



Photo © Sun Valley Resort, Idaho

## President's Message

Hopefully you have settled back into the groove of work, and if you're like me, getting closer to being unburied of all the work that has been piling up while we were at Sun Valley. I hope that all those that went felt that it was informative and helpful. And for those of you that were not able to attend, you really missed out.

As we begin a new year for ULTA, the mantel of the organization falls heavily upon my shoulders. I have been lucky to have good examples over the past six years of

servicing on the executive committee, and know that even though I wear a size 13, I have big shoes to fill. But I hope that I will be able to serve this organization and each one of you and your companies in a manner like unto those that have preceded me.



*President Greg Clark*

This year will be a busy one on many fronts. With the new Title Commission starting to act as of

July 1st, there will be a learning curve of what its role will be, and how it will affect the industry. I hope to be able to stay closely involved and informed about what is going on. In case you don't know the members of the Commission are, Glen Roberts, Darwin Johnson, Joyce Clark, Curt Webb, and David Lattin. I look forward to working with these individuals and to raise the Title Industry to new levels of professionalism. As an Executive Committee, we feel this will be another busy year in the Legislature. And because of such, we hope that many of you will help in making sure that the laws passed will not affect our industry in a negative way.

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## Sun Valley Convention

The 2005 Annual Convention was held July 14-16, 2005 in beautiful Sun Valley, Idaho. The weather was great, food was wonderful and everyone had a great time.

Five hours of continuing education were provided on a range of topics. Denise Dragoo of Snell & Wilmer spoke about insuring mineral rights. Gary Kermott with

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**ULTA**  
UTAH LAND TITLE ASSOCIATION

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1st Vice-President: Paul Newton  
2nd Vice-President: Kevin Distefano  
Secretary: Sheri Olsen

Questions, comments or concerns should be addressed to Sheri Olsen at [ulta@emission.com](mailto:ulta@emission.com)

Education is always an issue. As in years past, we will be asking the regional VPs to have at least 9 hours in their respective regions. These classes will be posted on the our web site [www.ulta.org](http://www.ulta.org), so check it often, especially if you know that your time to renew is coming up, so that you won't be stuck scrambling for hours. Also, if any of you have ideas for topics that you would like to have please contact your regional VPs so they can put a class together.

In conclusion, I hope that we can all work together to make this organization the best that it can be.

Sincerely,  
Greg Clark

*President*

First American Title was our ALTA representative and gave the attendees an update on what is happening with the ALTA. Doug LeDoux with the State Insurance Departments fraud division had a great presentation entitled "Mugshots." Finally a Controlled Business panel with Mark Day (Title West), Mike Smith (Equity Title) and Gale Lemmons (State Insurance Department) gave the highlights of the controlled business statute. We were also pleased to hear from Kelly Matthews, Chief Economist from Wells Fargo Bank, who gave us an economic update and forecast.

The weekend was not spent just in the classroom however. There was an old fashioned outdoor barbeque on Thursday night with JoDee Stott performing. Friday night the 2005 - 2006 ULTA Officers were installed as follows:

**President**  
Greg Clark, Valley Title

**1st Vice President**  
Paul Newton, Backman Title Services

**2nd Vice President**  
Kevin Distefano,  
Founders Title Company

**Northern Region Vice President**  
Mark Gonzales,  
Bonneville Title Company

**Central Region Vice President**  
Susan Houghton,  
Tooele Title Company

**Capitol Region Vice President**  
Walt Vandenberg,  
United Title Services

**Eastern Region Vice President**  
Jane Lancaster,  
South Eastern Utah Title

**Southern Region Vice President**  
Terri Green, Central Utah Title

**Dixie Region Vice President**  
Doug Stanley, United Title Services  
of Southern Utah

These are great people who care about the industry. They work hard on your behalf by keeping you current on legislative issues and providing continuing education in the various regions. Make sure to thank them when you see them.

After dinner, we were privileged to hear from Ken Jennings, Jeopardy Champion. He spoke about knowledge, how it connects people and even took a few minutes to answer our questions. Many thanks to Stewart Title Guaranty for sponsoring this fun speaker.

The culmination of the convention was of course on the golf course. Congratulations to the winning team of Tom Ditter, Marty Merrill, Jeff Merrill and Jason Merrill. In addition, the following individuals won specialty holes:

Women's Longest Drive  
Gayla Distefano

Men's Longest Drive  
Jeff Jones

Women's Closest to the Pin  
Ruth Newman

Men's Closest to the Pin  
Adam Phillips

The next convention will be held January 12 - 14, 2006 at The Renaissance Hotel, Las Vegas, Nevada. Watch for registration materials to come out in October. As always we are always looking for speaker and speaker ideas for conventions. If you have any suggestions, please contact Sheri Olsen at [ulta@xmission.com](mailto:ulta@xmission.com).

Many thanks to all who participated in the convention. We had great support from our underwriters and vendors and we appreciate all they do for our industry.

## F Y I

In the last issue of *Quarterly*, Paul Newton of Backman Title Services wrote about the Servicemember Civil Relief Act. He wanted members of ULTA to be aware of the following website: <http://www.usd.edu/~ghuckabe/scramain.htm>

The site is a great resource for those who would like more information about the Act.

In addition, the membership should be aware of the State Insurance Department's proposed administrative rules:

<http://www.insurance.utah.gov/rules/revision/234New.htm>

<http://www.insurance.utah.gov/rules/revision/235New.htm>

# Liaison Committee Report

BY JANENE GULL, COMMITTEE CHAIRPERSON

The ULTA Liaison Committee was created to provide a vehicle for dialogue and interaction between the Utah Department of Insurance and members of the Utah Land Title Association. The committee meets on a quarterly basis and is chaired by the immediate past president of the ULTA. The Committee is comprised of representative members of the ULTA and personnel of the Department of Insurance.

The current Liaison Committee began meeting shortly after the 2004 ULTA Annual convention. Throughout the year we have discussed many topics relating to the regulation of our industry, legislation which affects us, and have received updates of the enforcement activities of the Department of Insurance.

At our most recent meeting held on Monday, July 11, 2005, Gerri Jones of the Department of Insurance discussed the recent personnel

changes in the Department. She announced that she will be assuming the duties previously handled by Drew Arnott who has left the Department. Gerri also introduced Sheila Curtis who has been assigned Gerri's former duties.

Gerri presented a brief overview of the new Title & Escrow Commission which was created in the last session of the Utah Legislature. This Commission will work with the Insurance Commissioner and Department staff to regulate the title insurance industry. The members of the Commission were recently appointed by Governor Jon Huntsman and the Commission has begun meeting on a regular basis. It was announced that Joyce Clark of Valley Title Company (St. George) was elected as chairperson of the Commission. The ULTA will watch with interest to see how this new commission will interact with the Department of Insurance in the regulation of our industry.

It is suggested that everyone visit the web sites of the ULTA ([www.ulta.org](http://www.ulta.org)) and the Department of Insurance ([www.insurance.state.ut.us](http://www.insurance.state.ut.us)) regularly to check for announcements and updates from the ULTA and the Department and for information regarding any new rules or regulations. Information regarding enforcement and disciplinary actions taken by the Department can also be found on the Department's web site.

I wish to thank those members who have served on the Liaison Committee this past year. In accordance with the By-Laws of the ULTA, a new Committee will be formed for 2005-2006, with Mark Day of Title West as chairman. Please contact him if you are interested in serving on the Liaison Committee. You must be employed by a company which is a member in good standing of the ULTA. I encourage you to participate in this and the other activities of the ULTA. ■

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**CONTACT**  
KEN NEWTON (801) 224-4303  
SAM NEWTON (801) 688-9346

# Is the Entire Country “Flipping” Out?

BY JAN OATES, SENIOR VICE-PRESIDENT, NATIONAL ESCROW ADMINISTRATOR,  
FIDELITY NATIONAL FINANCIAL, INC.

The title industry is battling foreclosure and mortgage fraud schemes across the country in high volume. Mortgage fraud is a growing problem due to the ongoing real estate market and interest by many of “getting rich quick.” The IRS and FBI state that fraudulent transactions have more than doubled in the past few years. The average prison term handed out by federal judges to defendants in real estate schemes in 2003 was 46 months. Based on existing FBI investigations and mortgage fraud reporting, 80% of all reported fraud losses involve collaboration or collusion by industry insiders. Realtytrac reported in their March U.S. Foreclosure Market Report that 45% of all foreclosures are in Florida, Utah, Georgia, Texas and Colorado.

So what is the industry seeing? Property Flipping, Silent Seconds, Straw Buyers, Fictitious/Stolen Identities, Inflated Appraisals and Foreclosure Schemes.

## *Foreclosure Scams*

“We Buy Homes.” These ads are all over the country and this is what happens: A Homeowner, who may be elderly, unemployed, disabled or just unsophisticated in real estate, is in foreclosure. They receive a solicitation from a “foreclosure rescue” specialist telling them he will help them refinance their home at a lower rate of interest. The Homeowner will agree to pay the specialist from \$650.00 to \$5,000.00, or more, to cover initial costs. As the process continues they are told “their credit is lousy and the only way to

save their home is to deed to a third party with better credit.” The homeowner is then promised that they will be put back in on title within six months. The following occurs: The “foreclosure rescue” team takes out a new loan in an amount which is \$200,000.00 over the loan balance of



***“It is imperative that the industry proceed cautiously with certain types of transactions and in the event we elect to handle the more challenging orders, the requirement to insure that adequate disclosures are in place in our escrow instructions for protection is a necessary fact.”***

the existing loan in foreclosure. The homeowner never sees any of the loan proceeds, the upfront money was never paid to anyone and they can’t make the higher payments on the new loan. At this point they may or may not be in title to the property or in title with fictitious people. The

“foreclosure rescue” team is gone. This also is called “equity stripping.”

## *Equity Skimming or Stripping*

Equity Skimming or Stripping can also look like this: An investor may use a straw buyer, false income documentation and an inflated appraisal to obtain a new loan in the straw buyer’s name. After close of escrow, the straw buyer quit claims the property to the investor for a fee. The investor does not make any mortgage payments and rents out the property until foreclosure occurs.

## *Silent Seconds*

Silent Seconds are becoming common where the mortgage broker participates in actually hiding the loan from the first money lender. The mortgage broker many times will put pressure on settlement agents to participate in the fraud.

## *Property Flipping*

Property Flipping involves low price acquisitions or a short sale with a concurrent flip sale for a MUCH higher price and may include straw-buyers, identity theft, fraudulent appraisals, forged documentation, fake FICO scores, falsified HUD closing statements and unusual payments to third parties through escrow. The third party payments can represent kickbacks to buyers, investors, property/loan brokers, appraisers and title company employees. The buy-out escrow on a lease option should be looked at more closely than ever before. Again many times settlement

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## ULTA Distinguished Service Award

PRESENTED TO ARLEN TAYLOR  
JULY 2005 AT ULTA ANNUAL CONVENTION IN SUN VALLEY

*“Periodically the leadership of the Utah Land Title Association deems it appropriate to recognize the unique contributions made to the association and the land title industry made by certain individuals. Not too many of these awards have been given, so when someone is chosen to receive such an award, it has truly been earned and is much deserved.*

*“It is my pleasure to announce that Arlen B. Taylor of Stewart Title Guaranty Company has been chosen to receive the ULTA’s Distinguished Service Award in recognition of his dedicated and distinguished service to the land title industry.*

*“Most of you know Arlen from the many education seminars he has conducted through-*

*out his career. If you have attended his classes you know that he not only “knows his stuff,” but he presents the information in a very enthusiastic way!*

*“Some of you may also have had the privilege of working with Arlen as a senior underwriter for Stewart Title Guaranty Company. We at Landmark Title Company have been fortunate to work with Arlen in his underwriting capacity for over 17 years, and I can tell you that his local knowledge, title expertise, and practical decision-making have been of tremendous value to our clients and us.”*

[Presentation made by Janene Gull, Immediate Past President & Liaison Committee Chair 2004-2005 on behalf of the ULTA Executive Committee]

## Biography

Arlen B. Taylor is currently Vice President and Manager, Special Projects for Stewart Title Guaranty. He currently holds a Utah title insurance search and escrow license and has previously held a Colorado Title Agents License and Colorado Abstractor’s License. He received a Bachelor of Science in Geography from the University of Utah, and an LL.B from Blackstone School of Law. He has done graduate course work from the University of Utah in insurance and geography. His work experience began in the title industry in 1967 and includes previous employment at Transamerica Title Insurance Company, prior to 1982, and Stewart Title Guaranty Company since 1982. He has worked at various times based in California, Colorado, Utah and Washington, and has been an underwriter and claim handler throughout his career for a number of states, including Colorado, Idaho, Montana, North Dakota, South Dakota, Utah, and Wyoming. He has written manuals, articles and been a featured speaker throughout his career. He has served on various committees including the Insurance Recodification Committee in Utah, the Electronic Recording Task Force in Colorado, Title Insurance Ad Hoc Committee in Utah. He has been involved actively in training throughout his career.



# Continuing Education for Members of the ULTA

BY WADE TAYLOR, TITLE WEST

During the last year as an association, the ULTA has sponsored 57 hours of continuing education for its members. The hours were presented across the state from St. George to Brigham City, including six hours in Las Vegas at the Winter Convention. Several of our regional vice presidents have served two and three consecutive terms and have been the critical in the scheduling and providing of the continuing education hours.

During the last legislative session, as we all know, a portion of the Insurance Departments bill proposed to increase the number of required education hours in a two-year period from 12 to 24 hours. The efforts of the ULTA resulted in the title industry being carved out of the requirement. However, the State Insurance Department has mailed out several notices to licensees that the requirement for 24 hours is in place

and the licensees will need to be able to prove the 24-hour requirement has been filled. If you are one who received such a letter, please disregard the reference to the 24 hours. The continuing education requirement is as it was, 'a title insurance producer is required to complete 12 credit hours of continuing education for every two-year licensing period, with three of the credit hours being ethics courses' [31A-23a-202-3b(iii)]. While this is a good thing to prevent redundancy and watered down presentations, the state has become stricter on the classes that will be approved for credit.

The state has also informed us that they will be moving to an online system of tracking the continuing education hours for licensees. The department is planning to convert within the next 3-6 months, to a National Producer Number that will be assigned to each licensee. This num-

ber will be used on the Sircon System ([www.sircon.com](http://www.sircon.com)) that will display the name of the class attended, the date of the class and the number of hours earned. This will assist each licensee in keeping track of the total number of continuing education hours they have. To obtain your National Producer Number, you can contact the State Insurance Department at (801) 538-3800, and ask for Licensing. Give them your State of Utah Insurance Department License Number and they will be able to provide you with your National Producer Number. Sircon will also provide a list of upcoming classes that are available, as well as a list of approved courses.

The ULTA is committed to continue providing opportunities for quality courses and education. Please check the association website ([www.ulta.org](http://www.ulta.org)) for upcoming courses being provided by the association. ■

## Title Escrow Commission

BY GLEN ROBERTS, TITLE WEST

On July 1, 2005 Senate Bill 40 became effective. This bill established a Title Escrow Commission to oversee the title industry in Utah. The bill allows for five members appointed by the governor. Four of the members are to hold or have held a title and escrow license. The fifth spot is for a member of the general public.

The initial Commission members appointed by the governor are Joyce W. Clark, Darwin L. Johnson, David M. Lattin, R. Curt Webb and Glen Roberts. David Lattin is from

the general public. Mr. Lattin is a retired FBI investigator who also worked as the security officer for Novell and was involved in the security for the winter Olympics in Salt Lake City. The other four members of the commission have been involved in the industry for at least twelve years. Joyce Clark and Darwin Johnson were appointed to two-year terms. Curt Webb, Glen Roberts and David Lattin were appointed to four-year terms. At the meeting held on July 13, 2005 Joyce Clark was elected chairperson for the first year. At the

end of this article is contact information for each member of the commission.

The Title Escrow Commission Act is patterned after the Real Estate Commission Act. The commission is given broad authority under the Act. The title industry now has the ability to govern itself and create the future environment for the industry. The Act authorizes the commission (among other things) to make rules related to unfair practices, escrow practices, controlled business issues, to conduct administrative law hear-

ings, and with the concurrence of the insurance commissioner approve new licensees and the reissuance of licenses, and to set the assessment on title insurance agencies or insurers.

The Commission will meet once a month. The meetings are open to the public. The commission members desire your input and comments. The commission members are committed to work hard to resolve some of the issues that have plagued our industry and make a positive impact. The commission needs your input and comment to do so.

Contact information for commission members.

Joyce Clark  
Valley Title (St. George)  
435-674-1100  
joyce@infowest.com

Darwin L. Johnson  
First American Title (Heber)  
435-654-1414  
dajohnson@firstam.com

David M. Lattin  
801-278-0177.  
sammuf@yahoo.com

R. Curt Webb  
Cache Title (Logan)  
435-753-2467  
curt@cachetitle.com

Glen Roberts  
Title West (Orem)  
801-375-3600  
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agents are asked to participate in the fraud.

What can the industry do to protect itself from the negative impact of these types of transactions? **DISCLOSE AND EDUCATE.**

It is imperative that the industry proceed cautiously with certain types of transactions and in the event we elect to handle the more challenging orders, the requirement to insure that adequate disclosures are in place in our escrow instructions for protection is a necessary fact. Also a key segment in a flip transaction, is obtaining NEW lender approval, in writing, of the entire transaction package. Many lenders are requiring a certified copy of seller's closing statement looking for unusual disbursements.

Overall effects of fraud have a huge impact because mortgage lending and the housing market have a significant effect on the nation's economy. When the dust settles on

a fraudulent transaction who pays? Well just for starters, the seller may have loss of income due to an under the market sale, the buyer may have overpaid, the title and banking industries spend millions of dollars annually in attorney, litigation and foreclosure costs and the FBI has set up a special division to handle mortgage fraud.

The growing trend for fraud in our industry will not lessen in the future. The industry needs to take responsibility for preparing our settlement agents to work in this environment by continually offering educational classes. Keeping them informed of what scams are currently the fashion can be helpful for identification purposes. Settlement Agents should be cognizant of the mortgage broker or investor that are too pushy and always obtain that second opinion on an escrow file that keeps lurking in the back of the mind. ■

## Changes in the Executive Committee

**GREG CLARK,**  
President (Valley Title)

**PAUL NEWTON,**  
First VP (Backman Title Services)

**KEVIN DISTEFANO,**  
Second VP (Founders Title Company)

**MARK GONZALES,**  
Northern Region VP (Bonneville Title Company)

**SUSAN HOUGHTON,**  
Central Region VP (Tooele Title Company)

**WALT VANDENBERG,**  
Capitol Region VP (United Title Services)

**JANE LANCASTER,**  
Eastern Region VP (South Eastern Utah Title)

**TERRI GREEN,**  
Southern Region VP (Central Utah Title)

**DOUG STANLEY,**  
Dixie Region VP (United Title Services of Southern Utah)

## ADVERTISING

The ULTA invites all who are willing to contribute advertisements for upcoming newsletters. If you would like advertising prices or more information, please contact the ULTA office by email at [ulta@xmission.com](mailto:ulta@xmission.com) or by phone at (801) 947-8453.



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**Mike Smith (Legislative Chairman)**

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## NAME THE NEWSLETTER

We are still welcoming any suggestions on what we should name this newsletter. Please submit your ideas via email to Sheri Olsen, [ulta@xmission.com](mailto:ulta@xmission.com). The person with the winning suggestion will receive a gift certificate!

## UTAH LAND TITLE ASSOCIATION'S

*purpose is to: "promote the general welfare of the land title profession in Utah, to provide information and education to consumers and to its members, to promote professional standards and ethics, to promote and encourage sound legislation affecting land titles and real estate transactions, and to otherwise facilitate the ready transfer of land titles."*