

OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

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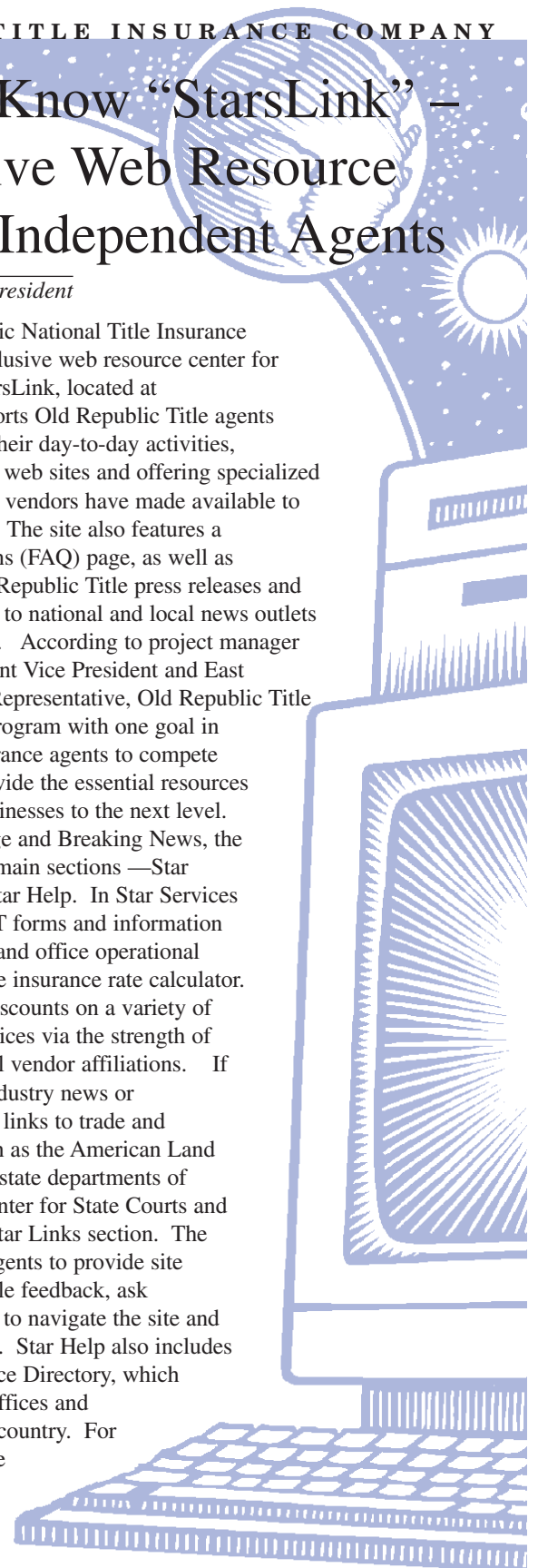
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## Getting to Know "StarsLink" – the Exclusive Web Resource Center for Independent Agents

■ *Scott Pierce, Sr. Vice President*

In March, Old Republic National Title Insurance Company launched its exclusive web resource center for title insurance agents. StarsLink, located at [www.starslink.com](http://www.starslink.com), supports Old Republic Title agents nationwide by enhancing their day-to-day activities, providing links to industry web sites and offering specialized services and discounts that vendors have made available to Old Republic Title agents. The site also features a Frequently Asked Questions (FAQ) page, as well as "Breaking News" for Old Republic Title press releases and "Headline News" for links to national and local news outlets containing industry stories. According to project manager John R. Monacelli, Assistant Vice President and East Central Division Agency Representative, Old Republic Title developed the StarsLink program with one goal in mind—to enable title insurance agents to compete more successfully and provide the essential resources to help them take their businesses to the next level. In addition to the FAQ page and Breaking News, the home page contains three main sections—Star Services, Star Links and Star Help. In Star Services you will find standard ORT forms and information about insurance, financial and office operational services and an on-line title insurance rate calculator. Star Services also offers discounts on a variety of business products and services via the strength of Old Republic Title national vendor affiliations. If agents are searching for industry news or information, they will find links to trade and professional web sites such as the American Land Title Association (ALTA), state departments of insurance, the National Center for State Courts and NETROnline.com in the Star Links section. The Star Help section allows agents to provide site administrators with valuable feedback, ask questions, understand how to navigate the site and obtain underwriter support. Star Help also includes an Old Republic Title Office Directory, which assists agents in locating offices and colleagues throughout the country. For more information about the StarsLink web site, please call John Monacelli at (800) 321-0520.





# ORPAK.net Offers Complete Packaging Capabilities

■ *Rande K. Yeager, President and Chief Executive Officer*

In response to the rapid evolution of bundling as a force in how real estate settlement services are sold, purchased and delivered, Rande Yeager, President and C.E.O of Old Republic National Title Insurance Company announced the launching of its Old Republic Packaged Services Division. The division will operate under the ORPAK brand and will be dedicated to bundled services and pricing solutions to its network of independent agents and direct operations.

ORPAK is a new company division of the National Services Group, headed by Senior Vice President and Manager, Patrick Connor. ORPAK is an outgrowth of the Agency Services Department of Old Republic Title Residential Information Services (ORTRIS), a division that has provided vendor management and bundled services to the residential lending community since 1998. ORPAK will be based in Fairlawn, Ohio as part of the Residential Services Group, which is directed by Lee Baskey, Senior Vice President and General Manager.

“As the business of this department grew, it became increasingly evident that eventually we needed to treat this department as a business in its own right, as opposed to a department within another business, whose mission quite frankly, was diverging. The elevation of ORPAK to division status underscores the importance of bundling as a trend and the continuing importance of the local agent to the company’s future. ORPAK will leverage the technologies and vendor management capabilities that we have had for years,” Yeager said. “It will place them in the hands of our agents and provide them with access to a broad array of services including

flood reporting, credit reporting services, appraisal services, automated valuation models, bankruptcy reporting, home warranty, 1031 exchange services, relocation services, and site management services.”

ORPAK will offer the capability of ordering, tracking and receiving those services electronically through a secure web site. As the first significant offering of a bundled service solution focused on the agency side of the title industry, ORPAK.net was characterized by Yeager as “a solution that appears to be more comprehensive, innovative and timely.”

“Setting up a vendor management capability is a daunting prospect for any agent,” Yeager said. “Many agents are interested in ORPAK because it gives them a means to market, sell and deliver these services to their customers without the high cost of developing a base of vendors and the associated delivery technology.”

ORPAK is aimed at the title agent’s local customers—mortgage brokers, community banks, savings institutions, credit unions, smaller mortgage companies—that are trying to figure out how they can compete with the big national lenders in the bundling arena.

“Companies that are moving toward providing a package and a fixed price for the closing are certainly gaining traction,” Yeager said, “and we believe ORPAK will satisfy a definite need because the local providers need a way to compete with the big companies.”

The move toward bundled services was initially driven by the proposed changes to the Real Estate Settlement and Procedures Act (RESPA) by the Department of

Housing and Urban Development (HUD). Although HUD has withdrawn their proposed rule, efforts by lenders and others to bundle settlement services and pricing are anticipated to continue.

Additional information is available through ORPAK.net’s web site at [www.ORPAK.net](http://www.ORPAK.net). Here agents can learn more about the services available through ORPAK, features of the delivery platform and how to get started. [www.ORPAK.net](http://www.ORPAK.net) is designed to be user-friendly for both agents and their customers and allows a flexible means by which the products and services can be ordered and tracked from a single point and delivered through a variety of customized delivery channels best suited to the individual needs of the user.

Please do not hesitate to call Dan Marshall, Manager of ORPAK, at 866-874-3793, or your Old Republic Title representative to offer suggestions or get answers to your questions.

## COMMENTS:

We invite your feedback and welcome your suggestions regarding **“In The Title Corner”** and the publication of future articles. Address correspondence to:

### **In The Title Corner**

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## “POS PAY” Pays Off

■ John B. Cleaveland, Vice President, Administration & Treasurer

Last summer two fraudulent checks were presented for payment against our escrow account. Both were detected by “positive pay,” a service offered by many banks to help prevent fraud, and the checks were returned unpaid. Recently, the same fraudulent check form was again presented for payment. Again, it was caught by positive pay and returned unpaid. For those of you unfamiliar with “positive pay,” the process entails a daily reconciliation of a company’s issued checks to checks presented for payment to our bank in order to identify potentially fraudulent checks.

All three checks were sophisticated replicas of our company’s escrow check form and contained many of the same safety features. At first glance these checks looked identical to the checks produced from our escrow system, including the reproduction of a patented protected font and two signatures closely matching specimen signatures on file with the bank.

Without positive pay, these checks would have been paid and the probability of recovery would have been remote. In addition, we would be in the middle of an unpleasant process to determine liability – whether the bank of deposit, our bank and/or our company should be held responsible for the loss. In this case our bank may have been able to avoid some or all responsibility because the check documents were such close replicas of our actual check form and the signatures were such close replicas of actual specimen signatures on file with the bank.

When the courts are asked to make a determination of loss responsibility, case law suggests their rulings are frequently based on the theory of contributory negligence

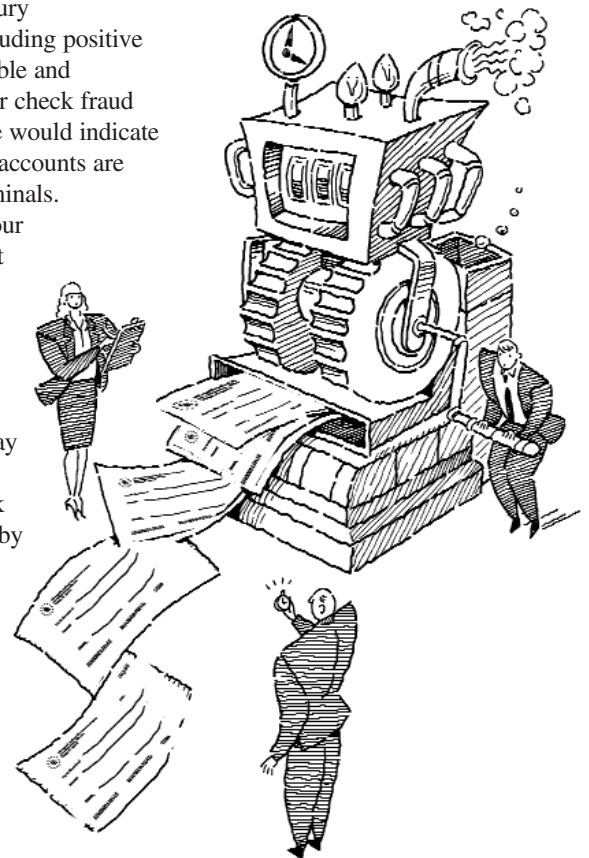
(who could have or should have been able to prevent the loss). This usually means companies that routinely maintain large dollar bank accounts (title company escrow accounts) will be held to a high standard regarding treasury management procedures/controls, to include check stock with adequate safety features, proper control of the check inventory, timely reconciliation and positive pay. Title companies also need to make sure any check fraud is reported to their bank within the timeframe prescribed in the bank’s Deposit Agreement. (In recent years, this deadline has continuously been shortened to the point where some banks will require accounts to be fully reconciled by the 15<sup>th</sup> of the following month in order to comply with their time constraints.)

Fortunately, treasury products/systems, including positive pay, are readily available and affordably priced. Our check fraud experience nationwide would indicate title company escrow accounts are favored targets of criminals. Almost every one of our offices has had at least one fraudulent check attempt. Many have had multiple attempts and it is impossible to determine how many additional attempts may have been thwarted because the first check presented was caught by positive pay and returned. (It is common for criminals to present a small fraudulent check early in the month, and if it is paid, to immediately present additional checks for larger

amounts.)

With today’s reasonably priced technologies such as color copiers, scanners, laser printers and sophisticated computer software, high-quality check forgeries have become routine. Title companies that manage escrow accounts with significant balances without using positive pay are taking a great risk. Generally speaking, it isn’t **if** the account will ever suffer a fraudulent check attempt, it is more a matter of **when**, how much and what form of legal recourse might be available. Avoid the risk, use positive pay!

If you would like more information on positive pay systems call your bank or Renea Thompson or Missy Wolf in our Tampa office.





# ORT Florida Web Site Update

■ Linda M. Hernandez, Florida State Underwriter

We are happy to report that our Old Republic National Title Florida web site, [www.ortfl.com](http://www.ortfl.com), now offers its users direct links to several web sites of importance to the title agent.

Protect your escrow account and insure that the cashier's checks tendered to you constitute "good funds" by checking the FDIC's Special Alerts regarding *counterfeit and missing cashier's checks*. Now, from our web site you can connect directly to the FDIC's Special Alerts Library through:

[www.fdic.gov/news/news/SpecialAlert/2004/index.html](http://www.fdic.gov/news/news/SpecialAlert/2004/index.html)

If you decide you want a *subscription* to receive these FDIC Special Alert emails as they are issued, you can register through our direct web site access to:

[www.fdic.gov/news/announcements/index/html](http://www.fdic.gov/news/announcements/index/html)

In the event you want to verify your *continuing education hours* through the Florida Department of Financial Services, Insurance Division, you can now have direct access to that information through our web site link to:

[www.fldfs.com/Agents](http://www.fldfs.com/Agents)

CLICK ON: "Agent Education Database" and LOGIN by using your SSN and Date of Birth.

Executive Order 13224, signed by President Bush shortly after the September 11 attacks, freezes property and prohibits transactions with terrorists or parties that support terrorism. To further reinforce this commitment, the U. S. Patriot Act was passed mandating that "financial services organizations," which appears to include title insurance agents and real estate attorneys, implement procedures for matching client's

names against a "*Special Designated Nationals and Blocked Persons*" (SDN) list.

The SDN list is continuously updated by the offices of the Secretary of the Treasury, Secretary of State and Attorney General, and is monitored by the Office of Foreign Asset Control (OFAC) in an effort to identify transactions or dealings in the United States by persons blocked pursuant to the Order.

In order to comply with the mandates of the Order and subsequent Act, you can now access the SDN list directly through our web site link to:

[www.treas.gov/offices/eotffc/ofac/sdn/index.html](http://www.treas.gov/offices/eotffc/ofac/sdn/index.html)

or by calling the OFAC HOTLINE @ 800-540-6322. Should you encounter a transaction involving suspected names or persons on the list, you should contact the OFAC for further instructions at:

Office of Foreign Asset Control  
U. S. Department of Treasury  
Washington, DC 20210  
HOTLINE: 800-540-6322  
Fax: 202-622-1657

## Florida Links

[Title Insurance Frequently Asked Questions \(FAQs\)](#)  
[Office Locations](#)  
[Who to Call](#)  
[Contact Us Online](#)  
[Title Insurance Rate Calculator](#)  
[1031 Exchanges](#)  
[Order Title Insurance](#)  
[Public Records Access](#)  
[Application to become an Old Republic Agent](#)  
[Agency Services / Special Services](#)  
[Upcoming Seminars](#)  
[In The Title Corner Newsletter](#)  
[Agent Supply Request](#)  
[Alerts & Bulletins](#)  
[ALTA and Old Republic Endorsements](#)  
[Insured Closing Letters](#)  
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[Search this site](#)

## Quick Links

[Old Republic National Title Insurance Company](#)  
[Florida Land Title Association](#)  
[American Land Title Association](#)  
[The Title Report](#)  
[FDIC Special Alerts-Counterfeit & Missing Cashier's Checks](#)  
[FDIC Special Alerts-Counterfeit & Missing Checks](#)  
[US PATRIOT'S ACT-Special Designated Nationals & Blocked Persons List](#)  
[Check your Continuing Ed hours \(LOGIN by using SSN & DOB\)](#)

[Mortgage Rates](#) [www.hsh.com](http://www.hsh.com)

## A N N O U N C E M E N T

Old Republic National Title Insurance Company is very pleased to announce that Jeanne F. Murphy, Esq. has joined the company as Florida underwriting counsel and will be located in our Tampa office. Jeanne comes to us with a wealth of title insurance experience. She has served as retained underwriting counsel for two difference underwriters and has a strong transactional background, both residential and commercial. Additionally, she has handled numerous title insurance claims as a retained counsel. She comes to us from the firm of Awerbach, Murphy & Cohn, P.A. where she has been a shareholder for about 7 years.

Jeanne is a graduate of Stetson University College of Law where she received her JD *Cum Laude*. Prior to that, she received her MBA from the University of South Florida after earning her undergraduate degree at Florida Southern College.

I know you will all welcome Jeanne to Old Republic Title. She is looking forward to working with each of you.

Scott Pierce  
Senior Vice President

## Efforts by HUD to reform RESPA

■ *Scott Pierce, Sr. Vice President*

We are all following with great interest the ongoing efforts by HUD to reform RESPA. As you may know, HUD has recently withdrawn its "final" rule from further review by the Office of Management and Budget (OMB). HUD stated that its intent is to provide industry groups, Congress and consumers a chance to comment on a new proposal to be submitted at a later date. HUD's reform lost many of its major supporters along the way and faced serious questions from

Congress regarding the reform's impact on small business. In addition, many opponents of the proposed rule questioned HUD's statutory authority for some of the proposals. However, the reform itself and associated discussions have stimulated efforts by residential lenders to bring bundled settlement services and "one fee" pricing to the consumer. Regardless of what eventually happens with HUD's RESPA reform plans, the efforts by lenders to bundle



settlement services and pricing has already begun in earnest and is anticipated to continue.

## Department of Financial Services Steps up Enforcement

■ *Scott Pierce, Sr. Vice President*

A recent investigation by the Office of Insurance Regulation of the DFS into the business practices of a title agent has resulted in a settlement agreement, dated March 23, 2004, for alleged violations of the State's anti rebate statute. The agency, which was an affiliated business, was fined more than \$40,000 for engaging in business practices that were "contrary to statute and Department's rules governing the relationship between title insurance agencies and real estate brokers."

Although the practices of the agency were not completely clear, it appears that multiple agencies were operating out of a single location using the same personnel.

Additionally, it would appear that there was an issue regarding the proper capitalization of the businesses. The Settlement Agreement requires the agency to maintain a completely separate office from any other title agency, to be staffed by employees that work only for that agency, without sharing expenses for employees and services with another title agency. Furthermore, the Department required that the agency maintain sufficient operating capital and net worth to conduct its business, and provide a return on ownership interest proportional to each owner's capital contribution.

This has the look and feel of RESPA enforcement. The Department has

clearly focused on the issues HUD has stated are critical to determining whether or not a particular affiliated business is legitimate or merely a sham. In addition to this investigation and settlement agreement, it is rumored that there may be dozens more investigations underway focusing on sham affiliated business operations.

These are complicated issues with serious ramifications. Any agent contemplating the formation of an affiliated entity is encouraged to contact Old Republic Title's Underwriting Department for assistance.

## Old Republic Joins Fortune 500

■ *Scott Pierce, Sr. Vice President*

In the annual compendium published by Fortune Magazine for the past 50 years, Old Republic has been listed in the latest issue as number 491 in terms of revenues. Revenue achievements aside, Old Republic ranked even higher in terms of other important performance benchmarks among the Fortune 500 group:

- Our net profit placed us in the 223rd position among the 500;

- Our shareholders' equity ranked us in 235th place;
- Our profit margin of 14.0% placed us in the 65th position; and
- Our ten year (1993-2003) annual growth rate per share (11.0%) and total annual return to shareholders (17.0%) took us to 135th and 94th places, respectively.

It is gratifying that this recognition of Old Republic's long-term performance should come on the strength of its best-ever year and its 80th anniversary. This recognition belongs to everyone associated with Old Republic, including you, our customers. Thank you for your continued support.



## A Change in the 1031 Exchange Business

■ *Scott Pierce, Sr. Vice President*

We are pleased to announce that Old Republic's 1031 tax-deferred exchange business has been transferred to its wholly-owned subsidiary, Old Republic Exchange Facilitator Company, in Oakland, California. While the main office is located in Oakland, there are numerous branches throughout the United States, including the one that is currently in Tampa and a new branch recently opened in our Deerfield Beach office.

Old Republic Exchange (OREXCO) is a full-service exchange facilitator, handling delayed exchanges, personal property exchanges, improvement or construction exchanges and reverse exchanges. OREXCO has recently hired a new Regional Account Manager for our Deerfield office, Katherine Flores. Katherine graduated from the University of Florida College of Law where she specialized in environmental and real estate law. She is a member of the Florida Bar and joins us after having worked as a title attorney for a

local law firm. She will soon be visiting with our agents throughout Florida's East Coast, and will be available to provide seminars and information about the exchange process to our agents as well as local realtors. Kathy's toll-free number is 888-447-1031.

A new Regional Account Manager will also be hired for the Tampa State Office to provide marketing and seminars for new 1031 business. Connie Whitmire, who formerly worked with Mike Davis on exchanges, is still in the Tampa office, and will continue to provide you with service on your current and future 1031 exchange accounts. Connie and the new Regional Account Manager can be reached at 888-437-1031.

We at Old Republic Exchange are committed to coordinating a smooth and accurate processing of all exchange transactions, and we are pleased to have Katherine and Connie as part of the Old Republic team.



Old Republic National Title Insurance Co.

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