

NOTICE

To: Old Republic Agents and Offices
From: Scott Pierce, Senior Vice President
Re: Rebating of Premium
Date: November 17, 2000

I appreciate those of you who have provided me with comments about the legislation introduced at the Florida Land Title Association's annual meeting in response to the Butler decision, as well as those of you who have kept me updated on the rebating practices in your local markets. It appears from your comments that although rebating is not currently widespread, it is, nevertheless, surfacing in small degrees in a number of markets. Further, you have said that most of you do **not** want additional legislation, but would prefer to let things settle down and let the market dictate what fees will be charged.

In the course of investigating some of the schemes you have brought to our attention, I have found that they are nothing more than "bait and switch" forms of marketing. Promises to reduce the cost of title premiums for the seller usually result in an increase in the cost of related title services (search, examination and closing) for either the seller, the buyer, or both. Although there is a modest reduction in the total closing costs, the reduction is not as much as would initially appear. Manipulation of related title services is nothing new. Over the years, the industry has seen many of these schemes as agents and underwriters alike justify a decrease in closing costs to a seller, only to increase the simultaneous rate or make additional charges to a buyer.

Frankly, I would rather not see any rebating, even though it is currently legal to do so. Those of you who have called me regarding customers who are shopping fees have told me that in a large transaction where the premium is usually significant, there is room to negotiate a rebate. You have also said that if the rebate requested begins to affect your net revenue per closing, your other fees will have to increase. Anyone with even a small degree of business acumen will not lose money time and again without collecting the necessary revenues to stay in business, regardless of what they choose to call these different sources of revenue. Those agents who do not have an understanding of their costs and, therefore, rebate beyond their ability to stay in business, will only leave the rest of you with customers looking for a stable title agent.

Old Republic Title still believes that providing unparalleled service to your customers counts and that our industry's products have been competitively priced in the marketplace. We believe that any agent who seeks to compete based on rock bottom prices is destined to hit rock bottom themselves. Since Old Republic earns over 99% of its income in Florida from its agents, we encourage you to stay strong, stay independent and stay profitable.