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## Our Response to HUD on RESPA Reform

■ *Scott Pierce, Southeast Region Manager*

On October 21, we sent our written response to HUD's invitation to submit comments to the proposed RESPA rule published in the Federal Register on July 29, 2002. In our submission, we concurred with the comments, concerns and proposed changes contained within ALTA's submission of October 4, 2002.

Old Republic Title supports the objectives behind HUD's proposed rule: providing consumers with settlement cost information early in the process, providing costs that are as firm as possible to avoid surprises at settlement, lowering settlement costs to the consumer through competition and technological improvement, improving and simplifying settlement cost disclosures, and vigorous HUD enforcement of RESPA to ensure a level playing field for all industry providers. Nonetheless, even though we welcome competition and the concept of providing better value to the consumer, we believe that the proposal, without appropriate modifications, will negatively impact the title industry as well as the buyers and sellers of real property.

Of paramount concern to us are the potentially severe consequences to title insurers and agents if the Guaranteed Mortgage Package Agreement (GMPA) regime is adopted

without modification. Because a mortgage loan and settlement services package must include a loan under the GMPA proposal, the participation of a mortgage lender is mandatory. The practical impact is that mortgage lenders will almost certainly be the only industry participants that can effectively offer loan and settlement service

packages to the consumer.

This creates an unlevel playing field. Title insurers and agents will no longer be able to effectively compete directly for the consumer's

business, and instead will become service

providers to mortgage lenders for a large portion of their business. We favor the alternative dual-packaging concept set forth in the comments submitted by ALTA. Under this proposal, lenders would provide "Guaranteed Mortgage Packages" (GMPs), which include the loan and lender related services and charges, and other parties, including title insurers and agents, would offer "Guaranteed

— continued on page 2





## Ask Your Underwriter

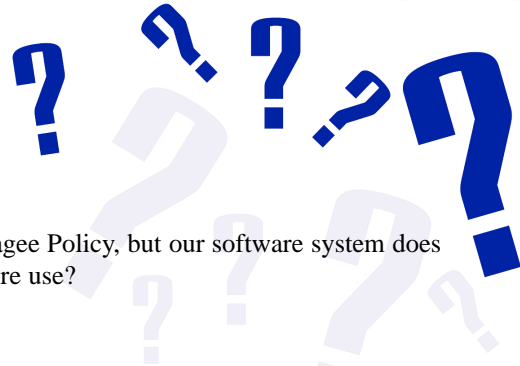
■ *Linda M. Hernandez, Florida State Underwriter*

### Question

We have been hearing a lot about the Short Form Mortgagee Policy, but our software system does not have such a form. Where or how can I get it for future use?

### Answer

If your software package does not include the Short Form Policy, please call Debbie Lail in our Policy Department. We can arrange for you to receive the policy by disc or e-mail. We can even coordinate with your software package provider to add the policy to their forms.



## *Our Response to HUD on RESPA Reform continued from page 1—*

Settlement Packages” (GSPs), whereby a guaranteed price is provided for title and title related charges, government recording and transfer charges, and miscellaneous settlement charges.

The GSP approach allows title insurers and agents to compete for the business of the consumer through the packaging of the non-lender required services contained in a mortgage loan transaction. Direct cost savings to the consumer would be achieved through the competition fostered by the separate settlement services package. Because the current proposal permits payments to lenders from settlement service providers in order to participate in the GMPA, these payments may only result in a transfer of capital from settlement service providers to lenders, without any guaranteed cost savings to the consumer. For these reasons, Old Republic Title strongly endorses the dual packaging alternative and believes it is imperative that HUD modify the GMPA to incorporate this approach.

The proposed Good Faith Estimate (GFE) and GMPA also fail to protect the interests of the consumer. It is our

view that the proposed rule is premised upon a false assumption: that title, closing, and other settlement services are provided for the benefit of the lender. The contrary is true in most buy/sell transactions. Here, those services are primarily provided for the benefit of the buyer and seller. Without full itemization of the title, closing, and other settlement services in the GFE and GMPA, the buyer and seller will not have sufficient information to determine whether the services included within the package adequately protect his or her interests.

Inadequate disclosure also raises another concern. In most parts of the country, the seller traditionally pays certain title-related and settlement costs. Without providing an itemization of those costs and services to the buyer, the buyer will not know whether, under the package, he or she is paying for services that a seller typically pays for in that jurisdiction. This also undermines the ability of the consumer to make an intelligent choice when comparing different GFEs or GMPAs. Full itemization of title-related and other settlement services (and their cost) under the GSP proposal would remedy this concern.

There is an additional practical

problem with the proposed rule. The manner in which owner’s title insurance policies are priced and treated under the proposed rule is contrary to the prevailing practice in the industry throughout most of the country. The most common approach is for the owner’s title policy to be the primary determinant of the cost of title insurance, with policies insuring the lender’s interest being the add-on. The proposed regime ignores this reality.

Finally, there are numerous state laws that would conflict with the proposed rule. Title insurance has traditionally been regulated at the state level. In many states, there are promulgated rates for title insurance that would make a packaging approach where, for example, lender’s title coverage is included but owner’s title policies are not, very difficult to implement. There are also numerous state anti-kickback, anti-rebate and anti-discrimination laws that were enacted as consumer protection statutes. The proposed rule would conflict with those state laws.

For our complete comments to HUD, as well as for comments of the American Land Title Association, please visit ALTA’s web site at <http://www.alta.org>.



# Continuing Education Transcripts Available December 19th

Continuing Education transcripts will once again become available to licensed title agents, according to the Florida Department of Insurance. December 19<sup>th</sup> is the date the Department plans to implement its new "Education Approval, Tracking, and Compliance Technology System" and reach the goal of automating its entire education process. At that time, licensed agents should be able to confirm whether or not they are in compliance with their credit hours by calling the Department directly at (850) 413-3137 Ext. 1108, or by accessing the Department's web site via the Internet at [www.doi.state.fl.us.com](http://www.doi.state.fl.us.com).

The Department ceased issuing transcripts on June 22<sup>nd</sup> of this year, a few months after canceling its agreement with ASID, the outside company they had previously contracted to provide this service. For the past few months, the Department's primary focus has centered on incorporating data obtained from ASID with continuing education information submitted to the Department throughout the year.

The Department will begin auditing credit hours in January 2003. "Any agent found to be lacking in the required hours will be allotted a grace period within which to make up the deficiency without penalty," a representative of the

Department said.

According to the representative, the Department recognizes that some transcripts might be inaccurate due to information lost in the transfer of records from ASID to the new system. In these cases, the Department has indicated it will accept from the agent a copy of the certificate issued by the course sponsor. If you are a licensed title agent who finds you do not have a certificate for a course presented by Old Republic Title, please contact Pat Martin, our Agency Administrator in Tampa at (800) 342-5957.

# No Flood Insurance Issued After January 1, 2003

■ *Scott Pierce, Southeast Region Manager*

Congress has adjourned without extending the statutory authority for the Federal Emergency Management Agency (FEMA) to issue flood insurance policies. As a result, FEMA will not be able to issue flood insurance after January 1, 2003. The flood insurance program needs to be re-authorized by Congress, and in the meantime, you may not be able to follow your lender's closing

instructions. Congress is expected to re-authorize the National Flood Insurance

Program when it returns in early January. At this point in time, neither Fannie Mae nor Freddie Mac has issued

guidance on this issue. You may consider contacting your lenders and asking them what their position is on this matter. The National Association of Insurance Commissioners is encouraging its members to waive regulatory actions on technical compliance issues. We will keep you updated on this situation as soon as more information becomes available.



## Agent Honored

■ *Linda M. Hernandez, Florida State Underwriter*

Dalia Pagel, owner and manager of Nation's Abstract and Title Insurance, was the recipient of the 2002 Hispanic Business Award in the "Microenterprise" (1 - 4 employees) category. The Tampa Bay Hispanic Chamber of Commerce Board of Directors honored Dalia during an awards dinner and ceremony held at the Marriott Westshore Hotel on August 22, 2002. I proudly shared that evening with Dalia and her husband, A.J., their daughter, Jessie, Dalia's aunt and uncle, her staff and their spouses.

Dalia, who has many years of experience in the title industry, has owned and operated Nation's Abstract since

August 1996 and has been an Old Republic agent since 1998. She is a responsible, knowledgeable teacher and role model for her employees, Allen Denham, Evelyn Fernandez and Rosa Flores.

Our congratulations are extended to Dalia and her employees at Nations Title for earning this recognition.



*Pictured at the Marriott Westshore from Left to Right are: Miguel & Rosa Flores, Allen & Tin Denham, Evelyn & Arnold Fernandez, Dalia & A. J. Pagel and Linda Hernandez.*

## Agent Nominated

■ *Linda M. Hernandez, Florida State Underwriter*

An Old Republic agent was recently honored by being named one of three finalists for the Brandon Chamber of Commerce's Small Business of the Year award at their banquet. Bobbi Jo Alonso, owner and manager of Alafia Title Insurance, Inc., was one of the Chamber's nominees.

Her many hours of hard work as a member of the Leadership Brandon

Program and as President of the Alumni Board of Directors, as well as her contributions through work with the Foster Family Program of the YMCA, have not gone unnoticed by the community.

Bobbie Jo, who has also been an ORT agent for 4 years, recently purchased the office building where her office is located and her company has seven

associates, Tammy Durrance-Krizman, Teresa Durrance, Barbara Cavage, Debbie Boyd, Madelyn Hernandez, Liza Mejias and Jessica Bacon.

Old Republic National Title proudly recognizes the daily contributions our agents make to our community and commends this nominee.

## Single Risk Limit Increased to \$100 Million

■ *Scott Pierce, Southeast Region Manager*

Rande Yeager, President and Chief Executive Officer of Old Republic, announced on December 10, 2002 that the Board of Directors has approved an increase in the Company's single risk retention limit to \$100,000,000. The last increase occurred in 1994 when the limit went from \$15,000,000 to \$25,000,000. Yeager stated, "I am certain that the

increased limit, along with the experience, knowledge and capabilities of employees and agents of the Old Republic Title Insurance Group, will enhance our success in the high liability market. While we view this action as a very positive development for our Company, we also acknowledge the risk that it presents. All caution will be

applied, as it has in the past, to assure the safety of our Company."

In Florida, our statutory retention limit is \$46 million.

# Join Your FLTA !

■ *Scott Pierce, Southeast Region Manager and Michael S. Davis, Florida State Counsel*

Through the years, this company has been very involved with the Florida Land Title Association. Compared to other similar associations, this is one of the premier title associations in the country. The FLTA has led the way with rate reform and positive legislation. Proposed laws that would be detrimental to our industry, and the public in general, have been successfully defeated time and time again through the efforts of the FLTA and its members. Our industry would not be on the positive footing it is today without the FLTA. Recently, FLTA worked with the Department of Insurance to block the efforts of Radian Financial to market a product that would replace mortgagee title insurance with a casualty product. The association worked with the Department to promulgate rules replacing the statutory rates that were to sunset June 30, 2002.

The following is an excerpt from the FLTA Executive Secretary's report to the Association prepared this Fall. Also following is a brief letter from one of our agents who has recently joined the FLTA and attended the 2002 convention.

Lee Huszagh's report: "Your Association through its leadership is constantly examining ways and means in which it may better serve the title insurance community. One of the latest

innovations is our 'Basic Training' seminar which was a sellout within three weeks of its announcement. We hope to continue and improve this program aimed at new arrivals to our industry. Other improvements include greater reliance on electronic communication to the membership, updated and expanded web site, and revision of our Basic Title Insurance Handbook. The basic building block upon which our Association depends is not high tech machinery but rather the participation and dedication of its members to our common goals. Please consider serving your Association through participation in its programs, recruiting new members or service on one of our Committees."

Agent's letter: "As you know, Kim and I attended our first FLTA Annual Convention since we became members earlier this year. We were both pleased and disappointed. The attendance was less than we would have expected. After all, this association is the voice for our industry. I am quite aware of the battles won and lost in our courts, our legislature and with the Department of Insurance. Many of the battles won would not have been won without the help and backing of the FLTA.

We were very pleased with the committees and the work they are doing

for the good of our title industry.

Everyone at the convention was very involved and informed. We can only hope that more title agents become familiar with the FLTA, join and become active. Association activities are a fantastic way to keep informed, be involved and help direct our industry's future. We would urge anyone and everyone in our industry to join the FLTA and become an active participant."

Old Republic strongly encourages you to join the Florida Land Title Association and become active in its work. Through this involvement you will become better educated and you will help shape the future of our industry. An introductory membership is currently available for \$150 the first year, and that fee includes all mailings from the association. This is a very small price to pay for all that can be gained from membership.

## More Awards

■ *Michael S. Davis, Florida State Counsel*

We are pleased to announce that the Florida Bar recently renewed Jim Russick's certification as a Board Certified Real Estate Attorney. This is a designation currently held by only 414 of the attorneys licensed in the State of Florida. Certification is earned by meeting certain practice time and specialty criteria, passing a difficult exam, and peer review. His Board Certification

now runs through July 31, 2007.

Jim was also recently appointed to the Title Standards Committee of the Real Property, Probate and Trust Law Section of the Florida Bar. The committee is currently reviewing each chapter of the Uniform Title Standards to bring them current. Jim welcomes input any agent may have on the current Standards.

### COMMENTS:

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

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Tampa, FL 33602  
800-342-5957  
Fax: 813-223-3401

# Linda Speaks at Stetson

■ *Carolyn W. Broadwater, Florida State Counsel*

Linda Hernandez recently accepted the Stetson College of Law Faculty's invitation to give law students in a Remedies class an overview of the title insurance industry. In her presentation, Linda shared with the class her ample knowledge and experience in several areas such as contracts, searches, commitments, closings and policies, as well as real estate transactions, the role of the attorney as a title insurance underwriter, and the issue of title insurance as a remedy.

Judging from the overwhelmingly positive response of both students and faculty, we wouldn't be at all surprised to find Linda receiving another invitation for a repeat guest appearance at the Law School.



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