

In The Title Corner

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OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

ORT Is On Your Side

■ by James C. Russick, VP and Florida State Counsel

It is essential that all Florida independent title agents understand the legislative initiative that threatens their livelihood, and what Old Republic National Title Insurance Company is doing to protect agents' interests.

The Florida Office of Insurance Regulation (OIR) is seeking to abolish the promulgated rate for title insurance. OIR wishes to do so by redefining "premium" as "the charge made by a title insurer for a title insurance

policy, endorsement, commitment, or other contract" Rather than establish a rate that is earned by both agents and insurers, OIR has proposed that only the underwriter's premium fees be set. This is otherwise referred to as a "risk rate only." Agents would not share in the "premium" as defined, notwithstanding their extensive work in underwriting the risk.

OIR's proposal would further bring upheaval to our marketplace by setting insurer

premiums through a "file and use" system. File and Use allows each insurer to annually file a proposed rate coupled with evidence that it is actuarially sound. The potential inconsistencies between insurers would beget obvious financial chaos. (Reference the article on the new RESPA rules in this issue).

Agent remuneration would essentially be unregulated. Compensation would be for your "services." These are

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The Upcoming HUD Changes

■ by James C. Russick

After many years of study and investigation, the United States Department of Housing and Urban Development (HUD) has promulgated new rules for residential loan transactions that will impact every title insurance agent. These rules implement, among other things, a new Good Faith Estimate (GFE) and a new HUD-1 closing statement.

The official effective date for the required use of these new forms is January 1, 2010. However, a lender may elect early implementation of the new GFE. If so, the entire transaction so initiated must be done in accordance with the new rules which include the new 3-page HUD-1. Old Republic Title anticipates that many lenders will not wait for the deadline to convert to these new rules so it is imperative that closing agents are prepared for this change prior to the new year.

Preparation will require training and updated software for your closing system. Old Republic Title will be conducting training on the requirements of the new rules in mid to late summer.

Why the changes? HUD's primary motivation is to better educate consumers, and to give them the tools necessary to properly compare the cost of their loan transaction; hence, the enhanced GFE. The new GFE establishes a standard 3-page form. The first page contains a summary of the specific loan terms and charges. The second page discloses the settlement charges and gives subtotals for eleven cost categories. The last page sets forth the tolerance rules. Some fees must be exact while others must be within 10% of the estimated cost on the GFE. The actual charge for title services and lender's title insurance cannot increase by more than 10% from the GFE. These tolerance restrictions will not work well with the proposed rate setting procedures encouraged by the Florida OIR's current legislative initiative because lenders would not be able to estimate rates that vary between underwriters. (Please refer to the front page article of this newsletter). Additionally, HUD

altered the settlement statement to add a new third page. That page includes a chart comparing the GFE with the actual charges that is designed to assist the consumer.

While there are still some technical issues regarding implementation of these regulations, Old Republic National

Item	Amount
to Accu Title Agency	125.00
nder	
ing Fee to Accu Title Agency	
es above item numbers:	
to Accu Title Agency	25.00
es above item numbers:	258.75
erage 45,000.00	Risk Premium 18.50
erage 45,000.00	Mortgage 61.00
	Releases 0.00
	Mortgage 157.50
	90.00
Recording and Transfer Charges:	
Fees: Deed	18.50
Deed	315.00
Mortgage	
Stamps:	
ax to Clerk of the Circuit Court	
ertificate of Approval	
Affidavit Not Same to Clerk of the Circuit Court	
Total Settlement Charges:	\$70.00
pection	
COUNTY TAXES to HILLSBOROUGH COUNTY TAX COLLECTOR	
Settlement Charges (Enter on line 103, Section J and line 502, Section K)	

Title anticipates that this transition should be reasonably smooth. We look forward to working with our agents to assist you in timely compliance with the new regulations.



Alerts and Bulletins Reminder

As a reminder, Agents are required to maintain a copy of our Alerts and Bulletins for future reference. A copy of our transmissions should be read by all of your staff so they are aware of our requirements and warnings as they are issued. You may also read our Alerts, Bulletins, Notices and Newsletters by going to our web site, www.ortfl.com. If you have any questions about our web site and where to find different things, please contact the Underwriting Department.



■ *Robin Cardella,*
Vice President and
Mid-FL Operations Manager

We are extremely proud to announce additional companies who have made a commitment to Old Republic National Title Insurance Company and its customers:

★ **27 YEARS** ★

Irvin R. Shupack, Lauderhill

★ **15 YEARS** ★

Town & Country Title Guaranty & Escrow,
 Ft. Lauderdale

★ **13 YEARS** ★

Liberty Title Company, Winter Park
 Jefferson F. Riddell, P.A., Sarasota

★ **12 YEARS** ★

Conroy, Conroy & Durant, P.A., Naples

★ **11 YEARS** ★

Crest Title Company, Marathon
 Felberbaum & Associates, P.A., Boca Raton
 Priority Title, Inc., Davie

★ **10 YEARS** ★

All Florida Title, Lake Mary
 Emerald Title Services, Inc., Tamarac
 Title 2000, Pompano Beach

ORT Is On Your Side continued from page 1—

defined as “primary title services, title searches, and closing services or the components thereof actually performed by the agent or agency.”

Agents would be required to charge at least actual cost for their services, but their fees would otherwise be unregulated. Agents would, however, have to disclose their fees to OIR for publication by the regulator on the “Internet or otherwise” “to apprise the public of costs for these services among the various agents or agencies.” It would appear that attorney agents would be exempt from these advertising opportunities and requirements.

All of these provisions are set forth in HB 1267 (filed by Rep. Jenne, D, Ft. Lauderdale) and the Senate companion, SB 444 (filed by Sen. Bennett, R, Manatee County) and are currently pending before the Florida Legislature.

Old Republic knew of this threat. We quickly realized that the title insurance industry needed to educate the legislature, our regulators, and the public about our unique product and how it is priced and delivered.

Accordingly, we were instrumental in seeking the passage of the Title Insurance Study Advisory Council in last year’s legislature. The Council is charged with reviewing our regulatory structure and making recommendations to the 2010 legislature by the end of this year. The Council is made up of government and industry representatives.

Old Republic National Title Insurance Company has taken the firm position that it would be dangerous and improper to radically alter the title insurance industry without the complete public review of the issues and interests currently before the Title Insurance Study Advisory Council. Our opposition to HB 1267/SB 444 and our advocacy on behalf of all agent’s interests is firm and resolute.

We deeply appreciate your continued support of Old Republic National Title Insurance Company and trust that our actions on behalf of agents and the industry reflect our dedication to you. Thank you for your loyalty.



Comments
 and information

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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Ask Your Underwriter

■ *Carolyn Broadwater, Florida State Counsel*

Question: Do I have to prepare and file a 1099 form in a short sale if the seller has filed bankruptcy?

Answer: Yes – you must prepare and file a 1099 form for all short sales. The seller may be entitled to different treatment, but the 1099 must be filed and the seller would need to seek any relief afterwards.



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Strength & Support for Our Agents

Following is a very special message from Rande Yeager, Chairman, Old Republic Title Insurance Group

Greetings Friends:

During these very difficult months of financial uncertainty, it is well worth a look at who's insuring your real property transactions. As potential indemnitors to real property owners and lenders, title insurers need a little scrutiny.

Every year since 1992, we have been the highest rated title insurance group in the nation. No other title group can make that claim. Our superior financial strength can be attributed to and measured by the following:

- Old Republic Title's parent Company, Old Republic International, is a multi-billion dollar diversified public company with a total debt to equity ratio of less than 10%.
- Founded in 1907, Old Republic Title is here to stay!
- Old Republic Title's self imposed single-site reinsurance retention limit is \$500 million*. We proudly continue to insure real property transactions in every state in the Union.

*Where permitted by state law and subject to underwriting approval.



Rande Yeager, Chairman
Old Republic Title Insurance Group

2/15/09

Since 1992, the Old Republic Title Insurance Group has held the distinction of being the highest rated title insurance group in the nation.