The Title Examiner

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MICHIGAN LAND TITLE ASSOCIATION

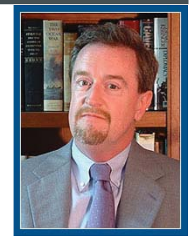
Integrity ◆ Responsibility ◆ Service

Winter 2010/2011

WHAT'S INSIDE

What Hath Dodd Wrought?

by Chuck Cain, Alliance Solutions



With the passage this summer of the Dodd/Frank Wall Street Reform and Consumer Protection Act real estate finance entered a new chapter as to its functionality and efficiency. It brings at least the potential of Draconian measures to the administration of the industry. It also created a new federal agency, the Consumer Financial Protection Bureau (CFPB), the scope and affect of which remains to be seen. How did we get there and what can we expect in the near run? Some thoughts:

Believing that one cannot know where one is going unless one knows where one has been let's think about the last two decades. During the Clinton administration great concern was expressed from federal down through local government as to the relatively low incidence of homeownership in many of our largest cities. Homeownership initiatives including such vehicles as the Community Reinvestment Act led to the creation of creative financing aimed at the goal of putting people into homes where conventional credit and valuation underwriting were set aside. With the creation of such "subprime" lending vehicles the private sector found ways to collateralize them as investment products assuring the availability of capital for them. Lenders and third-party originators seeing the acceptability of such products for targeted purposes began to expend them into what had hitherto been conventional marketplaces, that is, the suburbs. Subprime products became a significant portion of the lending portfolio so when the real estate bubble burst and, with it, an economy that had been battling recession for years lost the underpinning that real estate had served, such product moved from the role of being a well-meaning step to rebuilding the cities to the villainous cause of the greatest meltdown since the Great Depression. Naturally the government had to act. And act it has.

With the passage of the Mortgage Disclosure Improvement Act (MDIA) and HUD's implementation of new and more easily comparable Good Faith Estimate and HUD-1 Settlement Statement we saw action based on the premise that much if not all of the problem lay in the fact that consumers had been somehow hustled into these products without quite understanding them. Based on this concept Congress began to look at the entire financial services industry as having allowed credit too easily to those who could not repay or upon such terms that the consumer could not understand. Such was the genesis of the Dodd/Frank bill.

Like all pieces of legislation that goes through the process of compromise the law satisfies virtually no one and allows for the continuing harboring of resentment of all interested parties towards their opposing sides. The law is expansive as to all areas of financial regulation from derivatives to reforming operation of the Federal Reserve. As to mortgage lending it requires lenders to ensure a borrower's ability to repay, essentially prohibits the payment of yield spread premiums by lenders to originators, establishes significant penalties for non-compliance, expands the definition of high-cost loans and requires yet additional mortgage disclosures.

But the centerpiece of the legislation is the CFPB, a wholly independent agency housed within the Federal Reserve. Its director is appointed by the President and confirmed by the Senate. It has an independent budget. It has independent rule writing authority. It has the authority to prosecute its own complaints in court without going through the Justice Department. It has jurisdiction over virtually all consumer financial services in the country with some limited exceptions. Recently President Obama named Elizabeth Warren to oversee the creation of the CFPB though did not outright nominate her as Director. Republican senators have called foul as to this move as it does not require her approval by the Senate to oversee its creation. Nonetheless she is there and she has been a leading proponent for an activist agency. Recently there was a roll-out of dates by which the CFPB is to implement certain programs or deliver reports as to anticipated activity by the bureau. Among them is that by next July the CFPB is to roll-out a report as to its finding as to the need for improved consumer loan disclosure documents as set forth by the statute. While the Bureau could find that there is no need for changes in consumer disclosures Ms. Warren has publicly commented that she believes that new loan disclosures are desirable. Added to the new disclosure requirements set forth by the new Federal Reserve changes to Regulation Z concerning Home-Secured Credit there could be in about a 2 ½ year period as many as 4 significant changes to home mortgage financing disclosures and timing of their provision to consumers.

And a recent study just released by the Mortgage Bankers Association shows that the Dodd/Frank law may eliminate many of the flexible programs developed over the last 30 years resulting in the 20% down fixed-rate mortgage becoming the norm. Whether this is true or not significant upheaval and uncertainty in any industry does not speed a return to normal market conditions. The benefits of the Dodd/Frank law remain to be seen but certainly fasten your seat belts. It is going to be a very bumpy few years to come.

On the Move

- *Michigan Super Lawyers magazine recently named 34 attorneys from Plunkett Cooney, one of the Midwest's oldest and largest law firms, to its 2010 list of "Super Lawyers".*

- *Attorneys John J. Lynch of Lynch, Gallagher, Lynch, Martineau & Hackett and Byron P. Gallagher, Jr. of the Gallagher Law Firm are merging their law practices effective January 1, 2011. The firm will do business as Lynch Gallagher and focus on Oil & Gas, Real Estate, Banking, Litigation, Probate, Estates and Bankruptcy law. The firm will maintain offices in Mt. Pleasant, Lansing, Grand Rapids and Detroit.*

Looking forward to seeing you at this years' MLTA Legislative Day Tuesday, March 15, 2011

All members are invited to attend, with formal invitations to be received by the end of January.

Legislative day will start at 9:00 a.m. with briefing and end at approximately 3:30 p.m.

We will be scheduling legislative meetings for our attending members to meet with our legislators and we will be hosting a Legislative Luncheon for all legislators in the Capitol.

THE TITLE EXAMINER STAFF

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

Name: Diane Forro

Position: Vice President, Michigan and Minnesota Operations; New Business Development Manager for Midwest Production

Company: Fidelity National Title Group/Title Wave

County & Office I work out of: I work out of the Twinsburg Production Facility located in Twinsburg, OH, however, I am so fortunate to be able to spend a great deal of my time in Michigan and Minnesota as part of my job duties.

MLTA Involvement: Having the opportunity to attend several of the MLTA seminars and the Michigan Land Title Association Conference was a wonderful and gratifying experience.

Personal Interests/Hobbies: I have many passions in my life; first most is my amazing family. My husband, Ed, has always been a great supporter, of not only my career in the Title Industry, but my passion to try and challenge myself with new adventures. I love to bike and will attempt to complete the 328 mile Pan Ohio Hope Ride in July of this year in an effort to help the fight against cancer. In January, I will complete my 4th ½ Marathon in Phoenix, AZ. (Please note, I said complete, not compete!)

Something to share with MLTA members: In addition to Ed, I have two amazing sons, Eddie and Nick, and two beautiful daughter-in-laws, Carolyn and Erin. They have given Ed and I the greatest gifts of all, Evan, Olivia and 4 month old twin boys, Carter and Nicholas.

Name: Cindy Immonen

Position: Account Manager - Midwest

Company: Data Trace

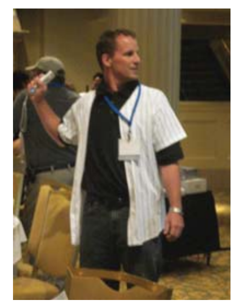
County & Office I work out of: I am based in Wayne County and cover Michigan, Ohio, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Kansas.

MLTA Involvement: I have been involved with the MLTA for the past several years. I enjoy attending as many events as possible. My favorite is Legislative day. I am a member of the Education Committee, Sponsorship Committee, and the Abstractor/Agent Committee.

Personal Interests/Hobbies: When I'm not working I'm spending time with my family. My husband and I spend a lot of time keeping up with our two boys' soccer games and Boy Scout functions and we all love to go camping. I enjoy cooking and entertaining, and when I have a free minute, I can be found in my garden.

Something to share with MLTA members: I am a Trustee on my local School Board, an involved member of several other State Land Title Associations, enjoy volunteering for several functions at my children's school and volunteering with the Scout program.

Name: Wes Parkinson



Position: Owner/President

Company: The Closing Office Title Agency

County & Office I work out of: Kent County - Grand Rapids

MLTA Involvement: I have attended numerous educational seminars as well as the summer conventions over the years and have enjoyed getting to know my peers at these events. I look forward to attending future MLTA events that will help enhance my title insurance knowledge in our ever changing industry!

Personal Interests/Hobbies: Away from the office I enjoy spending time with my wife, traveling, boating, golfing, and watching sports. We spend many of our fall Saturdays in East Lansing watching MSU Football (my wife would say tailgating).

Welcome New Members

First Choice Title
(Troy, MI)

Superior Title
(Midland, MI)

Philip E. Greco

The title industry in Michigan mourns the loss of Philip E. Greco. Mr. Greco passed away on Tuesday, September 28, 2010. Phil was the son of the late Philip F. Greco and was the President of the Philip F. Greco Title Company established in 1972. Our thoughts and prayers are with the Greco family and the staff of Greco Title during this most difficult time.

Views from the Top

Greetings from the North to all my land title buddies. Well, here we are again winding down another year. This one was better than last year and I guess if you can say that for a few years in a row things are good.

Sure been a crazy political year. One thing never changes and that is the need to keep your hip boots on in case you step in any of it wading through the sheep dip. Should be an interesting ride in Michigan next year. But like always, when those politico's in Lansing tell you how good things are gonna get you best keep your hand on your wallet! The information coming up North from Lansing is coming fast and furious. Reminds me of one of Murphy's Lesser Know Laws: "Light travels faster than sound. This is why some people appear bright until you hear them speak".

It is interesting here in our law office 'cause my partner Gordie Gillespie is on the liberal side of the fence and I am on the correct side of the rascal. I really zinged him here a week or so ago when we were arguing about tax cuts for the wealthy…you know, that is all us title people. Gordie say's that will fix a lot of what hurts our treasury. I shot him with one of Ronnie Reagan's great quotes: "The trouble with you liberals is not that you are ignorant; it's that you know so much that isn't so". I find Ronnie to be an inspiration when it comes to governing. Do ya remember his definition of a taxpayer? "That's someone who works for the federal government but doesn't have to take the civil service examination". Priceless, eh?

Some say this Snyder fella is gonna fix Michigan 'cause he has business experience. Did I ever tell you about my buddy that started a construction company? Went bankrupt after two years and just couldn't understand why since he was so busy all the time 'cause he was always the lowest bidder. He was a businessman too. I hope this new guv has a better grasp of business than my buddy. I'm sure gonna give him time 'cause something has gotta change around this state. Leading a bunch of pol's can't be easy. Hope he takes Will Rogers advice that "If you're ridin' ahead of the herd, take a look back every now and then to make sure it's still there". "Leading is phase one, getting there with the booty is phase two"…my pappy Lester Hill, Esq.

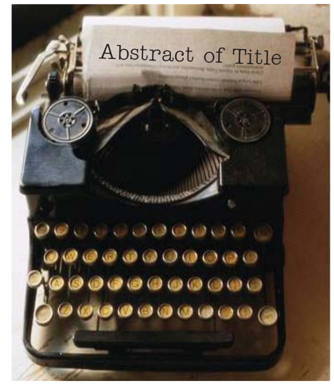
The holidays are almost here and I am asking for one of those big screen HD TVs. I asked for one last year but money was a little tight so mama just moved my chair closer to the TV 'til we could afford one…maybe this year. Hope you and yours have a great holiday season filled with joy and blessings. That's the way I see it and this is the view from the North so you can see from the country what it looks like from here to there from time to time.

Regards,

Lester Sam Hill

ABSTRACTIONS

by Allan Dick, CEO, Best Homes Title Agency, LLC



As I write this, Thanksgiving is just a few days away. Of course, when you get to read this, we will be between holidays. But, I am thankful for being here and able to communicate this with you – AND that you are there and able (and willing) to receive and read this. Take nothing for granted (especially these days)!

I am also thankful that the elections are over and we don't need to see and hear all those negative ads. And, speaking of elections, for those of you who think some of our elected officials are clowns, how about Brazil – where a local celebrity, Grumpy the Clown, was actually elected to the Brazilian Congress. Keeping with the elected official theme, but now quite seriously, as was announced at the recent MLTA Education Seminar, our 2011 Legislative Day has been scheduled for March 15, 2011 (the Ides of March – how appropriate). You will see more in future communications leading up to this. But, please mark this on your calendar and try to join us. You need not be a political activist or a Lansing aficionado. This is a very basic, grass roots, type of exercise, which is really not at all intimidating (plenty of coaching) and a key component to our legislative efforts. So, please plan on attending, and call an MLTA Board member, if you have any questions or concerns.

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And while on the subject of MLTA scheduled events, next year's MLTA Summer Convention will be at Crystal Mountain – July 17, 18 & 19. Plans are coming together, and we understand that "Unreal Property" will be playing a return engagement! We are in the process of confirming speakers and firming up the other activities. More to follow – it should be another great, entertaining and informative event! Oh yes, and while the usual golf scramble will be one of the activities, I am told that the Crystal Mountain Resort also contains a DISC GOLF course. For those of you not familiar with disc golf, it is a golfing variation utilizing special sized Frisbees. The great thing about disc golf is its affordability and flexibility. If you are a disc golf player, or would like to learn, please send me an email, adick@besthomestitle.com, and I will see if there is enough interest to organize an alternate "golf" outing at the Summer Convention.

The Fall Education Seminars scored high marks with several knowledgeable and entertaining speakers. Of course, we did have a few imperfections. In Mt. Pleasant, the thunderstorm that rolled through made it sound like a freight train was passing overhead. Fortunately, that didn't last long. And in Livonia, we had a record turnout, surpassing the number of attendees up North(!), which led to a bit of a scramble for enough space and a less than ideal lunch buffet situation. But, considering the surprising numbers, many of which were late entries, the alternate arrangements were reasonable solutions, thanks to the efforts of MLTA Executive Director, Marcy Lay. Delighted with the turnouts, we will be that much better prepared for the Spring Seminars.

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According to a recent ALTA Advocacy Update, "If you want to know what the foreclosure crisis could mean to the title industry … Rep. Marcy Kaptur (D-OH) is asking the Department of Housing and Urban Development to study how a federal land title system could operate in a way that would protect states' rights." Yikes! Just ask one of those states with a Torrens system to see how well that works for commerce.

With all of the foreclosure activity, and the accompanying criticisms and bad press, another report has emerged, which can't be good news for realtors and title folk. A Fannie Mae survey of those, who are delinquent in their mortgage payments, found that over half of them would rather rent than own their own home! This is the first time that a rental preference has exceeded the desire for home ownership – not an appealing trend. On the only slightly brighter side, Fannie Mae projects that home sales will finally bottom out this 4th quarter of 2010.

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Finally, as another royal wedding has been announced for the spring of 2011 by Queen Elizabeth II, I always thought QE2 referred to her or the now retired ocean liner named after her. But, now, QE2 has taken on a whole new government-speak identity: "quantitative easing part 2", whatever that means. Hope you enjoyed your turkey!

Legislative Update

by Cami Pendell, Michigan Legislative Consultants

MLTA'S Reinsurance Bill On the Move

Senate Bill 825 (Allen) was passed by the state Senate just prior to the Legislature taking a two week break for Thanksgiving. The bill was referred to the House Insurance Committee which is chaired by Representative Barb Byrum (D-Onondaga). Since the Legislature intends to have a one-week Lame Duck Session when they return on November 30th, it leaves very little time to try to move the bill through the House of Representatives. However, MLTA has already reached out to Rep. Byrum in an effort to have SB 825 passed out of the Insurance Committee or to position the bill to be discharged directly to the House floor. MLTA has also worked with the Speaker's office to let him know that this is a priority item for our association. Although the window of opportunity is beginning to close on moving this legislation to the Governor's desk by the end of 2010, we are working hard to try to reach that goal.

2010 General Election Wrap-Up: Republican Wave Sweeps Over State

He may be a self-described tough nerd, but Rick Snyder proved that he is politically popular by winning a resounding victory over Virg Bernero in the Nov. 2nd gubernatorial election. While Snyder may have surprised many political insiders by winning in the August Republican Primary, no one was surprised when he finished the 2010 campaign cycle by emerging as the Governor-elect with 59% of the vote. Chomping at the bit to get to work, Snyder wasted no time in taking steps to set up his Capitol team. He announced that Doug Rothwell, the current President and CEO of Business Leaders for Michigan, is going to lead his transition efforts. Sharon Rothwell, Governor Engler's former Chief-of-Staff, will be a vice chair to the transition as will Mark Murray, a former state Treasurer and Budget Director. In extending her congratulations to Snyder, Governor Granholm also pledged to help facilitate a smooth transition for the incoming administration. To that point, the Granholm administration has actually been preparing for the gubernatorial transition for several months with Mary Zatina coordinating the efforts as transition director. Additionally, Governor Granholm has designated her legal counsel, Steven Liedel, to serve as transition liaison to the Snyder transition team.

In addition to taking the Governor's seat, Republicans stayed on course by winning the Attorney General's office and Secretary of State race as well. Bill Schuette took 53% of the vote in the Attorney General's race and Ruth Johnson won 52% of the vote to become the next Secretary of State. The GOP also regained control of the Michigan Supreme Court. Wayne County Circuit Court Judge Mary Beth Kelly and incumbent Supreme Court Justice Bob Young succeeded in securing the two open positions on the Court. Kelly came in first with 30% of the vote and Young came in second with 28% of the overall vote.

The Senate Republicans will extend their 27 years in the majority by another four years as a result of the General Election. They were able to increase their hold on the state Senate by four additional seats thereby granting them a super majority. Beginning in January, they will have 26 seats in the Senate and the Democrats will hold 12. The House Republicans were able to take back the majority in the Lower Chamber. While they currently only hold 43 seats in the 110 member body, next year they will have 63 seats to the Democrats 47.

New Leadership Selected for the State House and Senate

The incoming members for the 96th Legislature selected their leadership teams the week following the November General Election. The Senate Republicans have chosen Senator Randy Richardville (R-Monroe) to be the Senate Majority Leader and Senator-Elect Arlan Meekhof (R-West Olive) to be the Senate Majority Floor Leader. On the other side of the aisle, the Senate Democrats voted to have Gretchen Whitmer (D-East Lansing) as their Minority Leader and Tupac Hunter (D-Detroit) as their Minority Floor Leader. The House Republicans chose Jase Bolger (R-Marshall) to be their incoming Speaker of the House and Jim Stamas (R-Midland) as their Majority Floor Leader. The House Democrats selected Rick Hammel (D-Flushing) to be their Minority Leader and Kate Segal (D-Battle Creek) to be their Minority Floor Leader. With the leadership teams now in place, they will begin the process of making committee assignments and determining what their caucus agendas will be for the 2011-2012 legislative cycle.

Member Spotlight…

This quarter's spotlight is focused on Rep. Barb Byrum (D-Onondaga), who chairs the House Insurance Committee. Recently, SB 825 (Allen), which is MLTA's reinsurance legislation, was referred to her committee for consideration. With this important piece of legislation now in the House of Representatives, she proves to be an ideal candidate for our spotlight.

Barb has owned and operated Byrum Hardware in Charlotte for nearly ten years. She is also a past president of the Charlotte Chamber of Commerce. Byrum is the former Chair of the Ingham County Economic Development Board and served as Secretary of the Ingham County Brownfield Redevelopment Authority. She is also a past board member of the Retired Senior Volunteer Program (RSVP) and a previous vestry member of St. Augustine's Episcopal Church in Mason, helping the church with numerous projects.

A strong supporter of public education, Barb attended Leslie and Holt public schools. While in high school, she attended classes at Lansing Community College. Upon her graduation from high school, she transferred to Michigan State University, where she received a Bachelor of Science degree in Agribusiness Management. Later, she earned a law degree from MSU College of Law. Barb is also a past recipient of a scholarship from the Women Lawyers Association of Michigan.

Rep. Byrum is serving her second term as State Representative of the 67th District and has been re-elected to serve a third and final term beginning next year. In addition to being the Chair of the Insurance Committee, she is also a member of the House Committees on Commerce, Education, and Health Policy.

Barb and her husband live in Onondaga with their two sons.

Michigan Land Title Association's Habitat for Humanity Initiative Receives National Recognition!

by Darlene Wilsey, State Agency Representative,Fidelity National

The Michigan Land Title Association's Habitat for Humanity initiative was recently acknowledged by the American Land Title Association for its efforts to enhance its relationship with Habitat for Humanity. See article excerpt below.

MLTA president, Tim McDonnell, presents Ginny Noble, Habitat for Humanity Lansing – volunteer coordinator, with a $2,000.00 donation. In the background, the MLTA executive board anxiously awaits an afternoon of hard, but rewarding work!

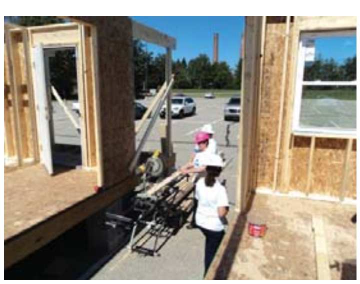
The Michigan Land Title Association is proud to announce the commencement of its alliance with Habitat for Humanity Michigan. While many MLTA members have been long time supporters of their local Habitat affiliate, the MLTA recognized the opportunity to increase and enhance MLTA member participation.

The goal of this program is to increase Habitat for Humanity volunteerism, amongst its membership base, by presenting MLTA members with multiple and varied volunteer service options, including: fundraising drives, material donations, habitat home build participation; and affiliate board member opportunities. To help enhance the MLTA member's volunteer experience, MLTA Habitat for Humanity committee members' serve as liaisons between the member participant and their local Habitat affiliate. Committee member duties include: soliciting member participation; facilitating member – affiliate introductions; monitoring member participation, to ensure member expectations are met; and promoting MLTA member participation in the member's community and throughout the MLTA membership base.

Habitat for Humanity of Michigan's long standing commitment to helping its neighbors in need fueled the MLTA's desire to take action. Doug McFarlane, MLTA Past President, channeled this desire into a working plan of action. Current MLTA President, Tim McDonnell, is committed to carrying out Doug's plan, by utilizing the association's influence and resources, to make certain that all parties, most especially, Habitat for Humanity homeowners, benefit from our involvement.

MLTA Habitat for Humanity committee members Cy Tope, Darlene Wilsey, Jeff Beyer, Heather Moldovan, Dave Moldovan, and Eileen LaPlante look forward to working with all MLTA members to help initiate a volunteer-fundraising effort that is best suited for the respective MLTA member. Stay tuned for more information on how your organization can help your local Habitat for Humanity affiliate, without lifting a hammer!

Habitat for Humanity®



Wolves at the Door

Title Agencies Must Remain Vigilant in Preventing Mortgage and Escrow Fraud from Destroying Their Operations

by Jeremy Yohe, Director of Communications, ALTA

As if worrying about the poor economic conditions and whether orders will continue coming in the door wasn't enough, title agents must increasingly protect their operations from the looming possibility of mortgage and escrow fraud.

When the market is down and lending is tight, perpetrators gravitate to loan origination schemes involving fraudulent/manufactured documents.

When the market is up, they gravitate toward inflated appraisals and equity skimming schemes. No matter the market, collusion among insiders, employees and consumers is highly effective in times of recession "because everyone has something to gain in times of desperation, according to the Mortgage Asset Research Institute.

Not only must title agents be aware of older, modified schemes, including property flipping, builder bailouts, short sales, debt eliminations, and foreclosure rescues, perpetrators are developing new methods, including credit enhancements, property thefts, and loan modifications in response to tighter lending practices. Beyond being watchful of traditional schemes, title agents also must stay informed about sophisticated cybercrime that raids computer systems.

All of this potential fraud requires title agents to have internal procedures and best practices in place to prevent a potentially devastating loss to the agency.

"As the economy worsens, you have situations where you have many types of criminals and associates in your organization who turn to criminal activity," said Pat Vaden, CEO of Stewart Transaction Solutions. "It's become a growing concern and serious issue in our industry, and we have to put processes into place to protect ourselves. We think it won't happen to us, but it's all around."

Virus Attacks Escrow Accounts

Illustrating the evolution of cybercrime, a title agent in northern Virginia recently was unable to log onto their online banking during the course of a few days. During that time, three unauthorized wires went out of the agent's escrow account to banks in New York and then immediately overseas to Russia.

The agent suffered a loss of more than $200,000 and had to fund the escrow account for the shortage. A ZeuS botnet virus infected either the bank's or the title agent's computer system and enabled the theft to occur. The malware is very hard to detect and traditional antivirus products do not afford full protection.

"It's a pervasive problem but the problem really exists because many title agents, especially small agents, do not use dual controls and best practices for initiating wire transfers," said Dick Reass, president of Reliant Title.

Dual controls require one person to initiate the transfer and another to approve. Reass said agents should use dual controls with a wire RSA token to provide better security. An RSA token is a random number generator that is used to reduce wire fraud.

"At a minimum, title agents must adopt best practices in order to 'harden' their online banking process," Reass said. "It is really a bigger imposition to lose $200,000 or more. In the end, the title agent will lose their business."

In April, a Missouri title agent lost $400,000 after being hit by the Zeus botnet. While the title agency's system didn't prevent the initial transfer from occurring, the agent was alerted of the transfer and was able to notify the bank before the botnet returned to drain the account further. Reass said the alert prevented a subsequent loss in excess of $800,000.

"ZeuS and other botnet variants have taken over hundreds of thousands of desktops and sometimes servers," Reass said. "Once the ZeuS botnet has infected your computer, it sends instructions to the criminals waiting to access your account using the collected credentials. Cybercriminals masquerade as the agent to execute wire transfers to on/off-shore banks. Even the use of an RSA token will not prevent a successful cyber attack."

Persistent Problem

While mortgage fraud and escrow fraud are often intertwined, there are many things agents can do to be proactive in detecting fraud and to minimize exposure to defalcations.

According to the Federal Bureau of Investigation's 2009 Mortgage Fraud Report, mortgage fraud suspicious activity reports referred to law enforcement increased 5 percent to 67,190 during fiscal year 2009. It's estimated that $14 billion in fraudulent loans were originated in 2009.

"Education programs have been around for a while, but because of all the potential losses and losses that are coming, the industry is implementing several new things that help agents and our industry fight this growing problem," Vaden said.

David Townsend, CEO of Agents National Title Insurance Co., said fraud can be detected at the time of a new transaction where a fraudulent document may be discovered in the existing title chain, such as a forged deed from a prior owner or a forged satisfaction of a prior lien.

However, the closing table is where the majority of fraud issues may be detected and where an administrator needs to look for common misrepresentations and red flags.

At closing, fraud generally occurs when a signature is forged, a fraudulent document is presented, the HUD-1 statement is intentionally doctored, or a party intentionally withholds or misrepresents information to another party.

Title and escrow employees should be trained to watch for these red flags, including unusual changes to the parties or the scope of the transaction, parties not complying with the lender's closing instructions, the HUD-1 statement not accurately reflecting the transaction, undisclosed changes to the contract of sale, an indication that a party misrepresented information to the lender, or that handwriting was inconsistent on different documents.

"When you are looking at deeds in the chain, when it's transferred from one LLC to another, an agent should see if the signature was forged," Townsend said. "You may notice a difference, which will lead you to ask another question and possibly uncover a fraudulent deal."

Working With Agents to Reduce Fraud

To help catch fraudsters, Vaden said Stewart issues bulletins of bad actors in the marketplace. Whether it's a Realtor, broker, lender or other buyer/seller party, the company queries a database when an order is taken to see if the parties that are involved were the same ones Stewart has had problems with before. Stewart recently rolled out its AgencySecure program to help its agents reduce title claims, escrow theft and mortgage fraud. The program provides access to all Stewart agency technology and services and offers title agencies the ability to better manage potential claims resulting from poor quality search work and helps prevent escrow theft and mortgage fraud. AgencySecure also provides automatic, three-way bank reconciliation; detects suspicious activities; provides best practice alerts; and proactively monitors files continuously for fraudulent activities.

"Knowing what is happening in the marketplace and implementing safeguards will diminish an agent's vulnerability to escrow theft and fraud," Vaden said. "We've asked agents to develop a fraud plan in their company that implements best practices around protecting themselves against internal and external threats."

Safety Precautions Needed

Title related agency theft and fraud can occur when trusted employees take advantage of the company by stealing money or committing other forms of fraud. However, there are a number of safety measures any title agency can take to guard its assets, Vaden added.

Brent Scheer, CFO of Agents National Title Insurance Co., said banks perform daily reconciliations on cash drawers and ATM machines. Title agents, however, typically only reconcile monthly and this opens up risks. Based on a study by Phoenix-Hecht, nearly 80 percent of commercial accounts are reconciled monthly. Anecdotally, sometimes those reconciliations aren't reviewed until 60 days from the date of the bank statement, Scheer said.

"Three-way reconciliation and review is the most effective way to mitigate risk of embezzlement, fraud, book errors, and bank errors," Scheer said. "This is the only way to prove the book and bank agree and each file has been properly received and disbursed."

An additional best practice is enforcing vacations. Not only will enforcing vacations lead to happier associates, but it also may alert you to fraud. If an associate is committing fraud, they may be reluctant to take a vacation for fear that they will be caught during their absence. By enforcing time off, you make it more difficult for an associate to cover up fraudulent practices.

"We had one fraud in our company where one person got delayed on their vacation," according to Vaden. "While they were gone, a delinquent notice of payment came in and the office manager opened it. If the employee had come back on time, they would have dealt with it, but because they weren't there, the manger started to question that particular file and discovered there was a large defalcation. In this instance it was a family member."

In putting together a plan for your company, it's suggested title agencies develop a procedure for hiring the right employees and performing background checks, especially those dealing with inventory or money.

Title agents should call references and validate credentials because too often employers do not take advantage of a quick look into an employee's past. Starting with new employee orientation and meetings, Vaden said title agency owners and managers should implement a fraud policy in their office.

"Doing so will ensure that employees know from day one that fraudulent activities and stealing will not be tolerated," he said.

Unfortunately, all fraud cannot be controlled by smart hiring and business policies. Often scammers try to attack a company by posing as another business or associate of a vendor or party to a transaction. Staying vigilant and being aware of common scams is a great way to reduce your risk of being victimized by fraudulent activities.

"It is commonplace to work with multiple parties on a transaction that are remote or long distance," Vaden said. "Title agents should be sure their staff verifies they are dealing with a legitimate business and/or representative. Banks, credit card and insurance companies are diligent in identifying us when we are in need of service, but title agents sometimes fail to ask appropriate questions to verify appropriate parties."

Vaden said Stewart encountered a few instances where scam artists called in and pretended to be a bank employee and needed a pin number and password on an account to correct a wire.

"Believe it or not, employees will give it to them. Agencies need a policy that says under no circumstance should this information be given out," he said.

As an additional protection, agents should buy adequate fidelity insurance. Most of the time, it is very affordable, according to Vaden.

Errors and Omissions Insurance coverage does not protect against employee dishonesty or other theft, so agents should acquire the appropriate level of insurance. Agents tend to only purchase a $50,000 policy, when they could obtain a half million policy for a few hundred dollars more.

"The parachute to have on your back is a fidelity bond, especially if you have multiple offices," Sheer said. "They are pretty cost efficient and can often times be added onto a general liability policy."

It is good practice to have an outside entity reconcile escrow accounts. This can help prevent employees from forcing balances and covering fraudulent activity. It is a good business practice to rotate employee assignments. When roles are arbitrarily changed it makes it harder for an employee to commit fraud without being caught. Vaden suggested allowing managers to act as a line of defense against fraud.

"By making it a requirement that all expenditures are first approved by managers, you can deter fraudulent purchases made on behalf of the agency," he said. "It is important to have checks and balances in place to avoid stealing and embezzling.

For example, the person writing the checks should never be the same person balancing the books. Include spot checks of title search reports vs. commitment preparations vs. policy issuance."

Simple procedures and internal controls that can be implemented to prevent fraud include segregation of duties of closers, processors, accounting staff, and others involved in the escrow transaction to ensure proper checks and balances are in place.

Cara Detring, president of Preferred Land Title Co., said title agency owners and managers should perform surprise desk audits because you "might find bank statements."

"You should be leery of those who volunteer to handle accounting functions," she said.

Ideally, key parts of the transaction including deposits, disbursements, reconciliation and review are separated among different people who can review and question validity of the transaction as it occurs to prevent loss or errors, according to Scheer.

"If you have someone doing all the closings for the same client, rotate them out for a couple of weeks,"

Townsend said. "Maybe they have gotten in a habit of doing something that could result in mortgage or escrow fraud. These are customers not friends. Sometimes customers ask you to do things you shouldn't be doing."

Another essential process for agents to implement is positive pay, which is a service that matches the account number, check number and dollar amount of each check presented for payment against a list of checks previously authorized and issued by the company.

Scheer said a key ingredient to preventing escrow fraud is knowing your office. Title agents should review order volume, closing volume and revenue on a monthly basis. For agents with multiple offices, it's vital to perform the financial position for each office to properly evaluate the overall operation. As a tip, Scheer suggests agents use QuickBooks "class" to segregate office locations for reporting financials. It's also important to know exactly the banking accounts you have open and ensure you know your banker to prevent "ghost" accounts.

"We have agents all the time that say I never suspect anyone in my company doing this," Townsend said. "What if you have an employee that is under 90 days in your company, and they have access to checks in your company, they don't have health coverage, and something happens where they have to pay for medical coverage? They must make a choice between medical coverage for their child or borrowing from the escrow account. Bad things can cause good people to make poor decisions. This could be someone who worked for you for 20 years if they are put in a bad enough position."

Jeremy Yohe is the director of communications for the American Land Title Association. He can be reached at jyohe@alta.org.

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Short Sales, RESPA and Fraud Topics headline Fall MLTA Education Conferences

By Bob Wuerfel, President of Lighthouse Title Group

Over 160 MLTA Colleagues attended the two fall seminars in Mt. Pleasant (Oct 13th) and Livonia (Nov 10th). Attendance numbers are staying strong as members still realize that education training is key! **Doug McFarlane** past MLTA President welcomed the members in Mt. Pleasant, while MLTA President **Tim McDonnell** handled the honors in Livonia. Both Doug and Mike thanked the Education Committee and Chairperson Dawn Patterson for assembling great education seminars. **Cami Pendell** gave members a legislative update with detailed information found on page 6.

After the introductions and Lansing Report, the Education Seminar kicked off with **John Bommarito**, Esq, Attorneys Title Agency talking about Short Sales, specifically issues and concerns from a closing perspective. Most Short Sales are of the Two Party variety where the seller negotiates with current lender. Third Party short sales carry a higher risk as a negotiator has seller deed property to a trust which negotiator controls. The key in ANY Short Sale is to make sure lender is aware of every party involved and that they are reflected in the purchase agreement. John went over the timeline and lender requirements with a short sale. Current lender will require seller financial disclosures, BPO, Hardship Letter and other forms specific to the lender. What roles do title companies play in short sales? Are you merely performing settlement services or are you participating in the short sale negations? Regardless of role, proper disclosure to all parties is necessary.

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Mirela Albu, (in Mt. Pleasant) and **Jessica Rice** (in Livonia), attorneys with Trott & Trott, followed John to discuss Post Sheriff's Deeds Issues. The foreclosure process does have some fairly new legislation requiring mediation meetings in certain cases. They indicated that Michigan is a foreclosure by advertisement state with only a small percent of the judicial type in our state that Bank of America and other national banks halted this fall to review in all 50 states. Post Sheriff Sale issues include: shortening redemption based on abandonment and short sales that may occur during redemption. Other Post Sheriff's Deeds Issues discussed included: Short Sales after redemption; Re-purchases; REO Closings; Taxes; Assessments and Condo/HOA dues.

Wrapping up the morning portion of the meeting was **Renee' Rycenga**, VP of Lighthouse Title Group and **Sarah Sutton**, State Agency Manager of Fidelity National Title Group, updating and reviewing the topic of RESPA/HUD and the New GFE/HUD-1 Process. Renee' went through sample HUD Q&A since inception of new rules. A few of the questions that have come up are properties that are exempt from a HUD statement. They include a loan on property of more than 25 acres, business purpose loans, vacant land, assumption without lender approval, and loan conversions. As we all know, one of the new requirements is that the owner's policy of title insurance goes on the purchaser's side of the HUD statement. There are many lenders that are forgetting to disclose that on their GFE. Tolerance violations continue to be an issue. A tolerance violation is a lender responsibility to cure and title companies should not be asked to lower their fees to cover that tolerance. Renee' and Sarah finished the morning portion of the meeting with a request for participants to sing the new HUD chorus, sung to the tune of Gloria Gaynor's "I will Survive". They had no participants.

Phil Savich, of Old Republic National Title Insurance Company, (in Livonia, **Allan Dick** pinch hit for him in Mt. Pleasant) began the afternoon session with his take on recent trends in title insurance claims from the underwriter perspective. According to Phil, the recent flood of mortgage fraud claims is starting to recede. Better lender underwriting practices and increased awareness and disclosure were cited as some of reasons for a decline in these claims. Similarly, construction claims appear to have diminished, principally due to the lack of construction activity. On the other hand, claims involving closing errors, including recording mistakes, continue to plague the industry. Traditional title insurance claims, involving survey and marketability issues, seem to be trending downward. Even the increased coverage under the 1998 expanded coverage owner's policy does not seem to have caused any increase in these traditional title claims.

The Education Sessions were capped off with "Storm Stories", being claims/fraud matters that are handled by outside (non-underwriting) counsel. **David Hart**, Esq. of Maddin Hauser P.C.; **Adam Kutinsky**, Esq. of Kitch P.C.; and **Tobias Lipski**, Esq. with Schneiderman & Sherman P.C. all shared stories from bank officer imposters issuing letters of credit, to changing income information with unsigned closing instructions, to identity theft. Each presented the issues and recommendations/safeguards and answered various questions to protect ourselves, clients and underwriters! Another successful MLTA Educational Seminar is in the books. Thank you to all the speakers for your efforts as well as to the MLTA members who attended!

T H A N K Y O U

The Michigan Land Title Association Board of Directors and the Sponsorship Committee would like to personally thank all of our sponsors and exhibitors for their participation in the 2010 Summer Convention.

We are appreciative of these firms's interest in our association and we are very grateful for their support. The MLTA 2010 Summer Convention at Bay Harbor was a great success and the support of the companies listed to the right played a key role in that success.

Our Sponsors and exhibitors bring a variety of services to our industry and would love the opportunity to work with you. They have dedicated both their time and their financial support to the MLTA. We encourage you to utilize their services whenever possible.

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Fraud Insights

Real Estate Commissions *by Lisa A. Tyler, Fidelity National Title*

From time to time, real estate agents change the brokerage they work for. This move complicates things if the agents have any pending listings or pending sales, since any commissions due from those transactions belong to the brokerage they worked for when the listing agreement or purchase and sale agreement were signed.

Recently our offices have seen an increase in real estate agent moves between brokerages. As a result, settlement agents should not lose sight of the fact the commission belongs to the brokerages named in the purchase and sales agreement.

For example: A transaction was scheduled to close in a week. The selling agent called his escrow officer and told her he changed brokerages and his new broker would be sending over a commission demand. The escrow officer explained to him she would need a release from his previous broker since this was the company shown on the purchase and sale agreement. He said he would call her back.

He called her back the next day and explained his previous broker would not agree to the release. Instead he wanted his escrow officer to cancel her file then open a new file with a new contract showing his new brokerage as the selling broker. She asked him if the listing broker was in agreement with all of this. He said yes and asked her what she needed in order to cancel out the current file. The escrow officer told the agent she needed to speak with the listing broker.

The escrow officer called the listing broker and asked if she was really going to advise her seller to cancel the existing contract they had and write up a new contract showing a new selling brokerage. The listing agent said she needed to call the Nevada Association of Realtors® legal hotline. You see, this escrow officer knew it was the listing broker who has an obligation to pay the selling broker. She didn't believe the listing broker would participate in cancelling the contract and writing up a new one knowing the listing broker could then be obligated to pay two selling brokerages if the same seller and the same buyer went through with the purchase of the same property. The listing broker called back and said they would not be cancelling the file and the commission would be paid to the original selling broker.

Moral of the Story:

Follow the written, mutually agreed upon instructions. The purchase and sale agreement regularly provides the answers to questions settlement agents are asked especially as it relates to the payment of commissions.

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Something to Consider

by John Haynes
Title Solutions Group

Have you ever obsessed over failure? In the current environment we find ourselves in it can be an easy thing to do right? Anyway, some of the signs that you may be obsessing about failure or failing include taking situations personally, becoming depressed, getting mad or feeling hurt when things do not go the way you thought they would, and getting angry or hateful about your job or profession.

Here is the thing we need to remember about failure…it is just an outcome. I know that sounds awfully matter of fact but it is true. Failure is not bad or good, it just is. If you can learn something from failure it can be something good, but if you use it as a reason to stop or as a reason to not do something that you know needs doing then it can be something bad.

(OK here comes the sports analogy) Consider a professional baseball player. If you end your career as a .300 hitter there is an excellent chance that you will be voted into the Hall of Fame (kind of like being a Mega Champ). But what does being a .300 hitter really mean? Well, in its simplest terms it means that the ballplayer failed (made on out) seven times out of ten! Here is the thing about .300 hitters though. They study their failures and try not to make the same mistakes. Lets accept the fact that we all experience failure. It is how we deal with it that determines our future successes.

S.I. Hayakawa a professor at SF State in the 70s said that there are two kinds of people: the kind of person who fails at something and says, “I failed at that” and the person who fails at something at says, “I’m a failure!” The first person is in touch with the truth and the second person is just giving into fear.

What if when you fail at something you first realize that there is nothing wrong with you? You have it within you to succeed at whatever you do and to be excellent at what you do. You just didn’t this time. What if instead of giving into the fear and doubts you evaluate what happened and make the necessary adjustments to succeed the next time? What if you realize that working and living is a process and that occasional failure is just part of that process?

What if starting today you put those thoughts of “I’m a failure” into the garbage where they belong?

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ALTA Adovcacy Update

by Kurt Pfotenhauer, Chief Executive Officer

Foreclosure Crisis

If you want to know what the foreclosure crisis could mean to the title industry, read no further than last week's Washington Post which reported that Rep. Marcy Kaptur (D-OH) is "asking for the Department of Housing and Urban Development to study how a federal land title system could operate in a way that would protect states' rights."

Fortunately, ALTA President Anne Anastasi participated in that marathon hearing in the House on the foreclosure crisis (The hearing was titled "Robo-Signing, Chain of Title, Loss Mitigation and Other Issues in Mortgage Servicing.") and was able to defend and promote the industry with her usual eloquence; but as you can see, the stakes are extraordinarily high for the land title industry even though we didn't create the mess.

Two main targets of interest emerged from the hearing: the servicer business model and MERS (Mortgage Electronic Registration System). Consumer activists argue that banks owning servicing operations create incentives that sometimes conflict with those of homeowners or investors and that MERS is not a legitimate way to determine servicing rights. Tom Deutsch, my counterpart at the American Securitization Forum, did a good job defending MERS in his testimony to the Committee. His organization recently released this excellent report which provides a detailed overview of the legal principles and processes by which mortgage loans are typically held, assigned, transferred and enforced in the secondary mortgage market and in the creation of mortgage-backed securities ("MBS").

The attorneys general working on the joint 50-state investigation are in negotiations with some of the largest lenders to create a fund to compensate homeowners who can prove they were victims of improper foreclosures. Similar in concept to the BP oil spill fund, the final structure, including its size, the burden of proof and the administration of resources is still being debated.

One emerging target in these investigations is Lender Processing Services (LPS), a company that helps mortgage servicers and law firms locate and assemble the documents necessary for a foreclosure, and has handled more than half of the foreclosures in the country.

A New Regulator for Fannie and Freddie

Joseph A. Smith Jr., North Carolina's current commissioner of banks has been tapped by President Obama to replace Edward DeMarco as the Director of the Federal Housing Finance Agency.

Consumer Financial Protection Bureau

With the formal creation of the CFPB still 9 months away, White House CFPB "Czar" Elizabeth Warren has begun filling out her key leadership team, some of whom we met with this afternoon as ALTA's RESPA Implementation Task Force was in town to share its wisdom and expertise with the regulators. The CFPB is creating a new set of mortgage disclosures that will combine the Truth in Lending Act (TILA) disclosure and the Real Estate Settlement and Procedures Act's Good Faith Estimate (GFE) and are open to new ideas.

Housing Policy & Data

Rates for 30-year fixed-rate conventional mortgages jumped 22 basis points to 4.39% last week - the highest rate level since August - as the Federal Reserve's "QE2" or quantitative easing part 2, efforts to drive down

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(continued from page 15)

interest rates by purchasing $600 billion more in long-term government debt seemed to work in reverse. Actually, investors responded last week to the Fed's plans by selling a lot of what they owned, and this has pushed yields and rates higher. With mortgage rates rising, some analysts expect a short term surge of refinancing activity, as fence-sitters scramble to lock in a refi before rates go back up too much.

One of the more perverse consequences of tighter credit markets is the negative impact on FICO scores of borrowers with good credit histories. Ken Harney reports on a quirk in the credit score formula that allows drops in a borrower's credit limit, caused by general economic conditions, to lower their FICO score.

Homebuilders are growing more pessimistic as they enter the traditionally slow winter season, leading housing starts to an 18-month low. With housing starts low, inventory dropped for the first time since the expiration of the homebuyer tax credit.

ALTA News

Last week the 93 freshmen members of the House of Representatives and 16 freshmen Senators came to Washington for their orientation. ALTA's 2011 Federal Conference, which will be held March 13-16 at the Liaison Hotel in Washington, D.C. offers us the chance to give an orientation to these new members of Congress on the land title and settlement services industry -- especially our role as a neutral, third-party facilitating an efficient and secure transaction, that allows the United States to tap the wealth locked in their property. Please join us for the conference. We need your help. ALTA will set up your meetings with your political leaders so you can share our industry message. We will also bring in key government officials, regulators and experts to discuss regulation and legislation that will impact your business.

TIPAC continues to inch ever closer to our $250,000 goal for this year. Questions about TIPAC should be directed to Kelley Williams at kelley@alta.org.

During their meeting at ALTA's Annual Convention, the Board of Governors approved the proposed 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys. The new requirements will soon be presented to the leadership of the National Society of Professional Surveyors (NSPS) and the American Congress on Surveying and Mapping (ACSM) for the next steps in the adoption process. If approved, the new standard will become effective on February 23, 2011. The ALTA-approved version has been re-formatted for easier reading and reflects several technical and grammatical corrections since the draft was first posted in August. Learn more by downloading the approved version from the ALTA Web site at http://www.alta.org/forms under the "Related documents - Proposed for Approval" section.

While the U.S. housing market remains sluggish, that's not the case for U.S. farmland, where the price for irrigated cropland is up 9.6% in the third quarter. Demand for farmland has been up for now for four consecutive quarters. The takeaway? There's plenty of money. But because of economic uncertainty, it's just chasing too few investment opportunities.

I hope you find this ALTA Advocacy Update useful. Please e-mail me if you have questions or comments.

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FTC Red Flags Rule: Are You Covered? Enforcement Deadline December 31, 2010

by Rob Kent, Kitch Drutchas Wagner Valitutti & Sherbrook
Rob's practice focuses on Title Litigation and Commercial Real Estate matters.
He can be reached at (313)965-2871 or rob.kent@kitch.com.

Does your company charge its clients on open account and send them invoices at a later date? Are you a title agent that facilitates the signing of loan documents? If so, chances are you will soon be regulated by the Federal Trade Commission (FTC). The FTC's Identity Theft Red Flags Rule is a controversial set of regulations requiring regulated entities to create and implement an Identity Theft Prevention Program. The controversy arises from the FTC's broad interpretation of the terms "creditor" and "covered account." According to the FTC, the Red Flags Rule will apply to creditors and financial institutions which offer or maintain covered accounts. Under the Rule, "creditors" are defined as businesses involved in the extension, renewal, or continuation of credit. "Covered accounts" are defined as any accounts used mostly for personal, family, or household purposes, which require multiple payments or transactions in satisfaction thereof. Included within the definition of "covered accounts" is a catch-all which includes any account for which there is a reasonably foreseeable risk of identity theft. Considering the symbiotic relationship between the title industry and lenders, the FTC's wide net will likely trap both title companies and agents as "creditors." Furthermore, in view of the significant amount of fraud that was perpetrated in the real estate industry in recent years, there is certainly a foreseeable risk of identity theft in each one of your files which could justify categorizing them as "covered accounts."

In order to comply with the Rule, a regulated business must develop and implement an Identity Theft Prevention Program for new or existing accounts. The Program must be scaled according to the size and complexity of the credit activities, and it must be designed to identify, detect, and respond to possible instances of identity theft.

If a regulated business does not comply with the Red Flags Rule, the business could open itself to fines of up to $3,500 per violation, in addition to damages and reasonable attorney fees sustained by a person injured in connection with the fraudulent activity.

The FTC estimates that the current Red Flags Rule will affect over 11 million creditors, but affected industries have put up a fight. The legal and medical communities have sued to exclude themselves from the rule, and there are currently bills before both the House and Senate which, if enacted, could limit the affected industries to large lenders and businesses that use or report to consumer reporting agencies. Unfortunately, even if the proposed changes are made, it is likely the title industry will still find itself regulated due to its relationship with lenders.

Additional information regarding the Red Flags Rule, along with a model compliance program for low risk businesses is available at www.ftc.gov/redflagsrule. Should you determine your business requires a more comprehensive program or should you have any questions regarding the Red Flags Rule, you may contact Rob Kent of Kitch Drutchas Wagner Valitutti & Sherbrook at (313) 965-2871. Remember, as of mid-November 2010, the FTC's enforcement deadline is December 31, 2010.

MICHIGAN ASSOCIATION OF REALTORS®

Residential Sales Statistics
October 2010

Local Association	2010 Oct Sales	2009 Oct Sales	10-09% % Change	2010 Oct Avg Price	2009 Oct Avg Price	10-09% % Change	2010 YTD Oct # Sales	2009 YTD Oct # Sales	10-09 YTD % Change	2010 YTD Oct Avg Price	2009 YTD Oct Avg Price	10-09 YTD % Change
Ann Arbor Area Board of REALTORS®	**214**	277	-22.74%	**$167,382**	$172,698	-3.08%	**2,592**	2,488	4.18%	**$184,486**	$184,718	-0.13%
Antrim Charlevoix Kalkaska Association of REALTORS®	**58**	45	28.89%	**$159,065**	$166,906	-4.70%	**478**	427	11.94%	**$187,759**	$146,658	28.02%
Battle Creek Area Association of REALTORS®	**109**	116	-6.03%	**$96,799**	$80,280	20.58%	**1,103**	1,105	-0.18%	**$86,381**	$77,601	11.32%
Bay County REALTOR® Association	**115**	121	-4.96%	**$75,323**	$65,138	15.63%	**1,112**	1,226	-9.30%	**$68,163**	$60,708	12.28%
Branch County Association of REALTORS®	**45**	50	-10.00%	**$101,745**	$115,986	-12.28%	**352**	384	-8.33%	**$77,820**	$82,264	-5.40%
Central Michigan Association of REALTORS®	**82**	83	-1.20%	**$108,726**	$85,506	27.16%	**764**	836	-8.61%	**$85,089**	$81,391	4.54%
Clare-Gladwin Board of REALTORS®	**59**	59	0.00%	**$68,408**	$78,179	-12.50%	**557**	524	6.30%	**$69,275**	$65,119	6.38%
Dearborn Board of REALTORS®	**253**	229	10.48%	**$68,410**	$67,073	1.99%	**2,443**	2,221	10.00%	**$66,918**	$67,760	-1.24%
Detroit Board of REALTORS®	**557**	839	-33.61%	**$17,036**	$15,342	11.04%	**6,132**	9,886	-37.97%	**$16,036**	$12,342	29.94%
Down River Association of REALTORS®	**95**	160	-40.63%	**$75,544**	$76,069	-0.69%	**1,040**	1,883	-44.77%	**$77,673**	$67,997	14.23%
Eastern Thumb Association of REALTORS®	**98**	175	-44.00%	**$77,401**	$90,650	-14.62%	**1,278**	1,602	-20.22%	**$92,244**	$80,141	15.10%
Eastern U.P. Board of REALTORS®	**29**	30	-3.33%	**$87,745**	$96,839	-9.39%	**281**	294	-4.42%	**$86,948**	$85,526	1.66%
Emmet Association of REALTORS®	**50**	50	0.00%	**$267,688**	$223,810	19.61%	**443**	379	16.89%	**$235,052**	$198,615	18.35%
Flint Area Association of REALTORS®	**459**	679	-32.40%	**$76,131**	$72,141	5.53%	**5,283**	5,875	-10.08%	**$75,732**	$70,193	7.89%
Grand Rapids Association of REALTORS®	**741**	1037	-28.54%	**$115,783**	$109,826	5.42%	**8,836**	9,694	-8.85%	**$115,492**	$107,557	7.38%
Greater Kalamazoo Association of REALTORS®	**252**	370	-31.89%	**$132,502**	$117,227	13.03%	**2,774**	2,908	-4.61%	**$132,340**	$125,567	5.39%
Greater Lansing Association of REALTORS®	**376**	468	-19.66%	**$94,420**	$97,578	-3.24%	**4,481**	4,559	-1.71%	**$102,666**	$94,633	8.49%
Hillsdale County Board of REALTORS®	**26**	38	-31.58%	**$114,012**	$85,024	34.09%	**291**	364	-20.05%	**$79,223**	$64,866	22.13%
Jackson Area Association of REALTORS®	**160**	192	-16.67%	**$80,195**	$83,660	-4.14%	**1,575**	1,706	-7.68%	**$82,321**	$73,165	12.51%
Lapeer & Upper Thumb Association of REALTORS®	**124**	139	-10.79%	**$79,293**	$80,362	-1.33%	**1,209**	1,261	-4.12%	**$90,263**	$80,116	12.66%
Lenawee County Association of REALTORS®	**79**	135	-41.48%	**$94,687**	$89,705	5.55%	**925**	1,274	-27.39%	**$82,019**	$84,513	-2.95%
Livingston County Association of REALTORS®	**201**	242	-16.94%	**$151,025**	$147,073	2.69%	**2,165**	2,038	6.23%	**$150,368**	$147,809	1.73%
Oakland	**560**	753	-25.63%	**$135,476**	$126,134	7.41%	**6,332**	6,223	1.75%	**$138,926**	$122,036	13.84%
Macomb	**2,449**	3291	-25.58%	**$83,180**	$84,592	-1.67%	**17,494**	20,252	-13.62%	**$95,545**	$82,570	15.71%
Mason-Oceana-Manistee Board of REALTORS®	**73**	98	-25.51%	**$132,652**	$124,275	6.74%	**660**	669	-1.35%	**$109,438**	$107,587	1.72%
Midland Board of REALTORS®	**72**	89	-19.10%	**$142,166**	$133,341	6.62%	**764**	686	11.37%	**$143,165**	$140,368	1.99%
Monroe County Association of REALTORS®	**111**	134	-17.16%	**$117,432**	$106,284	10.49%	**959**	985	-2.64%	**$114,025**	$108,160	5.42%
North Oakland County Board of REALTORS®	**377**	447	-15.66%	**$127,349**	$119,515	6.56%	**3,995**	3,849	3.79%	**$140,260**	$115,668	21.26%
Northeastern Michigan Board of REALTORS®	**52**	53	-1.89%	**$83,094**	$88,835	-6.46%	**452**	440	2.73%	**$78,845**	$74,350	6.05%
Paul Bunyan Board of REALTORS®	**105**	121	-13.22%	**$80,369**	$86,331	-6.91%	**1,035**	1,087	-4.78%	**$81,767**	$76,506	6.88%
Saginaw Board of REALTORS®	**144**	202	-28.71%	**$73,862**	$78,680	-6.12%	**2,796**	2,940	-4.90%	**$80,093**	$73,191	9.43%
Shiawassee Regional Board of REALTORS®	**75**	91	-17.58%	**$69,079**	$66,726	3.53%	**692**	602	14.95%	**$68,439**	$67,727	1.05%
Southwestern Michigan Association of REALTORS®	**219**	249	-12.05%	**$170,512**	$185,919	-8.29%	**1,953**	2,034	-3.98%	**$160,582**	$150,668	6.58%
St. Joseph County Association of REALTORS®	**56**	63	-11.11%	**$86,414**	$85,810	0.70%	**557**	605	-7.93%	**$93,252**	$80,142	16.36%
Traverse Area Association of REALTORS®	**194**	206	-5.83%	**$207,673**	$170,017	22.15%	**1,729**	1,606	7.66%	**$187,499**	$173,298	8.19%
Upper Peninsula Association of REALTORS® *	**187**	216	-13.43%	**$99,215**	$98,902	0.32%	**1,605**	1,507	6.47%	**$96,618**	$96,523	0.10%
Water Wonderland Board of REALTORS®	**145**	115	26.09%	**$76,049**	$94,886	-19.85%	**1,257**	1,017	23.60%	**$90,909**	$88,525	2.69%
West Central Association of REALTORS®	**90**	94	-4.26%	**$80,270**	$76,022	5.59%	**749**	852	-12.09%	**$80,334**	$72,234	11.21%
West Michigan Lakeshore Association of REALTORS®	**263**	425	-38.12%	**$140,288**	$122,977	14.08%	**3,155**	3,276	-3.69%	**$126,553**	$114,999	10.05%
Western Wayne Oakland County Association of REALTORS®	**925**	1224	-24.43%	**$128,051**	$129,709	-1.28%	**9,606**	9,559	0.49%	**$134,277**	$123,654	8.59%
TOTALS	**10,279**	13,405	-23.32%	**$108,561**	$104,901	3.49%	**101,904**	111,123	-8.30%	**$106,620**	$98,187	8.59%

***Escanaba, Iron Mountain, Keweenaw, Western Upper Peninsula, and North Central Upper Peninsula**

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The past decade saw momentum building around a resurgence in downtowns. But during the recession, even strong downtowns weren't immune to the hit commercial real estate took.
Now, some in West Michigan's real estate industry are starting to see a returning confidence in the urban core. And that bodes well for the entire region.

Building confidence

Chip Bowling and David Wiener, associates and office advisors at Colliers International, believe Grand Rapids' downtown market has hit bottom and is beginning to improve.
One of the key indicators is longer-term leases. Over the past 24 months, most new and renewed downtown leases were short-term deals of one year or less.

"The 12-month lease terms are now turning into five-, seven- and 10-year leases," Bowling said. "That's a major indicator because owners of companies are becoming confident that the market's going in the right direction. They believe the lease rates are bottoming out."
In addition to the confidence Bowling and Wiener are seeing from existing downtown businesses — and new arrivals, such as Meijer, Amway, Steelcase and Wolverine World Wide at GRid70 — they also believe the expansions of several institutions bode well for downtown.
Davenport University is the most recent school to announce a new downtown location, the renovation of 45 Ottawa for a new center focusing on a health care MBA. Grand Valley State University and Kendall College of Art and Design both are working on major downtown expansions, and Michigan State University just opened its College of Human Medicine headquarters on Medical Mile.
"It's important for the economics of our whole city," Wiener said. "We don't want to see the young MBAs going to other cities. We want people to be excited to say, 'I want to live in Grand Rapids.'"
Thomas Huff, owner of Peregrine Realty in downtown Kalamazoo, also is seeing a returning interest in the urban core. Huff, who focuses entirely on downtown development, just bought and plans to repurpose the former Kalamazoo Advantage Academy.
"That shows you that I think things are going well in Kalamazoo and I am willing to invest my capital in this project," he said.
Huff, who owns residential and retail properties, has seen an increase in weeknight and weekend activities.
"People want to be down here and enjoy the residential living and retail," Huff said. "People want to be down here and enjoy the amenities that are here and are expanding."

How to grow

While downtown Kalamazoo is "on a nice upward momentum," few developers are building and repurposing property, Huff said. Downtown business still is somewhat difficult due to the property tax structure, he said.
Landlords still face challenges, as well, Bowling and Wiener agree. Owners will continue to deal with refinancing over the next year or so, but, as transactions continue to happen and more appraisals are done, values will start to adjust upward, Wiener said.

"If people see downtown as a good place to do business and create business, it's going to inevitably help the real estate market to grow," added David Feehan, past-president and past-chair of the International Downtown Association in Washington, D.C.
In some ways, Feehan added, opportunities in mid-sized cities like Grand Rapids and Kalamazoo are better because they don't have some of the big-city problems. And two areas that help strengthen these downtowns are residential property and business improvement districts.
Business improvement districts — such as the Downtown Alliance in Grand Rapids — and other investments in the appearance and security of downtowns positively change people's perceptions of business opportunities there, said Feehan, who also is a former president of Downtown Kalamazoo Inc.
And a lot of small-business owners live downtown and patronize other downtown businesses, Huff said.
"It's good because these people take an interest in their store and they clean it up and make it look good, and that adds to the attractiveness of the area," he added.
Residential development, especially rental property, is important for downtown revitalization in other ways, Feehan said. Both he and the Urban Land Institute, in its "Emerging Trends in Real Estate 2011" report, point to apartments as one of the most successful sectors. And Feehan cites the addition of hundreds of residential units in downtown Kalamazoo over the past decade or so as one of the reasons it has stayed strong even as major employers pulled out.
"Residential development is very good," Huff agreed. "The demand is greater than the supply."
Peregrine plans to convert the Kalamazoo Advantage Academy building into retail units on the first floor and residential on the second, Huff said. He also decommissioned third-floor office space at the Peregrine Square building on the same block to renovate into four new residential units. They're nearly complete, and one is leased.
There also is a lot of quality residential product in downtown Grand Rapids, Bowling said.
"There are waiting lists at almost every building with apartments downtown, which is fantastic," Wiener said. "People want to live down here; they want to work down here."
Feehan believes a downtown location can benefit both a company's employees and its customers.
"The general satisfaction for a lot of people increases when they're working downtown, and that's why many businesses actually choose to pay a little bit of a premium and so forth to be located downtown," Feehan said.
And those extra costs, such as paying for employees' parking, can easily be made up through incidental deal flow, Bowling said. Grand Rapids is attracting a good variety of businesses downtown, and the proximity to key decision-makers at those companies creates deals that might not have happened if a business were located in the suburbs.
"In a downtown, you're going to be surrounded by a lot of businesses," Feehan said. "So if you're a service business, like accounting or legal professionals or office supplies or anything like that, downtown is a great place to be. Your customers are right outside your door."

Michigan History Q&A

1. In 1936, what UP city processed 100,000 sq. feet of bird's eye maple for use in the English luxury liner, the Queen Mary?

2. Bloomfield Hills was first known by what name?

3. Where is the world's only marble lighthouse?

4. Utica was originally known by what name?

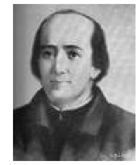
5. Approximately how many lakes are in the state?

6. What coastline has been given the name "Graveyard of the Great Lakes"?

7. On Feb. 4, 1902 , what internationally famous aviation pioneer was born in Detroit?

8. On what date did the star & stripes first fly over Michigan soil?

9. What was the world's first urban freeway, completed in 1942?



10. Who in 1688 founded the first permanent settlement in what later became the state of Michigan ?

11. Where does Michigan rank internationally in the production of dogsleds?

12. What is the nation's largest indoor/outdoor museum complex?

13. The Michigan state capitol is constructed of what material?

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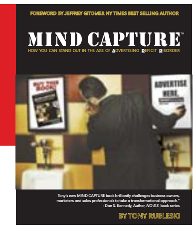
Answers:

1. Escanaba
2. Bagley's Corners
3. Belle Isle (Livingston Lighthouse)
4. Hog's Hollow
5. 11,000
6. Whitefish Point, Lake Superior (remember the Edmund Fitzgerald? It was only the most famous ship lost there, but there have been many, many more lost in that spot in the last hundred years!)
7. Charles A. Lindbergh
8. July 11, 1796
9. The Davison Freeway, Detroit
10. Father Jaques Marquette
11. First
12 Henry Ford Museum and Greenfield Village
13. Ohio sandstone

MIND CAPTURE MARKETING:

Excuses: The Unseen Enemy of Marketing Greatness

by Tony Rubleski - President, Mind Capture Group



I hear it all the time. The same old tired and worn out excuses and reasons as to why people can't, don't, or won't implement new marketing strategies within their business and prospecting efforts. Here are the most common excuses:

"I don't have any time."
"We don't have any money left in the marketing budget."
"That would never get approved by the home office."
"That's a great idea Tony, but it would never work in our business."
"We have another meeting next month to see what everyone thinks about the idea."

What's so troubling about these five statements is that they're based on two major momentum destroyers: fear and procrastination. I'm going to take an important detour this month from discussing specific marketing techniques and explain why excuses in marketing have killed more sales and profits than most people can even imagine.

It's frustrating to see and hear how many people still continue to talk themselves out of serving more people by growing their enterprise by not trying something new within their marketing efforts. They allow excuses or the unqualified opinions of colleagues, friends or family members to distract and sway them off course.

Let's take an up close look at how to avoid and deal with excuses in your marketing efforts when temptation arises or when others around you attempt to sabotage your plans. However, let me first list three tell-tale warning signs that your efforts to implement new marketing initiatives may be in danger:

- You have to run it by a committee or other people on staff
- You worry what others will say about your idea
- It's something new and unique to your industry

In the first point, the danger lies in the fact that many people are wired to play-it-safe and not rock the boat, especially, in a fragile job market like today. Do not expect your fellow associates to roll out the red carpet when you attempt to present a new idea, or initiative that involves any possible risk or heaven forbid – change! Most humans dislike change and seem to forget that change is the only constant we have. Life is not static, nor is business. Change should be encouraged and embraced, not feared and ridiculed.

In addition, when you have too many chiefs weighing in on marketing, often with little or no qualifications to do so, expect delays, excuses and trouble. I see this problem in many cases where the marketing department foolishly ignores ideas from the sales team. They view the sales reps as cogs in their plans, a nuisance, and quickly dismiss great ideas and innovations that could dramatically help the company to grow and serve many more people. Why does this happen? One key reason: fear! Fear of the unknown. Fear of looking bad. Fear of the idea actually working. Fear for their job. Fear of possibly offending someone. The list of fears often goes on and on.

In the second warning sign, many people analyze and procrastinate on taking action because change is often uncomfortable and the fear of criticism robs vital energy out of the idea. Great marketer's have thick skin. They know that with success they'll also receive ridicule, jealousy, and envy from others either publicly or privately. Strangely, one negative comment often tends to get overblown in a person's mind and can quickly over run positive momentum if not kept in proper check and perspective.

The third and final point involves the impact new ideas have within your industry. If the marketing idea produces positive results and attention, count on the competition and your fellow peers to initially frown upon it. The reasons are many, but here's the key one: they didn't have the courage to think of it or act on the idea themselves.

Here are three effective ways to fight the twin enemies known as fear and procrastination when it comes to implementing new marketing ideas/ initiatives within your business.

#1. Schedule time each day for marketing. Unless marketing is given high priority status on the calendar, it will often get delayed by other seemingly 'important items'. Sorry, but I have a major news flash to share with you. Marketing is the lifeblood of every organization! Without new and repeat business not much else matters. It's easy to get tripped up by 'being too busy' to ignore and procrastinate on getting for example a key mailing, follow up call made or much needed marketing promotion completed and put into play.

Even when business is booming, the last thing you want to do is put your marketing efforts on the back burner. This type of behavior often creates a roller coaster like cycle of profits and sales which is not only unwise, but also mentally draining on everyone within the organization.

#2. Assign deadlines. I was recently asked by a friend on Facebook, "How do you find time to write?" It's a good question and here was my response. "Habit and discipline." I'm sure she was a bit disappointed by the simple answer and here's why. Most of us run around all day under other people's deadlines. What about putting deadlines on our biggest goals and dreams? We each have a choice daily on how we choose to use and allocate our time and priorities.

In today's quickly changing economy it's imperative that ALL organizations, for profit and non-profit, keep the marketing and promotion of their products, services, mission or cause a high-level priority. I am very troubled when I meet people in firms that have become comfortable with their results. This is often the time when complacency and arrogance sneak in the back door if left unchecked. In addition, it often spawns and lays the ground work for a hungrier, aggressive or more passionate competitor to burst upon the scene and disrupt the status quo and gain traction. This then puts the complacent and 'comfortable' incumbent on the defense as they waited too long or ignored the threat to their enterprise based on these changes in the marketplace.

#3. Master mind and associate with other successful marketer's. Yes, birds of a feather do flock together. I often tell audiences in my live programs and trainings that eagles (aka: high achievers) hang with other eagles, while conversely pigeons (aka: excuse makers) hang with other pigeons. Which group do you want to be in?

I'm assuming that if you're reading this newsletter that you're already an eagle. See, a lot of potential eagles make excuses as to why they don't have time to read a newsletter such as this or listen to a CD interview on self improvement that could change their business, results or destiny for the better. It used to bother me immensely but now I can only shake my head with fascination when I hear and see people sabotage their potential greatness due to a combination of fear, excuses, and apathy.

I network with many successful people who believe in what Dr. Ivan Misner, founder of BNI, describes as "Givers Gain." This simply means that when you share with other like minded people, you also receive benefit. Not complex, but it is very real. In today's age of distraction and massive information overload, it's imperative that you master mind and regularly meet with high achiever's to share wisdom and valuable resources to save not only time, possible frustration, but to help you gain great ideas and encouragement to increase the likelihood of carrying out your marketing initiatives and goals.

If you're still not convinced on the power of master minding with other like-minded successful people, simply pick up a copy of the timeless book, Think & Grow Rich, by Napoleon Hill. Even if you've already read it, proceed to your book shelf or Amazon.com after finishing this newsletter, and reread Hill's powerful chapter on the awesome power of the Master Mind Principle and why two like minded minds are always much more powerful than one.

Tony Rubleski is the president of Mind Capture Group based in Spring Lake, MI. He recently released his third book in the bestselling series titled: Mind Capture: How to Awaken Your Entrepreneurial Genius in a Time of Great Economic Change. For comments or to receive his free marketing eletter he can be reached at: Tony@MindCaptureGroup.com.

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March 15 — **Legislative Day**
Lansing, MI

April 13 — **Spring Seminar**
Comfort Inn and Suites
Mt. Pleasant, MI

May 4 — NEW LOCATION!
Spring Seminar
Marriott Detroit Livonia
Livonia, MI

ALTA Events

March 13-16 — 2011 Federal Conference
Liaison Hotel
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