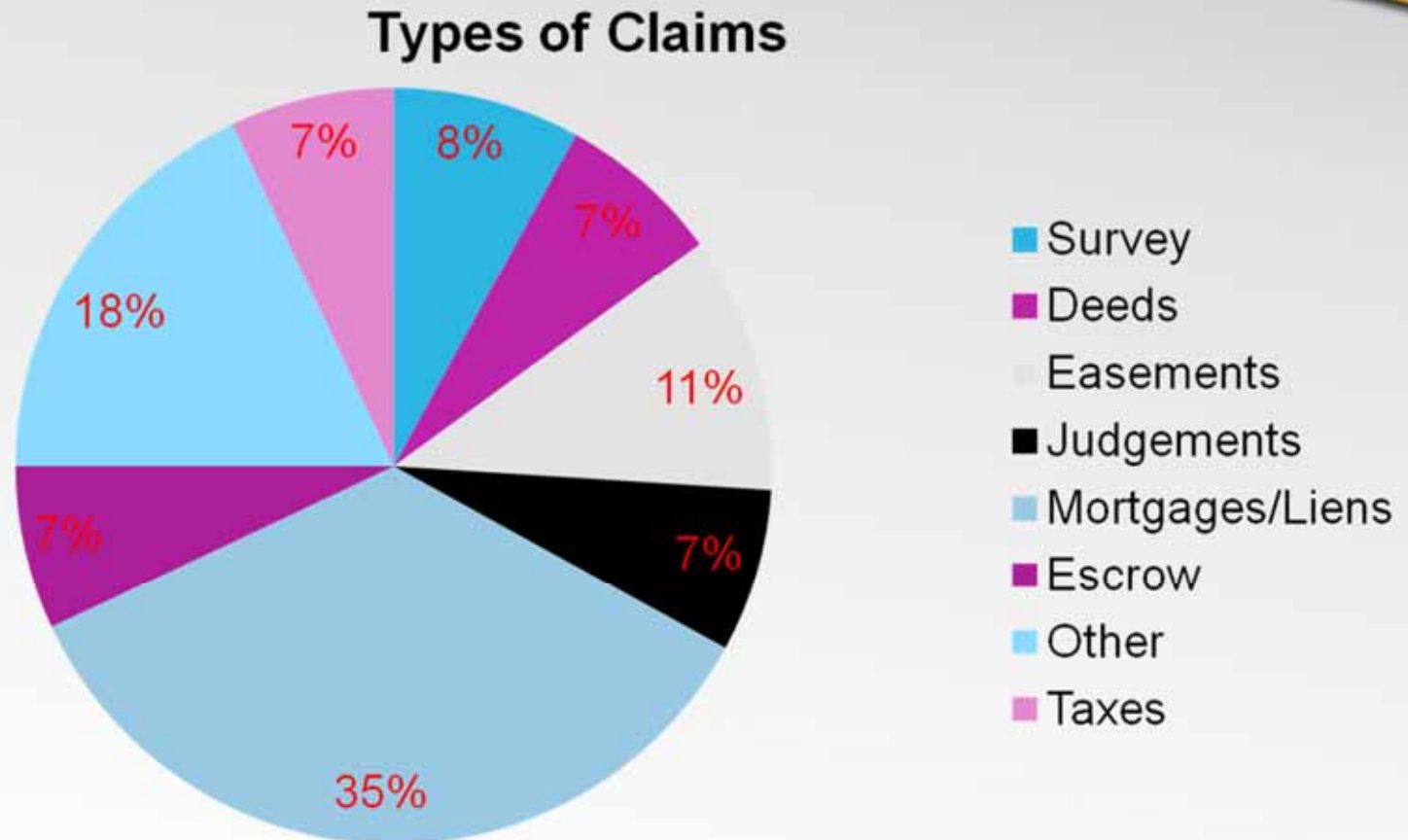


Policy coverages and Claims

Mary Alissandratos, Esq.
First American Title
Franklin, Tn

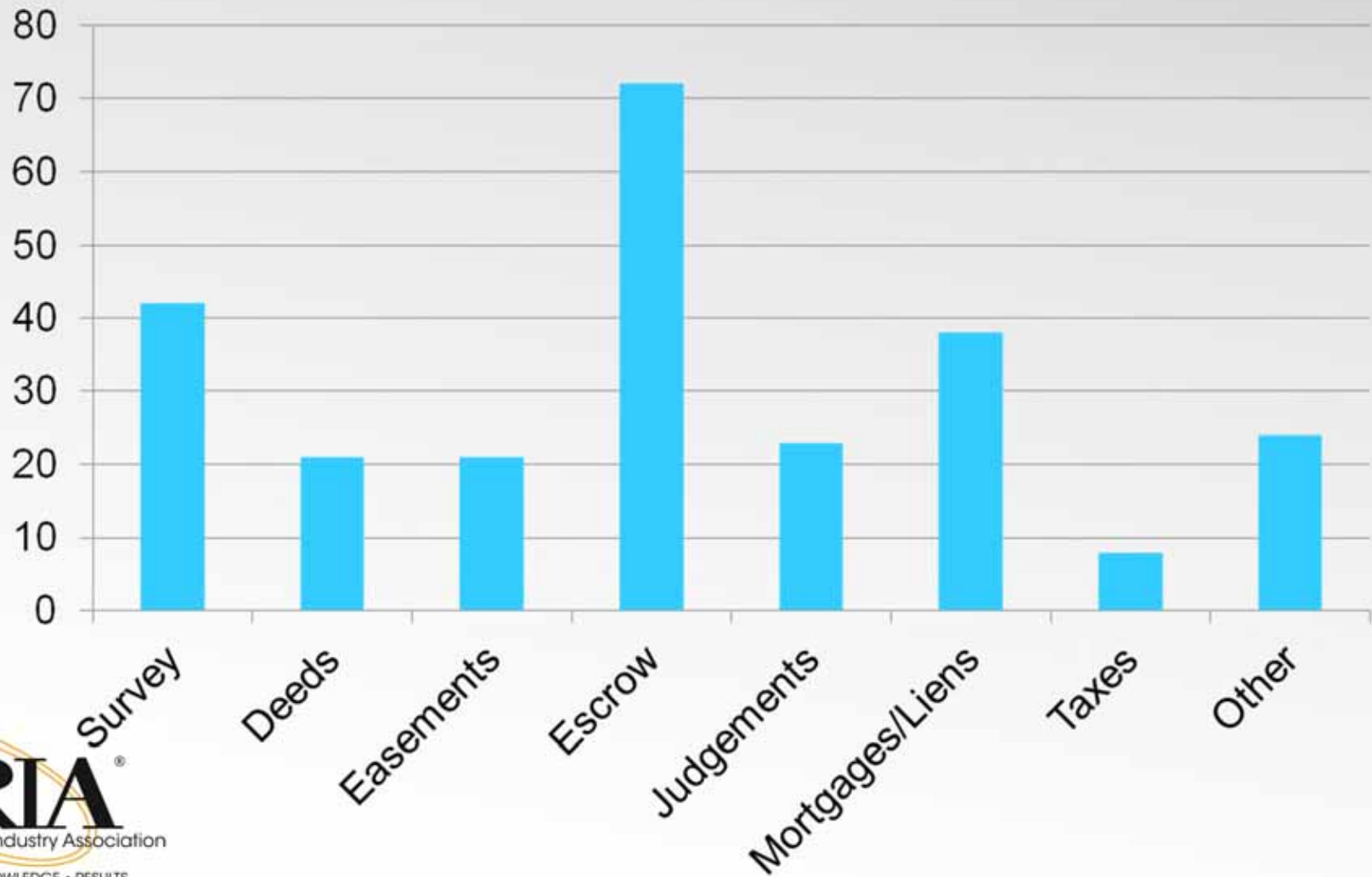


Types of Claims TIAC 2010



Average Size of Loss in Thousands

TIAC 2010



National Perspective

- Anne L. Anastasi, CLTP
Past President ALTA
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Title Industry's Public Benefits



COLLECT IRS DELINQUENT TAXES

At no cost to taxpayers,
the title industry collects
\$1.75 billion per
year in back income
taxes;



IRS

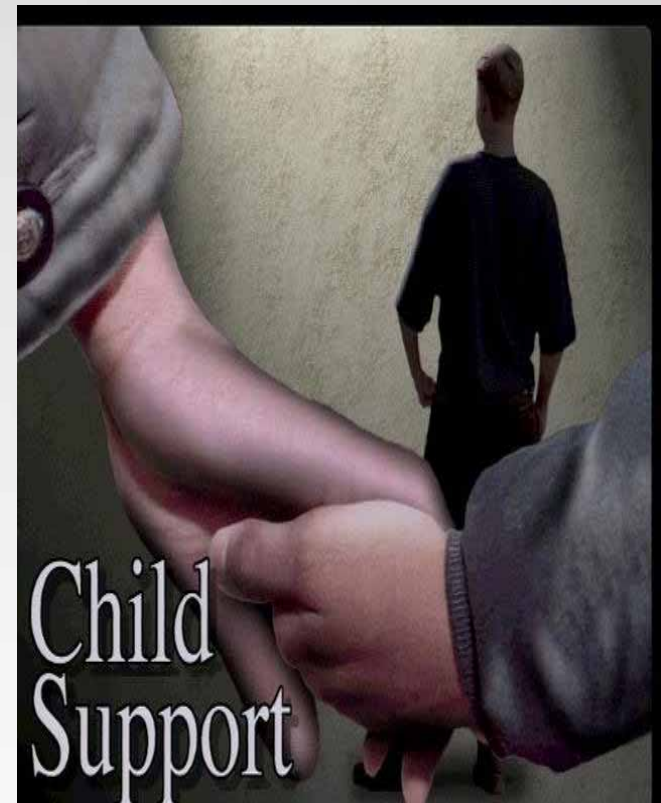
COLLECT DELINQUENT REAL ESTATE TAXES

At no cost to taxpayers, the title industry collects \$3 billion per year in delinquent real estate taxes



COLLECT CHILD SUPPORT PAYMENTS

At no cost to taxpayers,
the title industry
collects \$325 million
per year in delinquent
child support payments



CORRECT PUBLIC RECORDS

The title industry spends \$225 million per year to correct errors in the public property records.



FUND LOCAL BUDGETS

The title industry is an important source of revenue for local government, paying \$170 million per year to purchase copies of recorded documents



Thank You and Questions

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