

THE TITLE EXAMINER

A QUARTERLY PUBLICATION OF THE MICHIGAN LAND TITLE ASSOCIATION



IN THIS ISSUE:

- Spring Seminars
- Legislative Day
- ALTA Business Strategies
- Summer Convention/PAC



The Michigan Land Title Association is a professional association dedicated to creating an environment which enables its members to provide the public with the highest quality land title evidencing, title assurance and settlement services.

www.MiLTA.org



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“MLTA Members Who Care” is a simple yet important fundraiser for the MLTA-PAC. The MLTA-PAC is looking for members to make a contribution of \$100 or more to the MLTA-PAC. We know that budgets are tight; but, \$100 is a little more than \$8.30 per month. Many people spend this much or more on coffee each week. Is your industry and career important enough to make a \$100 contribution to the MLTA-PAC?

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with any questions, comments, or if you would like to contribute.



Debra Bartlett

Executive Vice President - Operations,
Corporate Settlement Solution, My "home
office" is Charlevoix, MI



MLTA Involvement: I have been a member of the MLTA for several years. I have served on the Habitat, Membership, and Education committees. I am currently chairing the Professional Designation Committee. This is also my first year serving as a member of the Board of Directors for the MLTA.

Personal Interests: I have three grown children - 2 boys and a girl (no grandchildren yet - just a grand-dog) that I continue to enjoy as I ease into "Phase Two" of parenthood. My husband and I live in East Jordan and we enjoy trying to find places to camp in the summer where no internet connection exists. We are looking to forward to celebrating our 30th anniversary this year and are contemplating "doing something big"... more to follow.

Something about Debra: I very much enjoy learning new things in both life, and in my career as I become "well seasoned". I am very proud to say that I have earned the status of "Certified Land Title Professional" through the MLTA's Professional Designation program. In my career, I now oversee our Michigan and our national operations, which has been a new endeavor for me in stepping beyond the Michigan boundaries. In my personal life, however, somehow my children still know more than me...

Welcome New Members

Premier Title Agency, *Clinton Township*

Talon Group Title Agency, *Traverse City*

Carlos Alvarado Law, P.C., *Ludington*

Strobl & Sharp, P.C., *Bloomfield Hills*

Mary Ann Eckert

Investors Title Insurance Company,
Agency Operations Support Manager
Michigan, Indiana and Ohio, I work out of
my home office in Ottawa County when I'm
not traveling



MLTA Involvement: I have attended MLTA educational seminars for many years as well as past Summer Conventions.

Personal Interests: I enjoy cooking, gardening and traveling with my husband, Bryant. We both enjoyed many years of sailing Lake Michigan aboard Imagine, our Ericson sailboat. These days, we're just a happy crew when invited.

Something about Mary Ann: I started working for The Title Office in Ottawa County in 1985 and have had the opportunity to work for Agents as well as Underwriters throughout the years. I have had the pleasure to meet and work with some incredible people and I find I am continually learning in this business. Many thanks to MLTA for the years of continuing education!

Dave Nichols

America's One Title Agency, Inc., President
Kent County/Grand Rapids, MI



MLTA Involvement: Spring and Fall education seminars every year (missed spring 2013 due schedule conflicts)

Personal Interests: I enjoy hiking, fishing & water sports in the summer, and skiing Crystal Mountain in the winter with my family at our cottage in Benzie County.

Something about Dave: My wife Jennie and I have been married 20 years. We have 2 kids; Zach (13) & Grace (10). One of our passions is Operation Christmas Child (OCC), a division of Samaritans Purse (SP). We have been involved with OCC for 15 years. OCC has collected over 100 million shoe boxes packed with hygiene products, toys and school supplies for distribution to hurting children around the world! While SP works to meet physical needs, such as clean water, health care and food, OCC addresses spiritual needs by sharing the true meaning of Christmas and the Good News of God's love through Jesus Christ. Anyone can pack a shoe box and make a difference in the life of a child. Find out how you can be involved at www.samaritanspurse.org/occ.

Cislo Title Company, *Flint*

Reputation First Title, *Livonia*

Miller, Canfield, Paddock & Stone, PLC, *Troy*

Title Solutions Agency, *Plymouth*

Capital Fund Title Services, LLC, *Lansing*



ABSTRACTIONS

by Allan Dick, Best Homes Title Agency, LLC

What a busy spring it has been for the MLTA. In addition to the regular MLTA Spring Education Seminars and our annual MLTA Legislative Day, promoting (among other things) our MLTA sponsored legislation, affectionately known as the Neal Case Fix, we were privileged to host a presentation of the ALTA Best Practices at the Kellogg Center in East Lansing, presented by American Land Title Association's immediate Past President, Chris Abinnante and ALTA V.P. and chair of the Agent Abstractors Section, Diane Evans. The event attracted some 75 enthusiastic attendees, who agreed that it provided a wealth of valuable insight and information, as we prepare for the expectations and onslaught of rules to come from the Consumer Financial Protection Bureau (CFPB). The ALTA is keeping its finger on the pulse.



Then, the MLTA presented its first ever Basic Title Training "Boot Camp", again at the Kellogg Center, featuring John Bommarito, Linda Hinshon-Cantor, David Martyn, Dawn Patterson and Doug Smith. With no history or track record, we really didn't know what to expect, attendance-wise, as we designed this program. So, we were delighted to have a sold out presentation for over 70 attendees, actually having to turn away some late requests. The very strong reviews and the additional interest shown suggest that we will likely reprise this presentation later this year. Stay tuned! As you can see, the MLTA board and its committees have worked very hard to provide the membership with valuable benefits, and succeeded in many ways. Next up – the 2013 MLTA Summer Convention at Crystal Mountain. Hope you can join us.

On the economic front, despite increased mortgage interest rates, Case Shiller reports that home sales are up 11% nationally from last year, and the highest rate in seven years! And, according to CoreLogic, foreclosures have been steadily decreasing for the past 17 months. With rising sale prices and increased sales, there has even been talk of another housing bubble. But, many pundits are scoffing at that suggestion. Meanwhile, the U.S. Congress continues to explore possible solutions for replacing Fannie Mae and Freddie Mac, which may ultimately have an impact on the title insurance world. They have been kicking that around for months and months.

Don't forget the 2013 MLTA Summer Convention, July 15-17, with a number of great speakers, some valuable information and a good bit of fun, including the latest MLTA-PAC fundraiser – MLTA Family Feud. Should be a hoot! Thanks to all the sponsors who have helped make this all possible at a reasonable price! Don't miss it.

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IN THE NEWS



Sarah Sutton Awarded ALTA “National Title Professional” Designation

The American Land Title Association (ALTA) announced it on May 30, 2013 that they have awarded Sarah Sutton of Midland, Michigan, a “National Title Professional” designation. The National Title Professional (NTP) Designation recognizes land title professionals who demonstrate the knowledge, experience, and dedication essential to the safe and efficient transfer of real property.

“It is an honor to award Sarah Sutton a National Title Professional designation,” said ALTA president Frank Pellegrini. “Sarah’s commitment and professionalism within the title industry is commendable, and this designation is evidence of her exemplary knowledge and dedication.”

Sarah is the state agency manager for Michigan and the Midwest agency education director at Fidelity National Title Group. She has been with Fidelity since 2004 but has many more years of industry experience. Sarah has been involved with the Michigan Land Title Association, earning her Certified Land Title Professional designation from that association in 2011.

Dennis Hagerty, One of a Kind – Riding into the Sunset

The name Dennis Hagerty just naturally brings a smile to your face. If you have had the pleasure of working with Dennis, or perhaps have attended a seminar where Dennis was a speaker, you know he has a unique talent for combining valuable information and instruction with humor and entertainment. His insight and experience have made him the quintessential underwriter for agents and branch operations alike for almost 30 years. But, sadly (for us), he will be hanging up his spurs this June to enjoy a well deserved retirement – even though he is clearly too young to walk away from the title business.



A native Detroit, Dennis attended U of D Jesuit High School before earning a B.A., M.B.A. and J.D. from University of Detroit. He began his title career as a Claims Counsel at Tigor Title in 1984, where he worked with the likes of Bush Neilson, Bill Robinson, Allan Dick, Carol Ann Martinelli, Margo Hannum, Sharron Ardanowki and Maxine Lievois (to name a few). Dennis soon transitioned to the role of Underwriter, where he excelled, which led him to Metropolitan Title, where he joined his twin brother, Michael, in its legal department. Metropolitan, of course, was later acquired by First American, where Dennis has hung his hat ever since.

His down-to-earth style and understanding, coupled with his legal expertise, have made him a favorite speaker at MLTA seminars, and his activity over the years with the MLTA, helping to develop the first licensing study guide years ago (among other things) won Dennis the Robert J. Jay Award. He has also been very active in the Real Property Section of the Michigan Bar and Michigan Land Title Standards committee, which he chaired for three years. Dennis lives at the family farm outside of Ann Arbor with his wife of 33 years, Agnes, and a menagerie of cats and dogs. An avid golfer, Dennis is also a renowned fantasy football enthusiast, and a lover of life.

While his accomplishments as a title attorney and speaker might lead you to categorize Dennis as a serious thinker, it is his lighter side that has left his most enduring image for many of us. From wearing a sombrero or a coconut bra in the fun-and-games of MLTA-PAC fundraisers to wading into the pond at the 18th hole at Boyne Highlands (with a diving mask) to gather submerged golf balls, smiles and laughter always seem to be close at hand with Dennis. He may be a twin, but Dennis is one of a kind! Congratulations, Den, we’ll miss you – good luck!

Public Service Committee Update

by Dave Moldovan, Attorneys Title

The Public Service Committee raffle for Detroit Tigers tickets was a huge success! Thank you to everyone who purchased tickets, your generosity helped us raise \$650 that will be donated to the local Habitat affiliate at the Summer Convention.

In addition to our support of Habitat for Humanity we heard from many MLTA members about the great volunteer work they are doing in their community. We learned that giving back to our community is done in so many ways; from fundraising for Breast Cancer Awareness, volunteering time with Big Brothers and Big Sisters, helping with various local churches, serving food at soup kitchens and providing annual support to United Way and American Red Cross. Thank you to all the MLTA members who provide Public Service by volunteering their time and resource to support worthy causes in their community.

Please look for the Habitat for Humanity (HFH) booth at the Summer Convention to learn more about our committee and the work that HFH does in your community. We are always welcoming more members of the committee, if you are interested please contact Dave Moldovan at dmoldovan@atatitle.com.

A Day in the Life of a Lobbyist

by John Voso Jr., Old Republic National Title Insurance Company

I'd like to share with you a story that is not about a Washington, D.C. or a state-affiliated lobbyist. Rather, it's a story of a title professional's day on Capitol Hill.

Recently, I had the honor of attending the American Land Title Association's 2013 Federal Conference in Washington, D.C. This conference is an opportunity for title professionals from across the country to come together, and share their time and energy, in order to educate our legislators, consumers and fellow title professionals about the importance of the title insurance business.

It all began in early May of this year in the nation's capital. Each spring, title professionals gather at the Federal Conference for two main reasons—to increase their knowledge of the issues facing our industry and to spend a day on Capitol Hill visiting with U.S. Representatives and Senators, who represent their respective states. These interactions are important because when we connect with legislators, we are building relationships for future discussions about the nature of real estate transactions and the critical role the title insurance industry plays in the American Dream of homeownership.

This year's three-day agenda was packed. The conference started Sunday evening reacquainting with industry friends and networking with new faces. This was followed by committee meetings and briefings, industry cocktail hours with members of the House of Representatives and their staffers and a variety of photo opportunities. Plus, presentations were made by representatives from the Consumer Financial Protection Bureau (CFPB), lobbyists and mortgage, title and real estate brokers, all of

whom shared their points of view on the issues facing our industry.

The events culminated with an hour spent learning about how to present our information during Wednesday's time on Capitol Hill, the types of questions we might be asked, and the do's and don'ts of the visit. We were reminded to be kind to the receptionists, as often the staffers



will ask them how they were treated. It sure would be a shame to have a great meeting with a member of Congress or their staff, only to have them find out that you were late or unpleasant with their receptionist.

Time spent on the Hill is not the time to be carrying

on about a bad competitor or market problems back home. No, these visits are focused on our collective support of the title insurance industry as a whole. Participants had to check who they are and what their differences may be at the door, in order to use this unique opportunity to share our common support of the industry.

After two days of meetings, we were ready for our meetings on Capitol Hill. Armed with ALTA folders and packets of educational information, attendees battled rain, bumpy cab rides, mile-long walks between buildings and security entries at every building, in order to attend their meetings. For most, this is not hard work. After all, no one was loading or unloading cargo, painting tall buildings or laying shingles on a hot roof. Rather, we were handing out relevant title industry information and sharing our perspectives.

This year, 251 attendees participated in the

Federal Conference—the largest group ever. Attendees made 258 visits to our nation's legislators to discuss such topics as the CFPB, closing disclosures, government-sponsored enterprises and ALTA's Best Practices. We also shared with members of Congress a letter being distributed through their ranks regarding the proposed three-day waiting period.

This year, like in those passed, we heard that the information we shared with our Representatives and members of Congress was greatly appreciated. Whether we're there or not, the CFPB, the closing process and how we service consumers is an important topic on Capitol Hill.

The sense of accomplishment we all felt was unexplainable after all our meetings were completed. Certainly, we hadn't secured new customers for our companies, nor had we figured out any innovative ways to handle title problems. We hadn't checked our emails or voicemails all day long. We had, though, stood proudly before our lawmakers and shown them why the title industry is a viable and important industry. Tired and energized. The sense of fatigue and accomplishment we all felt was a pleasant one that came from serving as the face of the entire title industry. All 156,000-plus employees who work in this industry help to make the American Dream a reality every day.

I'd like to send out a special thanks to everyone who attended this year's Federal Conference. You made a difference. In looking to 2014, I encourage you to consider attending next year's Federal Conference, where you, too, can become a D.C. lobbyist for a few days.



John Voso Jr. is senior vice president, manager-agency relationship services for Old Republic National Title Insurance Co. He can be reached at JVoso@OldRepublicTitle.com.

MLTA "BOOT CAMP" – A Surprising Hit!

by Allan Dick, Best Homes Title Agency, LLC

When your MLTA Board discussed the idea of a Basic Title Training seminar, as a result for numerous requests and suggestions from several MLTA members, we really didn't know what to expect. While we certainly had the experienced speakers to draw from, the MLTA had never undertaken a "Title 101" for its members' employees with limited experience or exposure to all the aspects of title insurance. So, first we had to design a program that would be elementary, yet comprehensive in its overview of the title business here in Michigan – no small task.

But, who and how many might we attract to such a presentation? And, what would be their response? After all, everyone is busy these days (thankfully), and we had no idea how interest and demand would balance out with availability. (We chose the middle of the month to try to maximize that.) Would this be a one shot deal, or the beginning of a new educational direction for the MLTA? We had no idea what kind of turnout we might get for our May 15th launch.

And true to form, early registration was less than overwhelming. But then, as we approached the deadline suddenly the phones were ringing and the emails pouring in. Soon, we were over capacity, and we scrambled to reconfigure the room set-up to accommodate as many as possible. The cutoff was just over 70 attendees, and sadly, we had to turn away a few late requests. It was a sellout – AND a resounding success! But for a little excess A/C in one part of the room, the reviews were consistently encouraging and enthusiastic, so much so, that the Board has agreed to try for a repeat presentation of the "Boot Camp" later this fall.



Education Committee



by Pam McGowan
ETitle

Spring Education Seminar

Because we, in the title insurance business, are often like gypsies--changing companies when the winds of time blow gently at our backs—it's no surprise that the MLTA Education Seminars feel a little like a reunion of sorts. And this year's spring seminar was more like a reunion in the dead of winter due to over achieving air conditioning (at least in Livonia). Perhaps someone thought that we would need help staying awake? Not necessary! The topics and speakers served that purpose well.

As usual, our intrepid president, Allan Dick,

"not fun", but said the meetings are fun.

- Education Committee (Cindy Immonen) – this committee plans these wonderful seminars!
- Membership Committee (Gregg Nathanson) – two new members are soon to be accepted to the MLTA.
- Abstractor/Agent Committee (no representative present) – does a lot of networking.
- Communications & PR Committee (no representative present) – publishes the MLTA Examiner.
- Professional Designation Committee (Debbie Wiley) – Board of Review for applicants to PD; congrats to Sarah Sutton on her National Professional Designation!

change them, Mike recommended showing all judgment liens, even if they may not attach.

I don't know about the Mt. Pleasant seminar, but in Livonia we get a great lunch. I love the veggie chips, and the soup was really good, too. But I digress.

With full stomachs we settled back in to shift focus from sense of taste to sense of sound as Steve Stawski also spoke on the topic of case law but focused more specifically on construction. "The case law is moving so fast," Steve said, as he illustrated time lines of recording a mortgage in relation to the first "actual physical improvement". He gave us a long list of



opened the seminar. He spoke briefly about the Boot Camp (which will have already taken place by this printing) and how successful the participation was thus far, as confirmed by the teeming registration.

Cami Pendell then took the podium to endow us with her knowledge of all things "title" in the world of politics. If anyone in the audience was on the fence about whether or not to participate in Legislation Day (a/k/a Capitol Day) next year, I bet Cami's chronicle of the event dropped them to the "yes" side. I'm sure I am not alone in hoping that the photos of Bob Wuerfel standing at the podium on the senate floor make it into this issue of the MLTA Examiner. Cami also updated us on various bills, and notified us of some of the legislation in early stages of discussion, such as construction lien priority and the possibility of having to prevent counties from charging to view records.

Due to traffic issues, we all got an added lesson in "adapting to change" as the agenda was shuffled because Mike Donovan was stuck in his car on the expressway during his scheduled time to present. So, back to the podium came Allan Dick to marshal the committee reports. Here's a brief summary:

- PAC Committee (Dave Martyn) – encouraged the purchase of a "Member Who Cares" ribbon for a \$100.00 donation.
- Legislation Committee (Meredith Weingarden) – described the committee's job reading bills as

- Public Service Committee (Dave Moldovan) – instrumental in organizing events for MLTA members to make a "positive difference" and give back to the community.
- Sponsorship Committee (Steve Frank) – be sure to visit all the sponsors at the MLTA Summer Convention—this committee worked hard to get them!

Mike Waiwood from North American Title Insurance Company began his presentation on "New ALTA Endorsements" with a legal disclaimer just slightly less scary than the one for Viagra. He guided us through the maze that is ALTA 9 (the whole series) and the new construction endorsements. In a nutshell: if your policy is 2006 or later, so should your endorsement be; watch out for endorsements that have now been withdrawn; and always use the most current version of an endorsement. And many thanks, Mike, for the helpful charts and lists to which we can refer for guidance in your absence.

Finally, Mike Donovan arrived and took his place at the podium to share with us his knowledge about updates in case law. He spoke about several title-related cases, including *Warmbsbacher v Seaver*, *Hosey v Hemphill*, and *Elsevaei v Seaver* about which John Bommarito also contributed some information. Mike also enlightened us on judgment liens, explaining that these liens are more of a "request to pay" than an actual lien. And though there may soon be legislation to

recommendations for successful (and claim-free) construction closings, but I'm sure we are all practicing these on a regular basis, so I will not waste ink printing them here.

Continuing on with the topic of construction, my fellow Metropolitan Title alumnus Mike Hagerty, segued into "Underwriting New Construction, an Update of the Construction Lien Act, and 203K Loans". It will come as no surprise that sworn statements and indemnity agreements were mentioned more than once, as were those lovely "D" words: draws and disbursing. Mike reminded us that the more "duties" a title company takes on, the more liability they may assume. If you were unable to attend this seminar, you unfortunately missed out on—among other things--the plethora of sample documents supplied by Mike.

Finishing out the day was MLTA seminar regular, Sarah Maddox Sutton. In a race against the clock to get us out by the time promised in the agenda, she efficiently clarified different types of mark-ups. Sarah outlined the content necessary for internal mark-ups, and also the importance of properly marking up a commitment for a customer.

And with the conclusion of Sarah's presentation, Allan Dick released us to say goodbye to our title-gypsy friends ... and to go warm ourselves in our sun-heated cars. Hope to see you all at the MLTA Fall Education Seminar!



Legislative Update

by Cami Pendell,
Michigan Legislative
Consultants

MLTA's Neal Case Fix Legislation Introduced

Rep. Peter Pettalia (R-Presque Isle) and Rep. Marilyn Lane (D-Fraser) introduced House Bills 4638 (Pettalia), HB 4639 (Lane) and HB 4640 (Pettalia), which are an MLTA priority issue for this legislative cycle. MLTA refers to this legislative package as the Neal Case Fix.

In 2009, a United States Bankruptcy Court Judge decided in *In re Neal* that a copy of an original instrument along with a verified affidavit does not satisfy the necessary requirements for recording a real estate conveyance because it does not contain the original signatures as required by statute. This has created a problem in the industry because of the impact it has on determining the chain of title on certain parcels of property. MLTA's legislation, sponsored by Reps. Pettalia and Lane, allows a copy of an original instrument that is verified by an affidavit by a person that has knowledge of the real estate document to be deemed recorded and in compliance with recording requirements in this state. Additionally, this language is retroactive so that it will cover these types of recordings that have happened in the past thereby protecting the interests of all parties involved. House Bills 4638-40 will help to protect consumers and provide greater clarity and certainty to public records. These bills were referred to the House Local Government Committee.

Please ask your legislator, as well as members of the House Local Government Committee, to support this initiative and help advance it through the legislative process. Below is a list of the committee members' contact information:

District	Name	Phone	Email
89	Chairwoman, Amanda Price (R-Holland)	(517) 373-0838	AmandaPrice@house.mi.gov
78	Vice Chair, Dave Pagel (R-Barrien Springs)	(517) 373-1796	DavePagel@house.mi.gov
82	Kevin Daley (R-Lum)	(517) 383-1800	KevinDaley@house.mi.gov
106	Peter Pettalia (R-Presque Isle)	(517) 373-0833	PeterPettalia@house.mi.gov
101	Ray Franz (R-Onekama)	(517) 373-0825	RayFranz@house.mi.gov
23	Pat Somerville (R-New Boston)	(517) 373-0855	PatSomerville@house.mi.gov
103	Bruce R. Rendon (R-Lake City)	(517) 373-3817	BruceRendon@house.mi.gov
51	Joe Graves (R-Argentine Township)	(517) 373-1780	JosephGraves@house.mi.gov
54	Minority Vice Chair, David Rutledge (D-Ypsilanti)	(517) 373-1771	DavidRutledge@house.mi.gov
34	Woodrow Stanley (D-Flint)	(517) 373-8808	WoodrowStanley@house.mi.gov
1	Brian Banks (D-Detroit)	(517) 373-0154	BrianBanks@house.mi.gov
2	Alberta Tinsley-Talabi (D-Detroit)	(517) 373-1776	AlbertaTalabi@house.mi.gov

Successful MLTA Capitol Day

The 2013 MLTA Capitol Day was held on May 1st and the MLTA members that participated in it ensured it was a resounding success! They did a fantastic job meeting with state Representatives, Senators and staff to educate them on the issues that matter most to our association.

The day began with a pre-briefing for MLTA members that volunteered their valuable time to help advance our legislative priorities. During this portion of the event, members were updated on current MLTA issues for their legislative meetings, provided with materials to share with legislators and given a schedule for their visits.

This year's priority issues with legislators included:

1. Providing them with insight on how MLTA is a valuable resource to state officials;
2. Educating them on land title insurance business;
3. Promoting HBs 4638-40 which will allow a copy of an original instrument that is verified by an affidavit by a person that has knowledge of the real estate document to be deemed recorded and in compliance with recording requirements in this state;
4. Sharing a new MLTA legislative proposal that involves amending the construction lien priority statutes. This new initiative would give construction mortgages priority over later recorded construction liens. Any construction lien recorded before the construction mortgage would still have priority. The priority of construction liens recorded after the mortgage would be determined by their recording date relative to the recording date of other recorded interests. Any construction lien recorded after the mortgage would still attach to the owner's equity in the property. What the

proposed legislation effort would do is provide for more certainty in the construction loan process. That is a formula for promoting new construction along with the jobs and economic growth that come with it.

5. Sharing what challenges the industry faces at the local governmental level.

After a full morning of legislative meetings, MLTA members headed to the Capitol to help host a Legislative Luncheon for all state legislators. Our luncheon was extremely well attended and provided an opportunity for MLTA members to mingle with Senate and House leadership, as well as talk with committee chairmen and women that have control over the legislation that we are working on. We kept our MLTA members going, because after our luncheon they moved on to their afternoon round of legislative meetings.

At the end of each Capitol Day, we encourage MLTA members to fill out legislative meeting feedback forms. This information helps the association to determine if there is any follow-up work that needs to be done on our priority issues.

It is important to note that MLTA's Capitol Day is not only significant to the association, but it is also meaningful to your state Representatives and Senators. This is a wonderful opportunity for them to get to meet you - their constituents! They want to hear what issues you care about and how they can better serve you. They also want to know how to make the state more business friendly to the land title industry.

Thank you to all of the members that participated in MLTA's Capitol Day. Year after year, you help to advance and promote our association and industry to members of the State Legislature. Your involvement helps to make the difference!

New State Senator for 27th Senate District

In a special election held on May 7th, Representative Jim Ananich (D-Flint) overwhelming won the 27th Michigan Senate seat by garnering 75% of the vote. He has been subsequently sworn into office which brings the number of Senate Democrats back to 12 out of the 38-member Chamber. Both Senate Majority Leader Randy Richardville (R-Monroe) and Senate Minority Leader Gretchen Whitmer (D-East Lansing) had positive words to say about the new Senator from Flint. Senator Richardville stated, "He's a solid guy, I think he's the kind of guy that likes to work for the greater good. I think he'll

be a contributing member.” Senator Whitmer expressed her caucus’ sentiment of the new Senator, “We are very eager and anxious for him to join us in our ranks. We are excited to have someone of his caliber here.” The 27th Senate seat has been vacant ever since former Senator John Gleason left after being sworn in as Genesee County Clerk and Register of Deeds in January. Governor Rick Snyder has already called for a special election to fill the now vacant 49th House seat. That special election will be Tuesday, Nov. 5th and a primary election will be on Aug. 6th if necessary.

House and Senate Session Schedules Announced

Senate Majority Floor Leader Arlan Meekhof (R-West Olive) announced the Senate’s session schedule for the remainder of the year. While the Senate will be in session during June, no session days have been schedule for July or August. Session will resume after Labor Day, beginning on September 10 through December 19, with the exception of a Thanksgiving break during the last two weeks of November.

House Majority Floor Leader Jim Stamas (R-Midland) announced a similar session schedule, with a few notable differences. The House scheduled session for July 17 and August 21. Other than the noted differences, they have the same schedule as the Senate for the remainder of the year.

The House and Senate meet on Tuesday, Wednesday and Thursday’s at the State Capitol.



Member Spotlight

With the introduction of HBs 4638-4640 (MLTA’s Neal Case Fix legislation), this quarter’s member spotlight is on Rep. Marilyn Lane who sponsored HB 4639.

Rep. Lane is serving her second term in the Michigan House of Representatives. She is representing the 31st House District, which covers Mount Clemens, Fraser and a part of Clinton Township.

Prior to being elected, Rep. Lane worked as a business development officer at the construction firm Roncelli Inc., where she helped businesses locate, grow and create jobs in Michigan.

As mayor of Fraser, Rep. Lane was instrumental in attracting 700 new jobs and more than \$100 million in investment by bringing companies like automotive equipment supplier Faurecia from Europe to Fraser.

In 2008, Rep. Lane was elected Vice Chair of the Macomb Charter Commission, where she helped cut the County Board of Commissioners in half and create a County Executive position dedicated to attracting job providers.

A lifelong resident of Macomb County, Rep. Lane and her husband, Jim, live in Fraser. They have one daughter.

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Strategic People Reminders for the Busy Executive

by Scott Patchin, The trU Group

What I'm hearing

"I don't have enough time. What can I do?"

What it means

This summer, I'm giving three presentations to various groups and conferences:

- "Time: Keeping the Monkey from Becoming an Elephant"
- "Own It! Five Tips for Managing Your Career and Performance"
- "What Motivates People? The Answer Might Surprise You... (A Development Plan Workshop)"

As I consider the issue of time, it occurs to me that the basic question I'm addressing in each of these sessions is just that: time. Managing time comes down to three fundamental practices:

1. Owning your time and making choices based on what's important.
2. Managing your time using some basic, time-tested habits.
3. Focusing the limited time that you have with your team where it will have the greatest impact.

What you should do

1. Own it

Over the next week, keep track of your time-use each day using this tracking sheet (<http://www.thetrugroup.com/wp-content/uploads/2013/05/Worksheet-Where-is-my-time-going.pdf>)

On Friday, set aside 30 minutes to do the following:

1. On a single sheet, total the time you spent on each of the tracked items.
2. Answer the following questions (*paraphrased from The Seven Habits of Highly Effective People by Stephen R. Covey, p. 146*):

a. Identify two goals or priorities for your personal life, and two goals or

priorities for your professional life.

b. How does your time usage align with the personal goals you identified? What one thing could you do (that you aren't doing now) that, done on a regular basis, would make a tremendous positive difference in your personal life?

c. How does your time usage align with the professional goals you identified? What one thing you could do in your professional life would help to advance these goals?

Pick one of the two ideas you've generated (from either "b" or "c" above), ask a close friend to hold you accountable to it, and do it.

2. Practice effective time-management habits

- Start and end all meetings on time, and never have a meeting without an agenda.
- Answer emails only at noon and during the last 20 minutes of the day. Turn off all email and messaging alerts and tell your people to call if an answer is needed in fewer than four hours.
- Do not make to-do lists; everything that has to be done must go into your calendar.
- Limit all emails to fewer than 100 words. If a longer communication is needed, call or setup a 10-minute meeting.

3. Maximize your leadership time

People are not motivated solely by money, car allowances, or even words of affirmation. People have good days when they get things accomplished, feel supported and see the bigger impact of what they're doing. As a leader, the best thing you can do with your time is to:

- Check in daily to ask about successes, hear questions and provide support where needed.
- Carve out monthly one-on-one time to touch base in a more organized and accountable setting.



I have a passion for individuals, teams and organizations going through transitions. Time management requires change to do it better. To support you in this change, here is a special resource page with some great resources (www.thetrugroup.com/training-and-keynote-speaking/resources-time-management/). As always, if this topic feels too big or if you're having trouble finding the time to address it effectively, contact me. Contact Scott@thetrugroup.com ©2013, Scott Patchin



MLTA-PAC FUNDRAISER

The MLTA-PAC Committee will be holding two fundraisers at the upcoming Summer Convention at Crystal Mountain Resort and Spa. The first fundraiser will be our own version of the Family Feud. There will be four teams competing in the game that will work just like the TV show except with title and escrow related questions.

Please download and use the form (<http://mlta.org/seminarsconventions/familyfeudmlta.html>) to vote for your favorite team. Funds raised by each team will determine where they will be seeded in the game and it will also help them to earn bonus points for the preliminary round. Vote early and vote often! This should be a fun and entertaining event for the participants and attendees at the Summer Convention.

The MLTA-PAC will also be holding a silent auction at the Summer Convention. We are currently in need of items for the auction. In the past, popular items have been gift baskets, sporting event tickets, small personal electronics, spa certificates and other types of gift certificates. If you have an item that you would like to donate for the auction, please contact Tim McDonnell at timcdonnell@oldrepublictitle.com and give him a description of the item and an approximate retail value of the item.

You can bring the item with you to the convention this summer. If you have an item and will not be attending, please let Tim know and arrangements will be made to pick up the item.

For those MLTA members who are interested in bidding on items who will be unable to attend the Summer Convention, there will be an email and online option to bid on the items. Details for email and online bidding are being developed and will be released soon. THANK YOU for supporting the MLTA-PAC!

Family Feud Teams

Three Libers and a Page	Four Chains and a Link	First American Wunderkind	The Flying Papers
Jerome Jelinek	Bob Wuerfel	Debbie Wiley	Steve Frank
Maura Snabes	Amy Peterson	Kim O'Connor	John Bommarito
Beccy Clennan	Charity Anderson	Diana Parker	Heather Moldovan
Debbie Bartlett	Kathy Andersen	Jilanne Scholtz	Brian Roberts
	Connie Curio	James Powell	

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MLTA CAPITOL DAY

by Connie Curio, Lighthouse Title Group

Legislative Day has become an annual event for Michigan Land Title Association and with great success. This year it was held on May 1st.

MLTA members have scheduled meetings with Senators and Representatives in their offices in Lansing and they have a chance to listen to our talking points and put a face on some of their constituents. Depending on the schedule for the day meetings are scattered throughout the morning and afternoon. Some meetings are drop by, where you just go in and introduce yourself. There were 81 direct contacts made that day. The MLTA had 24 members in attendance.

“Your members are very friendly to us” was a remark heard at lunch, which is a busy time that takes place in the hallway of the Capitol building, and is an excellent way to generate and renew friendships. About 163 legislators and staff members met with our group. It’s a great time to build a communication pathway so that when bills come up the Senators and Representatives have someone to contact for correct and clear information regarding issues.

The brochure of talking points handed out to legislators and staff was well received by all. Several compliments were given to our members that it will be a great tool to keep our contact information handy and the issues we are concerned about.

Current MLTA initiatives include the Neal Case Fix, which would allow the use of a copy to be recorded when an original document has been lost or destroyed. UPDATE: Thursday, June 6th, there was a hearing in the House to review these bills. So they are moving through the process. Many thanks to those on the MLTA Legislative and MLTA Legislative Steering Committee for their hard work on the 3 bills HB 4638, HB 4639 and HB 4640.

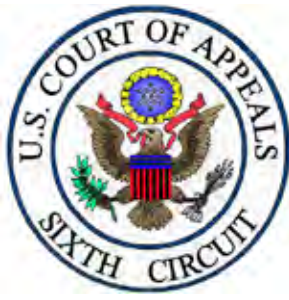
Another initiative is the Construction Lien Priority Amendment, giving mortgages priority over contractor’s liens. There have been a few court cases decided that allow a “hidden” improvement on a property to pre-date a mortgage. The MLTA is working on a solution for this.

Also, some government officials are looking at a taxpayer funded title insurance company. This would be problematic for us in Michigan. Currently only one state in the Union has this, and it is the state of Iowa. Their system requires substantially more time to close a transaction. Higher costs for consumers and additional burdens on the state budget are something we do not need in Michigan at this time.

Our talking points also included a brief explanation of what title insurance is and how our members can provide legislators with valuable insight to a number of real estate law and title topics.

Tim Ward and Cami Pendell of Michigan Legislative Consultants – our lobbyists- do a fantastic job during this event as well as during the year to keep MLTA in the know about legislation happenings that have an impact on our industry. Capitol Day takes place once a year, but Michigan is a state that has year round legislature. So the work continues, please join and be a part of this fascinating process.





SIXTH CIRCUIT COURT OF APPEALS NIXES COUNTY CLAIMS AGAINST FANNIE AND FREDDIE

by Phillip J. Neuman, Couzens, Lansky, Fealk, Ellis, Roeder & Lazar, P.C.

On May 20, 2013, the United States Court of Appeals for the Sixth Circuit issued an opinion reversing a lower court's ruling that Fannie Mae and Freddie Mac were liable for the payment of transfer taxes in connection with sales of real property. In *County of Oakland, et al v Federal Housing Finance Agency, et al*, (Case Nos. 12-2135/2136), a three judge panel of the Sixth Circuit held that the exemption from taxation for Fannie Mae and Freddie Mac included transfer taxes, and thus reversed the ruling of Judge Victoria Roberts from the Eastern District of Michigan that held that the exemptions did not apply.

For years, Fannie Mae and Freddie Mac had claimed an exemption from the payment of transfer taxes when it sold foreclosed homes to third party buyers. According to Oakland County, Fannie Mae and Freddie Mac "sometimes claim the transaction is exempt because they are government entities and, under Michigan statute, government entities are exempt. Other times they claim they are exempt pursuant to federal statute." Complaint of Oakland County, Case 11-cv-12666, ¶16. Pursuant to MCLA §207.505(h) and §207.526(h), instruments in which the grantor is the United States, the state, any political subdivision or municipality or officer thereof acting in his official capacity are exempt from the county and state transfer tax, respectively. When Congress created Fannie Mae and Freddie Mac, it expressly exempted them from "all" state and local taxes except for taxes on real property. For example, Fannie Mae's charter provides:

The corporation, including its franchise, capital, reserves, surplus, mortgages or other security holdings, and income, shall be exempt from all taxation now or hereafter imposed by any State, . . . county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, . . . county, municipal, or local taxation to the same extent as other real property is taxed. 12 U.S.C. § 1723a(c)(2).

Oakland County filed suit in United States District Court for the Eastern District of Michigan seeking a declaration that Fannie Mae and Freddie Mac are subject to the Transfer Tax, and an award of an unspecified amount of damages based on their failure to pay the tax. Genesee County filed its own suit as a class action on behalf of all Michigan

counties, and the two suits were ultimately consolidated for decision. The State of Michigan also intervened in the consolidated cases.

The Counties alleged that Fannie Mae and Freddie Mac are liable for the Transfer Taxes because they are private corporations, not federal entities, and because their federal statutory exemptions from certain taxes do not include the Transfer Taxes. The Counties claimed that the United States Supreme Court has long interpreted an exemption from "all taxation" to cover only direct taxation, not excise taxes such as the Transfer Taxes. Fannie Mae and Freddie Mac responded that federal statutes granting them immunity from "all taxation" exempt them from payment of Transfer Taxes. They further argued that their status as private entities or federal instrumentalities is irrelevant since Congress expressly exempted them from "all taxation." Fannie Mae and Freddie Mac asked the Court to interpret the federal statutes to conclude that they are immune from the Transfer Taxes. Both sides agreed that the Transfer Taxes were an excise tax, and not a direct tax. An excise tax is one "which is levied upon the use or transfer of property, even though it might be measured by the property's value." *United States v Wells Fargo Bank*, 485 US 351, 355 (1988).

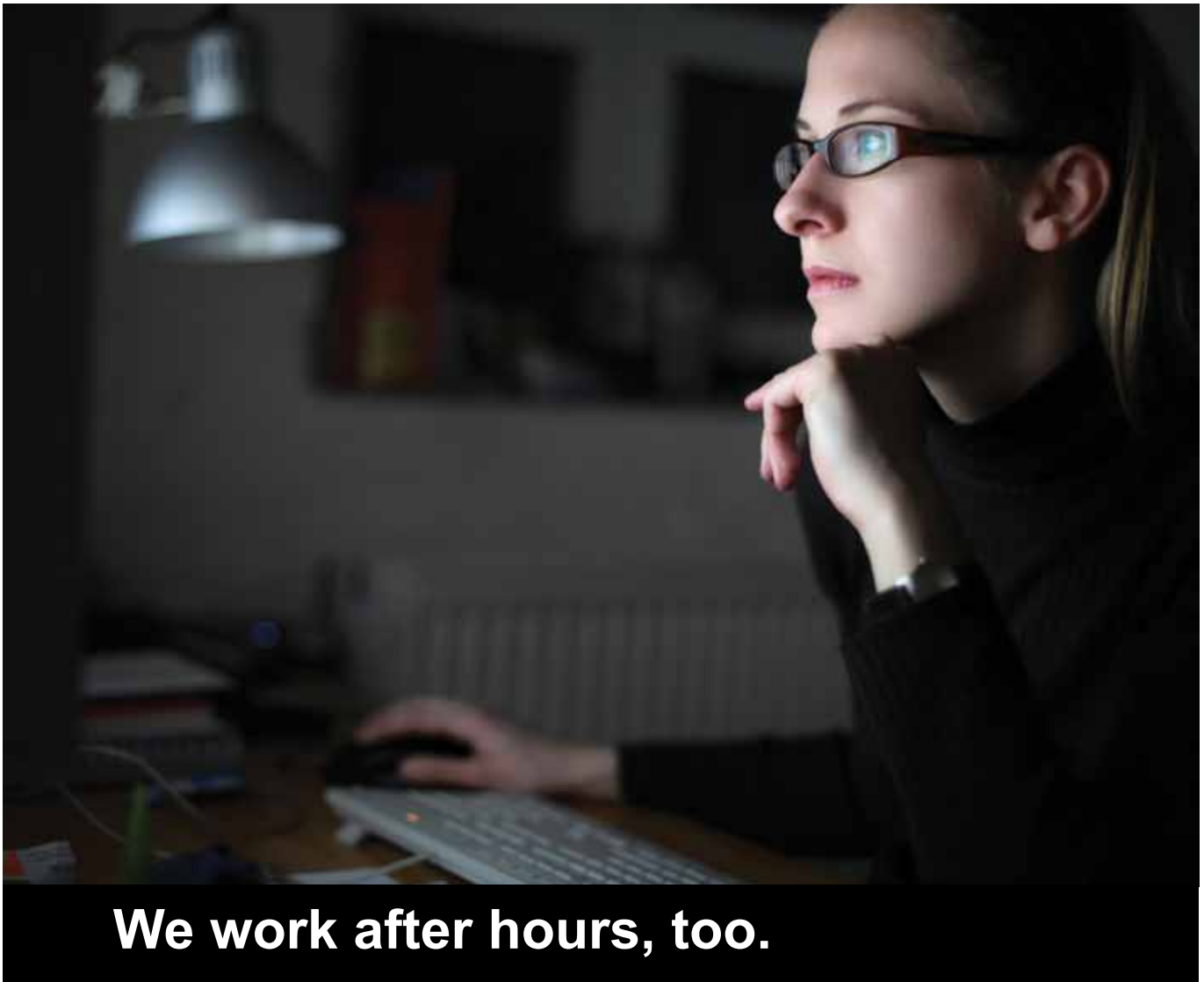
Judge Roberts sided with the Counties and held that an exemption from "all taxation" does not cover excise taxes such as the Transfer Taxes. The Court relied upon the *Wells Fargo* case in ruling that the exemption for Fannie Mae and Freddie Mac in the federal statutes for "all taxation" does not

include excise taxes. The Sixth Circuit Court of Appeals disagreed with Judge Roberts' interpretation of the *Wells Fargo* case as well as its applicability to the circumstances of this case. The Sixth Circuit held that the common sense,

non-technical interpretation of "all taxation" has to include the Transfer Taxes. The appellate court noted that the *Wells Fargo* case involved the issue of whether specific property was exempt from taxation, not whether a specific entity (such as Fannie Mae or Freddie Mac) is exempt. Therefore, the Sixth Circuit held that the *Wells Fargo* case does not overcome the common sense meaning of the phrase "all taxation," and thus Fannie Mae and Freddie Mac are exempt from the Transfer Taxes. The Sixth Circuit also noted that ten other district courts around the country have ruled in favor of Fannie Mae and Freddie Mac on this precise issue.

Oakland County claimed in its motion papers that it was entitled to millions of dollars of unpaid transfer taxes. Presumably, the other counties in this state were also seeking similar amounts from Fannie Mae and Freddie Mac. Unless the plaintiffs appeal to the United States Supreme Court, it appears that the counties will not be able to recover any of this substantial revenue.





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A “Relatively” New Way to Avoid Uncapping Taxable Value



by Gregg Nathanson,
Couzens, Lansky Fealk,
Ellis, Roeder & Lazar, P.C.



For further information, contact Gregg A. Nathanson, Esq., an attorney at the law firm of Couzens, Lansky, 39395 W. 12 Mile Road, Farmington Hills, Michigan 48331, telephone 248-489-8600 or gregg.nathanson@couzens.com

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Beginning December 31, 2013, the State of Michigan will have another exemption from uncapping taxable value - and it is all in the family. Parents and children can transfer residential property between themselves without uncapping taxable value.

Beginning next year, a transfer of residential real property is not a statutory “transfer of ownership” if the transferee is related to the transferor by “blood or affinity to the first degree” and the use of the residential real property does not change following the transfer of ownership. MCL 211.27a(7)(s) This law is summarized in Michigan Department of Treasury Bulletin 5 of 2013, issued May 13, 2013.

To qualify, the transaction must involve residential real property. Residential real property is defined as real property classified as residential under MCL 211.34c. This includes platted, unplatted and condominium parcels which are, or probably will be, used for residential or recreational purposes. Property can be classified as residential even if a principal residence exemption is not claimed.

“Affinity to the first degree” includes the following relationships: spouse, father or mother, father or mother of the spouse, son or daughter, including adopted children, and son or daughter of the spouse. In short, a parent-child transfer.

Finally, the use of the property may not change. Any change in use may result in an immediate uncapping.

The Property Transfer Affidavit will be updated to include a checkbox under exemptions, for relationship by blood or affinity in the first degree, and a statement that the transferee will not change the use of the property and will notify the assessor should the use change.

Speaking of Property Transfer Affidavits, the Michigan legislature recently added teeth to the late filing penalty for PTAs involving either industrial or commercial real property. If the sale price of the property is \$100,000,000 or less (just about every transaction) the penalty is \$20 per day beginning 45 days after the date of transfer, up to a maximum of \$1,000. If the property sale price exceeds \$100,000,000, the penalty is \$20,000 after 45 days have elapsed. However, if the assessor determines that the failure to notify the assessing office within 45 days was due to “reasonable cause and not the willful neglect of the buyer”, then the penalty of \$20 per day, up to a maximum of \$1,000 shall be imposed. If the assessor determines that the failure to file the PTA was a result of the willful neglect of the buyer, then the \$20,000 penalty will be imposed, and the buyer may appeal that determination to the Michigan Tax Tribunal.

In all other situations, the penalty remains at \$5 per day beginning after the 45 days have elapsed, up to a maximum of \$200.

These penalties are set forth on the bottom of the second page of the Property Transfer Affidavit Form, L-4260, revised April 2013.

These late filing penalties are in addition to the current penalties in place: any additional taxes that would have been levied if the transfer of ownership had been timely noted, from the date of transfer, together with interest and penalty from the date the tax would have been originally levied. In most cases, the additional tax, interest and penalty far exceeds the nominal late filing fee.



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Residential Sales Statistics May 2013

Local Association	2013 YTD # Sales	2012 YTD # Sales	13-12 YTD % Change	2013 YTD Avg Price	2012 YTD Avg Price	13-12 YTD % Change	2013 May Sales	2012 May Sales	13-12 % Change	2013 May Avg Price	2012 May Avg Price	13-12 % Change
Ann Arbor Area Board of REALTORS®	1,077	1,139	-5.44%	\$245,549	\$205,760	19.34%	260	298	-12.75%	\$246,305	\$205,650	19.77%
Antrim Charlevoix Kalkaska Association of REALTORS®	228	222	2.70%	\$187,747	\$144,915	29.56%	56	48	16.67%	\$221,175	\$164,998	34.05%
Battle Creek Area Association of REALTORS®	602	513	17.35%	\$78,786	\$73,071	7.82%	122	113	7.96%	\$93,462	\$73,670	26.87%
Bay County REALTOR® Association	483	552	-12.50%	\$67,470	\$68,464	-1.45%	122	125	-2.40%	\$72,122	\$66,005	9.27%
Branch County Association of REALTORS®	171	200	-14.50%	\$89,834	\$77,606	15.76%	39	42	-7.14%	\$104,853	\$93,894	11.67%
Central Michigan Association of REALTORS®	1,375	1,332	3.23%	\$144,401	\$133,934	7.82%	529	458	15.50%	\$160,238	\$146,953	9.04%
Clare-Gladwin Board of REALTORS®	271	273	-0.73%	\$67,682	\$58,932	14.85%	73	66	10.61%	\$76,657	\$52,433	46.20%
Detroit Board of REALTORS®	2,579	2,608	-1.11%	\$18,524	\$14,952	23.89%	522	547	-4.57%	\$20,110	\$15,180	32.48%
Down River Association of REALTORS®	456	732	-37.70%	\$97,153	\$74,873	29.76%	120	158	-24.05%	\$115,578	\$80,826	43.00%
Eastern U.P. Board of REALTORS®	146	171	-14.62%	\$95,999	\$78,025	23.04%	37	42	-11.90%	\$116,205	\$83,308	39.49%
Emmet Association of REALTORS®	261	221	18.10%	\$258,922	\$214,583	20.66%	78	56	39.29%	\$235,422	\$303,747	-22.49%
Genesee County	2,288	2,505	-8.66%	\$81,230	\$71,452	13.69%	524	538	-2.60%	\$92,664	\$77,877	18.99%
Grand Rapids Association of REALTORS®	5,508	5,070	8.64%	\$148,962	\$126,970	17.32%	1,343	1,211	10.90%	\$158,446	\$136,917	15.72%
Greater Kalamazoo Association of REALTORS®	1,701	1,396	21.85%	\$141,169	\$128,718	9.67%	444	363	22.31%	\$151,441	\$129,810	16.66%
Greater Lansing Association of REALTORS®	2,450	2,396	2.25%	\$108,511	\$97,156	11.69%	563	631	-10.78%	\$117,982	\$105,212	12.14%
Greater Shiawassee Association of REALTORS®	146	210	-30.48%	\$75,707	\$64,108	18.09%	29	36	-19.44%	\$78,281	\$67,220	16.45%
Greater Wayne County	6,255	6,278	-0.37%	\$111,328	\$88,076	26.40%	1,494	1,490	0.27%	\$126,733	\$98,554	28.59%
Hillsdale County Board of REALTORS®	168	143	17.48%	\$98,503	\$69,773	41.18%	52	34	52.94%	\$107,094	\$99,889	7.21%
Huron County	42	47	-10.64%	\$98,787	\$82,392	19.90%	11	10	10.00%	\$120,818	\$116,203	3.97%
Jackson Area Association of REALTORS®	829	818	1.34%	\$97,209	\$86,697	12.12%	209	188	11.17%	\$118,212	\$93,456	26.49%
Lapeer County	395	386	2.33%	\$123,636	\$109,564	12.84%	94	90	4.44%	\$121,521	\$109,360	11.12%
Lenawee County Association of REALTORS®	403	416	-3.13%	\$99,791	\$84,068	18.70%	98	118	-16.95%	\$117,398	\$99,895	17.52%
Livingston County	1,094	961	13.84%	\$186,445	\$165,165	12.88%	256	240	6.67%	\$204,261	\$164,955	23.83%
Oakland County	7,053	6,914	2.01%	\$195,846	\$159,605	22.71%	1,732	1,717	0.87%	\$217,038	\$181,814	19.37%
Macomb County	4,684	4,563	2.65%	\$113,712	\$93,635	21.44%	1,115	1,070	4.21%	\$126,712	\$99,228	27.70%
Mason-Oceana-Manistee Board of REALTORS®	322	340	-5.29%	\$108,236	\$119,648	-9.54%	101	90	12.22%	\$121,382	\$135,173	-10.20%
Midland Board of REALTORS®	331	345	-4.06%	\$141,808	\$130,717	8.48%	88	105	-16.19%	\$141,930	\$148,731	-4.57%
Monroe County Association of REALTORS®	553	479	15.45%	\$122,922	\$119,618	2.76%	140	145	-3.45%	\$131,871	\$127,510	3.42%
Montcalm County Association of REALTORS®	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Northeastern Michigan Board of REALTORS®	235	237	-0.84%	\$71,153	\$76,713	-7.25%	73	53	37.74%	\$89,869	\$82,056	9.52%
Paul Bunyan Board of REALTORS®	532	542	-1.85%	\$81,684	\$73,876	10.57%	135	136	-0.74%	\$88,405	\$85,364	3.56%
Saginaw Board of REALTORS®	815	805	1.24%	\$77,476	\$72,576	6.75%	200	177	12.99%	\$90,617	\$86,907	4.27%
Sanilac County	72	68	5.88%	\$68,488	\$55,838	22.66%	10	23	-56.52%	\$57,200	\$59,256	-3.47%
Southwestern Michigan Association of REALTORS®	1,083	1,080	0.28%	\$165,837	\$147,584	12.37%	314	287	9.41%	\$169,352	\$159,051	6.48%
St. Clair County	553	534	3.56%	\$110,190	\$99,380	10.88%	136	118	15.25%	\$116,183	\$114,288	1.66%
St. Joseph County Association of REALTORS®	209	234	-10.68%	\$91,462	\$82,511	10.85%	40	52	-23.08%	\$81,682	\$92,854	-12.03%
Traverse Area Association of REALTORS®	1,005	884	13.69%	\$200,934	\$185,600	8.26%	300	236	27.12%	\$216,825	\$195,260	11.04%
Tuscola County	118	110	7.27%	\$70,416	\$59,453	18.44%	30	36	-16.67%	\$82,866	\$73,810	12.27%
Upper Peninsula Association of REALTORS® **	714	679	5.15%	\$101,338	\$97,012	4.46%	196	176	11.36%	\$103,195	\$101,962	1.21%
Water Wonderland Board of REALTORS®	686	667	2.85%	\$92,917	\$89,175	4.20%	162	155	4.52%	\$108,015	\$95,977	12.54%
West Central Association of REALTORS®	493	455	8.35%	\$78,750	\$79,711	-1.21%	128	104	23.08%	\$88,651	\$79,138	12.02%
West Michigan Lakeshore Association of REALTORS®	1,505	1,479	1.76%	\$145,206	\$133,197	9.02%	408	374	9.09%	\$152,319	\$133,368	14.21%
TOTALS	49,891	49,004	1.81%	\$116,140	\$102,320	13.51%	12,383	11,956	3.57%	\$125,880	\$113,116	11.28%

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Accuracy AND Efficiency

by Ethan Powsner, Fidelity National Title Group

My travels around include trips to meet with existing agents and with prospective agents. This week I spent time with the owners of three different agencies. Informally measuring agency health on a scale of 1 to 10, I felt that one agency was on the 1, one was on the 5, and one was on the 10. Let me explain why.

The owner of one agency spent approximately half an hour explaining to me the 'greatest hits' of his title career. These included multiple parcel deals with multiple cross-easements, 99 year leases, and other bugbears of our trade. This agent also told me about how he had records going back so far that 'you needed a map to get to the beginning'. When the discussion turned to how much business his agency was doing now, the answer was something to the effect of 'maybe half a dozen closings a month -- thank God for the law practice'. This agent's ability to meet the upcoming challenges created by the CFPB's direct and indirect regulations is doubtful.

Another owner I visited is having what is called the 'typical management struggles of a title agency owner': 1) training and experience learned from the practice of law and on the job in the title business; 2) a tendency toward perfectionism; 3) difficulty in delegating; ; and 4) timidity about reducing staff and expenses when times are slow. This owner is not only working 7 days a week, but also has spent a lot of personal savings to stay afloat during these past few years. This agent's ability to meet the upcoming challenges to our industry being created by the CFPB is materially compromised.

A third owner I visited is also having what is called the 'typical management struggles of a title agency owner', but with three differences: A) training and experience learned from a prior career as an accountant; B) replacement of the 'fear of delegating' with the creation of systems for accomplishing as many tasks as possible; and C) acceptance of the necessity of trimming staff and expenses when business is down. As a result of these 3 differences, not only is this agency owner not working 7 days a week, but this agent is financially and dynamically equipped to

meet any upcoming challenges.

What is the take away from these three owners and the condition of these 3 agencies? In my humble opinion, the title industry has long passed-by the era where the sole measure of an agency's prowess was measured by the difficulty of the projects undertaken and the perfection of its title work. Fourteen years ago, and maybe even as recently as 6 years ago, the general public, the finance industry, and the underwriters often would excuse a wide variety of inefficient and un-businesslike, though ethical, practices of title agents on the basis of the perceived quality of their title work. No longer. The demands of modern (meaning: 'fast and furious') commerce require both high quality work and highly efficient and businesslike practices.



Even ignoring the CFPB requirements and the ALTA Best Practices recommendations, the specifics of which are still not finalized, only the more effective and efficient title agencies are going survive to 2017.

Why? For one, there is a shortage of trained and qualified title employees. That means that salaries are going to go up and agents are going to have to learn to do more business with existing staff or, if hiring staff, figure out how to make the time to train the new staff without affecting the ability to handle customers. These factors will require more efficiency. For another, the technical costs of staying in business are going to go up. I heard recently that the hard and soft costs of moving to the HUD-1 replacement will easily be between \$3000 and \$5000 for a small agency. Where is the money going to come from? It is one thing if everyone raises closing costs, but it is another if many don't. This too, will require more efficiency.

What can you do? Consult with your underwriter or the recognized industry consultants. In addition the MLTA can help guide you to resources. It is in everyone's interest that Michigan maintain a statewide network of strong independent agents.



Ethan Powsner, Esq. formerly the Michigan Agency Manager for Chicago Title, is currently the Ohio Agency Manager for the Fidelity National Title Group.

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ALTA Business Strategies Conference: Develop, Implement and Succeed With Best Practices

by John Bommarito, Attorneys Title and Marcy Welburn, Transnation Title

John Bommarito and Marcy Welburn attended the ALTA's 2013 Business Strategies Conference in March. The conference was centered about the ALTA's Best Practices guidelines.

The following ALTA's article highlights the various sessions of the conference.

ALTA President Frank Pellegrini and Michelle Korsmo, ALTA's chief executive officer provided an overview of ALTA's "Title Insurance and Settlement Company Best Practices" and what the association is doing to provide resources and aid members in implementation.

"With lenders needing concrete evidence that the title and escrow providers they work with understand and follow certain guidelines, we want attendees to walk away from the conference with a list of ideas to take back to their office," Korsmo said.

Pellegrini said title professionals should be assessing their operations now in order to understand what areas, if any, need addressed regarding implementation of the Best Practices.

To help members begin the process, Korsmo outlined the various resources ALTA provides. The central repository of information can be found at www.alta.org/bestpractices. Here, you will find documents, checklists, webinars and news articles meant to be tools to help organize efforts to meet the Best Practices. In addition, ALTA sends an email every Thursday called TitleNews Best Practices Toolkit, which is dedicated to providing information about Best Practices.

Pellegrini said the Best Practices were designed and created to be seen as a solution to lender clients as they seek to fulfill their regulatory obligations. They also needed to be broad enough to allow all practitioners in the industry, regardless of size and type, to be able to meet the standards. He added that large lenders have been supportive of the Best Practices framework.

"Lenders give us a lot of money to fund transactions, give us important documents and important consumer information," Pellegrini said. "Lenders need to know if their providers have the knowledge and integrity to handle this information. Lenders don't want to disturb the current delivery of settlement services."

"Members are encouraged to communicate with customers their progress in adopting the seven pillars of the Best Practices, which were developed to showcase the procedures title professionals follow to maintain the integrity of every closing," Pellegrini continued. "Parts of these standards have existed within most title offices for a long time. It's vital the industry explains the important role it plays as the independent third-party in the real estate transaction."

Professional Development Sessions

Several professional development sessions at the conference were dedicated to providing information about Best Practices. Here's a recap from those sessions on Thursday:

In this new era of lenders requiring more information about the title companies and settlement providers they conduct business with, ALTA members need tools to prove their professionalism and differentiate themselves in the marketplace. The panel "Differentiate Yourself Using ALTA's Best Practices and the National Title Professional Designation"

detailed how title professionals can utilize these tools to showcase how customer money and information is protected. Anne Anastasi of Genesis Abstract, Diane Evans of Land Title Guarantee Co. and Craig Haskins of Knight Barry Title Group shared tips on how to use these options to increase status with customers and expand your market share.

Title professionals can also get information on third-party risk and how to protect their operation. David Townsend of Agents National Title Insurance Co. shared information on how title agents can prevent unauthorized wires from escrow trust accounts and other areas that create risk. He also helped attendees learn how to identify third-party risk exposure in agencies, how to prevent this kind of risk and how to insure against it.

Andy Crisenbery of eLynx led a panel titled "Operational Insights on a National Settlement Agent Database." This session discussed the types of information on settlement agents and business practices that is collected, how such information is verified and how to ensure that the most accurate data is maintained. Attendees learned the benefits and challenges of having a unified database, and why such a solution could ultimately be more efficient for the industry.

A panel comprised of Pam Sember of First American SMS, Penny Reed of Wells Fargo Home Mortgage, Galen McMurtrey of Clean File Solutions and Vicki DiPasquale of Simplifile walked through the post-closing process to clearly define title and settlement agents' role, while providing best practices in the areas of trust accounting, unclaimed property, document recording, lien clearing and the handling of original documents. The panel titled "Turn Out the Lights, the Closings Over ... But There's Still the Cleanup" addressed questions such as "What falls through the cracks after the closing?" "What happens to un-cashed checks?" and "How do you make certain that documents are delivered, title is cleared and recordings are complete?" DiPasquale said attendees learned an understanding of their post-closing responsibilities and learned how to develop and implement trust accounting best practices, and how to manage document recording



and lien clearing.

Additionally, there were several opportunities for attendees on Thursday to learn about security and privacy issues and how to develop programs to protect non-public personal information as required by local, state and federal law.

During the session "Best Practices: Data Security Compliance, Christopher Gulotta of Real Estate Data Shield and Paul Schwartz of Berkeley Law School provided information on applicable privacy and data security laws, as well as rules and regulations that apply to title and settlement agents. The speakers provided useful tools, checklists and processes that can help attendees begin the compliance process.

Andy Maloney of Nashville Title Insurance Corporation and chair of ALTA's Technology Committee, led the session titled "Getting Serious about Security." Maloney discussed the importance of email encryption, protecting non-public personal information (NPI) and IT security. He also shared tips on how to adopt and maintain a written privacy and information security plan to protect NPI as required by local, state and federal law.



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MLTA Events

July 14-16: MLTA Convention, *Crystal Mountain*

October 16: MLTA Fall Education Seminar,
Mt. Pleasant

November 5: MLTA Fall Education Seminar, *Livonia*

ALTA 2013 Events

October 9-12: ALTA Annual Convention, *Palm Beach, FL*

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