ABOUT US

The Title Report is a production of October Research, LLC specializing in business news and analysis for the settlement services industry and is published 24 times a year.

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PUBLISHERS NOTE

Dear Readers,

James Cash Penney, founder of JCPenney, provided the quintessential description of this year’s National Settlement Services Summit when he said, “Growth is never by mere chance; it is the result of forces working together.”

The 2013 Summit theme, Growth by Design, addresses this very idea — that growth happens when the “forces” of education, inspiration, partnership and collaboration are harnessed in a way that allows for greater expansion into the marketplace. At the Summit, we will focus the educational sessions on specific techniques for capturing market share, helping agents understand the changing dynamics of the marketplace and how they can capitalize on those opportunities to grow their business.

To whet your appetite, we have included in the pages of this special conference edition of The Title Report, some of the subject matter we will be focusing on at the Summit in Cleveland, Ohio, June 10-12. Chris Crowell previews a session on the Title Agent Toolkit. Jason Morgan spoke with Darryl Turner about his Summit session, where Turner will talk specifics on branding, spending money to make money, using effective marketing channels and developing impressive sales teams.

On the compliance side, we set the stage for conversations on lender liability, changes to RESPA and the impact that the new QM rules will have on settlement services.

Milwaukee Mayor Tom Barrett once noted, “Chaos in the world brings uneasiness, but it also allows the opportunity for creativity and growth.” The business of real estate settlement services has had its share of chaos over the past few years, but attendees who return year after year to the Summit have seen tremendous creativity and growth emerge in each of their companies from new knowledge gained and new partnerships developed at this annual event.

I cordially invite you to the most results-producing learning experience available to the title insurance, settlement services and mortgage industries each year. Please join us June 10-12 in Cleveland for two days of learning and networking that will infuse fresh energy into your business in 2013, and prepare you to design powerful growth strategies for 2014.

See you in Cleveland!

Erica Meyer
Chief Executive Officer and Publisher
October Research, LLC
MORTGAGE BANKER AND WORLD-WIDE ‘EDUTAINER’ TO DELIVER POWERFUL KEYNOTES
By Kelly McCarel

As the housing market continues to show signs of improvement this year, growth is certainly on the horizon for many. In connection with this new age of opportunity, this year’s Summit features a host of business and compliance sessions focused on the theme Growth by Design. Notable industry speakers will focus their educational sessions on specific techniques for capturing market share, helping title insurance professionals understand the changing dynamics of the marketplace and how they can capitalize on those opportunities to grow their business, while maintaining compliance with new and existing regulations.

To kick things off for attendees on June 11, Bill Cosgrove, a prominent leader in mortgage banking, will deliver remarks on the mortgage industry and share insights on the state of mortgage lending from his unique perspective. Between implementing new regulations, running the day-to-day operations of an expanding business and meeting customers’ needs throughout the course of the transaction, it is certain that mortgage lenders and title companies will face challenges as they look for the next opportunity. Cosgrove, a high-profile, independent mortgage banker and Washington lobbyist, will speak about the mortgage lending side of the transaction and discuss prominent issues in the mortgage space that impact settlement services.

Cosgrove is president and chief executive officer of Strongsville, Ohio-based Union National Mortgage Co. He serves as vice chairman on the board of directors of the Mortgage Bankers Association and from 2008-2010, he led efforts in raising $1.1 million for industry activism as chair of the MBA’s Political Action Committee. In 2015, he was awarded the MBA’s Burton C. Wood National Legislative Service Award for his legislative efforts on behalf of the mortgage banking industry.

After joining Union National in 1994, Cosgrove was later named president in 1998, and in 1999, he purchased the company. Among countless other recognitions and awards in mortgage banking, in 2000, at the age of 38, Cosgrove was named by Crain’s Cleveland Business as a “40 under 40” top young executive in Northeast Ohio.

On June 12, Summit participants will be captivated by an insightful presentation from keynoter Paul Meshanko, founder and president of Cleveland-based Legacy Business Cultures.

According to Meshanko, in a world of growing diversity and differences within our communities, there’s only one sure-fire path toward business success and social harmony: Respect. Based on his highly acclaimed book, The Respect Effect, Meshanko, a veteran “edutainer” and highly acclaimed author, will explore for Summit attendees what true respect is, why it’s so important for our generation and how respect in the workplace affects business success. He will also provide clear direction on how each of us can create an emotionally positive and durable legacy for ourselves based on how we engage one another.

“I’ve traveled through more than 25 countries on five continents over the past decade,” Meshanko said. “Nothing connects us to one another and builds rapport faster than authentic respect. This isn’t about ‘diversity.’ We’re already diverse. This is about science! When we treat each other with respect, our brains literally light up and we perform whatever we do at the highest levels possible.”

Meshanko is an author, professional speaker and business leader with more than 20 years of experience in leadership development and organizational culture change. As a presenter and facilitator, he has captivated over a quarter million leaders and business professionals.

Summit attendees are encouraged to order their copy of The Respect Effect and bring the book to the National Settlement Services Summit for an exclusive book signing by Meshanko immediately following his presentation.

Keynote Address: From the Mortgage Banker’s Perspective
Tuesday, June 11 | 8:35 – 9:20 pm
Between implementing new regulations, running the day-to-day operations and meeting customers’ needs, mortgage lenders and title companies will face challenges as they look for the next opportunity. Bill Cosgrove, a high-profile mortgage banker and Washington lobbyist, will kick things off with an interesting view of what is happening on his side of the fence.

SPEAKER:
Bill Cosgrove, President and Chief Executive Officer, Union National Mortgage Company

Keynote Address: A Successful Business is Rooted in Respect
Wednesday, June 12 | 8:30 – 9:30 pm
Based on his highly acclaimed book, The Respect Effect, veteran “edutainer” and author Paul Meshanko will explore what true respect is and why it’s so important for our generation and will provide clear direction on how each of us can create an emotionally positive and durable legacy for ourselves based on how we engage one another.

SPEAKER:
Paul Meshanko, Founder and President, Legacy Business Cultures
BUILD A BETTER BUSINESS THROUGH NEW TECHNOLOGY, IT BEST PRACTICES
By Chris Crowell

It’s been said many times that the title insurance industry is an old school industry, tied to historic land records, paper files and generational business practices handed down through the years. That mindset is changing though — rapidly — with the introduction of today’s latest technology. But where is an agent expected to spend his money? What tech improvements will provide the most impact to business and the bottom line? That’s what the “Tool kit” panel is here to answer.

One of the panelists, Craig Haskins, executive vice president of Knight Barry Title, has always been ahead of the curve when it comes to title technology, often working with his IT staff to create his own systems. He was recently featured in The Title Report’s Trendsetters series for just that reason.

“The tech part was critical [to the company’s growth],” Craig said in his Trendsetter profile. “If you go to a new market, you need something else to say other than ‘give us a shot.’”

He elaborates further: “We’ll build anything to save any turn time. It is critically important to us. We won’t skimp on the process; we don’t want to get rid of great title people. There’s value in the product, but delivering the data to the customer is critical. Some banks say, ‘if you were quicker we’d give you more work,’ so we do whatever we can to be the fastest.”

The service that Craig stresses to prospective customers is the customization of the delivery on their end as well. How would they like to receive their documents? In what order? With what wording? Craig guesses that they’ve customized things for about 90% of their customers so far.

Beyond the improvement of services and value-adds, there is also a real need for technology upgrades that meet new compliance and working relationship standards. Lenders now face stiff fines and penalties for any violations caused by third party vendors; and make no mistake about it, title companies are third party vendors. Lender issues aside, these security issues are important for keeping your title company safe. With so many fraudsters enhancing their own tools and tricks, title companies need to stay a step ahead and implement the latest technology/best practices to stay out of the headlines and stay in business. Gregory McDonald, chief executive officer of Cloustar Consulting Corp., gave these highlights for interested title agents:

State and federal laws require title companies to develop and maintain a written information security program. This program details how the title office will protect the non-public personal information it receives from buyers, borrowers, and lenders. Our goal is to talk about how title companies can implement some best practices to secure and protect this information.

NPI can be defined as information provided by a customer (on forms, applications, and / or supporting information) that is used for the purpose of conducting a financial transaction. This includes information such as first names, last names and street addresses. Often times, the argument is made that this is public record; for the purposes of regulatory compliance, this is not. Information such as names, street addresses, or lenders is considered to be non-public personal information up to the time where it is recorded as public record. So how do you make sure this information is secure? We can address securing non-public personal information by first dividing it into two categories.

Physical Security of NPI: Clean desk policy, shredding and disposal of paper documents, locking up files and folders, securing server equipment, and addressing the offsite storage of paper files and backup media

Electronic Security of NPI: Preventing unauthorized access to information systems, password policies, limiting access to removable media, securing email communications, and leveraging written IT policies and disaster recovery plans.

Title companies are a virtual treasure trove of information for identity thieves, and criminals will stop at nothing to get their hands on it. A common technique for gaining access to computer systems is placing a telephone call and simply asking for it. Yes- simply asking for it! By pretending to be from a trusted source, such as IT vendors, or software providers, victims willing hand over sensitive information, or remote access to systems. As such, we will address how to protect you and your employees from these issues.

Toolkit for the title agent: Key technologies and proven strategies

Tuesday, June 11 | 1:00 – 2:00 pm

What systems and tools do you need to ensure you are competitive and profitable through 2014? A group of technology experts will talk specifics on software and strategies, covering topics such as cloud computing, e-recording and other elements to put into your toolkit to ensure your operations are running efficiently. Find out what to outsource, what not to, and what you can do to streamline a process that is consuming a significant amount of time.

SPEAKERS:
• Craig Haskins, Executive Vice President, Knight Barry Title, Inc.
• Gregory McDonald, Chief Executive Officer and Founder, Cloudstar Consulting Corporation
• Vicki DiPasquale, Vice President and National Sales Manager, Simplifile
BUILDING YOUR BRAND: DARRYL TURNER CHARTS A COURSE FOR MARKETING SUCCESS
By Jason Morgan

Branding is a marathon. You have to set your pace, stay consistent and be in it for the long haul. Most of all you need a plan. It’s hard enough thinking how to define and differentiate your brand in a crowded marketplace, but with so many outlets and avenues through which to promote your company, the way forward is often cloudy, at best.

Darryl Turner, one of the title industry’s leading consultant and business strategy speakers, will clear up branding confusion and show you the road to success when he takes the stage at the National Settlement Services Summit.

“The biggest challenge that I think title agents deal with is that they don’t have a brand. The consistency of what they’re trying to attempt varies too much,” explained Turner, an author, nationally recognized entrepreneur and founder and chief executive officer of The Darryl Turner Corp., a California-based international consulting firm. “They go in one direction, and just about the time something is going to work, they end up going a different direction. Branding isn’t only consistency, but longevity.”

Turner knows title — he and his team have worked directly with more than 835 title companies and made more than 65,000 sales calls with title and escrow salespeople, escrow officers, managers and owners directly to Realtors, lenders, attorneys and builders, assisting them in the direct implementation of his processes. A major theme of Turner’s advice is consistency.

In explaining how powerful consistent branding can be when backed by his three pillars of company exposure, Turner pointed to the well-known Nike Swoosh logo as an example. It’s a logo that hasn’t changed much since its inception in 1971, and it does its job well.

“Marketing is designed to reduce resistance in the sales process,” he said. “If I walk into a store and there are two shoes on the wall — a Nike and some other brand — and they’re both about the same price and the same quality, I’m walking out with the Nike. It’s going to require more effort of a sales person to sell me the other brand than the Nike because advertising and marketing have reduced the resistance.

“People buy what they’re more comfortable with, and the more often they see a brand, the more comfortable they are with it — whether it’s a good brand or not.” Turner said.

You may have already guessed that marketing is one of Turner’s talking points. The other two are advertising and sales.

“Advertising gets people to see you. Marketing gets people to know you. Sales gets people to use you,” Turner explained. “Marketing is a lubricant to the sales process, but without a sales process, expectations of marketing are too high. When it doesn’t pay off fast enough, they stop doing it.”

Each of the three facets is important and should be enacted in a certain structure. Turner keeps the specifics close to his chest, but he knows that title professionals are battling with complicated branding questions and limited budgets every day.

“Advertising is high-dollar, low labor and sales is high-labor, low dollar. What people tend to do is try to spin their way out of having to do something,” he said. “So they put their money in advertising, or they put their money in marketing, and they avoid a sales process. They avoid having someone out in the marketplace who is highly trained, highly focused, who knows what they’re doing and who is face to face with prospects trying to generate revenue opportunities.”

Turner knows that sales are where the rubber meets the road in many businesses. His goal is to show those struggling with branding the way to leverage their marketing, advertising and sales. During his National Settlement Services Summit presentation, Turner will answer the tough questions: Where should title professionals be putting their money to improve their brand? How can title professionals make the job easier for their sales staff? And how do you deal with social media?

“The word ‘social’ is the best description of it. It doesn’t say ‘professional’ media, it says ‘social’ media,” Turner said. “Social media networks are where the people are. But I’ll tell you this — If you’re on Facebook, LinkedIn or Twitter for the sake of being there, it won’t make you any money.”

Turner will take the stage for “Marketing 301: Taking Your Methods to the Next Level” at 2:15 p.m. on Tuesday, June 11.

Marketing 301: Taking Your Methods to the Next Level
Tuesday, June 11 | 2:15 – 3:15 pm

Growth doesn’t happen by chance. It is the combination of strategic planning, good business decisions and an active marketing outreach. This session will talk specifics on branding, spending money to make money, using effective marketing channels and developing impressive sales teams.

SPEAKER:
Darryl Turner, Founder and Chief Executive Officer, The Darryl Turner Corporation
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<td>Speaker: Bill Cosgrove, President and Chief Executive Officer, Union National Mortgage Company</td>
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<td>9:20 – 9:30 AM</td>
<td>Joe Casa Awards Ceremony</td>
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<td>Speaker: Phil Schulman, Partner, K&amp;L Gates</td>
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<td>10:30 – 11:00 AM</td>
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<td>Concurrent Session A: The CFPB’s Mortgage Disclosure Reform: A Journey with a Purpose</td>
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<td>Speakers: Richard Horn, Senior Counsel &amp; Special Advisor, Office of Regulations, Consumer Financial Protection Bureau; Bart Shapiro, Principal, Financial Institutions Compliance Practice Group, Ofit Korunan; Leslie Wyatt, Director of Industry Relations, SoftPro</td>
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<td>Concurrent Session B: Marketing Your Company’s Value in the New Era of Agent Vetting</td>
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<td>Speakers: John Ardidaciono, Senior Vice President of Marketing, Stewart Information Services Corporation; Rusty Solomon, Chief Executive Officer, Mandrien Consulting Group</td>
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<td>Concurrent Session A: Toolkit for the Title Agent: Key Technologies and Proven Strategies</td>
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<td>Concurrent Session B: Strategic Alliances and the Future of Affiliated Businesses</td>
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<td>Speakers: Jeff Arouh, Partner, McLaughlin &amp; Stem; Marx Sterbcow, Managing Partner, Sterbcow Law Group, LLC</td>
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<td>Concurrent Session A: Marketing 301: Taking Your Methods to the Next Level</td>
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<td>Speakers: Darryl Turner, Founder and Chief Executive Officer, The Darryl Turner Corporation</td>
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<td>2:15 – 3:15 PM</td>
<td>Concurrent Session B: How QM, QRM and Other Federal Regulations are Impacting Business</td>
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<td>Speaker: Loretta Saltzaro, Founding Partner, Franzen &amp; Saltzaro</td>
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<td>3:15 – 3:30 PM</td>
<td>Make a Child Smile: Presentation to Guidestone</td>
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Opening Night Reception
As an attendee of the 2013 Summit, you are invited to partake in an exclusive networking reception with the editorial staff of October Research, LLC. Be sure to arrive early to kick off the festivities at this increasingly popular off-the-record event.
**WEDNESDAY, JUNE 12**

**3:30 – 4:45 PM**
**The New Age of Lender Liability and the CFPB’s Watch**
In the new era of lender liability, how has the lender/title agent relationship changed? This session will discuss from both the lender and title agent’s perspective where things stand with agent vetting, what lenders’ expectations are and best practices for adapting in this new regulatory landscape.

**Speakers:** Chris Gulotta, Founder and Principal, The Gulotta Law Group, PLLC, Paradigm Title Agency and Settlement, LLC, and Real Estate Data Shield; Donald Parrington, Executive Vice President, Legal and Strategic Affairs, Fidelity National Title Group; Penny Reed, Vice President, Wells Fargo Home Mortgage; Francis (Trip) Riley, Partner, Saul Ewing, LLP

**5:30 – 8:30 PM**
**Networking Reception**
The 2013 Summit Networking Reception will be held at Cleveland’s upscale, spacious Corner Alley, where attendees will enjoy an inviting atmosphere, fine cuisine and an opportunity to match bowling skills with friends, clients and colleagues — and win prizes!

**7:00 – 8:15 AM**
**Power Breakfast and Morning Networking**

**8:15 – 8:30 AM**
**Opening Ceremony**

**8:30 – 9:30 AM**
**Keynote Address: A Successful Business is Rooted in Respect**
Based on his highly acclaimed book, The Respekt Effect, veteran “edutainer” and author Paul Meshanko will explore what true respect is and why it’s so important for our generation. Paul will also provide clear direction on how each of us can create an emotionally positive and durable legacy for ourselves based on how we engage one another.

**Keynote Speaker:** Paul Meshanko, Founder and President, Legacy Business Cultures

**9:40 – 10:40 AM**
**Concurrent Session A: Escrow Security: Good banking practices, fraud protection and your employees**
There are a host of internal and external threats creeping their way into title offices nationwide. What should you be doing to protect your accounts from these dangers? This session will reveal the pressure points at various stages in the transaction and what needs to be done to avoid theft, legal trouble and loss of business.

**Speakers:** Richard (Dick) Reass, President and Founder, Reliant Title and Seign Software, LLC

**9:40 – 10:40 AM**
**Concurrent Session B: Expanding into new territory: Where to go and how to get there**
The housing market is on a path to recovery. Are you waiting in the shadows or blueprinting your next opportunity? Hear from a leadership consultant and market analyst on the various opportunities for growth, including housing market trends, planning your future and leading strategic changes in your company.

**Speakers:** Rich Kuegler, Vice President of Business Development, DataQuick; Jeff Schurman, Leadership Consultant and Founder, Leading Causes, LLC

**12:05 – 1:05 PM**
**Lunch**

**1:05 – 2:05 PM**
**Regional Underwriters and Their Impact on the Changing Agent Landscape**
Regional underwriters are making an impact on the marketplace. Several larger multistate licensed underwriters are making a push to become national companies. Find out what approaches these companies take to differentiate themselves in a competitive marketplace, how they compete with the major national companies, and what advantages and disadvantages independent agents experience when working with a regional underwriter.

**Speakers:** Scott Chandler, Vice President, Western U.S. Division, Westcor Land Title Insurance Company; John Fries, Executive Vice President and Chief Underwriting Counsel, North American Title Insurance Company; Dave Ginger, President, Alliant National Title Insurance Company

**2:05 – 2:20 PM**
**Networking Break**

**2:20 – 3:20 PM**
**RESPA Defined in 2013: What’s New, What’s the Same and Where Do Compliance Issues Lurk?**
In this unique RESPA training, regulatory compliance attorneys will instruct on specific sections of RESPA you should be tuned into to avoid legal trouble down the road. This session will highlight important areas of RESPA title companies should be addressing in their operational platforms.

**Speakers:** Jonathon Cannon, Associate Attorney, BuckleySandler LLP; David Tallman, Partner, K&L Gates

**3:20 – 3:30 PM**
**Summit Closing and Adjourn**
PREPARING FOR THE NEW AGE OF LENDER LIABILITY
By Andrea Golby

New regulations are coming forward, from the ability-to-repay rule, to loan officer compensation, to the forthcoming settlement disclosures. All of these regulations put pressure on lenders and increase their compliance costs. In addition, the Consumer Financial Protection Bureau (CFPB) has said it will hold lenders accountable for the actions of their service providers.

It seems lenders have been feeling pressure for a few years.

“Many of us are familiar with the now famous April 2012 service provider memo that we have been trying to understand for almost a year now,” said Frank Pellegrini, president, Prairie Title Services during a webinar on the topic of lender liability. “But this service provider memo that we are all familiar with was not the first regulatory expression of its kind.”

The message that lenders are responsible and liable for the acts of third-party providers has been articulated since 2002, when the Office of the Comptroller of the Currency stated in one of its pronouncements that lenders were to ensure that third-party activity is conducted in a safe and sound manner, in compliance with applicable laws, Pellegrini said.

Going forward to 2006, Pellegrini pointed out that the Federal Deposit Insurance Corp. issued guidance that stated lenders must understand that while the employment of third party providers accomplishes certain strategic objectives, it also provides risks. The guidance said this risk must be recognized and effective risk management strategies should be employed.

Pellegrini said that in February 2012, a $25 billion settlement agreement was entered into between several federal agencies and 49 state attorneys general and five of the nation’s largest mortgage servicers.

“Then of course, all this culminated in April 2012 with the Consumer Financial Protection Bureau (CFPB) bulletin,” Pellegrini said. “But, by that time, the CFPB bulletin shouldn’t have taken anyone by surprise.”

Shortly after the CFPB bulletin was released, the CFPB entered into enforcement actions against three major credit card issuers. In each case, the issuer hired a third-party call center to sell credit card services to consumers. Each had come up with a carefully crafted script that met regulatory guidelines, but in each case, the call center came up with its own script, one that violated federal laws.

So, ultimately, what does the CFPB expect lenders to do?

“What the CFPB expects the lenders to do is perform due diligence over their service providers; and ensure compliance with federal laws,” said George Houghton, group president, agency operations, Stewart Information Services Corp. “They expect lenders to review the service provider’s policies and procedures and training programs and assure that beyond those policies and training, that the agents are providing the necessary oversight and closing the loop. It’s one thing to have a policy, like a data security policy. It’s another thing to put it into practice and follow up on it.

And lenders are taking this new role seriously.

During a recent conference presentation, Penny Reed, vice president of settlement services from Wells Fargo Home Mortgage, and Linda Elkins with BancFirst Corp., noted that they believe in the local knowledge of the title industry and the powerful role agents play in the closing of a transaction.

“We see what you do as an extension of us because, often, you’re the only ones who see our customers face to face,” Reed said. “So much of what we do is over the phone. Frequently, you are it. So that’s one of the big values we see.”

Elkins noted that her team is able to have a representative at about 25 percent of their closings, meaning three-fourths of the time it is just the closing agent as the face of the transaction. In that position as the face of the mortgage transaction, as the extension of the lender, the agent then carries the burden of adding to the lender’s reputational risk.

“Our customer sees you as the one explaining, going over charges and distributing their money, and if that doesn’t go well, it’s a direct reflection on our company,” Elkins said. “There is high risk there. We go through this period of trying new title companies, approving them through our process, and there is a reputational risk there if we choose wrong.”

For a larger lender like Wells Fargo, that risk might seem especially inordinate because they are often an easy target for the media, and Reed noted that reputational risk is one of the bank’s top challenges.

What do these new challenges and heightened awareness mean for the lender/title agent relationship and how can title agents best adapt to these new realities? Reed, along with other industry experts will provide insight during their session on Tuesday, June 11 at the National Settlement Services Summit.

The New Age of Lender Liability and the CFPB’s Watch
Tuesday, June 11 | 3:30 – 4:45 pm

In the new era of lender liability, how has the lender/title agent relationship changed? This session will discuss from both the lender and title agent’s perspective where things stand with agent vetting, what lenders’ expectations are and best practices for adapting in this new regulatory landscape.

SPEAKERS:
• Chris Gulotta, Founder and Principal, The Gulotta Law Group, PLLC, Paradigm Title Agency and Settlement, LLC and Real Estate Data Shield
• Donald Partington, Executive Vice President, Legal and Strategic Affairs, Fidelity National Title Group
• Penny Reed, Vice President, Wells Fargo Home Mortgage
• Francis (Trip) Riley, Partner, Saul Ewing, LLP
CURIous ABOUT THE NEW MORTGAGE DISCLOSURE FORMS? LET THE EXPERTS FILL YOU IN
By Angela Rullfes

The Consumer Financial Protection Bureau’s (CFPB) integrated mortgage disclosure final rule is one of the most highly anticipated regulations to be released this year. The questions surrounding this rule are piling up as the mortgage industry awaits announcements regarding its publication.

Are you curious where the bureau stands with the forms? Do you want to know which of the title industry’s concerns they plan to address? These are some of the questions that will be covered in The CFPB’s Mortgage Disclosure Reform: A Journey with a Purpose, a National Settlement Services Summit session, where three experts will discuss various issues surrounding this significant rule.

The bureau published its massive 1,099-page proposed regulation in July 2012, introducing the industry to the projected Loan Estimate and Closing Disclosure forms. The comment period closed in November 2012, and according to www.regulations.gov, the CFPB received more than 2,700 submissions from the public and members of the industry providing the bureau with suggestions and comments regarding the proposal. The agency indicated it planned to review and consider each comment before it releases the final Truth in Lending Act/RESPA integrated mortgage disclosure rule.

Review of the proposed rule provided the industry with an indication of what types of changes the CFPB planned to make. Along with the new disclosure forms, the proposal suggested a modification to the way annual percentage rate is calculated, new recordkeeping requirements, modified tolerance levels, a revised definition of “business day” and new timing requirements.

Some of these changes have certainly left the industry with concerns, including:

• Uncertainty over who should complete and distribute the disclosures to the borrowers;
• The consequences of revising the definition of application;
• The lowering of tolerance levels and whether they are too strict;
• Possible issues surrounding the three-day rule for providing the Closing Disclosure; and
• The new finance charge calculation method.

Some in the mortgage industry have suggested that the CFPB had too much on its plate with all the new regulations that were released in January and said the bureau should re-issue another proposal to take into account all the regulatory changes at the beginning of 2013. Others requested the bureau provide at least 18 months from the date the final rule is published before making it effective so that the industry has time to review the regulation and hammer out any uncertainties.

Most agreed that changes must be made before the bureau releases the final rule.

Even when the rule will be released is relatively uncertain. Unlike many of the regulations that have already been released this year, the Dodd-Frank Act did not set a deadline for the final integrated disclosure rule to be released, which left many wondering when the CFPB would have it completed.

According to the bureau’s semiannual regulatory agenda, it set September 2013 as the target release date. That means that at this moment the bureau is, in theory, working very hard to review comments and draft the rule.

It’s difficult, however, to say for sure what the CFPB is planning unless you receive that information from the source. You can do just that when you attend the mortgage disclosure reform session at October Research’s National Settlement Services Summit.

The presenters, Richard Horn, senior counsel and special advisor, office of regulations for the CFPB; Bart Shapiro, principal, Financial Institutions Compliance Practice Group, Offit Kurman; and Leslie Wyatt, director of industry relations, SoftPro, will come together to talk about the important elements of the rule.

With Wyatt’s 15 years working in the real estate industry and her primary focus on RESPA regulations and implementation, she has experience with regulatory compliance and the industry’s concerns. Shapiro is in the unique position of having worked both as a RESPA regulator and within the private sector dealing with compliance issues. Lastly, Horn comes to us directly from the CFPB and can provide insight on where the forms are now and what issues the bureau is most concerned with.

The CFPB’s Mortgage Disclosure Reform: A Journey with a Purpose
Tuesday, June 11 | 11:00 am – 12:00 pm

The Consumer Financial Protection Bureau has promised new mortgage forms. A rule was proposed in 2012, and now the CFPB is working through thousands of comments received by the industry and drafting a final rule intended to bring clarity to the mortgage transaction for consumers. Where does the bureau stand with the forms? What are some of the comments they are addressing? This session will discuss these issues and much more as three experts join together to cover the crucial elements of this impactful reform.

SPEAKERS:
• Richard Horn, Senior Counsel and Special Advisor, Office of Regulations, Consumer Financial Protection Bureau
• Bart Shapiro, Principal, Financial Institutions Compliance Practice Group, Offit Kurman
• Leslie Wyatt, Director of Industry Relations, SoftPro
ABILITY-TO-REPAY RULE REPERCUSSIONS STILL UNCERTAIN
By Nathan Marinchick

The CFPB’s ability-to-repay (ATR)/qualified mortgage (QM) rule, which takes effect in January 2014, will undoubtedly have a major impact on the mortgage industry. However, for many reasons, it’s still not clear what the ultimate impact will be. The final rule requires lenders to verify their borrowers’ ability to repay. That may seem simple enough, but make no mistake, this is a complicated rule.

In the interest of preserving access to credit, the ATR/QM rule establishes several buckets where lenders can make their loans. For instance, lenders can choose to write certain lower-risk loans that will fit into the QM “safe harbor” bucket. The CFPB’s rule establishes a strong presumption of compliance for these types of loans, thereby limiting lenders’ potential litigation risk should a default occur.

Lenders can also choose to write higher-priced QM loans. These loans generally would fall into the rule’s QM “rebutable-preemption” bucket. Here, a borrower could challenge whether a lender really made a good faith determination regarding to the borrower’s ability to repay, notwithstanding that the lender ostensibly complied with the CFPB’s requirements.

CFPB leaders often note that the Dodd-Frank Act did not require lenders to only make QM loans. As such, they expressed hope that some lenders will choose to write loans in what is known as the “ATR space.” Lenders writing loans for this bucket must consider eight underwriting factors. ATR-space loans aren’t subject to specific product restrictions. However, these loans are not afforded a presumption of compliance; thereby exposing lenders to potential litigation risk should a default occur.

The extent to which lenders will originate ATR-space loans or whether a secondary market for such loans will emerge remains unclear. We also may not get an answer to these questions for quite a long time. Why? Well, the CFPB figured many institutions would be unwilling to write ATR-space loans when the rules roll out in January 2014, so the bureau hammered out another bucket. This temporary bucket will allow lenders to achieve the legal protections associated with the QM safe harbor and rebuttable presumption buckets when they write a loan with certain characteristics that is also eligible for sale to either Fannie Mae or Freddie Mac, or satisfies the underwriting requirements of certain other government entities. This temporary bucket may be available for up to seven years and could blunt the initial impact of the bureau’s rule.

As if all that wasn’t confusing enough, the bureau is drawing up the specs for yet another bucket. Final rule amendments proposed by the bureau would grant QM legal protections to certain loans originated and held in portfolio by small creditors including community banks and credit unions. It’s not clear when the amendments will be finalized, but the CFPB said this new QM bucket will be part of the ATR/QM rule framework when the bureau’s requirements kick in next year.

QRM and LO Comp

The ATR/QM rule also intersects with Dodd-Frank Section 941, which generally requires securitizers to retain 5 percent of the credit risk in any asset-backed security. Dodd-Frank provides a risk-retention exemption for qualified residential mortgages (QRM), mortgage loans that have certain characteristics intended to lower the risk of default. Dodd-Frank also specifies that the QRM definition may be no broader than the CFPB’s QM definition.

Five regulatory agencies proposed rules to implement Dodd-Frank’s risk retention provisions in 2011, and mortgage industry participants were quick to criticize their plans. They said QRM’s proposed down payment requirements would restrict credit to otherwise qualified borrowers. They also said lenders could face unnecessary compliance costs if the QM and QRM standards impose duplicative requirements.

Regulators indicated they have heard the industry’s concerns and at least one top regulator said recently that QM and QRM should be largely congruent. The regulator also indicated that the risk retention final rule could come out sooner rather than later.

The ATR/QM rule’s tentacles also reach into the area of loan originator compensation. Despite industry opposition, compensation paid to loan originators is included in the QM points and fees calculation mentioned earlier. The CFPB’s proposed rule amendments seek feedback on some plans to address concerns that compensation could be counted multiple times in some instances.

What does this mean to settlement services? You can learn how QM, QRM and other federal regulations will impact title insurance professionals during a session on Tuesday, June 11 at the National Settlement Services Summit led by Loretta Salzano, founding partner with Franzen & Salzano.

How QM, QRM and Other Federal Regulations are Impacting Business
Tuesday, June 11 | 2:15 am – 3:15 pm

The mortgage community is preparing to implement numerous regulations that have recently been issued. What does this mean to settlement service? This session will drill down on which pieces of the regulations title insurance professionals need to be familiar. It will also cover the direct impact and what the title community needs to do to help ease the transition for its clients during implementation.

SPEAKER:
Loretta Salzano, Founding Partner, Franzen & Salzano
YOUR COLLEAGUES, PARTNERS AND CLIENTS ARE COMING TO THE SUMMIT

Will you be there? We’re expecting approximately 500+ top-level decision-makers for the 2013 National Settlement Services Summit. Executives from the most respected and successful companies in our field will be on hand. Take a look at the companies attending this June:

- A.S.K. Services
- Accurate Title Group, LLC
- Adaptive Software
- Agents National Title Insurance
- Alliant National
- Alliant National Title Insurance Company
- American Land Title Association
- American Title Inc
- Anderson Biro, LLC
- Angi Notary
- Arista National Title
- Arrow Title Agency LLC
- Axis Technology
- Bank of Georgetown
- Bay National Title Company
- Berkeley Law School
- Brady & Koozfisky, PA
- BridgeTrust Title
- Broker’s Settlement Services
- BuckleySandler LLP
- C3 Compliance Consultants
- Capstone Pioneer Settlement
- Champion Title & Settlements
- ClosingCorp
- Cloudstar Consulting Corporation
- Columbia Title Group
- Columbia Title Agency
- Consumer Financial Protection Bureau
- Continental Title Company
- CoreLogic
- Corporate Settlement Solutions
- Corporation Services Company
- Crown Search Services
- Customized Lender Services
- Data Trace
- DataQuick Title
- eRecording Partners
- Ernst Publishing
- Evans Title Agency
- Fidelity National Title Group
- First American
- First American Title Insurance
- First Dakota Title
- First Title & Escrow, Inc
- Flagstar Bank
- Franzen & Salzano
- Greater Illinois Title Company
- Guardian Title & Guaranty Agency, Inc
- Holler Law Firm, LLC
- Hollerbach & Associates
- Insight Title
- Integrity Title
- Integrity Title Company LLC
- Investors Title Insurance Company
- Jett Title
- John Bethell Title Company, Inc.
- KBL Gates
- Knight Bary Title, Inc.
- Kriis Law's Electronic Closing & Escrow
- Lakeside Title Company
- Leading Causes LLC
- Legacy Business Cultures
- LenderLive Network, Inc
- LFS National TaxNet, Inc.
- Madison Title
- Madison Title Agency
- Mandrien Consulting Group
- McDonnell and Associates
- McLaughlin & Stern
- MDK Title Agency
- Medallion Analytics
- Metro National Settlement Services
- Meyer Financial Group
- NATIC
- National Closing Solutions
- New House Title
- NextAcc
- NITA Solutions
- North American Title Insurance Company
- North Dakota Guaranty & Title Co
- Northway Title Agency
- Northwest Title
- October Research, LLC
- Offit Kurman
- Oklahoma Land Title Services LLC
- Old Republic National Title Insurance Company
- Old Republic Title Company
- ONTITLE
- Orange Coast Title Company
- Orange Coast/Real Advantage Title
- Paradigm Title Agency & Settlement LLC
- PCS Title
- Penn Suburban Abstract LLC
- Premier Reverse Closings
- Priority Search
- Property Info
- Property Insight
- Provident Title & Escrow LLC
- Quadras Corporation
- Quality Title and Abstract Agency Inc
- RamQuest
- Real Advantage
- Real Estate Data Shield
- RedVision
- Reliable Property Reports Inc
- Reliant Title and Segin Software, LLC
- reQuire
- Residential Title
- Resort Title Agency, Inc
- Rogers Townsend & Thomas PC
- RynohLive
- Safe Title, Inc
- Saul Ewing, LLP
- Secured Title of KC
- Settlements, LTD
- Signature Information Solutions
- Simplifile
- Sirva Relocation LLC
- Sky Closing
- SMS
- SoftPro
- South Oak Title
- Southeast Professional Title
- SPL, Inc.
- Sterbcow Law Group
- Stewart
- Stewart Information Services Corporation
- Stewart Lender Services
- Stewart Title
- Stewart Title Guaranty Company
- Telsi Real Estate Solutions
- The Darryl Turner Corporation
- TexasFile
- The Gulotta Law Group PLLC
- The Kuhn Law Firm, PLLC
- The State Capital Title & Abstract Co.
- Titan Title & Closing
- Title First Agency
- Title Guaranty
- Title Holding Company, LLC
- Title Resources Guaranty Co
- Title Security Agency
- Title Wave
- Title365
- TM Holding Inc
- TransCounty Title Agency
- TRG/Keystone Closing Services
- Tri County Title Agency
- TSS Software Corporation
- U.S. Bank
- Union National Mortgage Company
- United Lender Services
- Universal Land Title
- Urban Lending Solutions
- WashingtonFirst Bank
- Wells Fargo Bank
- Wells Fargo Home Mortgage
- Westcor Land Title Insurance Company
- Western Technologies Group, LLC
- WFG National Title Insurance Company
- Windward | ResWare
- Zodiac Title Services LLC
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*Includes Opening Night Reception on 6/10 & Networking Reception on 6/11*

For information about Summit sponsorship opportunities, please call 330.659.6101 x 6105

Group discounts are available. For additional information call 330-659-6101 x6611

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CCV are the last 3 digits printed over the signature on the back of your card. American Express cards show the 4-digit CCV printed above and to the right of the imprinted card number on the front of the card.

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