

Conestoga Quarterly



2021 Second Quarter

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48 years of
personal service
to our
independent
agents and
approved
attorneys



137 East King Street
Lancaster, PA 17602

800-732-3555

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A Message from the President

Continuing Education Tradition—Then and Now

Conestoga Title's commitment to providing continuing education opportunities for our agents dates back to the 1970's when small groups of agents were assembled for instructional gatherings in Lancaster, PA. Beginning in 1987, the company held a two day, in person, educational event each year in January. From the start, the event became known as "Conestoga College". 2021 marks our 35th year of delivering quality continuing education to our agents and approved attorneys.

Then

From the archives:

1978— a small group of Conestoga Title agents gathered for a seminar.

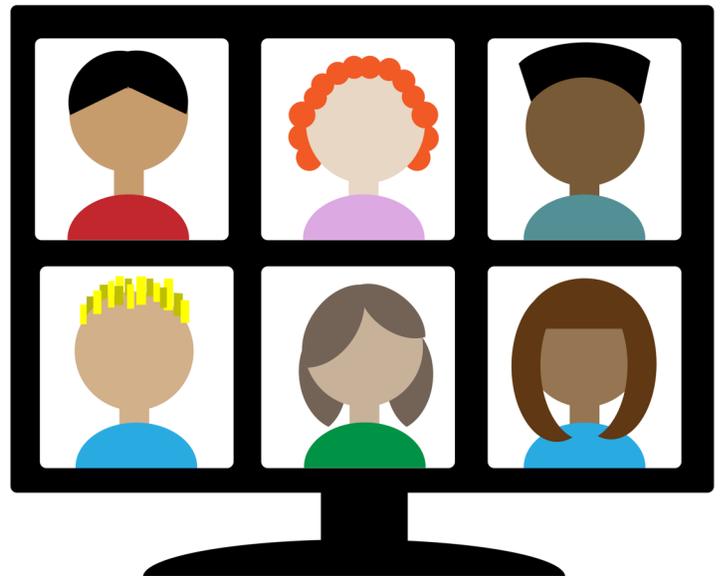


And, Now

2020—our best attended Conestoga College seminar



Conestoga College went through a transformation in 2021 as we were unable to offer the in-person event early in the year. We went virtual and began offering monthly “Lunch & Learn” webinars. The one hour webinars cover a variety of current title insurance industry topics. Initially we offered the webinars in Pennsylvania and have since expanded the offering to participants in Maryland, Ohio, and most recently Virginia. Speakers include attorneys from Conestoga’s underwriting team as well as outside counsel and other title industry specialists



Conestoga College brings webinars to our agents, and approved attorneys as well as agents who are not currently appointed by our company. We offer Pennsylvania CE and CLE, Maryland CE, Ohio CE and CLE and, beginning with our June webinar, Virginia CE as well.

Conestoga Title remains committed to providing quality educational opportunities for our agents and approved attorneys. Looking forward to 2022, we intend to resume our in-person event with a full day seminar on January 17th in Lancaster, PA. We will also continue to offer monthly webinars throughout 2022. To all that have enjoyed our in-person event over the years, we miss you and look forward to seeing you again early next year.

If you do not currently receive monthly webinar invitations or if you have questions about any of Conestoga’s educational events, please contact Colleen Sheerin who serves as our events coordinator at csheerin@conestogatitle.com.

John M. Nikolaus, CLTP

President, Conestoga Title Insurance Co.

An Overview of the CFPB's Proposed Changes to Regulation X

Rick Hecker, Esq. VP General Counsel

As some readers may be aware, the Consumer Financial Protection Bureau (“CFPB”) recently closed their period for public comment on a set of amendments to Regulation X (a.k.a. the Real Estate Settlement Procedures Act). The proposed amendments are designed to address the CFPB’s concern that a potentially unprecedented number of borrowers may exit forbearance at the same time this fall when they reach the maximum term of forbearance through the CARES Act. Specifically, the CFPB believes that there could be an estimated 800,000 borrowers exiting their forbearance programs between September and October of 2021.

The proposed amendments cover three areas of regulation, but only apply to a principal residence. By and large, the changes do not directly impact title insurance agents, but the impact of the changes will certainly be felt. While, not all of the proposed amendments warrant comment from a title insurance perspective, a few of them are notable.

The first, and in my view, the most impactful is that a temporary COVID-19 emergency pre-foreclosure review period is to be established. This will prohibit mortgage servicers from completing their initial notice or filing requirements until after December 31, 2021, unless the servicer has completed a loss mitigation review and the borrower is not eligible for any non-foreclosure options or the borrower is not responding to the servicer’s outreach. This means that there will likely be a small increase in properties beginning to move through the foreclosure process in September, but foreclosures on occupied, primary residences will be largely delayed until 2022.

The second proposed amendment is to permit a streamlined loan modification process, with safeguards designed to protect the borrower. Some of the proposed safeguards include 1.) prohibitions on increasing monthly payments of principal and interest, 2.) the servicer may not charge a fee for the modification and must waive all existing late charges, penalties, and similar charges, 3.) the term of the loan may not be extended for more than 480 months, and 4.) the modification must end any preexisting delinquency on the mortgage loan.

While these changes will not likely impact an agent’s daily operations, they will have an impact on the types of foreclosure properties that will be available on the market this fall and which may be presented to you for purposes of title insurance. As we exit this pandemic, Conestoga anticipates that there will be an increase in the number of foreclosure properties and REO properties that our agents will be requested to handle. Because of the rapidly changing regulations surrounding foreclosures, it is important that you continue to work with our Underwriting Service Team to clear these titles.

As always, we stand ready to serve you!

Hey Boss, Can I Throw Away These Files?

John Joseph Kambic, VP Claims & Recovery

If anyone were to ask me that question and the files are related to real estate closings, then I would answer NO. But when the entire contents of the files are scanned and stored in electronic digital format at one location and backed on to another location, then I believe that the files can be shredded or incinerated.

From the perspective of someone who conducts investigations of title claims and recoveries, all documentation has the potential to provide information, or a lead to information that might prove useful.

Take a look at an Agency Agreement and you should find reference to and directions for retaining documents. For example, "All searches, abstracts, opinions of title and other documents connected with the issuance of title insurance policies by the Agent are to be kept intact by the Agent for review by the Title Insurance Underwriter [Insurer] for so long as the Insurer has liability **or exposure** under the title insurance policy." [Emphasis added] "Agent, its successors and assigns, shall furnish the Insurer any title information and documents required in connection with any investigation and any title claim on title insurance policies written on Insurer's paper, whether such claim may be made before or after termination or cancellation of the Agency Agreement."

Furthermore, consider the following, "The Insurer may request copies of any and all portions of searches, abstracts, opinions of title and settlement documents connected with the issuance of the title insurance policy by the Agent at any time. Agent agrees that the right of the Insurer to obtain files in possession of the Agent is necessary in order to allow the Insurer to comply with statutory requirements and to facilitate the defense of title insurance claims. Agent shall comply promptly, with alacrity and dispatch, with each request for files made by the Insurer. Furthermore, the Agent shall provide copies solely at the Agent's expense."

And too, consider "Agent on behalf of itself, its agents and its successors and assigns, acknowledges that the documents and files are the property of the Insurer and the Insurer's right to obtain the originals or copies of the aforementioned documents shall be considered a right in rem and shall follow and attach to such documents and reports, whatever changes occur in their ownership and possession."

And perhaps the Agency Agreement goes on to read "If the Agent is able to determine, with all due diligence, that all liability under a title insurance policy has ceased to exist, only then is the Agent permitted to destroy the title files provided that such destruction is permitted by controlling law or regulation, and express written consent is provided by the Insurer. Until such time, the documents may be reduced to microfilm or an electronic storage technique."

In closing, I strongly direct you to retain and secure all documentation contained in your title insurance policy real estate closing files. As noted above, I may find something in the file that will lead me in another direction of my investigation. We might then be able to resolve a claim with alacrity, dispatch and financial efficiency.

This Article is designed solely to provide general information and is not intended to serve as legal advice. The reader should seek the advice of a lawyer if legal confirmation, determination and/or opinion is desired and/or required.

Transitioning to a Purchase Driven Market

Jonathan Markel, Regional Agency Representative

Transitioning to a Purchase Driven Market

In the last twelve months, most of us title professionals have been trying to keep our heads above water with the crazy real estate market. With record low interest rates resulting in a refinance boom, combined with a solid purchase market, most of us have had our hands full managing record breaking numbers of closed transactions.

While the last year may have largely been fueled by the refi boom, what can we expect going forward? Rates appear to be slowly rising (although still low) and we all should prepare for a slowdown in refinance transactions. Many agents have told me that they remain very busy but have already begun to see their refi's dwindle. It seems important that you, as a title agent, position your agency for greater opportunity in the purchase market.

In this article, I want to touch on some basic marketing/sales tactics for a purchase driven market focusing on Realtor, builder, and investor clients. Refi's will still be around but now is the time to build your purchase referral network.

Building Your Network

Make sure you are asking for referrals. A perfect scenario is at the closing table. You likely were referred the deal by the buyer's agent but you may have a listing agent right there at the table in front of you. If you are currently not receiving title work from the listing agent, simply ask them to give you a shot and make sure you follow up with them!

Google reviews are another great tool. If you do not yet have one, create a Google business page. After every closing, you should kindly request that the buyer or Realtor leave a Google review. Having more Google reviews will launch your website up the Google search engine list and will make you a lot more visible.

How well are you keeping track of your clients and prospects? Having an organizational tool you can quickly update can be as simple as an Excel spreadsheet. Track your current Realtor clients as well as all referral sources. This gives you the opportunity to follow up should you see a drop in business. Consider the same approach with prospects. Keeping a list with names, emails and numbers will keep you organized and allow for follow up. Setting aside 1-2 hours per week to really understand exactly where your business was coming from in that last week and then-to make calls and send emails to potential new clients may help in the growth of your business in the future.

Networking

With COVID, we were limited in our personal business interactions. But with the vaccine rollout and things getting slowly back to normal, consider taking a hard looking at your in person networking efforts. A lot of our referral business in the title industry is based on relationships.

Transitioning to a Purchase Driven Market

continued

“Wining and dining” certainly doesn’t hurt and if you can identify some good new referral prospects, I encourage you to meet them for lunch or coffee, or even grab drinks after work. Show appreciation to your existing Realtors that continue to give your agency business by extending the occasional invitations to them as well.

Education

How about a Realtor “Lunch and Learn?” Prior to the pandemic these were popular events and can be effective and getting you in front of a lot of Realtors. Feel free to ask Conestoga for help if you are interested in putting together a lunch and learn.

Social Media

Are you making sufficient use of social media? Do you have a current Facebook page? What about a LinkedIn profile? You are missing out if you are not taking advantage of what social media has to offer. It offers you an excellent platform to market your title agency or law firm and lets you connect professionally with a variety of referral sources.

In conclusion, consider taking steps to make sure you are well positioned to adapt to the market with the refis slowing dwindling. Moving forward, purchase transactions will be your ‘bread and butter’ and we suggest focusing your marketing efforts towards your Realtor clients as well as builders and investors. Please contact our Sales department at Conestoga for marketing help and ideas to grow your title agency

Conestoga Title Announces 2021 Demotech FSR

Since 2003, Conestoga Title has, each consecutive year, been assigned by Demotech, Inc. the *Financial Stability Rating® of A' (A Prime), Unsurpassed* attesting to the long standing financial strength and stability Conestoga Title proudly maintains in service to our agents and approved attorneys.



Market Analysis

William Parker, Esq., VP Claims & Underwriting

Halfway through 2021, we have the vaccine rollout aiding in business recovery. However, the mortgage/title industry is literally changing day by day. The Federal foreclosure moratorium was once again extended. The foreclosure moratorium has been extended through June 30, 2021 for federally backed loans. The eviction moratorium is more complicated. The original moratorium was handed down by the Centers for Disease Control (CDC) and is also in effect until June 30th. However, because it came out as guidance from the CDC and not the White House it is being handled differently state by state, court by court.



In addition, on April 6, 2021 the now revitalized Consumer Financial Protection Bureau (CFPB) has issued proposed rule changes that will make it virtually impossible for lenders to begin foreclosure proceedings before that date. *Specifically, they will be watching to make sure that servicers comply with foreclosure restrictions in Regulation X and other Federal or State foreclosure restrictions.* The CFPB has also fired the first shot across the bow of the banking industry when they announced that they intend to be very active in bringing the consumer finance industry to heel after 4 years of hands off from the previous administration.

Generally speaking, each extension pushes back any likely surge of foreclosure related title claims even further. Given the ramp up time for foreclosures, it now may be at least Quarter #2 of 2022 before we see any significant rise in title claims. That coupled with the unemployment package and substantial equity in homes will hopefully mean that when or if it does come the rise will be substantially smaller than anticipated. The final clue on what may happen was contained in a statement by the Mortgage Bankers Association. The reported number of mortgages still in forbearance has dropped to 4.47% as of May 5, 2021. This indicates that forbearance related claims may be significantly less than what was expected in the early months of the pandemic.

Market Analysis

continued

2021 is already another strong year in home sales, especially in the suburbs. We also see growth in commercial lending. The rates have inched up slightly but are still very attractive. Home prices are projected, at worst, to plateau but will most likely continue to rise through 2021. The real variable for the title industry will be the inventory of homes for sale. Pending home sales declined over 10% in April and May (according to Yahoo! Finance.)



Sales price points now vary dramatically depending whether you are a high end or low end of price market. By most accounts home values should rise about 5% if the economy continues to rise. However according to the National Association of Realtors (NAR) the inventory is still woefully low in many parts of the country.

Since we are almost halfway through the year, and we are hopeful let's take a quick EARLY look at 2022. There may be less demand from buyers in 2022 since mortgage rates are expected to climb past pre-pandemic levels and home prices may rise but at a slower rate. It appears, however, that the dominant issue into 2022 will be home inventory.

A Book By Its Cover

2021 ALTA Owner's and Loan Policy Changes

Presented by: Conestoga Title Insurance Co.
William Parker, Esq.
V.P. Claims and Underwriting

You may be aware that all new Policy forms from ALTA will be coming out this summer. While this is not as big a makeover as it was in 2006, some of the changes are significant and we recently addressed this in our June CE/CLE webinar. Watch for an email from Conestoga Title with additional information for our agents and attorneys regarding these updates.

A View from the Field

Lisa Fischer, Sr. Agency Auditor

A famous quote by Bob Dylan, “Times they are a changin’”, best sums up the title world, and world in general for that matter, over the past year. A year ago, when pandemic restrictions began, no one knew where real estate and title fell along the spectrum of “essential business”. Were we considered part of the financial banking industry? Were we considered part of the Insurance Industry? Or were we considered part of the real estate industry? Many companies scrambled to find the answers as quickly as possible while being faced with the reality of whether their software and security systems were updated enough to accommodate “work from home” situations so that business could continue. And what about settlements? Should we pack the portable table in the trunk with 5 chairs and meet in a parking lot? These were all things that no one had ever considered a possibility. As lenders found workarounds and continued to process the loans, title companies rose to the challenges as well.

Processing files when the courthouses were closed and we could not get title searches became quite a hurdle. Though many courthouses had embraced online recording and online land records a while ago, there were still those that held out to the “old” ways of in person only! It seemed like there were roadblocks every direction we took...



Fast-forward a year later and what we all thought was going to be a disaster, turned out to be one of the best years in sales volume for the title industry. Many counties now realize how important it is to have online access for their public records and are now embracing change and upgrading their systems. Working from home turned out to be more productive to some than actually being in the office as there were fewer interruptions. The industry learned to work together and accomplish the common goal of helping clients achieve their dreams through creative settlement processes. The world of virtual selling and online home tours opened up a new world for selling homes. Electronic notarization was forced to come into play so business could continue. While lenders had a bit more work on their end with last minute employment verifications and credit report updates, they still managed to come through and meet deadlines in the end. Our work world was forced to change in order to survive...and we did thrive!

A View from the Field

continued



So where are we headed? Courthouses continue to work towards updating software and online access is more readily available. Many title companies are continuing to stagger their office hours and allow employees to do some work at home. Programs like Zoom and Skype have proven wonderful for conducting meetings without in person gatherings and alternate ways to notarize documents have been growing in popularity as more states embrace options and legislation continues to advance.

Most offices are allowing settlements to occur and business is continuing forward with the “new normal.” In closing, I believe the quote by Albert Einstein, “If you always do what you always did, you will always get what you always got.” proves that although the Covid pandemic was quite a hardship, new efficiencies emerged that improved the title industry.

“Not Just for Dishwashing”

Seasonal Tip from Lisa Fischer

Spring and summer are the favorite seasons for many people. Warm sunny days spent outside by the water or hiking through the forest can unfortunately come with pollen. Those of us with seasonal allergies often turn to a variety of products for relief. But what about our furry friends that also suffer from seasonal allergies?

As a pet owner myself, I can relate. My dogs suffer terribly from allergies, but I have learned a wonderful home remedy to provide instant relief. **DAWN DISH DETERGENT (BLUE)**! How many of us have this sitting under our sinks at home? If you wash your pet’s face and paws with a damp cloth and some Dawn, it will instantly relieve irritated skin and provide your pet with much need relief (and possibly save you from expensive vet bills and steroid shots that can be dangerous for your pet.)

Summer also brings along insects that can wreak havoc on your pet and household. If your pet happens to contract fleas, wash your pet(s) in a warm bath with Dawn dish detergent and it will kill the fleas instantly! When my vet told me to do this during an emergency situation, I thought that the doctor was crazy! Fleas that attack puppies and kittens are especially dangerous as they can quickly cause anemia that puts their survival at risk. I tried this tip and it **WORKED** and provided my pet with relief while saving its life until we could get to the veterinarian several days later.



July 13th Webinar

Understanding Surveys &
Survey Readings

The **Conestoga College 2021** monthly webinar series featured these recent topics broadcast to an average of almost 100 attendees per webinar.

April **Cyber Claims & Protection**

May **Title Insurance Claims**

June **ALTA 2021 Policy Changes**

Webinars 12:00-1:00PM

Questions: csheerin@conestogatile.com

Conestoga Title Insurance Co. Personnel Contact Information

NAME	POSITION	DIRECT DIAL	MAIN PHONE		EMAIL
			EXTENSION		
Bill Parker	VP, Claims & Underwriting	800-861-9414	2503		wparker@conestogatile.com
Colleen Sheerin	Marketing Assistant	717-431-2764	2502		csheerin@conestogatile.com
Don Delgado	VP, Agency Administration	800-724-0935	2505		ddelgado@conestogatile.com
Doug Riggin	VP Sales	800-257-4176	2506		driggin@conestogatile.com
Ethan Trowbridge	Title Dept. Officer	800-257-9414	2501		etrowbridge@conestogatile.com
Joe Kambic	VP, Claims & Recovery	800-257-5217	2508		jkambic@conestogatile.com
Joel Angelo	Agency Auditor	800-830-9031	2509		jangelo@conestogatile.com
John Nikolaus	President	800-272-3570	2510		jnikolaus@conestogatile.com
Jon Markel	Agency Representative	717-431-1260	2517		jmarkel@conestogatile.com
Laurie Ordnung	Paralegal	877-502-5157	2512		lordnung@conestogatile.com
Lisa Fischer	Sr. Agency Auditor	800-272-9578	2504		lfischer@conestogatile.com
Rebecca Breault	Paralegal, UW Administrator	800-478-8630	2513		rbreault@conestogatile.com
Rick Hecker	VP, General Counsel	855-856-0246	2533		rhecker@conestogatile.com
Robin Wolbert	VP, Treasurer	800-257-1966	2514		rwolbert@conestogatile.com
Sheryl Childs	Policy Administrator	800-257-7921	2515		schilds@conestogatile.com
Susan Anderson	Paralegal	877-502-5158	2516		sanderson@conestogatile.com
TITLE DEPARTMENT		800-257-9414			titledept@conestogatile.com
UNDERWRITING SERVICE TEAM		800-478-8630			uwrequests@conestogatile.com