Why Civility Matters
By Matt Morris

Historically, the title industry has been small, tightly-knit and built on relationships. Even as we compete for business, there’s always a silent nod between competitors that acknowledges how we both value our industry and value what it provides to society. Working in such close quarters leaves little room for unnecessary hurdles and barriers that might prevent our success.

I recently ran across an article in the Harvard Business Review called “The Price of Incivility,” which talks about growing incivility in the workplace and its related costs to an organization. Over 14 years, researchers polled thousands of workers about how they are treated on the job, and 98% have reported experiencing behavior that was not civil. Incivility could be expressed as rudeness, disrespect or flat-out hostility, or it could be as seemingly minor as sending e-mails during a presentation or criticizing a subordinate in front of others.

Either way, incivility ultimately affects the bottom line. According to HBR, among workers who have been on the receiving end of incivility:

• 38% intentionally decreased the quality of their work.
• 80% lost work time worrying about the incident.
• 63% lost work time avoiding the offender.
• 66% said that their performance declined.
• 78% said that their commitment to the organization declined.
• 12% said that they left their job because of the uncivil treatment.
• 25% admitted to taking their frustration out on customers.

While I would hope that we are all civil enough to avoid effects like these, I also hope we recognize there is work to be done. Incivility that results in lost customers and potential business harms us all. Whatever our position, title or tenure, it is important that we treat one another with respect and recognize the value that others provide.

We all want to provide great service to our customers, and everyone involved in a transaction is integral to making that happen. The sooner we understand that, and the more we understand humility, the sooner we can trust each other and deliver great service.

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Planning Your Continuing Education In 2013

By Unknown

Never has continuing education for title insurance agency staff been more important than it is now, especially with the new licensing and continuing education requirements for individuals signing commitments, policies and endorsements in Alabama.

If you have watched the email stream from both Houston and the State Office, you also know that CFPB is on track to roll out new rules and forms later this year. So, everyone in your agency – marketing and customer relations staff, examiners, underwriters, closers, post closing staff - will need to stay abreast of all of the changes that are on the horizon. That will go a long way to ensure that your agency stays ahead of the curve. There will be a number of continuing education opportunities for you and your agency team during 2013.

The annual Stewart TIPS Underwriting Seminar is going back to the beach in 2013! The Perdido Beach Resort will once again play host to this dynamic continuing education event August 8-9, followed by golf and fishing on August 10. MARK YOUR CALENDAR NOW!

In addition, the Education Committee of the Alabama Land Title Association (affiliate of DLTA), which Michael Webber chairs, is planning to host 3 Title Schools in 3 different cities around the state. The DLTA Mid-Year Meeting will be held in Montgomery and the DLTA Annual Convention in Orlando. Here’s a complete list of CE and CLE opportunities in the works for 2013:

- 2/11/13 DLTA Title School Birmingham (CE & CLE)
- 3/14/13 DLTA Mid-Year Meeting Montgomery (CE & CLE)
- 5/13/13 DLTA Title School Huntsville (CE & CLE)*
- 8/8/13-8/9/13 Stewart's Annual TIPS Underwriting Seminar Orange Beach (CE & CLE)
- 8/12/13 DLTA Title School Mobile (CE & CLE)*
- 8/29-31 DLTA Convention Orlando (CE and CLE)

*dates are subject to change and venue to be announced

For those needing the 20 hour pre-licensure course, you will have four different opportunities in four different locations. More information is available at www.kooglergroup.com. This course has been approved for 16 hours of CLE credit, including 1 hour of ethics. It does not, however, count toward the DOI CE requirements. That course is scheduled as follows:

- February 7, 8 and 9 – Birmingham
- May 9, 10 and 11 - Huntsville
- August 8, 9 and 10 – Mobile
- November 14, 15 and 16 – Montgomery
Graham Chairs Women Lawyers Section in 2013

Christina A. Graham of Professional Title Services of Alabama, LLC and Gibbons Graham LLC is the 2013 Chair of the Women Lawyers Section of the Birmingham Bar Association (the "WLS"). The WLS boasts over 300 members, and it exists to both foster the personal and professional development of women with law degrees and to enhance the quality of life and culture of the legal community.

New Arrival at Tallapoosa Title

The Tallapoosa Title family in Dadeville, Alabama, welcomes a new member - Barrett Preston Ingram. Barrett was born January 17, 2013. He is the son of Tallapoosa Title’s Mike Ingram. Weighing in at 6 lbs. 13 oz, and measuring 20.5 inches long, Mike says "he looks just like his daddy and of course he is the best looking baby ever."

TitleSouth Supports Helping A Hero

TitleSouth, LLC, recently recognized the company’s top title and closing clients during RealtySouth’s Awards breakfast at “The Club” in Birmingham. The award recipients were recognized with a contribution to Helping a Hero by TitleSouth in their honor.

Harpoles Announce New Arrival

Claims counsel Ann Harpole and her husband, Wes, celebrate the arrival of Sarah Elizabeth Harpole, born December 28th, 2012. Pictured is big brother, Jackson, holding Sarah Beth
CASE I.
ABC Mortgage financed Dick and Jane Smith’s purchase of their first home, which you closed on January 7, 2013. You issued a Stewart loan policy to ABC Mortgage. Today, ABC informed you that EZ Credit called demanding payment of a judgment against Dick and Jane Smith dated April, 1, 2012, threatening to execute the judgment against the Smiths’ home. What do you think would be a proper response based upon the information provided to you by ABC?

(a) I would ignore ABC’s call because the judgment is dated April Fool’s Day and is obviously a joke.
(b) I would report what ABC told me to Stewart claims with the file because it sounds like a claim.
(c) I think that ABC’s insured mortgage has priority over EZ Credit’s judgment because the mortgage is a purchase money mortgage.
(d) I would do nothing because I did a lien search of the borrowers, Dick and Jane Smith, for issuance of the title commitment and determined that the social security numbers of the borrowers were not the same as the persons identified in the EZ Credit judgment. I also had the Smiths provide an affidavit stating the judgment was not against them.
(e) (b), (c) and (d) above are correct under the circumstances.

ANALYSIS:
Response (a) above is incorrect; however, response (b) is correct. Notice of a claim to you as agent is treated as notice to Stewart as principal. It is imperative that you provide notice of any matter that could possibly be a claim to Stewart immediately. See The Security Title Guarantee Corporation of Baltimore v. GMFS, LLC, 910 So.2d 787 (Ala. Civ. App. 2005). Response (c) is correct. The insured mortgage was a purchase money mortgage, based upon the decision of the Alabama Supreme Court in Sunshine Bank v. Key, et al., 631 So.2d 965 (Ala. 1994) (“[A] purchase money mortgage takes priority over both previous and subsequent claims … .” Id. at 967.) Response (d) makes the significant point that a proper lien search of the borrowers is required. Although the purchase money mortgage generally has priority over a judgment or similar lien against the borrower obtained prior to the date of the purchase money mortgage, the lien does attach to the borrowers’ equity of redemption in the property.

CASE II.
On March 15, 2007, you closed a real estate mortgage loan for Allstar Mortgage Company to refinance the borrowers’ existing mortgages on their home. The borrowers had first and second outstanding mortgages disclosed on your title commitment. You obtained payoffs from the borrowers’ prior lenders and disbursed the payoff amounts with a cover letter demanding release of the mortgages. Today, you received a letter from Stewart claims providing a copy of a claim submitted by Allstar’s foreclosure counsel under the loan policy. The claim letter states that the second mortgage you paid off in 2007 has an outstanding balance and foreclosure by that mortgage holder is imminent. Stewart claims is requesting a copy of your file. Which of the following do you not want to find in your review of the file, and why?

(a) I do not want to find that the husband and wife were grantees in the vesting deed, but only the husband executed the insured mortgage.
(b) I do not want to find the words “future advance” or “revolving credit” in the mortgage I paid off in 2007, without a request by the borrowers to close the line of credit.
(c) I do not want to find that the legal description at Exhibit ‘A’ of the insured mortgage is the legal description of a property I closed earlier that day.
(d) I do not want to find the misplaced tickets for the all-expense-paid two-week Caribbean cruise.

ANALYSIS:
Response (a) is correct. Ala. Code § 6-10-3 declares a mortgage or conveyance of the marital residence (homestead) in which both spouses did not execute the mortgage or conveyance, void. See, e.g., Sims v. Cox, 611 So. 2d 339 (Ala. 1992). Response (b) is correct. A recurring problem is the failure to properly obtain releases of future advance mortgages, known commonly as HELOCS. A payoff of the balance of a line of credit, without a request to close the line of credit made by the borrower in accordance with Ala. Code § 35-10-26, leaves the line of credit open and risks the making of future advances with priority over the insured mortgage. Response (c) emphasizes one of the major sources of claims—missing and erroneous legal descriptions. Mortgages and deeds recorded without the legal description, errors in the legal description, a legal description of the wrong property, legal descriptions of only a portion of the property, and similar issues too numerous to mention, cause the expenditure of considerable time and money to cure. Response (d) is incorrect, although now would be a great time to spend a few days in the tropics!
An Alabama agent of Stewart Title Guaranty Company was the recent target of an international scam. Because the agency principals and staff were alert, the agency avoided a scam that would have resulted in a $200,000 loss.

An individual purporting to be a physician in London contacted a local realtor about purchasing a home he had found on the internet. The transaction would be a cash transaction and the doctor insisted that a local closing agent hold the proceeds in trust. The realtor referred the doctor to a local title and closing agent. Someone acting on behalf of the doctor sent the agent a cashier’s check, drawn on Citibank, N.A., in the amount of $199,800.00 which was accompanied by a correspondence (no letterhead) from the doctor’s representative.

On the same day the agent received the check, an email to the agent from a correspondent purporting to be the purchasing physician arrived in the agent’s inbox. The email instructed the agent to immediately deposit the check into his trust account, and to notify the purchasing physician when the funds became available. The manner in which the correspondent composed the email even “sounds” British! Nonetheless, the “red flags” were accumulating.

What were the “red flags?” Just to name a few: a) international purchaser; b) purchaser of property sight unseen, except for the listing photos; c) receipt of a cashier’s check rather than an offer to wire funds; d) cash purchase; e) no letterhead for the correspondence from the purchaser’s representative that accompanied the cashier’s check; f) a review of the email sent from the person purporting to be the purchasing physician suggests that someone was “filling in the blank.” The email is written in all capital letters except for references to the agent, which were in lower case letters; g) when an internet search was conducted for the physician’s published contact information, the published information was not consistent with the signature block contained within the email the agent received from the person claiming to be the purchaser.

The agent immediately notified the FBI, who instructed the agent to refrain from responding to the email and to destroy the check. Apparently, this was not the first attempt by this scammer to use a counterfeit cashier’s check and the particular physician’s identity to perpetrate a fraud on the innocent.

As it turns out, the physician is real and a highly respected surgeon in England whose identity had been hijacked. The perpetrator of the scam used the doctor’s correct name and physical address, but changed the email address and the phone number in the email signature block. The agent contacted the physician directly. The doctor told the agent that he had been enduring the headache from this scammer for four weeks.

The complexity of scams runs from the very simple to the very sophisticated. Notwithstanding, a watchful eye and diligence will stop all scams in their place – long before they can create injury or harm.