



# THE KANSAS ABTRACTER

The Official Publication of The Kansas Land Title Association

SUMMER 2009

SHAWN HERRICK, Editor

## PRESIDENT'S REPORT: *Graduation*

By Jeffrey Amrein



President  
Jeffrey Amrein

The various classes of 2009 have donned their caps and gowns and have triumphantly crossed the stage, shaken hands and received diplomas. What a wonderful day for the graduates and such a proud day for their parents, family and friends. My oldest daughter graduated from high school this May and I thought I might pause to comment on this passage of right since (1) I have the pen and (2) I get to (have to per Shawn) write this article. My first observation is that upon her graduation, I realized that I am now old enough to have a daughter graduating from high school. This event has marked my age, and I view it that I am not necessarily getting older, just wiser. But her graduation is filled with all of the hope and ambition that marks the beginning of a new generation. Some will find jobs and begin careers, some will start families and find new homes, some off to college to further studies and academic pursuits. All in all, it is a fresh break on to a new beginning that will lead to new life experiences and new wants and needs. It reminds me of one of my favorite sayings:

"There are seasons, in human affairs, of inward and outward revolution, when new depths seem to be broken up in the soul, when new wants are unfolded in multitudes, and a new and undefined good is thirsted for. There are periods when...to dare.... is the highest wisdom."

### Title Insurance

Back in the Title Insurance World, interest rates are trending up from 4.85% to just over 5.5%. The American Land Title Association has expressed concern that a spike in interest rates could chill the shaky real estate recovery. We are asking our leaders to show concern over increasing rates and establish a prudent fiscal policy that stimulates Real Estate. I believe the recession was precipitated by the real estate woes of 2007-2008. It seems reasonable to understand that we (the real estate industry) will lead the recovery as well.

The new RESPA rule goes into effect in January or 2010. As of this writing, we do not even know if there is or is not going to be an implementation of the RESPA HUD 1 Good Faith Estimate rules. Stay tuned for more on this.

First Time Home Buyers appear to be taking full advantage of the tax credit allowed for 2009. This is one

of the strongest incentive programs for purchasers of real estate in a long time. Lets hope this creates momentum to drive the second home buyers and traders up into play this summer.

Convention planning is nearly complete and we have a slate of great meetings and programs for attendees. ALTA will be represented by Chris Abinante of Fidelity National Title, Bert Rush from First American will do a claims presentation, and the ever-popular Underwriter Panel will convene on Saturday to discuss possibly the new RESPA Rule, if we have one. The meetings will be held at the Ramada Inn in Topeka, and many, many thanks to Chris St. John for his work as Convention Chairperson. The nominating committee report for the 2009-2010 slate of officers is included in this newsletter. Pay close attention to the new leadership roster.

*continued on page 5*

## Independent Agents Section

By Steve Kimball, Chair

Greetings:

*I hope everyone is well and looking forward to our annual session at State Convention.*

*I am asking that you submit topics for the group to discuss. I'll get the ball rolling by throwing out the following ideas:*

RESPA and the new HUD forms

Other Closing issues

Any new state laws or regulations that might affect us

Replacing an underwriter

Finding E & O coverage

Investing Advice

*These are only suggestions. You can email your ideas for things you would like to have discussed to me at [pottcoab@bluevalley.net](mailto:pottcoab@bluevalley.net).*

*Watch the convention material for the time and place that we will be meeting.*

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## Nominating Committee Report

The KLTA Nominating Committee, consisting of Jeff Amrein, Suzan Kimball, Deborah Lewis, Lee Taylor and Polly Epting, met by conference call on June 4th. The Committee nominations are as follows:

Doug Simmons – President

Chris St. John – President Elect

Roger Hannaford III – Vice President

Sam Sheldon – Third District – to fill Carol Foltz's seat

Mike Malone – Fourth District – to fill Roger Hannaford III's seat

Those with expiring terms re-nominated:

Karen Panter – First District – Three Year Term, expiring 2012

Todd Lynch – Second District – Three Year Term, expiring 2012

Sam Sheldon – Third District – Three Year Term, expiring 2012

Mike Malone – Fourth District – Three Year Term, expiring 2012

Jerilyn Stull – Fifth District – Three Year Term, expiring 2012

This slate of officers will be voted for on the floor of the KLTA Annual Convention in Topeka, Kansas on August 14, 2009.

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## RECOGNITION

We will again be recognizing long-time title professionals at the Convention Banquet on Friday, August 14th. If you or any of your employees have been in the title business for 25 years or more, in increments of 5 years (25, 30, 35, etc.), please submit the professional's name and number of years in the business, to our Association Executive Secretary, Shawn Herrick, secretary@klta.org or herrick.shawn@gmail.com, no later than *July 28, 2009*, so that we can include your names with others to be honored.

## 2009 Oklahoma Convention Report

*By Chris St. John*

In mid April, I had the opportunity to attend the 2009 Oklahoma Land Title Association (OLTA) convention as the KLTA Visiting Dignitary. The convention was held in the historic Skirvin Hotel located in downtown Oklahoma City, OK. The format of the convention was very similar to the KLTA convention beginning with a golf tournament in great weather at Fairfax Golf Club in Edmund and ending with a reception, dinner and dance entitled "Putting on the Ritz." Other activities were a bowling tournament; President's Dinner at the Petroleum Club; Reception, Dinner and Silent Auction with a "Celebrating the Roaring 20's" theme, and a presentation by Randall Reeder speaking as Will Rodgers. Each event was very well planned with decorations and party favors.

The main presenters at the meetings were Mike Pryor, current President of the American Land Title Association; Kurt Pfothenauer, CEO of the American Land Title Association; and Anne Anastasi, the president of Troon Management Corp. Their main message was "work to manage expenses without sacrificing the quality of your products and support the American Land Title Association."

My gracious hosts were Barry and Donna Schmulbach. They introduced me to everyone and made me feel like a part of the OLTA family. Other state Visiting Dignitaries were Cheryl Williams, President of Missouri Land Title Association and Jennie Bailey, President of the Arkansas Land Title Association.

## KLTA District Meetings

The KLTA District Meetings were held April 21st, in Great Bend, and April 22nd in Topeka, Kansas. There were 36 people registered in Great Bend and 44 registered in Topeka, for a total of 80 people compared to 59 at last year's meetings.

Jeff Amrein, KLTA President, led each meeting. Thank you to Pam Curtis with First American for hosting the meeting in Great Bend. Karen Neuforth with the Barton County Historical Society educated the attendees on the history of the area. Also, everyone agreed that Jenni Dean with Trade Wind Energy's "Wind as a Renewable Energy Source" topic held a high degree of interest from the crowd. The Kansas Abstracter Board of Examiners was well represented by Glen McQueen for their report...as we've become accustomed.

In Topeka, thank you's go out to Chris St. John with Lawyer's Title who hosted the event. Chris also gave the Legislative report at both meetings. Don Chubb with Caldwell Griffith and Blair welcomed visitors with a brief history of "Title Blunders" when Topeka was being founded. Darrin Neil with Polsinelli Shughart Law Firm gave a talk on wind energy similar to the one enjoyed in Great Bend.

We were fortunate this year to be updated at both locations by Marty Hazen with the Kansas Department of Insurance. Doug Simmons, President Elect, and Deborah Lewis, Treasurer each gave reports as well in both cities.

If you get a chance to thank everyone who spoke at these meetings; please do! In this economy, or any other for that matter, volunteer time is very, very valuable.

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## Extra Title School Books

There are about 20 of the 49th Annual Title School Books and 10 of the Continuing Education Books left. If there are any members who would like another one, or was unable to attend and would like one, the KLTA is selling them for \$15 plus \$8 per book shipping. Please mail your check to 7321 NW Rochester Rd., Topeka, Kansas 66617 with "49th Title School Book or Con. Ed. book" noted in the memo portion of the check.

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# The Administration's New "Making Home Affordable" Program

by Michelle Sweet

On March 4, 2009 the Obama Administration announced the Making Home Affordable program, encompassing the new U.S. Department of the Treasury guidelines to enable servicers to begin modifications of eligible mortgages under the Home-owner Affordability and Stability Plan.

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**J**ust as the American Recovery and Reinvestment Act works to save or create several million new jobs, and the Financial Stability Plan works to get credit flowing, the Making Home Affordable program supports recovery in the housing market.

According to the Treasury Department, as many as 6 million families are expected to face foreclosure in the next several years, while millions more struggle to stay current on their payments. The new program includes three key components:

- *A refinance program for homeowners with loans owned or guaranteed by Fannie Mae or Freddie Mac.*
- *Increased funding to Fannie Mae and Freddie Mac to restore confidence in the mortgage market.*
- *A \$75 billion loan modification program for "at risk" homeowners.*

## Home Affordable Refinance Program

The Home Affordable Refinance Program provides access to low-cost refinancing for homeowners with Fannie Mae and Freddie Mac owned or guaranteed loans. The program helps homeowners who are ineligible to take advantage of lower interest rates because they owe more than 80 percent of the value of their homes, a situation that is becoming more prevalent due to declining home values. The program is estimated to help up to 4 to 5 million homeowners.

## Increased Funding for GSEs

Using funds already authorized by Congress in 2008, the Treasury Department increased its funding commitment to Fannie Mae and Freddie Mac to strengthen their ability to provide affordable mortgages and restore confidence in the mortgage market.

The funding commitment includes: Increase the Preferred Stock Purchase Agreements from \$100 billion to \$200 billion each.

Increase the size of the retained mortgage portfolios by \$50 billion, to \$900 billion, along with corresponding increases in the allowable debt outs

## Home Affordable Modification Program

The \$75 billion Home Affordable Modification Program is estimated to reach as many as 4 million at-risk homeowners who are already behind in their mortgage payments or who are current but at risk of imminent default. Under the program, Treasury will partner with financial institutions to reduce homeowners' monthly mortgage payments. The program requires that lenders first reduce monthly mortgage payments to a level no greater than 38 percent of income. The program will then match further reductions in monthly payments dollar for dollar, from 38 percent down to 31 percent.

To reach the target affordability level, interest payments will first be reduced to as low as 2 percent. If at that rate the debt-to-income level is still greater than 31 percent, lenders will then extend the term or amortization period up to 40 years, and finally forbear principal at no interest, until the payment is reduced to the 31 percent target. Treasury will share the costs of reducing the payment from 38 percent DTI to 31 percent DTI dollar for dollar. Lenders can also bring down monthly payments to these affordability targets through reducing the amount of mortgage principal. The program will provide a partial share of the costs of principal reduction, up to the amount the lender would have received for an

interest rate reduction, as long as the lender reaches the target affordability rate of 31 percent DTI.

The modified loan payments must be kept in place for five years and the loan rate capped for the life of the loan. After five years, the rate can be gradually stepped up by 1 percent per year to the conforming loan survey rate in place at the time of the modification.

"Common sense restrictions" include only owner-occupied homes and no mortgages larger than the FHFA conforming limit of \$729,750.

## Incentives For Mortgage Holders and Servicers

Servicers will receive an up-front fee of \$1,000 for each eligible modification that meets Treasury guidelines. Servicers will also receive "pay-for-success" fees of \$1000 each year for three years, subject to a de minimis threshold, as long as the borrower is successful at staying in the program.

Because loan modifications are more likely to succeed if they are made before a borrower misses a payment, the plan will include an incentive payment of \$1,500 to mortgage holders and \$500 for servicers for modifications made while a borrower at risk of imminent default is still current on their payments.

To discourage lenders from opting to foreclose rather than modify the loan out of fear of further declines in housing prices, Treasury has earmarked \$10 billion as compensation to partially offset losses. The payments are structured as a simple cash payment on eligible loans, linked to declines in the home price index.

## For Borrowers

To provide an extra incentive for borrowers to keep paying on time under the modified loan, the initiative will provide a monthly pay-for-performance success payment that applies directly to reducing the principal balance on the mortgage loan. As long as borrowers stay current on their payments, they can receive up to \$1,000 each year for five years, subject to a de minimis threshold.

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## **“Making Home Affordable”** *continued from page 3*

### **Second Liens**

While eligible loan modifications will not require any participation by second lien holders, the program will include additional incentives to extinguish second liens on loans modified under the program in order to reduce the overall indebtedness of the borrower and improve loan performance. Servicers will be eligible to receive compensation when they contact second lien holders and extinguish valid junior liens (according to a schedule to be specified by the Treasury Department, depending in part on combined loan-to-value). Servicers will be reimbursed for the release according to the specified schedule, and will also receive an extra \$250 for obtaining a release of a valid second lien.

### **Tracking Success**

Fannie Mae and Freddie Mac will be responsible – subject to Treasury’s oversight and the Federal Housing Finance Agency’s conservatorship – for monitoring compliance by servicers. Every servicer participating in the program will be required to report standardized loan-level data on modifications, borrower and property characteristics, and outcomes. The data will be pooled to enable the government and private sector to measure success and make changes where needed. Treasury will meet quarterly with the FDIC, the Federal Reserve, the Department of Housing and Urban Development and the Federal Housing Finance Agency to ensure that the program is on track to meeting its goals.

### **Clear and Consistent Guidelines**

Working with the FDIC, other federal banking and credit union regulators, the FHA and the Federal Housing Finance Agency, the Administration announced guidelines for sustainable mortgage modifications that may be used by all federal agencies and the private sector. The guidelines include detailed protocols for loss mitigation and will serve as standard industry practice.

All financial institutions receiving Financial Stability Plan financial assistance going forward will be required to implement loan modification plans consistent with Treasury Guidelines.

### **Implications for the Title Industry**

It is still unclear what impact this new program will have on the title industry. It appears that servicers were given fairly wide discretion on how to implement the program with regard to title. ALTA has held meetings with both Fannie Mae and Freddie Mac to explain the industry’s value and products.

Fannie Mae guidelines, released on March 4, 2009, stipulate that all transactions within the program must comply with state laws. The products the title industry is able to offer through these programs must have prior approval by a state regulator.

The guidelines also include the requirement that servicers make certain a loan retains first lien position, and says they may rely on a title endorsement product to achieve that. The guidelines also stipulate that a modification must be recorded and requires a title endorsement if over \$20k is capitalized. Fannie says it will reimburse servicers for title and recording fees.

There is still a question over how to help borrowers who have more than one home loan. The ALTA Forms Committee is working with Fannie Mae and Freddie Mac on a new Resubordination Agreement to try to solve the problem. The purpose of the Resubordination Agreement is to ensure that junior liens remain junior in position after a modification or refinance transaction.

There is still much that is unknown or unclear in terms of the title industry’s role. ALTA will continue to stay at the forefront and keep members apprised of the latest developments.

## **Annual Meeting Notice**

The Kansas Land Title Association will hold its Annual Meeting during the state convention being held August 13-15, 2009 in Topeka, Kansas at the Ramada Inn Downtown. Please watch for registration materials, as they will be arriving soon. The slate of officers and Executive Committee members will be voted on the floor of the Annual Convention of the KLTA, August 14th, 2009 in Topeka, Kansas.

## **Convention**

As John Wheeler put so aptly in his note to industry peers “it is with joy and sadness” we will celebrate John’s 47 - year career in the Title Industry at a special reception honoring John’s retirement. It is understood that Mr. Wheeler brought many individuals along in the title business and many will want take this opportunity to offer warm wishes in person at the Topeka Ramada Inn, August 14th at the Convention. The reception is hosted by the First American Title Insurance Company.

Don’t be misled... the KLTA President Jeff Amrein planned plenty of other activities to make your time at the convention well spent. Of course the usual line-up of continuing education courses and good speakers are expected. But the entertainment will be top-notch too.

Now there are those who will say that these times of dwindling margins would, by necessity, preclude traveling to convention. But statistics have shown that those forward-thinking business men and women who have histories of belonging to their respective trade associations have not only weathered the tough times better than their peers who chose to go it alone, but in some cases, they have flourished in hard times. So send in your registration today. It will be mailed to members as well as be available on the website [www.klta.org](http://www.klta.org).

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## **Report of Abstracter Board of Examiners**

The next examination has been scheduled for September 4, 2009 in Hutchinson at the Grand Prairie Hotel and Convention Center.

At the KLTA District Meetings it was reported that at this time last year there were 188 Operative licenses and 240 Employee licenses and to date this year there are 182 Operative and 229 employee licenses.

For more information contact the Kansas Abstracter Board of Examiners at 620.544.2311.

## On The Light Side

### *Great Truths that Little Children have Learned:*

1. No matter how hard you try, you can't baptize cats.
2. When your Mom is mad at your Dad, don't let her brush your hair.
3. If your sister hits you, don't hit her back. They always catch the second person.
4. Never ask your 3-year old brother to hold a tomato.
5. You can't trust dogs to watch your food.
6. Don't sneeze when someone is cutting your hair.
7. Never hold a Dust-Buster and a cat at the same time.
8. You can't hide a piece of broccoli in a glass of milk.
9. Don't wear polka-dot underwear under white shorts.

### *Great Truths that Adults have Learned:*

1. Raising teenagers is like nailing jelly to a tree.
2. Wrinkles don't hurt.
3. Families are like fudge...mostly sweet, with a few nuts.
4. Today's mighty oak is just yesterday's nut that held its ground.
5. Laughing is good exercise. It's like jogging on the inside.
6. Middle age is when you choose your cereal for the fiber, not the toy.

### *Great Truths about Growing Old:*

1. Growing old is mandatory; growing up is optional.
2. Forget the health food. I need all the preservatives I can get.
3. When you fall down, you wonder what else you can do while you're down there.
4. You're getting old when you get the same sensation from a rocking chair that you once got from a roller coaster.
5. It's frustrating when you know all the answers but nobody bothers to ask you the questions.
6. Time may be a great healer, but it's a lousy beautician.
7. Wisdom comes with age, but sometimes age comes alone.

*continued from page 1*

### **Staying the Course**

*By BJ Gallagher*

Our journey of life is about progress, not perfection.

It's not about doing one thing 100% better - it's a matter of doing 100 things, 1% better each day. Progress is evolutionary not revolutionary, and most days we measure our progress in inches, not miles.

What matters most is showing up for your life whether you feel like it or not.

Ask yourself, "What two or three little things can I do today that would move me forward?"

You'll be amazed at how much distance you can cover by taking it in increments. The little things add up; the inches turn to miles; and we string together our efforts like so many pearls.

Before long, look what you have - a whole strand!

Good luck to everyone this summer and see you in Topeka this fall!!!

### *Success*

- At age 4 success is... not piddling in your pants.
- At age 12 success is... having friends.
- At age 17 success is... having a drivers license.
- At age 35 success is ... having money.
- At age 50 success is ... having money.
- At age 70 success is ... having a drivers license.
- At age 75 success is ... having friends.
- At age 80 success is ... not piddling in your pants.

### *The 4 Stages of Life*

1. You believe in Santa Claus.
2. You don't believe in Santa Claus.
3. You are Santa Claus.
4. You look like Santa Claus.

## **Kansas Dept. of Insurance**

In Marty Hazen's report at the KLTA District meetings in April he commented that they too had been tracking HB 2041 and 2054. HB 2041, if you'll remember, is another attempt to strike the controlled business limitations in K.S.A. 40-2404, and 2054 requires the escrow, settlement or closing account audits required by K.S.A. 40-1137 to be done on an annual basis instead of the annual, biennial or triennial basis now required. This change was sparked by a recent defalcation.

The Kansas Department of Insurance continues to monitor compliance with regard to rate and bond filings and controlled business by agencies. Currently there are 48 agencies that are licensed and have been sent information on the requirements, but have not filed. Most are out of state and many have appointments and the Underwriters are regularly contacted to see if they have written business in Kansas - most of them have not.

Recent action includes:

- The Settlement Group in Maryland was fined for not reporting on a controlled business arrangement.
- Linear Title in Rhode Island was fined and license revoked for writing title policies in Kansas without filing their rates or bond. Filing materials had been mailed four separate occasions since their licensure in 2006.
- A New Jersey agency is being pursued for writing a title policy in Kansas without filing their rates and bond
- American Real Estate Servicing in Massachusetts was advertising in the Wichita area. Since Massachusetts does not license title agencies, they claimed to be unaware that they needed to be licensed in other states. Many New England states do not require licensing or continuing education.

Mr. Hazen encouraged any members to feel free to contact the Kansas Department of Insurance with questions and concerns. In Kansas 1.800.432.2484 or 785.296.3071. [www.ksinsurance.org](http://www.ksinsurance.org).

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## www.klta.org

Be sure to visit our website on a regular basis as current information is posted in a timely manner. If you ever have questions about KLTA check the website first.

## KLTA Association Office

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### KLTA PAC

Yes, I pledge to support the Kansas Land Title Association PAC in the below amount.

\$25     \$50     \$75

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check enclosed.

I will send the amount  
by (date) \_\_\_\_\_

SIGNED BY: \_\_\_\_\_

e-mail: \_\_\_\_\_

Please send to KLTA PAC • 7321 NW Rochester Rd. •  
Topeka, Ks • 66617 or deliver to the registration desk.

## KLTA Kalender

**KLTA Annual Convention**  
August 13-15, 2009  
Ramada Inn Downtown  
Topeka, Kansas

**KLTA Continuing Education**  
(4 hours)  
August 14, 2009  
Ramada Inn Downtown  
Topeka, Kansas

**ALTA Annual Convention**  
October 21-24, 2009  
The Breakers  
Palm Beach, Florida

**KLTA Title School**  
February 10-12, 2010  
Marriott Hotel  
Wichita, Kansas

**KLTA Continuing Education**  
February 11, 2010  
Marriott Hotel  
Wichita, Kansas

**KLTA Annual Convention**  
August 12-14, 2010  
Sheraton Overland Park Hotel  
Overland Park, Kansas

**KLTA Continuing Education**  
(4 hours)  
August 13, 2010  
Sheraton Overland Park Hotel  
Overland Park, Kansas

**ALTA Annual Convention**  
October 13-16, 2010  
Manchester Grand Hyatt  
San Diego, California