



NAVIGATING THE FUTURE

AGENDA

7:30 AM – 8:10 AM

Registration, Breakfast & Vendor Exhibits

8:10 AM – 8:15 AM

Welcome

*Andi Stroud, Vice President and Georgia State Manager
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*

8:15 AM – 9:15 AM

Economic Outlook: Steering the Ship with 2020 Vision

*K.C. Conway, Chief Economist, CCIM Institute and
Director of Research & Corporate Engagement, ACRE*

9:15 AM – 10:15 AM

Dive Deep into Professionalism

*Matt Mashburn, Partner, Commercial Finance
Aldridge|Pite, LLP*

10:15 AM – 10:30 AM

Morning Break & Vendor Exhibits

10:30 AM – 11:30 AM

**Navigating the Future of Digital Closings...
No More Wet Ink?**

*Jason Nadeau, Chief Digital Officer
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*

11:30 AM – 12:30 PM

Lunch

12:30 PM – 1:30 PM

Mapping the Future of Fraud

*Krista Christensen, Risk Manager, Cyber and Wire
Strategies, Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*

1:30 PM – 1:45 PM

Afternoon Break & Vendor Exhibits

1:45 PM – 2:45 PM

**From Captaining the Ship to Swabbing the
Decks, Every Job is a Sales Job**

*Cindy McGovern, CEO, First Lady of Sales
Orange Leaf Consulting*

2:45 PM – 3:45 PM

Navigating Claims and Underwriting

*Jeff Hrdlicka, Regional Underwriting Counsel
Hilary Fentress, Georgia State Underwriting Counsel
David Gordon, Georgia Underwriting Counsel
Michael Powers, Georgia Underwriting Counsel
Rhee McCallum, Georgia Associate Underwriter
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*

3:45 PM-4:00 PM Drawings for Prizes
(must be present to win)



CONNECT TO “Visitors”
Click “Get Connected”



*SCAN the QR code on your
table to get started with our digital passport
game for your chance to WIN prizes today!*

*Then CONNECT with our sponsors
to PLAY-SCAN-WIN!*

NAVIGATING
THE FUTURE



1. Open camera app on your phone.
If your phone does not have an internal QR code reader simply download one from your app store.



2. Hover your phone over the QR code on this page.



3. Tap the link to access the registration page and follow the prompts.

THANK YOU TO OUR SPONSORS





GRAND PRIZE WINNER

2 ORCHESTRA LEVEL HAMILTON TICKETS / FOX THEATRE

PARTICIPATE IN OUR DIGITAL PASSPORT GAME WITH A SCORE OF AT LEAST 750 POINTS FOR A CHANCE TO WIN!

A name will be digitally drawn from everyone who participates in our digital passport game and has a score of at least 750. *You must be present to win!*

LEADER BOARD WINNER

2 Braves tickets plus batting practice tickets / Braves vs. Nationals

THE TOP NAME ON THE BOARD AT THE START OF OUR DRAWING THIS AFTERNOON WILL WIN!

No ties. If there is a tie, the first name on the board signed up first and therefore will be finalized as the winner. They must be present to win, otherwise we will go down the board in order to find our winner.

MORE PRIZES

We will draw for some more prizes from everyone who participates in our digital passport game with a minimum score of 750. *Must be present to win!*





Economic Outlook: Steering the Ship with 2020 Vision

*K.C. Conway, Chief Economist, CCIM Institute and
Director of Research & Corporate Engagement, ACRE*

NAVIGATING
THE FUTURE

BIO

*K.C. Conway, Chief Economist, CCIM Institute and
Director of Research & Corporate Engagement, ACRE*



CHICAGO TITLE
INSURANCE COMPANY®



Commonwealth®
LAND TITLE INSURANCE COMPANY

PROFESSIONAL EXPERIENCE

Director of Research and Corporate Engagement

Alabama Center for Real Estate, Tuscaloosa, AL , 2017-present

Manages Center's research division existing market trends research content and creates new organic and collaborative research initiatives. Serves as research ambassador to corporate real estate entities. Manages research/consulting opportunities. Works with Culverhouse faculty to foster collaborative research.

Senior Vice President of Credit Risk Management

SunTrust, Atlanta, GA, 2014–2017

Chief Appraiser, Sr. Environmental Risk Manager & Sr. Market Intelligence Officer overseeing 5,000 transactions annually totaling \$25 billion in assets. Oversaw appraisal & environmental due diligence nationwide. Developed Market Monitors to track CRE conditions at MSA level. Responsible for FIRREA, IAG and bank regulatory compliance. Industry thought leader for Wholesale Bank on CRE & Economy.

Chief Economist, United States

Colliers International, Atlanta, GA, 2010–2014

Monitored economic and CRE conditions across U.S. and produced the quarterly nationwide Office, Industrial & Ports Outlook reports. R.E. Industry thought-leader and speaker at industry conferences and client advisor.

EDUCATION & TEACHING

BBA, magna cum laude, Emory University, Atlanta, GA

CRE, Counselor of Real Estate

MAI, Member of Appraisal Institute

Instructor: FFIEC (Bank Regulatory Training) for annual "Supervisory Updates" conference series 2008-2017.

Guest Lecturer: Major University R.E. Centers

NAVIGATING
THE FUTURE



GEORGIA
AGENCY

2020 Economic & CRE Outlook



Pitcher Influences



Market Volatility



K.C. Conway, MAI, CRE
ACRE Director of Research & Corporate Engagement
CCIM Chief Economist / [CCIM Joint ACRE-CCIM Research](#)
KCConway@Culverhouse.UA.edu



Disclaimer: Not in fine print...



GEORGIA
AGENCY

Chicago Title & Commonwealth Land Title 2020 Underwriting Seminar

Atlanta, GA – March 5, 2020

This Presentation reflects the analysis and opinions of the author, **but not necessarily those of the faculty and staff of the Culverhouse College of Business** or the administrative officials of the **University of Alabama**.

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This opening Outlook presentation consists of materials prepared exclusively by **K.C. Conway, MAI, CRE**, and is provided during this event solely for informational purposes of attendees. This presentation is not intended to constitute legal, investment or financial advice or the rendering of legal, consulting, or other professional services of any kind.

Navigating ACRE Website, Accessing WIN, Research, & Presentations ...

<http://www.acre.culverhouse.ua.edu/explore>

The screenshot shows the 'exploreACRE' website header with the Alabama Center for Real Estate logo and navigation links: Topics, Markets, Contributors, and About. A yellow arrow points from the URL above to the 'exploreACRE' text. Below the header, there are three main content blocks. The left block is titled 'WATCH NOW' and features a video thumbnail of a port with the text 'Alabama's logistics infrastructure found lacking in new report'. The middle block is titled 'Logistics Infrastructure: Transformational Opportunities' and features a graphic of a robot made of shipping containers. The right block is titled 'ACRE WIN WEDNESDAY INSIGHTS' and features a graphic of a robot made of shipping containers. A yellow arrow points from the 'ACRE WIN WEDNESDAY INSIGHTS' block to the URL below.

<http://www.acre.culverhouse.ua.edu/win>

The screenshot shows the 'ACRE WIN WEDNESDAY INSIGHTS' page for February 26, 2020. The page features the ACRE logo, the Culverhouse College of Business logo, and the University of Alabama logo. A yellow arrow points from the 'ACRE WIN WEDNESDAY INSIGHTS' block in the previous screenshot to this page. The page also features a portrait of K.C. Conway, Director of Research & Corporate Engagement.

VUCA best describes the Q1 2020 Economy:

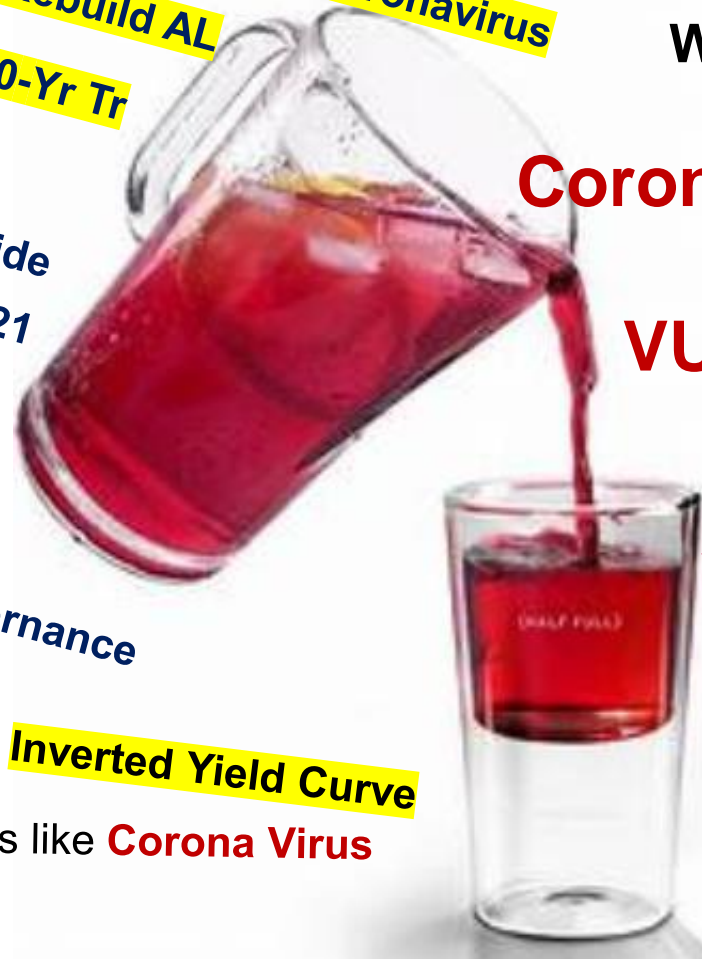
What is VUCA? As Scott explained it, the acronym stands for **Volatility, Uncertainty, Complexity, and Ambiguity**. With the spread of coronavirus, 1,000+ point decline in the stock market Tuesday, a self-proclaimed socialist leading the race for the Democratic presidential nomination, and the dysfunctionality in Washington, D.C. to tackle real problems - such as uncontrolled deficit spending, housing affordability crisis, and healthcare - could there be a better term than **VUCA** to describe the economic climate in Q1 2020? **However, it's not all gloom and doom – or VUCA.** The economic news and headlines of the past week separates the truly VUCA segments of the economy and commercial real estate from let's say the “not-so-VUCA.”

The screenshot shows the 'ACRE Research Explore Research' page. A yellow circle highlights the navigation menu at the bottom, which includes links to 'Explore Research', 'Commercial Research', 'Opportunities', 'KC's Slide Decks', 'Calendar of Upcoming Presentations', and 'KC's Travel Map'. A yellow arrow points from the 'ACRE Research Explore Research' block in the previous screenshot to this page.

“Pitcher Influences”

It starts with a change in focus from the
Glass is half-full or half-empty
to
Who controls the pitcher

Coronavirus
=
VUCA



Trade: USMCA, China, **UK Independence, Coronavirus**

Logistics/OTIF – Air, Rail, Ports, **Rebuild AL**

CRE Capital – **LIBOR Transition, Fed & 10-Yr Tr**

U.S. Debt & State Fiscal Health(FY 21 >\$1.0 Tr)

2020 Elections – Super Tuesday Political Divide

Lease Accounting ASC 842 now Jan 1, 2021

BOEING – **Largest U.S. Exporter**

NCAA Marc Madness & Bracketology

ESG – Env. Social Governance

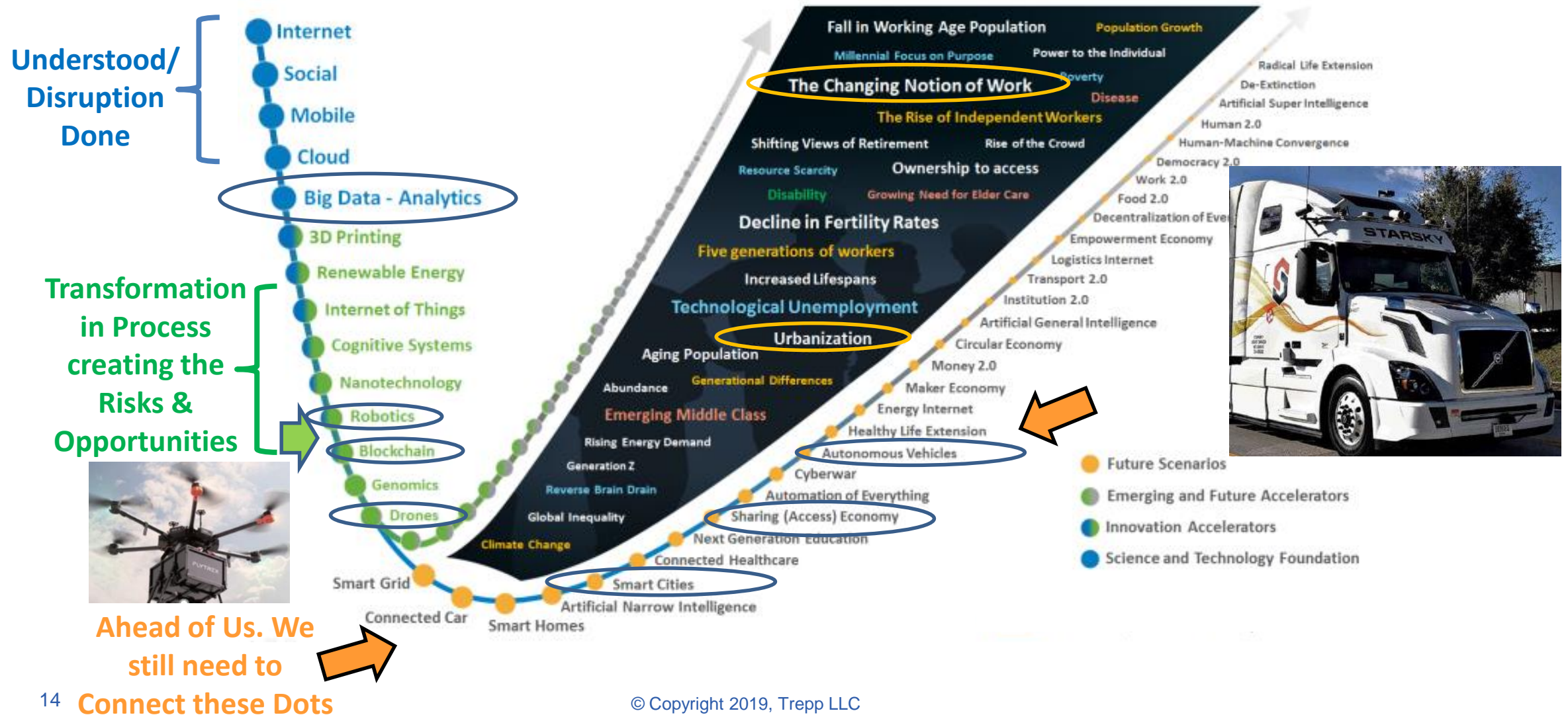
The FED, Monetary Policy, **Inverted Yield Curve**



Black Swan events like **Corona Virus**

Trade Deals: China, USMCA, & China 1.0
NFIB Small Bus. Optimism (39 > 100)
REIT Returns – All about Yield
CPPI (Green Street & RCA)

What's behind US & Southeast Eco? Disruptive Technologies



Tech Disruption – NC leads with Drones & Supply-Chain – Coronavirus Drones?

Dive Brief:

- The Federal Aviation Administration (FAA) has granted Israeli dronemaker Flytrex and North Carolina-based drone services firm Causey Aviation Unmanned approval for a drone-based food delivery pilot, according to a press release emailed to Supply Chain Dive.
- The team will deliver food via drone in Holly Springs, North Carolina, as part of the FAA's UAS Integration Pilot Program (IPP) program in partnership with the North Carolina Department of Transportation and the Town of Holly Springs.
- The drones will travel along a single fixed route from a distribution center to an outdoor recreational area over mostly unpopulated areas, though the route does cross a highway. The FAA approved this route. Flytrex drones have been delivering food in Iceland in partnership with a local e-commerce site since 2017.



KC Conway, MAI, CRE

ACRE - Alabama Center for Real Estate / CCIM Chief Economist / kcmaicre@gm...
1w

...

FAA grants a pilot Drone-Food-Delivery program to NC. Ball State University may rank NC low for Logistics, but Red Shoe Economist and FAA disagree.

<https://lnkd.in/dyDeMrr>

#drone #realestate #logistics #ccim #cre #realtors #exploreacre #northcarolina
#technology #nc #ecommerce



VUCA best describes the Q1 2020 Economy

What is VUCA? The acronym stands for **Volatility, Uncertainty, Complexity, and Ambiguity.**

What's **NOT** VUCA? - The “not-VUCA” Segments:

First up is Job Growth: Next week we get another round of employment reports from the likes of ADP, LinkedIn and the BLS. Will the +200k per month trend continue? **Can Supply-Chain, Amazon, Apple, FNAG Cos. Do a Boeing – NOT layoff**

Next-up in the Not-VUCA category is retail earnings. Last week Walmart delivered results with 35% online sales growth and nearly 2% (+1.9%) same store sales growth – but it warned in guidance about coronavirus. Last week we had a pair of retailers beat expectations in the same reporting period. **I can't recall the last time both Macy's and Home Depot beat expectations in the same quarter.**

Two other **NOT VUCA** items:

Logistics. The recently released [CBRE Industrial Flash Report](#) is all the “NOT-VUCA” evidence you need to remain bullish on this industry sector. **Although 289 million sq. ft. of new industrial supply deliveries exceeded 255 million sq. ft. of net absorption nationwide in 2019,** demand for this space was significant and eased any fears of oversupply. **By year's end, only 39% of the space in new construction was available for lease, keeping the overall industrial vacancy rate near its all-time low.**

IFA: And the second **“Not VUCA”** item is the **Franchise Performance Index by IFA.** <https://www.franchise.org/media-center>
The Franchise Performance Index (FPI)



<https://www.franchise.org/media-center>

- Franchise industry growth is expected to continue riding the momentum of the U.S. market boom in 2020, despite an uncertain economy.
- **The number of franchised businesses in the U.S. is expected to grow by 1.5% this year**, to a total of **785,316 establishments**.
- **Franchise industry expected to add 232,000 jobs in 2020, growing total employees to 8.67 million.**
- Franchise businesses' economic output is expected to grow faster than the economy as a whole.
- **Overall GDP contribution by the franchise industry is expected to grow by 4.6%, to \$494.96 billion.**
- **The industries with the most expected growth are projected as:** personal services, quick-service restaurants (QSR) and full-service restaurants.
- **The states that will see the most franchise establishments and employment growth in 2020 ranked in order are: Texas, Colorado, Arkansas, Florida, Idaho, Tennessee, Georgia, North Carolina, South Carolina, and Nevada.**

**In the South, note:
FL, GA, NC/SC and TX**

Top 10 States for Franchise Growth: 2019-2020			
Employment		Output	
State	Growth Rate	State	Growth Rate
TEXAS	5.3%	TEXAS	7.1%
COLORADO	3.9%	FLORIDA	5.3%
ARKANSAS	3.8%	ARKANSAS	5.2%
FLORIDA	3.8%	COLORADO	5.2%
IDAHO	3.6%	NEVADA	4.9%
TENNESSEE	3.5%	NORTH CAROLINA	4.8%
GEORGIA	3.5%	IDAHO	4.8%
NORTH CAROLINA	3.4%	SOUTH CAROLINA	4.7%
SOUTH CAROLINA	3.4%	WASHINGTON	4.7%
NEVADA	3.4%	GEORGIA	4.6%

Franchise Employment by Business Line					
	2016	2017	2018	2019 (Est.)	2020 (Proj.)
Business Services	644,802	651,659	653,999	650,489	644,540
Percentage change		1.1%	0.4%	-0.5%	-0.9%
Commercial & Residential Services	244,251	247,415	250,318	252,803	255,820
Percentage change		1.3%	1.2%	1.0%	1.2%
Lodging	606,168	627,354	648,806	662,382	673,398
Percentage change		3.5%	3.4%	2.1%	1.7%
Personal Services	460,390	490,915	519,369	547,094	580,070
Percentage change		6.6%	5.8%	5.3%	6.0%
Quick Service Restaurants	3,561,108	3,659,560	3,770,426	3,880,612	4,001,940
Percentage change		2.8%	3.0%	2.9%	3.1%
Real Estate	242,702	251,046	256,328	262,130	265,787
Percentage change		3.4%	2.1%	2.3%	1.4%
Retail Food, Products & Services	953,009	977,712	1,020,002	1,061,686	1,088,696
Percentage change		2.6%	4.3%	4.1%	2.5%
Table/Full Service Restaurants	1,043,772	1,069,518	1,088,352	1,116,894	1,155,890
Percentage change		2.5%	1.8%	2.6%	3.5%
Total	7,756,202	7,975,179	8,207,599	8,434,090	8,666,141
Percentage change		2.8%	2.9%	2.8%	2.8%

38% Of People In Survey Are Avoiding Corona Beer Due To Coronavirus

CORONA Beer is NOT VUCA



A survey of more than 700 beer drinkers has revealed some stunning results. First, there are apparently no signs of intelligent life for the human race left on Earth. And second, people are completely ignorant as to what the coronavirus is, how it is transmitted and what can be done to prevent it.

We say that because 38% of those people surveyed have said they "would not, under any circumstances," buy Corona beer as a result of the deadly coronavirus spreading, according

to KRON/CNN. There's obviously zero link between the two, aside from them both having similar names.

16% of the people surveyed said they "were not sure" whether the virus is related to Corona beer and 14% of respondents who regularly drink Corona beer said they would no longer order it in public.

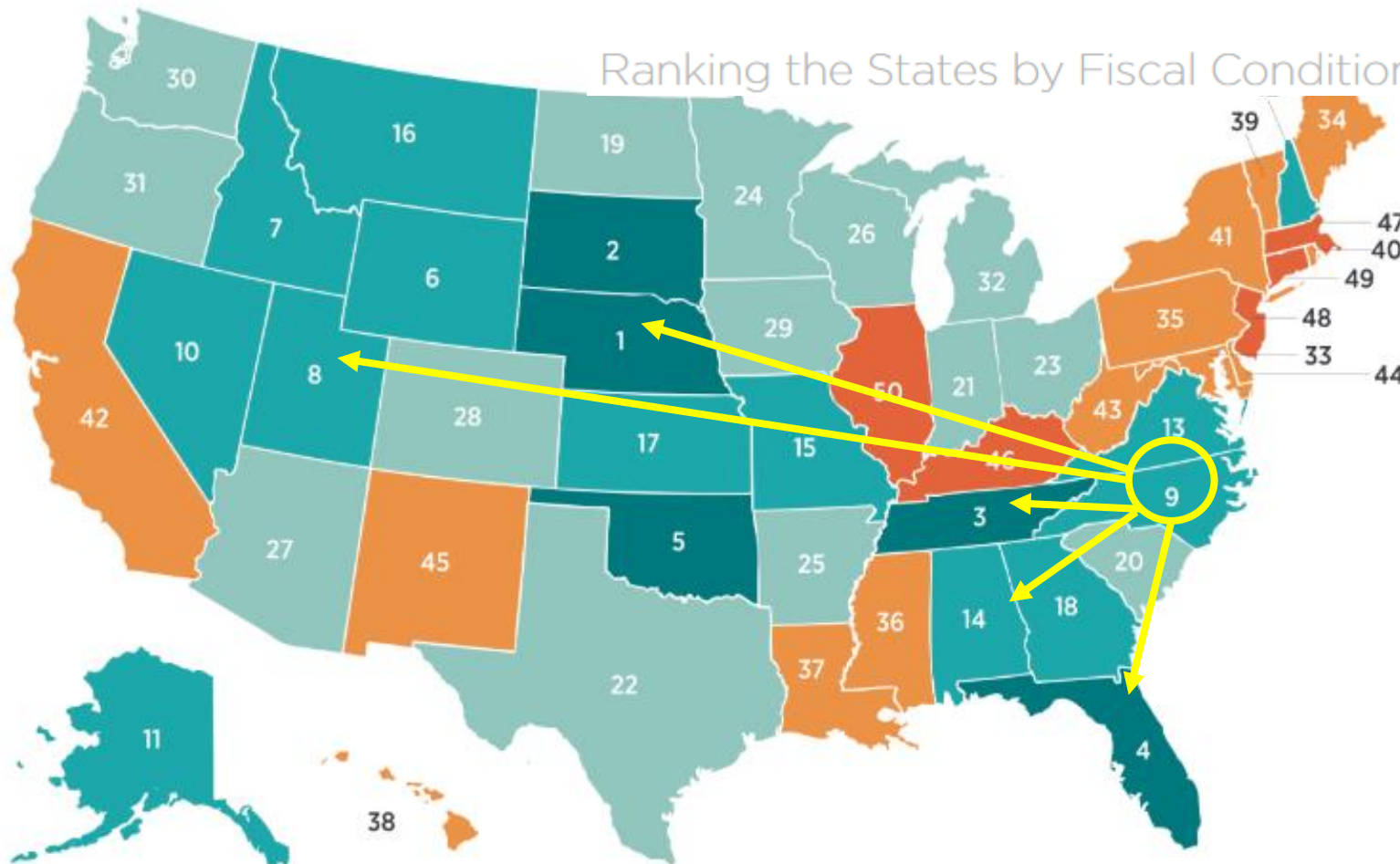
<https://www.zerohedge.com/health/38-people-survey-are-avoiding-corona-beer-due-coronavirus>

U.S. & South Fiscal Health – Debt Clock & Corp. Migration

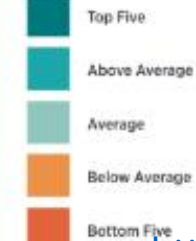
NE, SD, UT & SE rank Best – TN (3), FL (4), UT (8), NC (9) & AL (14) = Top15

State Fiscal Rankings

Ranking the States by Fiscal Condition



OVERALL FISCAL CONDITION RANK



TOP FIVE

1. Nebraska
2. South Dakota
3. Tennessee
4. Florida
5. Oklahoma

BOTTOM FIVE

45. Kentucky
47. Massachusetts
48. New Jersey
49. Connecticut
50. Illinois

SOURCE:
James Hoxby and Chris Gokhale, "Ranking the States by
Fiscal Condition, 2018 Edition" (Mercatus Research, Mercatus
Center at George Mason University, Arlington, VA, October 2018)

MERCATUS CENTER
George Mason University



US NATIONAL DEBT
\$23,165,485,037,296

TOTAL DEBT PER CITIZEN
\$228,145

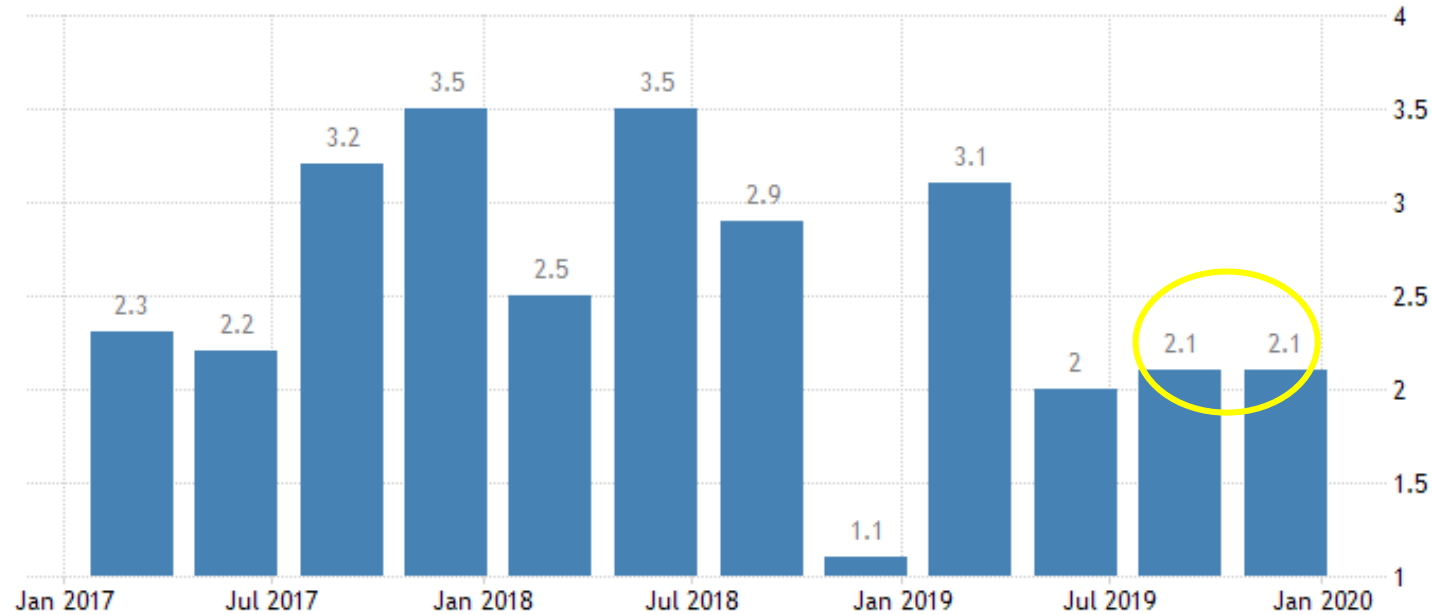
<https://usdebtclock.org/index.html>

STUDENT LOAN DEBT
\$1,660,417,680,610

CREDIT CARD DEBT
\$1,106,076,613,968

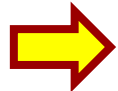
<https://www.mercatus.org/publications/urban-economics/state-fiscal-rankings>

GDP: 1st Read on U.S. Q4 **Mirrored Q3 @ 2.1%**



SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF ECONOMIC ANALYSIS

- The US economy **grew 2.1 percent in Q4, the same as in Q3.**
- Consumer spending slowed sharply while ... (Autos sales slowed GM strike)
- Net trade made the biggest contribution to growth since Q2 2009 amid a **fall in imports.**
- Negative contributions came from **private inventory investment** and nonresidential fixed investment.



- For all CY 2019, the economy advanced **2.3 percent**



FEDERAL RESERVE BANK *of* ATLANTA

GDPNow™

Latest estimate: 2.7 percent — March 2, 2020



The GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the first quarter of 2020 is **2.7 percent** on March 2, up from 2.6 percent on February 28. After this morning's Manufacturing ISM Report On Business from the Institute for Supply Management and the construction spending report from the U.S. Census Bureau, the nowcast of first-quarter real personal consumption expenditures growth decreased from 2.3 percent to 2.2 percent, and the nowcasts of first-quarter real gross private domestic investment growth and first-quarter real government spending growth increased from 5.1 percent and 1.2 percent, respectively, to 5.2 percent and 1.7 percent, respectively.

*The next GDPNow update is **Friday, March 6**. Please see the "Release Dates" tab below for a list of upcoming*

https://www.frbatlanta.org/cqer/research/gdpnow?utm_medium=email&utm_source=mailchimp&utm_campaign=ata-and-tools&utm_source=Atlanta+Fed+E-mail+Subscriptions&utm_campaign=614ccf01a9-weekly-digest-2020-01-27_COPY_01&utm_medium=email&utm_term=0_b7a27f0b85-614ccf01a9-258834629

GDP 2020: Coronavirus Impact - Global & U.S. could sink to 1.5%

- China's manufacturing purchasing managers index fell to 35.7 in February, the lowest since the survey began in 2004, according to data released by the National Bureau of Statistics on Saturday.
- The dismal number comes amid the coronavirus outbreak, which has slowed economic activity in China and disrupted supply chains.
- Now, the entire world is on high alert as the virus spreads to other countries.
- On Monday, the Organization for Economic Cooperation and Development said that the virus has put the world economy in its most "precarious position" since the 2008 financial crisis.

The OECD is forecasting a sharp slowdown in global growth in early 2020 to 2.4% from 3% in November due to the coronavirus epidemic. But, in a scenario where the epidemic breaks out in other countries, "the slowdown will be sharper and more prolonged," and global GDP could fall to as low as 1.5% this year, according to the OECD.

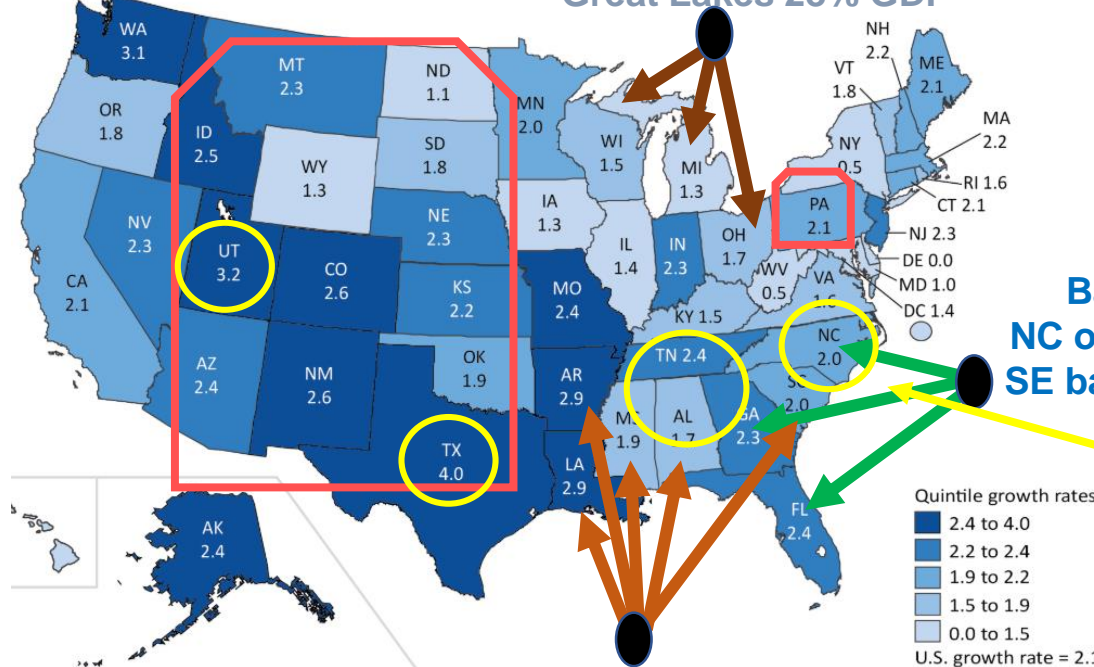
https://markets.businessinsider.com/news/stocks/china-manufacturing-pmi-record-low-amid-coronavirus-outbreak-world-economy-2020-3-1028956050?utm_campaign=browser_notification&utm_source=desktop

GDP: Translate LOCAL

Gross Domestic Product by State, Third Quarter 2019

Percent Change in Real GDP by State, 2019:Q2–2019:Q3

Great Lakes 28% GDP



- A 2020 or 2021 recession will NOT play out uniformly across all regions of the U.S.
- Know your region's exposures and risks tied to various industries:

- **ALMA & SC = Autos & Tariffs**
- **NC & GA = Banking** (STI/BB&T)
- **The Plains = Energy & AG**
- **Great Lakes = Commodities**
- **West & Mtn Region = Tech, Tourism, Mining & Cannabis issues? Colo unwinding in favor of TX, UT and AZ**

- **TN (Nashville) AL (Huntsville), Utah (Salt Lake City), NC, and the "Other TX (San Antonio)** are the **new "Affordable Tech Hubs"** luring STEM-dependent companies out of San Fran, Seattle, Denver, Boston and NY.

- **AL, TN & NC Future is being built on Tech, Logistics & Financial Services** from the likes of **Toyota, Facebook, Amazon, Microsoft, Carvana, Honda, Airbus, SpaceX, Wal-Mart, TIAA, Pfizer, Publix, Honda Aircraft, Truist**, etc.

+3% to >4% GDP in TX, the Plains & Rocky Mountain West > SE

Why?

- ✓ Energy,
- ✓ Tech flow from West Coast
- ✓ Taxes (SALT) & Affordability

Gulf Coast & AL are AG, (Soybeans) Steel & Bulk with growing Mfg (Airbus, Autos) and Container (Walmart)

<https://www.bea.gov/data/gdp/gdp-state>

The Best States For Business 2019: North Carolina And Texas On Top












Throughout 2019, companies such as Microsoft, car sales platform Carvana and drug company Pfizer announced plans to invest in North Carolina and its highly educated workers. **“Skilled, diverse workers and strong infrastructure mean businesses are confident that expanding in our state is a good business decision,”** Governor Roy Cooper

<https://www.forbes.com/sites/samanthasharf/2019/12/19/the-best-states-for-business-2019-north-carolina-and-texas-utah-on-top/#3e164a26541f>

- North Carolina has the best business climate in the U.S. and tops Forbes ranking for the third year in a row.
- **Forbes has rated the business climates of the 50 states since 2006, with only North Carolina (three times),** Utah (six times) and Virginia (five times) **ever claiming the top spot.**
- Texas has ranked second twice before.
- The 14th version looks at 40 metrics across **six main categories:** business costs, regulatory environment, economic climate, growth prospects and quality of life.

➡ **North Carolina ranks in the top third in all six categories. It gets highest marks for its regulatory environment** (including a Aaa rating on its general obligation debt from Moody's), has the **fourth-lowest business costs of any state and rates ninth for labor supply.**

Forbes Best States For Business

	Rank	State	Business Costs Rank	Labor Supply Rank	Regulatory Environment Rank	Economic Climate Rank	Growth Prospects Rank	Quality of Life Rank	Population
	#1	North Carolina	1 	9	1 	13	13	16	10,383,600
	#2	Texas	3	10	21	4	1 	15	28,701,800
	#3	Utah	23	2	6	8	7	9	3,161,100
	#4	Virginia	30	3	3	20	24	1	8,517,700
	#5	Florida	31	11	7	3 	5	18	21,299,300
	#6	Georgia	19	15	9	7	11	23	10,519,500
	#7	Tennessee	10	27	4 	11	14	29	6,770,000

<https://www.forbes.com/best-states-for-business/list/#tab:overall>

Best U.S. MSAs to Work in Manufacturing

Small MSA is the new BIG in Manufacturing. Why? Workforce + Affordability (housing).

New research discovered that it was not big cities, but instead smaller metro areas that dominated the top-10 list. For Best Places to Work in Manufacturing. “The average population across **the top 10 locations is about 300,000**. But if you discount Greenville, N.C. and Ogden-Clearfield, Utah that figure drops in half to 150,000.

SmartAsset looked at data for **483 metro areas and came up with a list of best places to work in manufacturing** which includes data on employment and **income growth in manufacturing**, as well as the density of manufacturing jobs and **housing costs**.

<https://www.industryweek.com/leadership/10-best-locations-work-manufacturing>

So what MSAs made the top-10 list?

An Alabama town that makes Honda automobiles near a famous NASCAR track was the top ranked place to work in manufacturing.

- 
- #1: Talladega-Sylacauga, AL
 - #2: Greenville, SC
 - #3: Ogden, UT
 - #4: Rockford, IL
 - #5: Fort Knox, KY

- # 6: Greenville, NC
- # 7: Napa, CA
- # 8: Amarillo, TX
- # 9: Oshkosh, WI
- #10: Anacortes, WA

6. Greenville, North Carolina

The average worker in 2015 earned 27% more than in 2010. From 2014 to 2015, the average income rose 18.5%. However only 9.4% of workers in this metro area work in the manufacturing.

**Carolinas only
place to have 2
MSAs on op-10**



1. Talladega-Sylacauga, Alabama



Over 39% of the workforce here is employed in manufacturing. Considering the area's average housing costs, the salary of \$58,461 is good.

It's all about LOGISTICS

The South has it & is adding MORE!

Amazon fulfillment centers across the US

The company has over 100 active warehouses and dozens of planned locations



<http://www.acre.culverhouse.ua.edu/research/logistics-infrastructure-research> - Feb 8, 2019 Publication

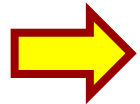
SOURCE: MWPVL International Inc., Supply Chain and Logistics Consultants. Includes warehouses of 500,000 square feet or more.



OTIF: The New Retail Logistics Metric

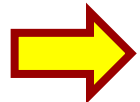
What the OTIF?

OTIF is a new metric in the logistics industry being used by retailers like Walmart and Kraft-Heinz to measure logistics performance. It will play into warehouse and e-commerce fulfillment site selection and serve as the measure of success in the online grocery battle.



OTIF went mainstream as a supply chain metric around August 2017 when Walmart began evaluating suppliers by their score and penalizing those that couldn't comply by assessing fines up to 3 percent of the value of the shipment. In 2018, Walmart started imposing this 3 percent penalty on the value of shipments if an OTIF measure of 85 percent or greater wasn't achieved. In 2019, that benchmark increased to 87 percent.

The **Red-Shoe Economist** forecasts OTIF will be an embedded variable in all warehouse site selection for e-commerce and logistics companies within two years.

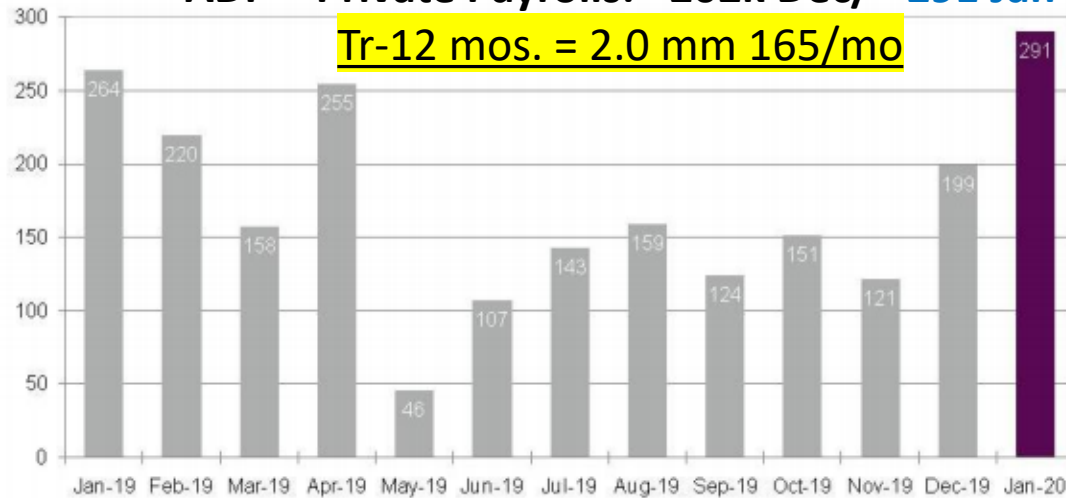


And don't be surprised if you see an OTIF of 90 percent as the standard among large retailers by 2025.

JOBs: National View / ADP Vs BLS Vs LinkedIn

ADP – Private Payrolls: +202k Dec/ +291 Jan

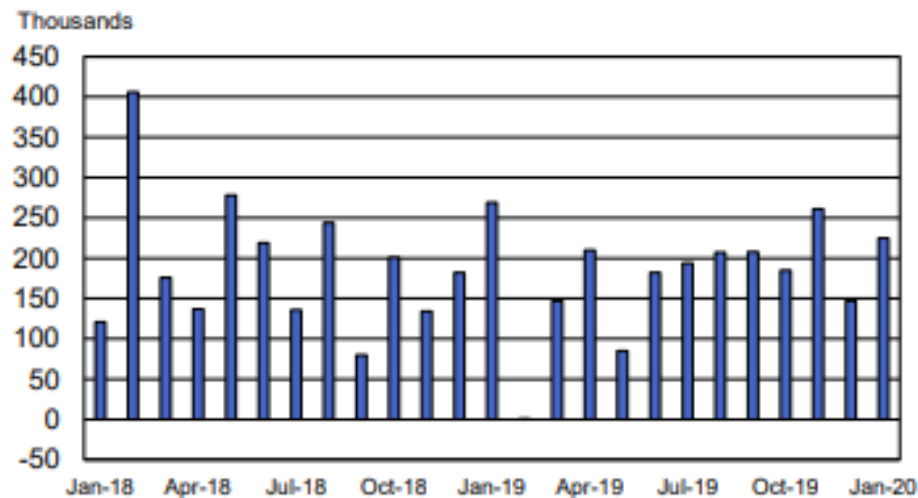
Tr-12 mos. = 2.0 mm 165/mo



Sources: ADP Research Institute®

BLS – Gov Total Jobs Report (+1.4% CY 2019)

seasonally adjusted, January 2018 – January 2020



Dec '19
145,000
Jan '20
225,000

LinkedIn Hiring – Dec 2019

<https://economicgraph.linkedin.com/resources/linkedin-workforce-report-december-2019>

United States
Hiring on LinkedIn
December 2019

Year ● Current ● Previous

Over **165 million** workers in the U.S. have LinkedIn profiles; over 20,000 companies in the U.S. use LinkedIn to recruit; over **3 million jobs are posted on LinkedIn in the U.S. every month**; and members segregated via **35,000 skills** to their profiles



Hiring up 7.6% Nov.
2019 over Nov 2018

Hiring is up 7.6% in
Nov 2019 from last year

Translate Local Data: Job Growth a 5-Yr Look

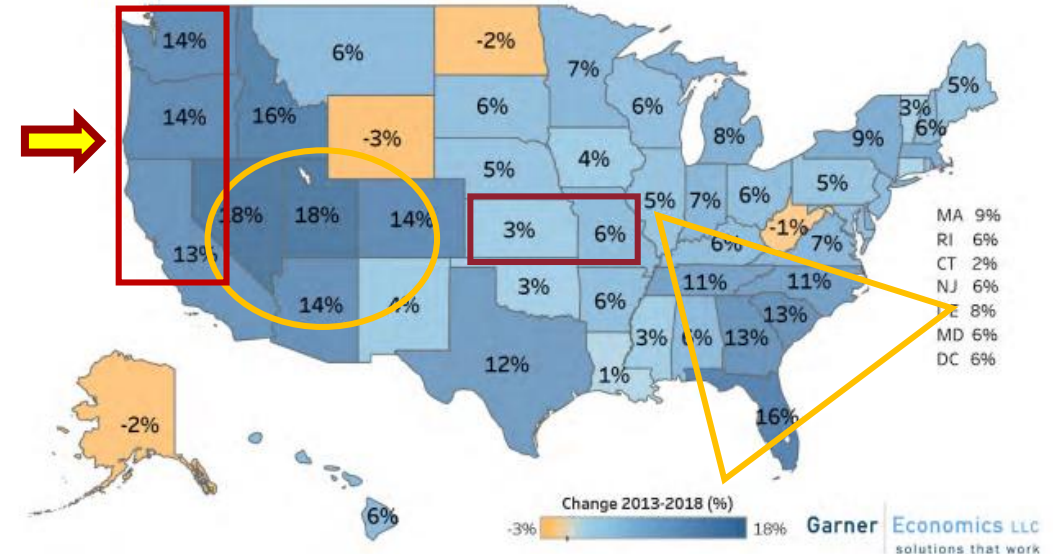
TABLE 1: TOP STATES FOR EMPLOYMENT GROWTH

Ranked by % Change 2013–2018

Rank	State	2013 Employment	2018 Employment	Change 2013-2018	% Change 2013-2018
1	Nevada	1,160,115	1,370,984	210,869	18.2%
2	Utah	1,254,582	1,478,814	224,232	17.9%
3	Idaho	630,328	730,815	100,487	15.9%
4	Florida	7,518,448	8,699,480	1,181,032	15.7%
5	Colorado	2,335,803	2,673,688	337,885	14.5%
6	Oregon	1,678,726	1,919,918	241,192	14.4%
7	Washington	2,960,123	3,374,998	414,875	14.0%
8	Arizona	2,488,009	2,825,980	337,971	13.6%
9	South Carolina	1,846,621	2,092,971	246,350	13.3%
10	Georgia	3,918,085	4,430,043	511,958	13.1%

FIGURE 3: EMPLOYMENT GROWTH IN STATES

Percent Change 2013–2018



Average Annual Employment for States

Source: Bureau of Labor Statistics, Quarterly Census of Employment & Wages, Garner Economics

Utah #2 (+18%)

Florida #4 +15.7%

(Try growing Big at >10%)

South Carolina #9 +13.3%

Georgia #10 +13.1%

Texas #11 +12%

North Carolina & Tennessee #12 tie +11%

Ports & Logistics

West-Coast still double-digits, but knocked off top perch by Utah & FL.(SALT)

Why?

- **AFFORDABILITY** (Taxes, Housing, etc.)
- **STEM Workforce**
- **TECH**
- **Logistics**
- **Cannabis Revolt**



U-Haul Names Top Growth States

Texas slips one spot to No. 2, while Southeast states entice DIY movers yet again

PHOENIX, Ariz. (Jan. 6, 2020) — Florida welcomed more than sunshine and tourists in 2019, establishing **a new No. 1 growth state for the first time in four years. Florida, which ranked second to Texas from 2016-18**, according to U-Haul data analyzing U.S. migration trends for 2019. **No & So South Carolina, & Washington round out the top-5 growth states for 2019.**

California ranked 49th, and Illinois was 50th for the fourth time in five years, pacing the out-migration states with the largest net losses of U-Haul trucks crossing their borders.

Growth States are calculated by the net gain of one-way U-Haul trucks entering a state versus leaving that state during a calendar year. Migration trends data is compiled from more than 2 million one-way U-Haul truck-sharing transactions that occur annually.

2019 U-HAUL GROWTH STATES

1.	FLORIDA (2)	← SALT No Income Tax
2.	TEXAS (1)	
3.	NORTH CAROLINA (24)	← STEM Workforce & Tech/Port/Logistics
4.	SOUTH CAROLINA (3)	←
5.	WASHINGTON (29)	
6.	ALABAMA (42)	
7.	OHIO (15)	
8.	UTAH (4)	
9.	INDIANA (26)	
10.	VERMONT (7)	
11.	IDAHO (5)	
12.	TENNESSEE (8)	← SALT No Income Tax
13.	MISSOURI (12)	
14.	OKLAHOMA (40)	
15.	MINNESOTA (37)	
16.	GEORGIA (35)	



<https://www.uhaul.com/Articles/About/19965/U-Haul-Names-Top-Growth-States-Of-2019-Florida-Is-New-No-1/>

4Q | 2019

MIDDLE MARKET INDICATOR

2/3rds of New Jobs in Jan ADP report were from “Middle Market” sized Companies

[https://www.middlemarketcenter.org/Media/Documents/MiddleMarketIndicators/2019-Q4/FullReport/NCMM MMI Q4 2019 web.pdf](https://www.middlemarketcenter.org/Media/Documents/MiddleMarketIndicators/2019-Q4/FullReport/NCMM_MMI_Q4_2019_web.pdf)



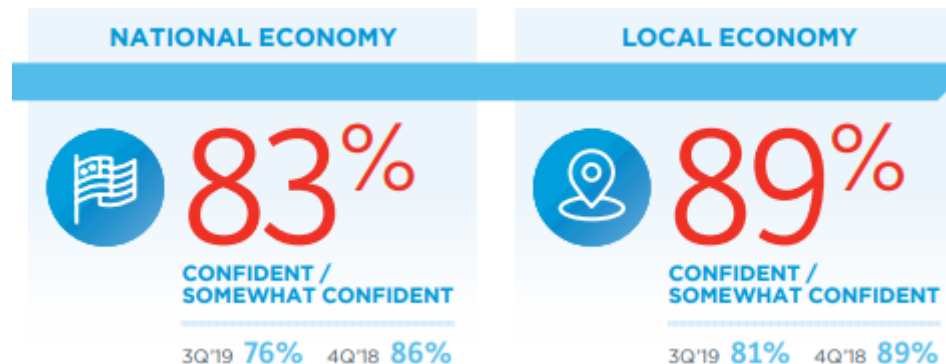
NATIONAL CENTER FOR
THE MIDDLE MARKET



Revenue Growth
Growth rates recover

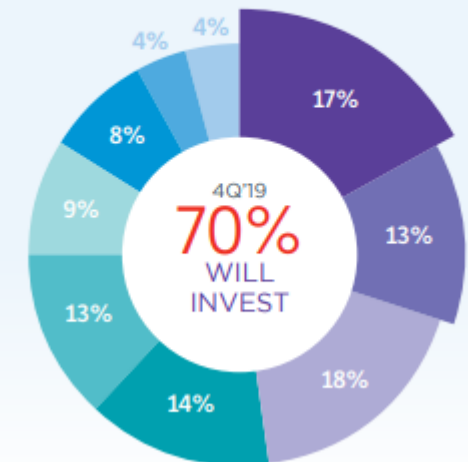


Economic Confidence
Confidence rebounds



Capital Investment
Investment appetites resurge

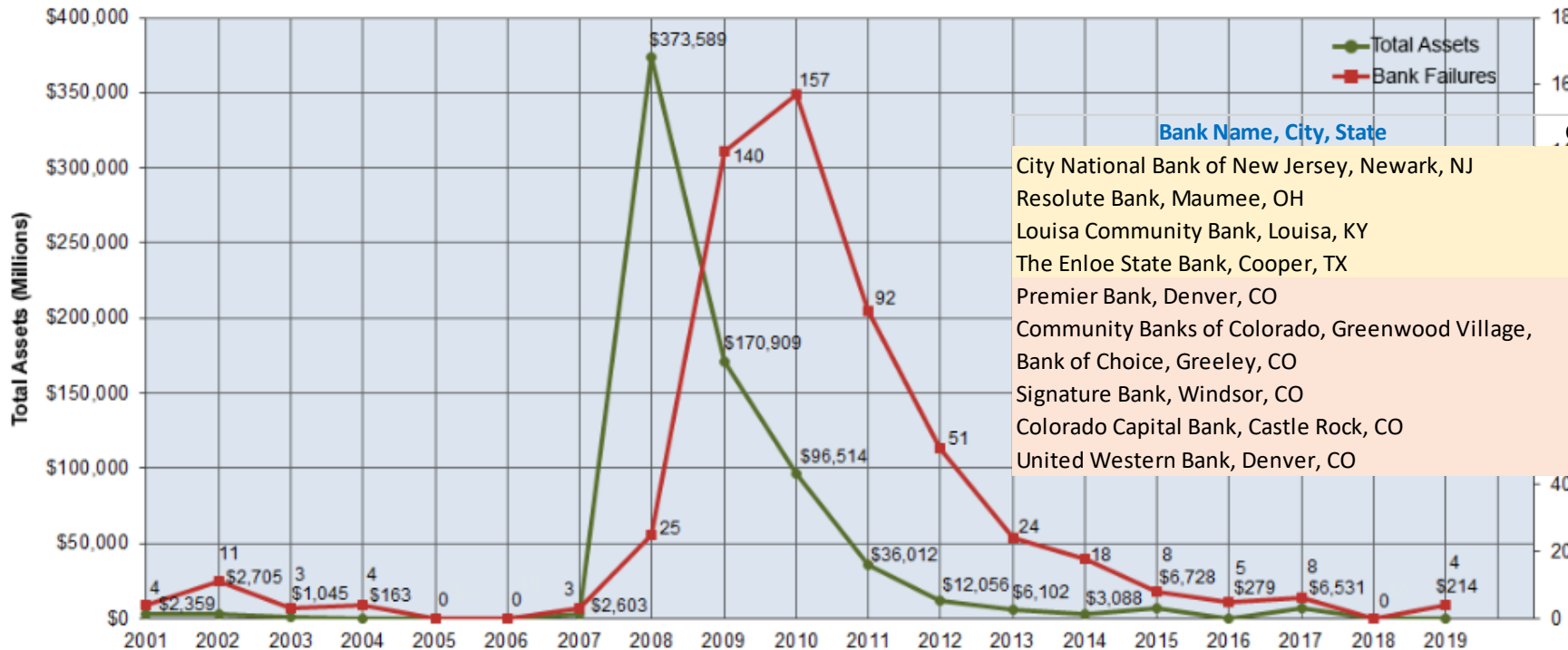
ADDITIONAL INVESTMENT ALLOCATION



Bank Health: Bank Failures since 2015 (None in NC or SE)

Bank Failures in Brief – Summary 2001 through 2019

There were 557 bank failures from 2001 through 2019. Please select the year buttons below for more information.



Bank Name, City, State	Closing Date	Asset Size \$
City National Bank of New Jersey, Newark, NJ	1-Nov-19	\$120.60
Resolute Bank, Maumee, OH	25-Oct-19	\$27.10
Louisa Community Bank, Louisa, KY	25-Oct-19	\$29.70
The Enloe State Bank, Cooper, TX	31-May-19	\$36.70
Premier Bank, Denver, CO	10-Jul-15	\$31.70
Community Banks of Colorado, Greenwood Village, CO	21-Oct-11	\$1,380.00
Bank of Choice, Greeley, CO	22-Jul-11	\$1,070.00
Signature Bank, Windsor, CO	8-Jul-11	\$66.70
Colorado Capital Bank, Castle Rock, CO	8-Jul-11	\$717.50
United Western Bank, Denver, CO	21-Jan-11	\$2,050.00

<https://www.fdic.gov/bank/historical/bank/>

Months
Summary by Year
(Approximate asset dollar volume based on figures from the press releases)

Years	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bank Failures	4	11	3	4	0	0	3	25	140	157	92	51	24	18	8	5	8	0	4
Total Assets (Millions)	2,358.6	2,705.4	1,045.2	163.1	0	0	2,602.5	373,588.8	170,867.0	96,514.0	36,012.2	12,055.8	6,101.7	3,088.4	6,727.5	278.8	6,530.7	0	214.1

Press Release

February 14, 2020

Oops – 1st
Bank Failure
of 2020



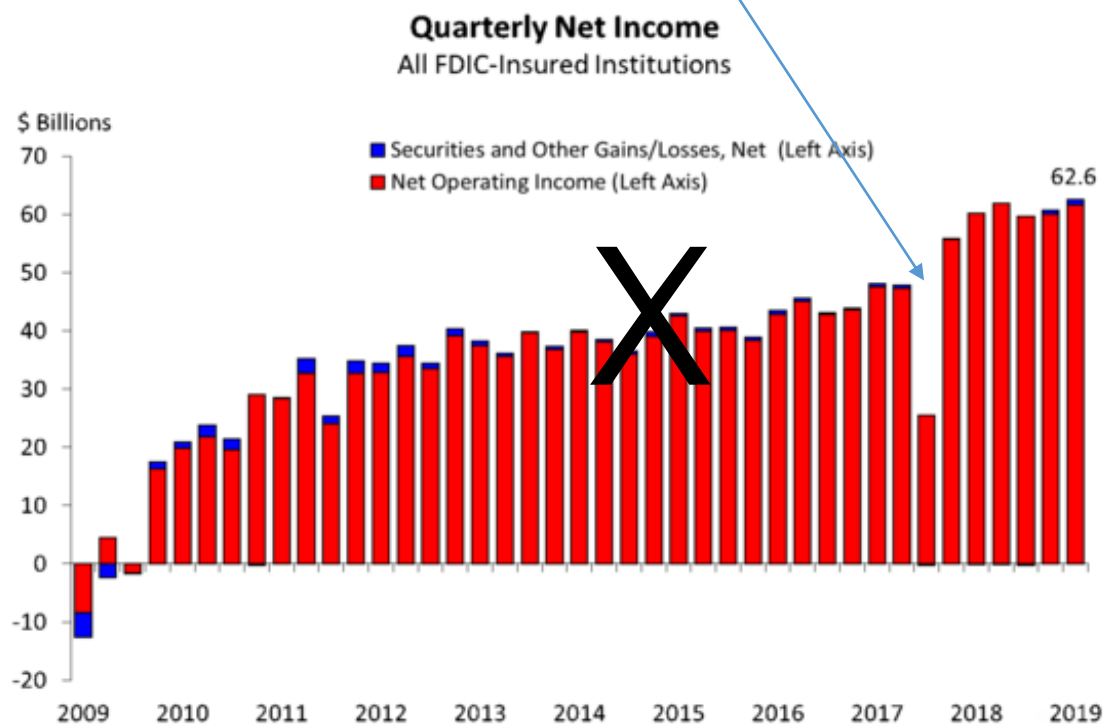
Farmers and Merchants Bank Assumes All of the
Deposits of Ericson State Bank, Ericson, Nebraska

The Good & Not-so-Good about Banks & CRE Lending

Record Net Income, but elevated CRE Concentration

Bank Performance for FDIC Insured Institutions:

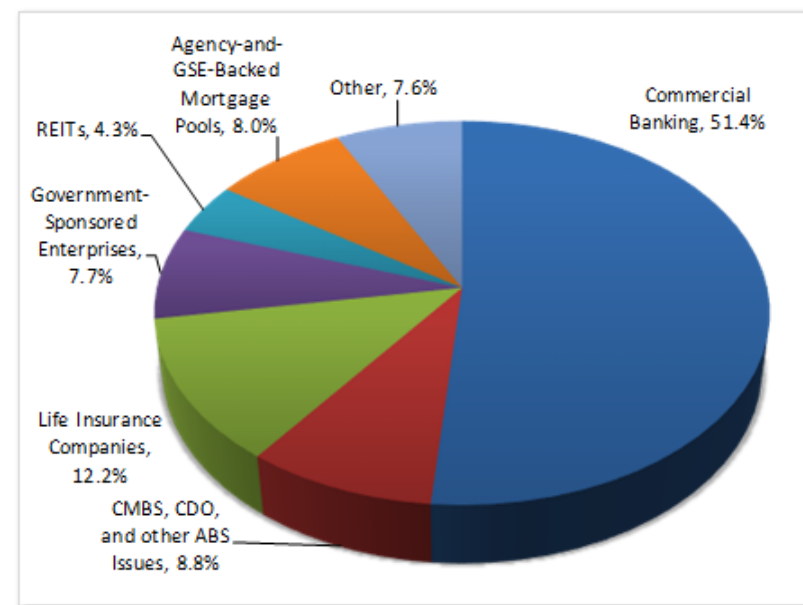
The Federal Deposit Insurance Corporation (FDIC) Insured Institutions **Q2 2019 Report on Net Income** (latest available with Q3 update due December 2019) **for the 5,303 commercial banks and savings institutions insured by the FDIC** reveal plenty of wind-in-the-sails regarding profitability and C-RE credit quality. **Aggregate net income totaled \$62.6 billion in second quarter 2019, an increase of \$2.5 billion (4.1 percent) from a year earlier**, and **best post 2009**. Note that the noticeable dip in 2017 was a result of tax code changes.



CRE Debt Markets

Commercial and Multifamily Debt Outstanding

Total Commercial and Multifamily Debt Outstanding: \$4.368 Trillion

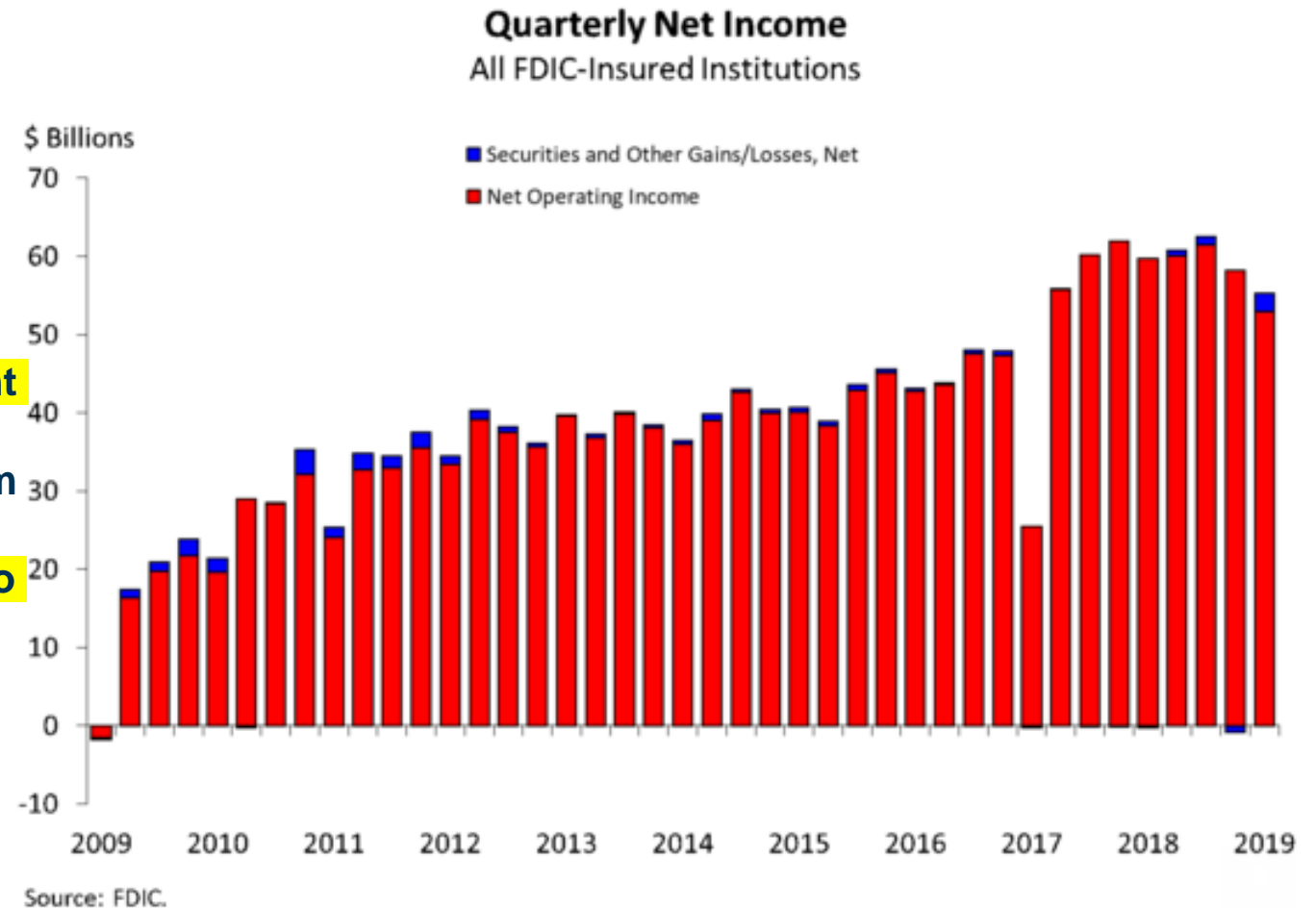


Source: Federal Reserve Flow of Funds Report, latest data available as of June 2019

FDIC Bank Update – NOT Good

For the 5,177 commercial banks and savings institutions insured by the Federal Deposit Insurance Corporation (FDIC), **aggregate net income totaled \$55.2 billion in fourth quarter 2019, a decline of \$4.1 billion (6.9 percent) from a year ago.** **The decline in net income was led by lower net interest income and higher expenses.** Financial results for fourth quarter 2019 are included in the FDIC's latest *Quarterly Banking Profile*

- Full-Year 2019 **Net Income Declined 1.5 Percent** to \$233.1 Billion
- Quarterly Net Income Declined 6.9 Percent from Fourth Quarter 2018
- **Net Interest Margin Declined from a Year Ago to 3.28 Percent**
- Community Banks' Quarterly Net Income Improved 4.4 Percent from a Year Ago
- Total **Loan and Lease Balances Grew** from the Previous Quarter and a Year Ago
- The Number of **Banks on the "Problem Bank List" Remained Low**



CRE Finance – What's not to like?

CRE Credit Metrics like **Loan DQT** are as Good as they Get – **even Retail!**



5.11% Coupon / <7% Cap Rate

CHART 1: UNDERWRITING OVERVIEW OF RECENTLY ORIGINATED CONDUIT LOANS

	COUPON RATE %	CAP RATE %	LTV	DEBT YIELD %	DSCR
Industrial	5.02	7.03	62.54	11.67	1.77
Lodging	5.34	8.76	61.05	14.47	1.92
Multifamily	5.13	5.94	61.96	9.68	1.60
Office	4.96	6.85	61.36	11.90	1.85
Retail	5.08	6.59	62.62	10.97	1.70
Other	5.06	5.84	51.05	16.92	2.69
All	5.11	6.98	61.95	11.67	1.76

*Based on average underwritten values for CMBS conduit loans securitized from June to December 2019. Source: Trepp

GRAPH 1: PERCENTAGE OF CMBS MARKED AS 30+ DAYS DELINQUENT

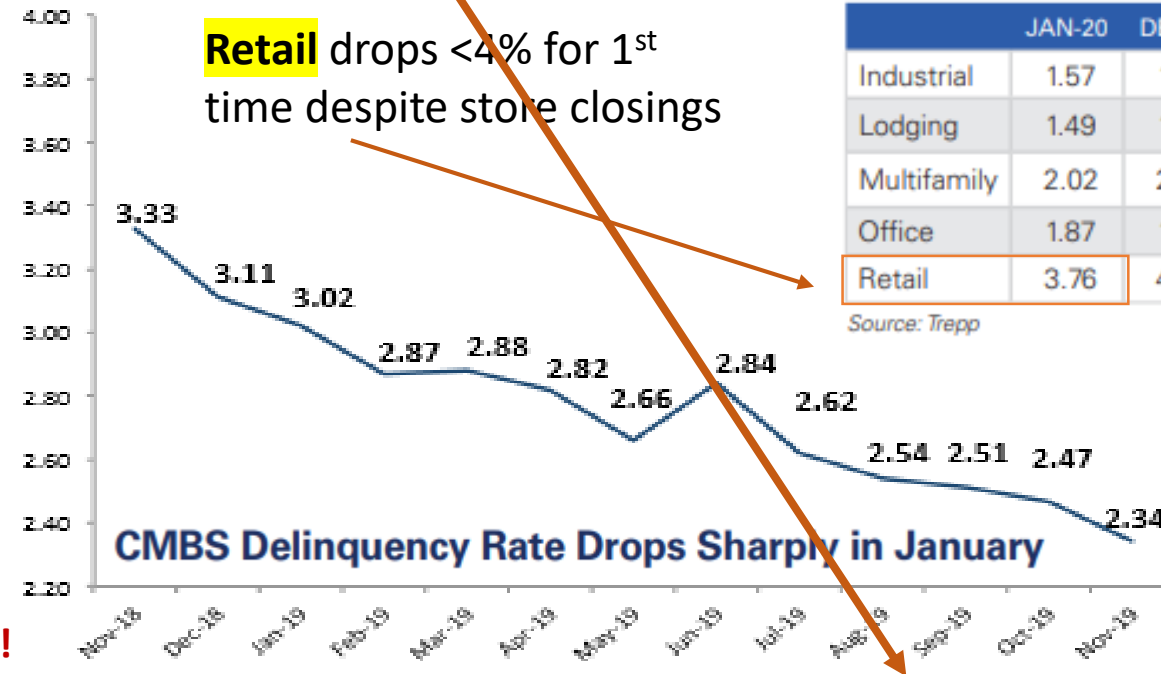


CHART 2: DELINQUENCY RATE BY PROPERTYTYPE (% 30 DAYS +)

	JAN-20	DEC-19	NOV-19	3 MO.	6 MO.	12 MO.
Industrial	1.57	1.45	2.00	2.46	1.70	2.05
Lodging	1.49	1.53	1.52	1.49	1.80	1.53
Multifamily	2.02	2.00	2.01	2.07	2.04	1.97
Office	1.87	1.98	1.97	2.50	2.71	3.47
Retail	3.76	4.42	4.36	4.20	4.35	4.92

Source: Trepp

<file:///C:/Users/kcmai/Downloads/Trepp%20January%202020%20Delinquency%20Report.pdf>

The Scary Headwind when %-rates go up!

CHART 2: MATURING CMBS OVERVIEW THROUGH 2021 (CONDUIT, NON-DEFEASED, NON-DELINQUENT)

PROPTYPE	COUNT	BALANCE	Meets All Thresholds				
			0 BPS	25 BPS	50 BPS	75 BPS	100 BPS
RT	527	11,207,673,431	83.03%	81.92%	79.72%	69.57%	66.68%
OF	213	6,684,591,556	43.26%	39.77%	39.77%	39.32%	30.44%
MF	106	1,136,880,429	72.77%	68.65%	65.62%	55.01%	48.49%
IN	53	647,172,530	92.21%	92.21%	88.02%	88.02%	87.73%
LO	115	3,731,264,795	38.10%	36.11%	25.87%	24.53%	19.37%
OT	231	2,914,087,279	63.49%	61.22%	58.84%	56.78%	54.26%
Total	1,245	26,321,670,021	64.18%	62.11%	59.22%	53.91%	49.09%

Note:

½ of maturing CMBS fail Default Covenants with just a 100bp rise in interest rates

Life Cos.: 3bps

GSEs: 4bps (Fannie) 6bps (Freddie)

Banks: 45bps

CMBS: 247bps (lowest on record)

<https://info.trepp.com/hubfs/CMBS%20Conduit%20Loans%20Maturing%20-%20February%202020.pdf>

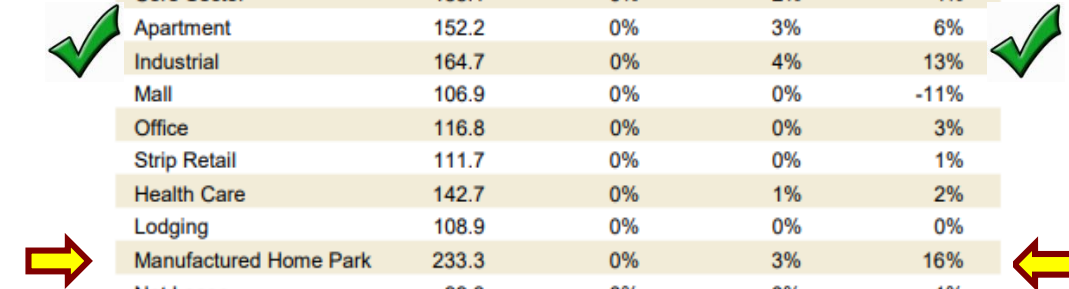
ACRE

Property Type Performance – Green Street & RCA's 2019 CPPIs

Commercial Property Price Index – January 7, 2020

Green Street CPPI: Sector-Level Indexes

	Index Value	Change in Commercial Property Values		
		Past Month	Past 3 Mos	Past 12 Mos
All Property	135.4	0%	1%	3%
Core Sector	135.1	0%	2%	4%
Apartment	152.2	0%	3%	6%
Industrial	164.7	0%	4%	13%
Mall	106.9	0%	0%	-11%
Office	116.8	0%	0%	3%
Strip Retail	111.7	0%	0%	1%
Health Care	142.7	0%	1%	2%
Lodging	108.9	0%	0%	0%
Manufactured Home Park	233.3	0%	3%	16%
Net Lease	99.3	0%	0%	1%
Self-Storage	186.6	0%	0%	4%
Student Housing	154.9	0%	0%	3%



<https://www.greenstreetadvisors.com/insights/CPPI>

Key Attributes of Green Street's Commercial Property Price Index

- **Institutional Quality:** The index is based on Green Street's frequently updated estimates of price appreciation of the property portfolios owned by the REITs in its U.S. coverage universe. It is driven by the NAV models maintained by the research team, which, in turn, are driven primarily by changes in market cap rates and NOI growth prospects. Since REITs own high-quality properties, the index measures the value of institutional-quality commercial real estate.
- **Timeliness:** Other indices, based on either closed transactions or formal appraisals, reflect market prices from several months earlier. Also, the Green Street index value for a given month is released within days of month-end, whereas other indices have a sizable lag.

Change in RCA CPPI December 2019

	1-mth	3-mth	1-yr	3-yr	5-yr	10-yr
Office	0.5%	1.4%	4.1%	16.6%	34.3%	72.6%
Office - CBD	0.3%	1.0%	4.4%	13.4%	36.2%	107.9%
Office - Sub	0.5%	1.3%	3.6%	16.6%	34.6%	65.8%
Industrial	0.8%	2.5%	12.1%	33.9%	54.4%	87.9%
Retail	0.4%	1.3%	3.8%	8.2%	19.0%	49.1%
Commercial	0.6%	1.8%	6.1%	18.4%	34.3%	68.7%
Apartment	0.6%	2.2%	9.6%	34.2%	65.4%	162.7%
All Types	0.7%	2.0%	7.8%	24.6%	46.5%	101.3%
6 Major Metros All Types	0.2%	0.6%	5.9%	19.9%	41.4%	104.4%
Non-Major Metros All Types	0.9%	2.5%	8.3%	26.1%	48.3%	100.1%

Commercial property prices increased 7.8% in December from a year earlier, closing out 2019 with a sixth consecutive month of accelerating growth. The U.S. National All-Property Index rose 0.7% in December from a month prior.

MF #1 past Decade +163%

While industrial prices have had a good run over the last few years, the multifamily sector had the strongest price growth this decade. Apartment sector prices increased a cumulative 163%, far ahead of any other property type. For 2019, the apartment index gained 9.6%, nearly back to the double-digit gains seen in 2018.

Ind'l #1 in 2019 up 12.1%

Industrial prices soared throughout the year, with the sector posting the largest gains among the property types for 12 months in a row. In December, industrial prices rose 12.1% YOY and 0.8% from November.

4 Property Type Outlook Items Building the Future:



Housing Affordability
"All Homes For-Rent"
Subdivisions
(5% of new home construction is 4-Rent subdivisions)



More Co-Retailing E-Commerce Goes
Pops Up in Hospitality the Extra Last-Mile

OTIF: The New Retail Logistics Metric

Office goes to Retail: Intown location and fraction of cost to build new office – **Adaptive Reuse (AdRu)**.



Ind'l: Math Behind A Last Touch Warehouse Location

Not all logistics R.E. is created equal, according to **new study by ProLogis**. They now break it down as follows:

i) Last-Touch; ii) City Distribution; and iii) Multi-Market.

E-Commerce Driving Bigger Demand for Smaller Warehouses

Demand for smaller warehouses is soaring as e-commerce and the push for faster delivery accelerates competition for industrial space close to major population centers.

Rents for U.S. warehouses of between 70,000 and 120,000 square feet rose by more than 33.7% over the past five years, to an average of \$6.67 per square foot, according to real-estate consulting firm CBRE Group Inc.

WIN Jan 15 Retail Store Closings: On the heels of a record 9,300 retail store closings in 2019, the new year has started off with announcements of **1,100 more announced closings. The tally Feb 1, 2020 now exceeds >2,000.** [MoneyWise](#) has a great profile of all the closings.

Pier 1 Imports - 450

Chico's - 250

Gap Inc. - 230

Walgreens -200

Forever 21 - 178

Sears - 51

Kmart - 45



Macy's - 30 Destination Maternity - 156

Papyrus - 254 Bed Bath and Beyond - 60
<https://patch.com/north-carolina/charlotte/another-retail-chain-closing-all-north-carolina-stores-report>

The Children's Place - 144

**Store Closings in 2020:
 From Pier 1 Imports to Macy's,
 e, Sears, Kmart, Gap, Forever
 21, etc.**

Retail Openings Vs Closings Score:

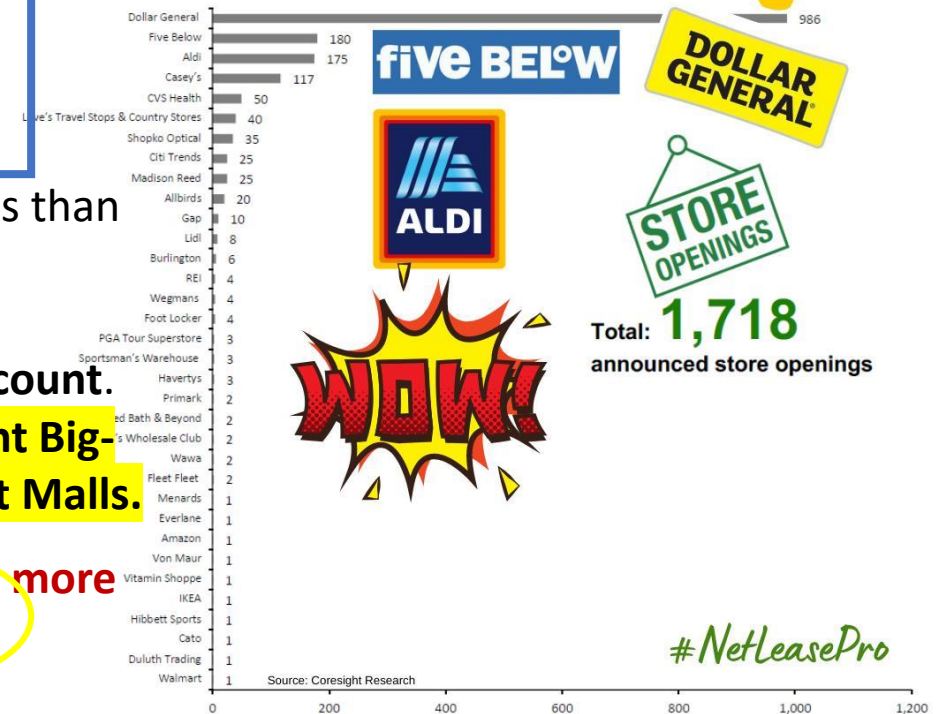
- **Yes** – More Store Openings than Store Closings in 2020
BUT ...
- **Openings are small & Discount.**
They DON'T fill up vacant Big-Box or Dept. Stores at Malls.
- **The Forecast is for 75,000 more store closings by 2025**

STORE OPENINGS SO FAR IN 2020

**DOLLAR GENERAL
 APPROX. 57%
 WITH 986 STORES**



Year-to-Date 2020 Major US Store Openings



Coresight Research attributes store openings and closures to the year in which they occurred or are expected to occur. We estimate this information for Aldi, Casey's, Dollar General, Foot Locker and Gap among others. Estimates for Bed Bath & Beyond and Foot Locker are based on the existing proportion of stores in the US. Gap openings pertain to North America openings. Foot Locker includes the Foot Locker, Lady Foot Locker, Champs Sports, Foot Action and SICKO2 banners. Gap includes Gap, Banana Republic, Athleta and Intermix banners. Hibbett Sports includes Hibbett and City Gear banners.
 Source: Company reports/Coresight Research

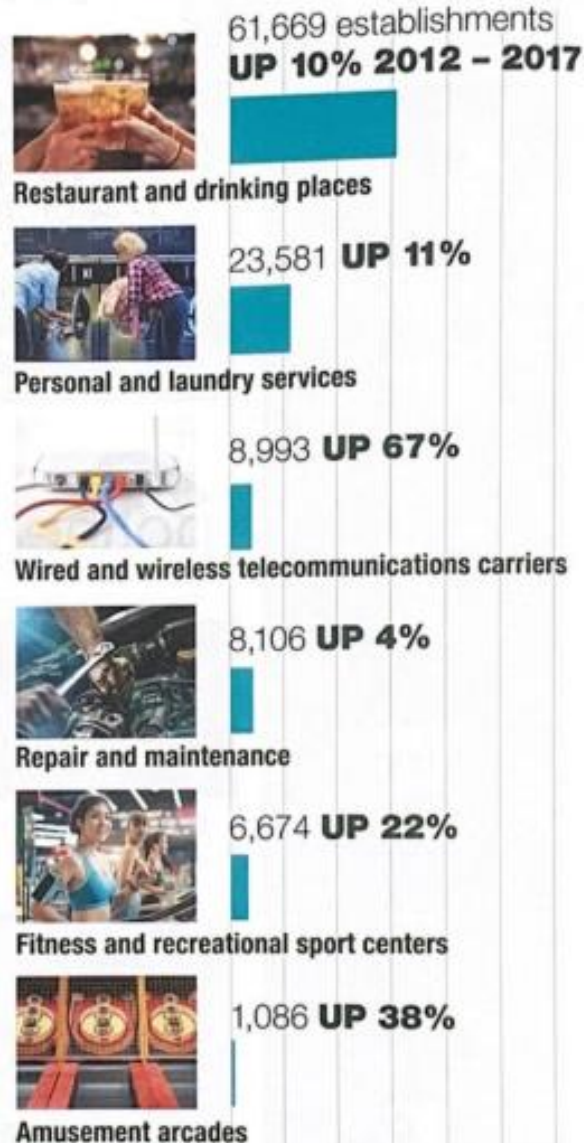
THE LAST STOP

RETAIL TRENDS AT A GLANCE

SERVICE TENANTS NOW OUTNUMBER RETAIL TENANTS IN THE U.S.

The number of service tenants grew by 109,975, or 10 percent, from 2012 to 2017. See how that growth breaks down, at right.

● To feed growing demand, the number of service-tenant establishments in the U.S. climbed by 20.5 percent between 2002 and 2017, according to ICSC Research. Restaurants and drinking places have emerged as essential components of the shopping experience. Over those 15 years, the segment added on 155,684 establishments, a 30.9 percent increase from 2002, according to the U.S. Economic Census. Meanwhile, consumers' need for convenience has fueled personal services and laundry, particularly in urban areas. The number of such establishments in the U.S. surged by 17.5 percent between 2002 and 2017, an increase of 35,130 units.



SERVICE-TENANTS now outnumber traditional “Goods-Selling” tenants

Who leads?

- **Restaurants** – We don’t cook any more. In fact, in 2019 “Dining Out” sales surpassed Grocery Store sales for the 1st time.
- **Personal Care & Laundry** – Millennials don’t have room for a washer/dryer in the basement or their tiny apartments
- **Wireless and Telecom**
- **Fitness**
- **Amusement Arcades**

2020 “Pitcher Influences” / Items to Monitor



It's all about
being a
VUCA
economy
due to
Coronavirus!

- **Affordable Housing** – Beyond chasing WorkForce (Amazon HQ2 to Affordability)
- ➔ • **ESG** – Env. Social Governance applies to C-RE. DO you have a ESG Policy?
- **Zebras** – not the safari or zoo kind, but the corporate kind displacing Unicorns. Zebras are startups focused on fixing real-world problems by building sustainable and profitable businesses that grow at a manageable pace, says Hearken co-founder and CEO Jennifer Brandel. **Zebra founders are largely women and minority entrepreneurs who were left out of the venture capital model**
- **CRE Finance** – Concentration in Banks & **LIBOR Transition**
- **Lease Accounting ASC 842** – A reprieve to Jan 1, 2021
- ➔ • **Boeing**
- **November Elections** – Control of Congress, Unwind 2017 Tax Act & Opportunity Zones. **The C-RE Industry was a big winner from 2017 Tax Act**
- **Retail e-Volution** drives Adaptive Reuse and Augmented Retail
- **Reverse Logistics** – “OTIF” Solving Returns + Last-Mile (cost, congestion & E in ESG)
- **Property Tax** – 60% of Local Gov Revenue from CRE Taxes / **AL-DOR & LIHTC**
- ➔ • **March Madness 2020 & RNC Convention in August 2020**

The Proxy Protection Racket

The SEC shines some sunlight on a cozy business duopoly.

ESG Power – Who is behind it? Why should CRE Industry worry (REITs, Brokerages, Funds, etc.)?

Two names to know: i) ISS – Institutional Shareholder Services; and ii) Glass Lewis

Union pension funds promote transparency and democracy in corporate governance—so we're told, and at least when it serves their political purposes. But **look who's now opposing the Securities and Exchange Commission's efforts to break up a corporate protection racket by proxy firm duopolists.**

The SEC last week proposed regulations that would make proxy firms that provide advice to institutional investors legally liable under securities laws. Firms would also have to disclose conflicts of interest and let corporations rebut their recommendations if they want a pass from securities filing requirements.

Institutional Shareholder Services and Glass Lewis control 97% of the proxy advisory market.

ISS provides recommendations to 2,239 clients, including 189 pension plans, and executes 10.2 million ballots annually on their behalf.

Glass Lewis, which is owned by the Ontario Teachers' Pension Plan and Alberta Investment Management Corp., has more than 1,300 clients that manage more than \$35 trillion in assets.

Studies have found that the two firms can swing 20% of votes in proxy elections.

An American Council for Capital Formation **review last year found that 175 asset managers with \$5 trillion of assets voted with ISS recommendations 95% of the time.** Activist hedge-fund investors often enlist the proxy firms to shake up management, for better or worse.

<https://www.wsj.com/articles/the-proxy-protection-racket-11573417818>

ISS ES&G Quality Score Categories – Select Subcategories		
Environmental	Social	Governance
• Management of Environmental Risks and Opportunities	• Human Rights	• Board Structure
• Carbon and Climate	• Labor, Health, and Safety	• Compensation/Remuneration
• Natural Resources	• Stakeholder and Society	• Shareholder Rights and Takeover Defenses
• Waste and Toxicity	• Product Safety, Quality, and Brand	• Audit and Risk Oversight
• 12 sub-categories total	• 25 sub-categories total	

<https://corpgov.law.harvard.edu/2019/07/03/glass-lewis-iss-and-esg/>

Lease Accounting: New Impl. Date of Jan 1, 2021



Industries

Services

Trends

CRI Portfolios

How Retailers Can Prepare for New Lease Accounting Standards

Brick-and-mortar stores remain a vital component of multichannel sales strategies, despite the steady march of e-commerce. And for many retailers, leasing that real estate (rather than buying it outright) has been the most economically expedient option.

In 2020, nonpublic companies that report according to U.S. Generally Accepted Accounting Principles (GAAP) will be required to recognize most of those leases on their balance sheets — including operating leases that retailers and other companies have historically maintained off balance sheet. Complying with the [new lease accounting standard](#) likely will require significant changes, therefore, retailers that want to manage their resources more effectively and [start](#) stakeholder communication about the anticipated changes.

What happened at the recent FASB meeting

Earlier this week, the FASB met to decide on whether to delay the effective date for lease accounting for private companies and nonprofits. The proposal to delay the date, first brought to the floor over the summer, seeks to offer companies extra time to learn from the experiences of public companies so they could implement the new standard effectively and efficiently.

The FASB proposal was approved, making the new effective date for those companies January 1, 2021. This only impacts domestic leases for domestic companies, as it appears that IASB does not plan to change the effective date. Accordingly, any lease that is outside of the United States will most likely need to comply with the new standard according to the IASB guidance and effective date.

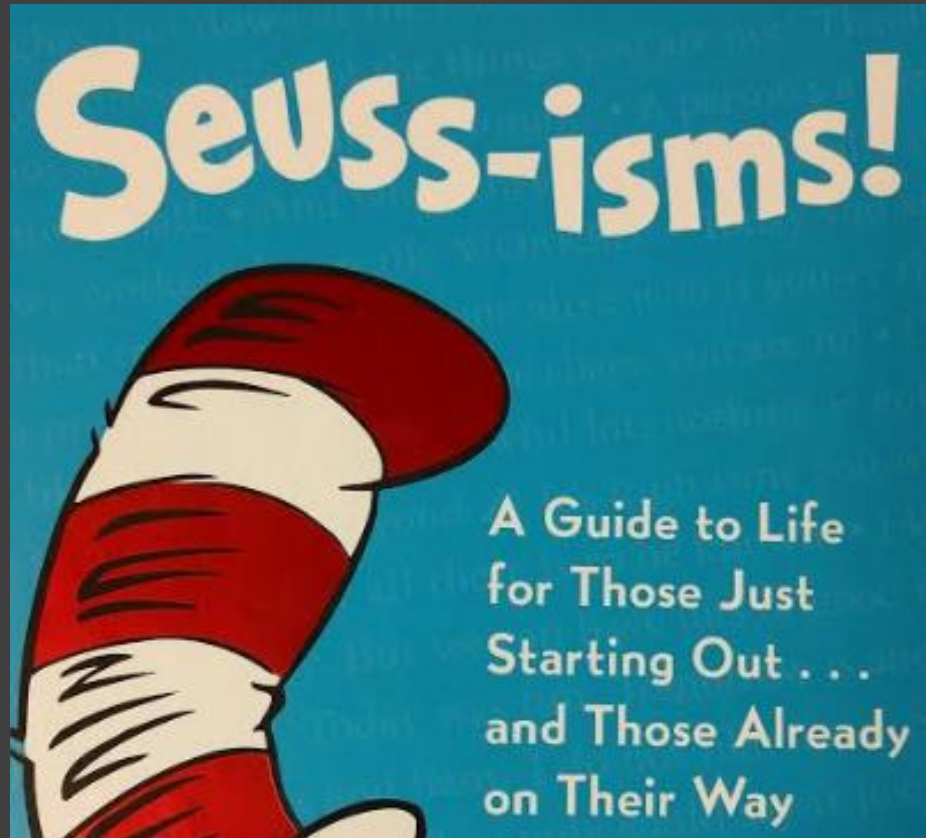
Inventory of Leases:
Most large Industrial Warehouses are on L-Term leases.

Understand Debt Covenants.



<https://www.cricpa.com/retailers-new-lease-accounting-standards/>

CONCLUSION



See the Light at the End of the Tunnel

Listen to Good Advice

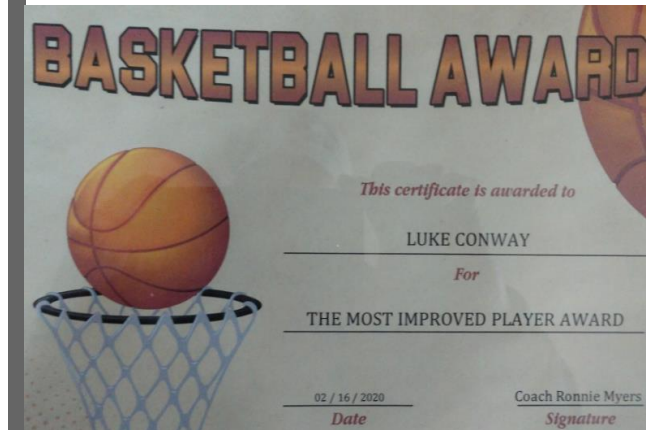
Thank You Karen Mankowski, CCIM-NC

Focus on the
Pitcher Influences



Coronavirus-carnage
ESG, Logistics,
March Madness

Strive to always be the
Most Improved
year-after-year



Pay attention ... Hustle after the opportunity ... Take the shot



Dive Deep into Professionalism

*Matt Mashburn, Partner
Commercial Finance Aldridge | Pite, LLP*

NAVIGATING
THE FUTURE

Matt Mashburn, Partner
Commercial Finance Aldridge | Pite, LLP



T. Matthew Mashburn - Born Atlanta, GA, 1960; admitted to Georgia bar, 1986, admitted to Minnesota bar, 2017; Preparatory Education: University of Georgia (A. B. magna cum laude, Political Science, 1983). Legal Education: University of Georgia (J.D. cum laude, 1986). Member: Georgia State Bar Association, Supreme Court of Georgia, Georgia Court of Appeals, U.S. District Court for the Northern District of Georgia, American Bar Association, Atlanta Bar Association. State Bar of Georgia, Real Property Law Section, Chair of the Litigation Committee of the Executive Committee (2013-2015); Executive Committee's Ethics Committee (2012-2015). Kennesaw State University, Paralegal Instructor, Real Estate Law, 1986 - 2016 Publications: Author and Founding Editor, Undiluted Clarity , weekly blog reviewing important secured lending decisions of the Georgia Court of Appeals, Georgia Supreme Court and Federal court decisions construing Georgia law. "2015's Cases that will be known by One Name: Johnson, Cuneo, Mullins, SFG Ventures, Clark and Carraway (with special cameos by Smith and Ames)," Real Property Law Institute, Georgia State Bar Association, Real Property Law Section, May, 2016, "2014's Cases which are each known by One Name: Peters, DCB, Pontikakis, Pharis, Federspiel, and Tidwell," Real Property Law Institute, Georgia State Bar Association, Real Property Law Section, May, 2015; "2013's Cases which are each known by One Name: Reese, You, Carr, Gordon II, Wooden and DaVista." Real Property Law Institute, Georgia State Bar Association Real Property Law Section, May, 2014. "The Landscape of Georgia Foreclosure Law with Reese in our Rearview Mirror." Institute of Continuing Legal Education in Georgia, Atlanta, November 6, 2013. "Current Trends in Commercial Real Estate Litigation," Real Property Law Institute, Georgia State Bar Association Real Property Law Section. The Supreme Court Defers to the Executive Branch in Upholding Travel Restrictions to Cuba, 18 Ga . J. Int'l & Comp L 103 (1985). Martindale-Hubbell AV-listed. Georgia Super Lawyers (2008-2012, 2017). Practice Areas: Commercial Real Estate; Secured Lending; Real Estate Litigation; Banking and Finance, Landlord Tenant; Confirmations and Deficiencies; REO Sales and Evictions.

Professionalism in Real Estate Practice: Even if you can't be a total pro, you can strive to imitate the habits of a pro.

Presentation to Chicago Title and
Commonwealth Land Title 2020 Annual
Claims Seminar - March 5, 2020
by Matt Mashburn

"We remember what we understand; we understand only what we pay attention to; we pay attention to what we want." - Edward Bolles

Why should we aspire to Professionalism in Law Office Management?

1. The difference between Ethics and Professionalism. See *King v. State*, 262 Ga. 477, 421 S.E.2d 708, 709 (1992), Benham J., concurring. (“Recently, in commenting on the need for professionalism, Chief Justice Clark said, ‘Ethics is that which is required and professionalism is that which is expected.’”).
 2. The difference between “following the Rules” and Ethics & Professionalism. See *Allen v. Lefkoff, Duncan, Grimes & Dermer, P.C.*, 265 Ga. 374, 453 S.E.2d 719 (1995), Benham, J., concurring. (“While I applaud the desire of this court to clear up perceived confusion in the trial of legal malpractice cases and agree with the disallowance of ethical violations as a basis for malpractice actions, I must sound a note of caution with regard to our holding that ethical rules are relevant to the standard of care in legal malpractice actions.”).
 3. The difference between ethically supervising your staff and running your law office like a Professional.
-

What are the Characteristics exhibited by a Professional?

Honesty.

Trustworthiness.

Truthfulness.

Integrity.

Fairness.

Civility.

See *King v. State*, 262 Ga. 477, 421 S.E.2d 708, 709 (1992), Benham J., concurring. (Professionalism comes when one realizes that all of the problems encountered in a closing practice cannot be solved by passing laws, rules or regulations).

See “A Lawyer’s Creed” or The Aspirational Statement on Professionalism,



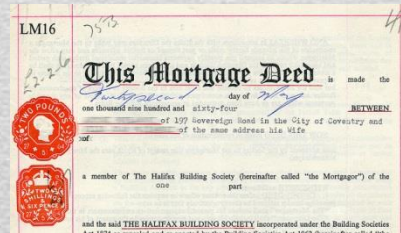
A Professional also has a client, who is either a human or the authority of which can be traced to a direct grant from one or more humans.

A Professional can not represent a “Closing” any more than a Professional could represent the Tree that Owns Itself or a Sidewalk. Or a Swing set. Or a Porch. Or a Deed. Or a Stapler.



How would a “Closing” execute an engagement letter?
How would a “Closing” write a check?

People will fight me as to whether it’s ethical; but nobody can seriously argue with a straight face that it’s professional.



Hypothetical 1:

Attorney received a \$75,000 settlement on behalf of her client.

Attorney deposited the \$75,000 in her IOLTA account.

Third parties to whom the funds were owed reported not receiving the funds.

Client to whom the funds were owed reported not receiving the funds.

Client requested a full accounting regarding the funds.

Attorney was only able to provide an accounting for a small portion of the full settlement amount (\$5,000 of the full \$75,000).

Attorney returned the small portion for which she could account to the client.

Rule 1.15(I)(c). Voluntary surrender of license accepted.

In re Sarah Mallas Wayman, S20Y0289 (December 23, 2019)

IOLTA Trust Account Basics

What is an IOLTA account and what are its characteristics?



A segregated account for the purpose of holding money received **in trust**.

Short term account (don't put long term escrow money in your IOLTA closing account).

Each and every single closing within the IOLTA should balance to zero (there should be no “excess” in your IOLTA trust account and for goodness sake there should not be a “deficit.”).

The interest on the IOLTA account goes to the Georgia Bar Foundation.

Participation in the IOLTA program is mandatory.

Trust Account Basics (continued)

Setting up the Account

Use only an “approved institution” (i.e one that has agreed to operate in according with the Bar’s IOLTA rules). Not every bank is an approved institution.

*Practice Note: If I try to set up an IOLTA account and the business services officer knows less than I do, I will ask for their supervisor or go to another bank.

If your Law Firm’s policies and procedures allow, you may have more than one IOLTA account and you may have IOLTA accounts at more than one Bank.

There is no requirement that the signer be a lawyer. (A Professional would say “What, are you, crazy?!”). Can you see the difference between Professionalism versus the minimum of what is required here?

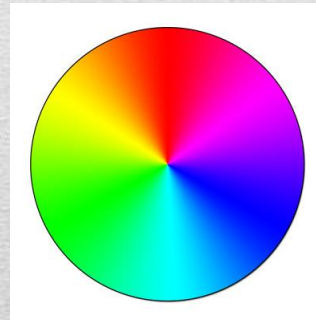
Receiving and Disbursing from a Trust Account

Moving other people's money around safely, accurately and leaving a paper trail.

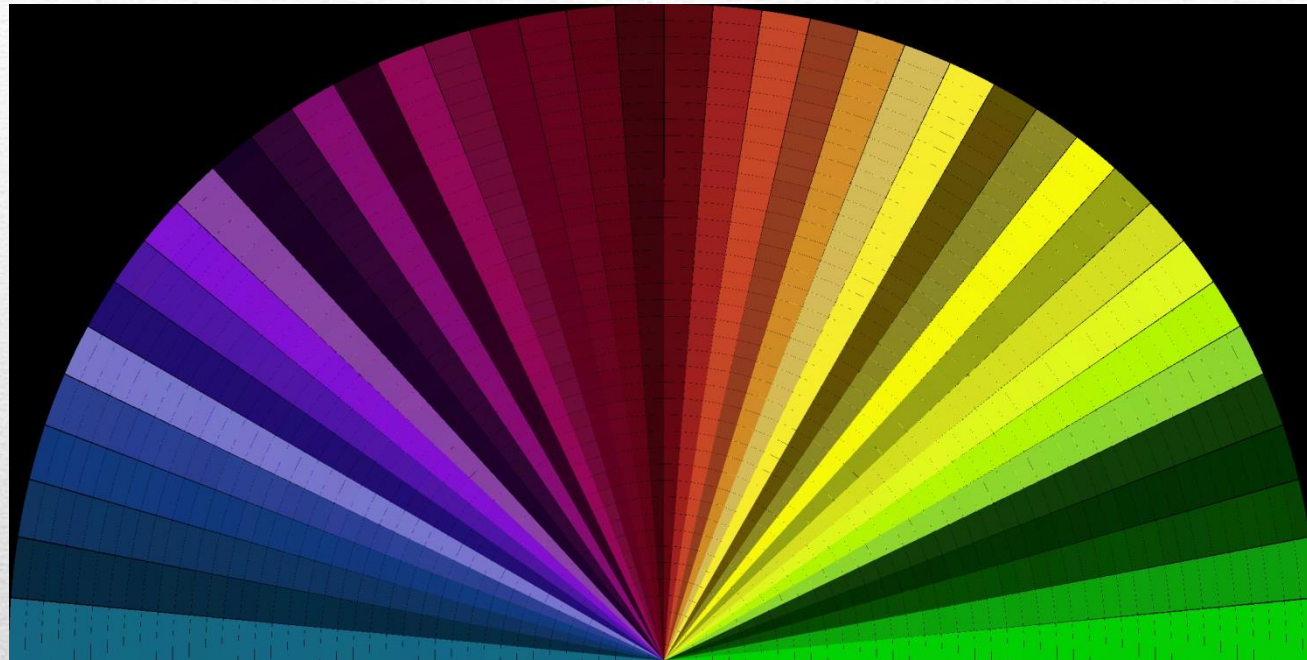


Our first efforts were to eliminate the thinking that an IOLTA account is “one bucket” full of fungible dollars.

We're seeing your trust accounts start to show separation; but it's still a little fuzzy.



What your Trust Account *SHOULD* look like

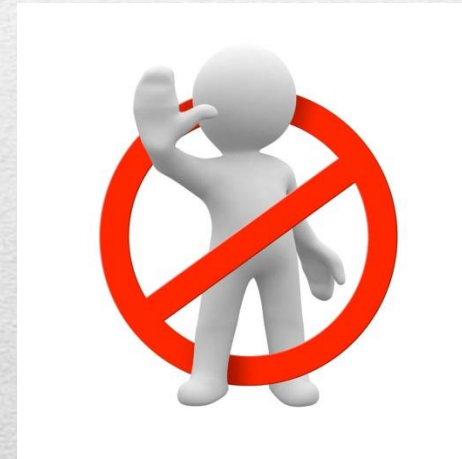


Each Closing or Each Matter within the Trust Account
is in its own column with no crossover to any other Closing or Matter

You are responsible for the funds from the second you accept the funds to the second that you properly disburse the funds (but only if you properly disburse the funds).

Transfer funds to your Firm's operating account as soon as the fees are earned, but leave a trail showing conclusively the date, the amount and the reason that the funds were transferred. *In the Matter of Shanina Nashae Lank*, S16Y0723, S16Y0724, S16Y0725 (January 23, 2017)(...the \$59.88 item that presented against insufficient funds in her attorney trust account was a re-occurring renewal payment for the law firm's website hosting services...) *Id.* at 4. Why was this lawyer drawing website hosting fees out of a trust account?

DO **NOT** UNDER ANY CIRCUMSTANCES EVER
WITHDRAW MONEY FROM AN IOLTA ACCOUNT USING
AN ATM.



IN FACT, DON'T EVEN GET AN ATM CARD OR ANY
OTHER KIND OF CARD FOR AN IOLTA ACCOUNT.

Hypothetical Number 2:

Attorney is retained to handle a personal injury matter.

Attorney obtains a \$75,000 settlement in the personal injury matter.

Attorney fails to promptly disburse the settlement funds to the client or the client's medical providers.

Attorney fails to render a full accounting of the funds to his client.

Voluntary surrender of license accepted.

“The maximum penalty for a single violation of Rule 1.15(I) is disbarment.”

In re: Richard V. Merritt, S18Y0387 (January 29, 2018)

Maintaining Trust Account Records

Cash in minus cash out equals zero. All the time, every time.

Maintain a “general trust account ledger” to tell you the amount in your account and a “client ledger” to tell you how the amount in your account is divided among your clients.

Reconcile early, reconcile often. Reconcile, reconcile, reconcile. (One of the most important “red flags” of trust account theft is revealed through either reconciliation or the LACK of reconciliation).

You are required to maintain records on your account for six years after the termination of the client’s matter. (Bar Rule 1.1.5(1)(a)).

What if I bounce a check? DON’T. JUST DON’T.

1. Don’t write checks off of your deposits until you know that they have cleared.
2. Disburse only off of wired funds.
3. Don’t wire out before you receive the wire in. (i.e. Don’t float a wire out.)

Why do the checks have to say that the account is a trust account? (It is helpful in the prevention of fraud. It might just save you).

What are the Advantages of Three Way Reconciliation?

Three way reconciliation is your canary in the coal mine to let you know about trouble before it hits. See Creed, Lines 62-66.

A Professional will use Reconciliation to be **AHEAD** of the following becoming a crisis:

1. Find out that payoffs have not been sent.
 2. Find out that documents have not been recorded.
 3. Find out that there is a delay in issuing title policies.
 4. Find out that you are being stolen from.
 5. Find out that taxes have not been paid on a timely basis.
 6. Find out that you have any number of post closing problems
-

- An Honest lawyer does not steal from a trust account.
- An Ethical lawyer does not allow others to steal from a trust account.
- A Professional knows how to do the job of every person who touches the lawyer's trust account and not only exercises general supervision of the trust account but is aware of every aspect of the trust account's operation.

Professionalism



Trust Account Security

There are three sources of
attack on Trust Accounts

Insiders
Outsiders
The Attorney

For just about all agents, there will be some attempt to take money from their accounts at some point.

Whether the attempts are successful depends on the preventive measures the agent has incorporated into their processes

The Security of a Trust Account is directly proportional to the interest and attention the lawyer devotes to the oversight and operation of the account. Curiosity not only kills unwanted cats, it stops you from being ripped off.

1. Separation of Powers is not only good for government, it's good for trust account security.
 2. Limit the possible damage by setting transactional limits per person.
 3. Maintain physical control over unused checks, escrow files and undeposited receipts.
 4. Apply the advice that you give to your clients and "paper" everything.
 5. Management Review. Somebody's got to have your back.
-

Practical Tips for Trust Account Safety

1. Have your bank require an actual signature before any outgoing wire is sent unless you, yourself, are the one initiating the wire. (I know that some of you have the ability to wire from your desktop). Professionalism Aspiration, not an ethical duty.
 2. Don't ever, ever, ever, ever, ever use a signature stamp. Ever. Professionalism Aspiration/Tip, not an ethical duty.
 3. Don't ever, ever, ever, ever, ever sign a blank check. Professionalism Aspiration/Tip, not an ethical duty.
 4. Breaks in check numbers don't always mean that a check is uncashed, sometimes it means that somebody stole checks from the back of your checkbook. Professionalism tip, not an ethical duty.
 5. Be very, very suspicious of payoff checks where the endorsement on the back shows an account number and nothing else. Professionalism tip, not an ethical duty.
-

Professionalism Tips (Continued), none of these are REQUIRED by the ethics rules.

5. Bank statements and correspondence regarding the trust account should be periodically opened by someone other than the bookkeeper.
6. The person who is the most indignant about you asking questions is probably the most likely to be stealing from you.
7. Be curious, ask questions, check statements, look at the check register.
8. Title company auditors report that the most likely person to be embezzling from trust accounts is the person who is “the most trusted employee in the Firm.”





Mashburn goes from Preaching to Meddling.

Remember, this is a Professionalism Hour
We're aspiring to do better than just the minimum

Signature problems

Attorney notarized the wife's signature on a deed.
Closing proceeds were paid jointly to order of H and W.
Attorney believed that the spouse had signed a deed.
Closing proceeds were deposited in joint account.
Attorney did not see the wife sign the deed.
Wife later ratified the sale of the property.
The wife did not sign the document in the attorney's presence.

Voluntary discipline rejected.

In re Edward Neal Davis, S17Y1993 (May 7, 2018).

Involves **FOUR** misrepresentations when “signed, sealed and delivered in the presence of” is not.

1. Not signed,
2. Not sealed,
3. Not delivered,
4. Not in the presence of.

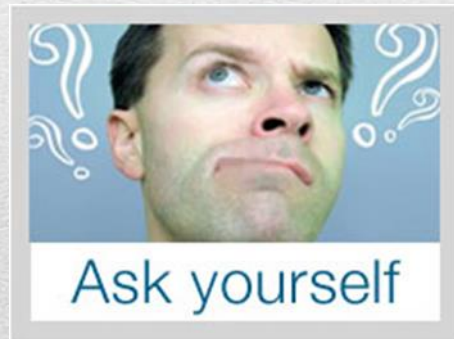
Also involves violation of Oath of Office when involving a notary public and not “just” an unofficial witness. “I do solemnly swear or affirm that I will well and truly perform the duties of a notary public to the best of my ability; and I further swear or affirm that I am not the holder of any public money belonging to the state and unaccounted for, so help me God.”

- O.C.G.A. § 45-17-3.

The biggest problem that I experienced trying to prohibit the unauthorized practice of law in the closing arena is lack of proper witnessing by lawyers.

Subscribing Witness

- Where does the second witness at a “witness only closing” come from?

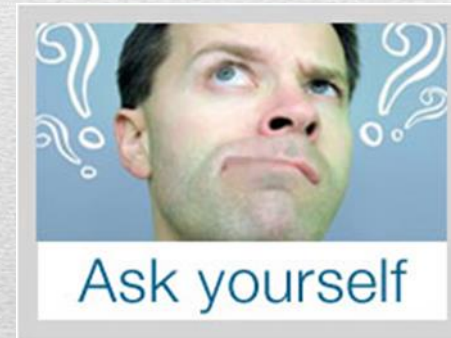


Rule 8.4(a)(4): “It shall be a violation of the Georgia Rules of Professional Conduct for a lawyer to...engage in professional conduct involving dishonesty, fraud, deceit[,] or misrepresentation.”

Creed – Lines 51 and 53.

More information - Witness

- Rule 8.4(a)(4) does NOT require harm and it does NOT require an intent to mislead or deceive. Rather, Rule 8.4(a)(4) can be violated by conduct “likely to mislead or deceive another.” *In re Davis*, at 3.
- Lack of intent to deceive is a mitigating factor. *Id.*, at 4.



More information - Witness

- “Based on that record, this Court agreed to accept West’s renewed petition for voluntary discipline without an admission of a Rule 8.4(a)(4).
- *In re West*, 301 Ga. 901 (804 SE2d 340) (2017). Petition for Voluntary Discipline of Review Panel Reprimand accepted.

“The Bar adds that a reprimand is appropriate where an attorney’s misconduct includes signing a client’s name to a document, even where violation of Rule 8.4(a)(4) is found, and says that it is not aware of any case in which this court has imposed a suspension where the sole misconduct was improperly signing a client’s name.”

In re West, 804 SE2d at 342



The Signatures of Others

Hypothetical Number 2:

Husband and Wife purchased a home in Dekalb County.

Husband and Wife refinanced first loan with a new loan.

Wife was not present at the refinance.

Wife was not listed as borrower on the note.

Husband testified that he did not sign a security deed at the closing.

Both Husband and Wife testified that neither of them ever signed a Deed to Secure Debt.

Later, an Affidavit of Lost/Misplaced Deed for Recording Was recorded to which was attached a purported copy of The Deed to Secure Debt signed by BOTH Husband & Wife. Husband received a call from the DeKalb County Clerk's Office "advising him that someone was requesting to 'force' A security deed into the records for the Property."

The trial court found that the filed DSD was forged.



The Signatures of Others

Hypothetical Number 2:

Trial Court denied request for reformation and for declaratory judgment.

Trial Court declined to equitably subordinate against two other creditors who appeared in the meantime.

Trial Court awarded attorneys fees to Husband and Wife.

Ruled: No equitable subordination due to unclean hands.
Attorney fees reversed for factual findings supporting the award. (The only reference to attorney fees was a statement by the borrower's attorney during closing argument that they incurred costs "upwards of \$9,000" in defending the case).

Bank of New York Mellon v. Edmondson, A17A1640
(March 1, 2018)

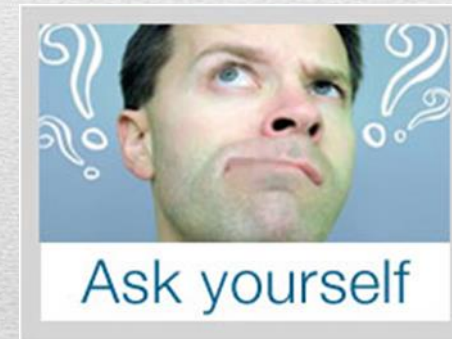


The Signatures of Others

Ask yourself: “If it’s not important that the actual person sign the document, why is the document being signed in the first place?”

Law firm required to pay nearly \$1.2MM in damages plus \$550,000 in attorney fees. Associate alleged to have “forged the signature of an associate general counsel at [well regarded company] on a visa document.” ABA Journal, March 22, 2018 accessed May 29, 2018. Law Firm says associate “signed the document on the corporate lawyer’s behalf after Plaintiff told associate that Plaintiff had power of attorney that permitted Associate to sign.” *Id.* Defense admits associate “had made some mistakes, but it was wrong to characterize her signature as a forgery...” *Id.*

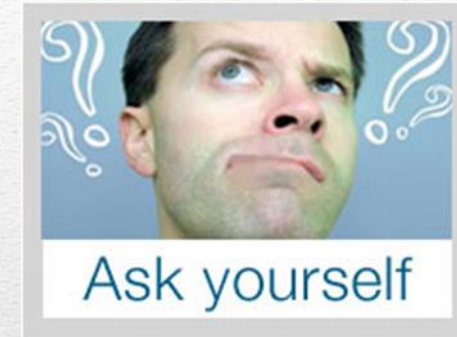
If you are signing for someone else, don’t.
But if you do, make it absolutely clear that you
are not that person.
“Well, that defeats the whole purpose if
I did that!” is NOT the right response.



Signing for other people

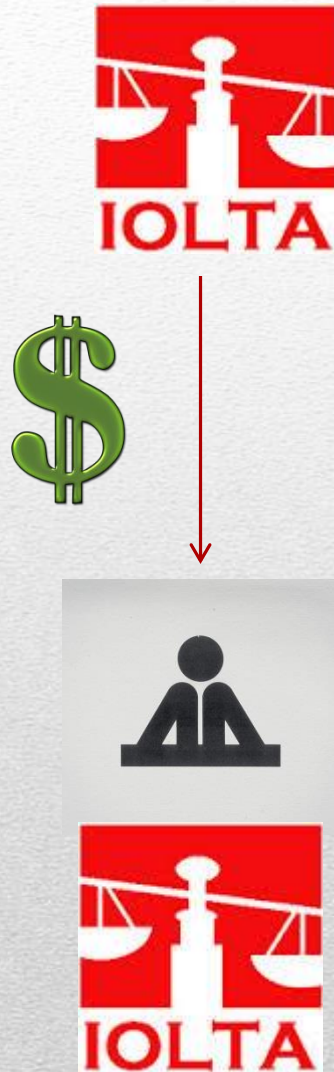
The closer it looks to the person's actual signature or initial, the more likely it becomes that the signature is an "invention" which is being "forged" to look like that which it is not (the real person's real signature), and therefore a forgery.

The more "lifelike," the more an "invention" and the more an invention the more likely that it was "forged."

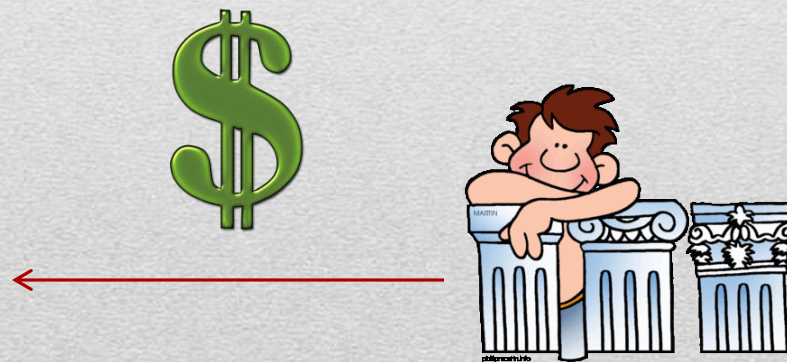


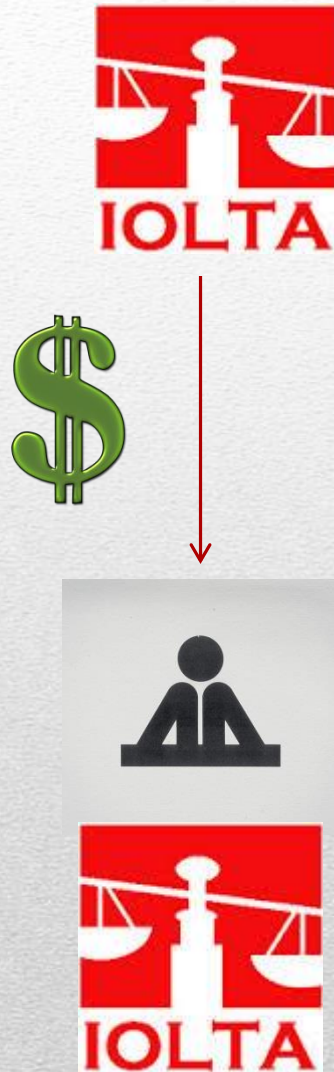
Ask yourself, "How close do I sound to the drinking driver who responds to the field sobriety test with "I couldn't even do that if I was sober!"

Initialing for other people

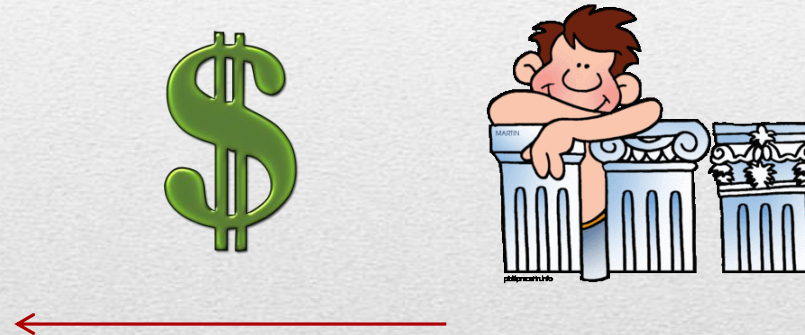


A Common Practice is to “reimburse” the IOLTA Account for costs that exceed expectations by a few dollars. For example, a deed recorded at the courthouse costs \$5.00 more than anticipated. You cut the correct amount in your check to the Clerk and reimburse the IOLTA account \$5.00 from your operating account.





However, it would be better practice to cut the check from the IOLTA for the amount predicted and cut your check to the CLERK rather than to reimburse IOLTA. You are still cutting one check from the Operating Account, all you have done is change the Payee.



It's easy!

Professionalism

Fact Pattern # 1. Attorney self reported an overdraft in his IOLTA Trust Account.

The Office of Disciplinary Counsel did a forensic analysis of his accounts.

The Attorney paid all sums owed to respective clients.

Attorney disbursed from his IOLTA account all or part of his attorneys fees and out-of-pocket expenses in anticipation of receipt of settlement proceeds for the cases associated with those fees.

He also distributed to some clients their shares of anticipated settlement proceeds from his IOLTA trust account before he received the settlement proceeds in their cases.

He used IOLTA funds that belonged to other clients and his own earned fees from settled cases to cover the money improperly withdrawn from his trust account.

The amount of money the attorney used belonging to others was approximately \$180,000.

HELD: While this was not deliberate stealing from the trust account, it does represent “an egregious example of an attorney who took virtually no steps to maintain even the semblance of an accounting of his clients’ funds.” Suspended for no less than 7 months.

In re Foust, Supreme Court of Montana, PR16-0301 (June 6, 2017).

Professionalism

Fact Pattern # 2. Attorney became subject to collection efforts after he was hospitalized due to illness and unable to work while on bed rest.

He made withdrawals for personal expenses from his trust account.

He deposited personal funds into his trust account to conceal them from his creditors.

After Attorney's Bank notified the Bar of trust account NSF, the Bar advised attorney to attend a general consultation on trust account management with the Bar's Law Practice Management Program.

Attorney's participation in the Law Practice Management Program cited as mitigating factor.

Attorney cooperated with the Bar by submitting a detailed letter concerning his misconduct to the State Bar and has expressed remorse for his conduct.

Six month suspension.

In re Clarence R. Johnson, Jr. S16Y1709 (October 3, 2016) S17Y1918 (January 29, 2018)

Professionalism

Fact Pattern # 3.

Attorney's bank notified the State Bar about insufficient funds checks.

Attorney admitted that he misappropriated funds for his personal use and did not otherwise account to his client for funds.

Attorney admitted that he provided false and misleading information to the Office of General Counsel during its investigation of the matter.

Voluntary surrender of license, tantamount to disbarment, accepted.

In re Lorne Howard Cragg, S18Y0269 (January 29, 2018).

Examine how the two cases turned out:

Cooperation v. Misleading.

Remorse v. No remorse.

Explaining the situation to the investigators v. the investigators having to dig out the information.

Penalties: Six month suspension versus voluntary surrender or disbarment.

What do the cases suggest? (This is not advice):

1. Self report (but do your own investigation first so that you know what you are reporting and that your reporting is accurate and thorough).
2. Know *WHY* your account was out of balance and immediately put in place remedial measures and correct systemic flaws so that it doesn't happen any more.

A Professional acts with complete Honesty. Creed, Line 129.

Professionalism

Fact Pattern # 4.

Attorney completed all conditions for reinstatement following Attorney's suspensions by the Court.

Attorney ordered reinstated to the practice of law in the State of Georgia.



Reinstated. *In the Matter of Tony C. Jones*, S11Y1626, S13Y0138, S15Y1641 (January 19, 2016)

A FINAL WORD ON PROTECTING YOU FROM YOURSELF (AND YOUR CLIENTS AND THE PUBLIC FROM UNPROFESSIONALISM).

There is a stigma to bankruptcy; but the stigma of having your law license revoked is much greater.

Always remember that you can file bankruptcy and still practice law; but you won't be allowed to practice law if you take money from a trust account.

If it ever gets so bad that you think your only option is to take money from your trust account, call me up any time of the day or night and explain it to me. I promise that I will listen for as long as you want to talk. You are ethically required to seek help and We have a professional duty to help you.

Professionals are the ones who exercise voluntary restraint, self-regulation, self-awareness and have a grasp of The Greater “Why do we do it this way?”
Mashburn, *Professionalism in Law Office Management* (2017).

Professionalism

TOPIC TWO

MENTAL WELLNESS AS
AN ETHICAL DUTY AND
A HALLMARK OF
PROFESSIONALISM

Is there a Problem?

21 percent of licensed, employed lawyers qualify as problem drinkers.

For lawyers under age 30, its 31.9 percent.

By comparison only 6.8 percent of the adult population as a whole has a drinking problem.

Lawyers have twice the rate of problem drinking than among surgeons.

Krill, Johnson & Albert, The Prevalence of Substance Use and Other Mental Health Concerns Among American Attorneys, *Journal of Addiction Medicine* (February, 2016)

The same study reports that the most common barrier to a lawyer seeking treatment for a drinking problem is the concern that others will find out that they need help.

“Upon arrival, though, instead of making a brilliant argument before a judge, these young lawyers may find themselves competing with their similarly gifted peers for the privilege of proofreading documents for a high-ranking partner. If they do a great job, they may get to proofread all weekend.” Smith, The most terrifying part of my drug addiction? That my Law Firm would find out. *Washington Post*, March 24, 2016.



For the First time in my lifetime:

Lawyers have passed Dentists in the rate of suicide;

Lawyers have passed Nurses and Teachers in self-rated “Low Decision Latitude” (the second highest contributing factor behind family history in predicting coronary artery disease and heart attacks) Ridley, *Genome: The Autobiography of a Species in 23 Chapters* (Harper Perennial 2006)(citing a study of 17,000 British civil servants and another study of over 1,000,000 employees of Bell Telephone Company); and

Younger lawyers (those under 30) have surpassed Native Americans in alcoholism rates.

In addition to high rates of substance abuse and alcoholism, lawyers have three times (3.6 actually) the rate of depression than society as a whole. Lukasik, www.lawyerswithdepression.com, November 2, 2016 citing Hazelden Betty Ford Foundation study).

Lawyers self reporting issues that they themselves had experienced during their career as a Lawyer:

Anxiety	61.1%	19% currently experiencing
Depression	45.7%	28% currently experiencing
Social Anxiety	16.1%	
Suicidal Thoughts	11.5%	
Panic Attacks	8.0%	
Self-Injury	2.9%	
Suicide Attempt	0.7%	



Among the lawyers who used a drug, how many used that drug in the last *week*:

Stimulants	74.1%
Sedatives	51.3%
Tobacco	46.8%
Marijuana	31.0%
Opioids	21.6%

Krill, Johnson & Albert, The Prevalence of Substance Use and Other Mental Health Concerns Among American Attorneys, *Journal of Addiction Medicine* (February, 2016)

One risk factor not present in other professions is the **requirement** of a pessimistic thinking style to do the job of lawyering well.

One study tested the entire entering class of the University of Virginia Law School in 1990 and followed the students throughout their three year career. As a whole, pessimists outperformed the optimists in grade point average and law journal success. Seligman, Ph.D., Why are Lawyers so Unhappy? from *Authentic Happiness: Using the New Positive Psychology to Realize Your Potential for Lasting Fulfillment*.

If you think about it, all of due diligence is based on pessimism.

The ability to anticipate the whole range of problems and betrayals that non-lawyers are blissfully blind to is highly adaptive for the practicing lawyer who can, by doing so, protect clients from dangerous events.

In what other professions do we see the same traits of hyper-vigilance and the anticipation of existential threat as being required for survival?

Combat Infantry. Kimble MO, Fleming K, Bennion K. *The Hypervigilance Questionnaire: Assessment of hypervigilance in a trauma sample*. Paper presented at the 25th Annual Meeting of the International Society for Traumatic Stress Studies; Atlanta, GA.. (Nov. 2009).

Police Officer. Kevin M. Gilmartin, *Emotional Survival for Law Enforcement*, (E-S Press, Tuscon, AZ), pg. 35

(“The average citizen has the neurological advantage of stimulus habituation. The capacity to be non-reactive to stimuli whose threshold of perceived potential danger is insufficient to warrant attention. The law enforcement perceptual style considers stimulus habituation to be potentially lethal carelessness.”)

In other words, just like a police officer and a combat soldier, a lawyer must develop a skill to recognize when “things just don’t look right” in order to survive.

No wonder that so many lawyers suffer from less intense but similar symptoms as combat veterans who come back with post-traumatic stress disorder. Vincent, Lawyers and Post-Traumatic Stress Disorder, *Michigan Bar Journal*, June, 2015.

“Angry or irritable outbursts,” “self-destructive behavior,” “hyper-vigilance,” “exaggerated startle response,” and in more severe cases “problems with concentration,” and “sleep disturbance.”

Remind you of anybody you know?



REAL ESTATE LAWYERS ARE USUALLY VERY GOOD AT RECOGNIZING AND SOLVING PROBLEMS.

The adversarial nature of law, trial by combat, confrontation, maximizing billable hours and the “ethic” of getting as much as you can for your clients are not going away.

You (i) either already have the ability to turn it off when you go home; (ii) you can learn to turn it off when you go home (your spouse and family will thank you); (iii) you can take it home with you and you and those around you will suffer from it (or most likely already do) or (iv) you live in a household where pessimistic judgment is embraced within the household. If not and there is no let up, you will either (i) become completely reliant on some sort of coping mechanism (almost certainly one that is probably bad for you); (ii) suffer from a serious bout of depression (or worse) or (iii) do both. Seligman, Verkuil & Kang, Why Lawyers are Unhappy, 10 *Deakin Law Review* 49 (2005).

But what you CAN do is treat your mental wellness as your professional duty (just as important as reconciling your trust accounts and getting your CLE Professionalism hour).

Professionalism

Fact Pattern # 5.

An Assistant District Attorney overheard a Criminal Defendant's Attorney on a telephone call in the courthouse men's restroom apparently attempting to purchase controlled substances for himself.

The telephone call was on the afternoon before the beginning of a jury trial.

The ADA brought the Attorney's behavior to the attention of the presiding judge.

The next morning, the Attorney appeared in court for jury selection but seemed to be under the influence of a controlled substance.

The Attorney had bloodshot eyes and welts and bruises on his face.

The Attorney fell asleep at counsel's table.

The Court held the attorney in contempt and imposed jail time to be immediately served.

The Attorney failed to refund the unearned portion of the retainer paid to the Attorney by the client.

Disbarred. Multiple offenses and a pattern of misconduct. Failed to timely respond.

In re Ricky W. Morris, Jr., S17Y1329 (January 29, 2018). *See also* Creed, Lines 13-15.

- His Meth Conviction Upheld, Disbarred Lawyer Thanks Judge, DA for Intervention Fulton County Daily Report, July 3, 2018. See also, In re: Rand J. Csehy, 296 Ga. 492 (2015).
- The Court of Appeals upheld the conviction of former prosecutor and criminal defense lawyer Rand Csehy, who was charged with possession of meth after a judge ordered him to take a urine test when he appeared unsteady and disheveled in court.

What would YOU do?

Professionalism

Hypothetical Number 3. In response to Bar Complaint, Attorney:

Referred to the proceeding as “a Star Chamber proceeding.”

Referred to the special master as the “High Executioner.”

Suggested that the hearing be held at the Varsity restaurant in Athens.

Referred to the Special Master as “Ms. Hyphenated.”

Inquired as to whether the Special Master was married so as to get her spouse the “Congressional Medal of Honor and/or sainthood.”

After being instructed by the Special Master not to contact her *ex parte* persisted in sending emails about his case without copying counsel for the State Bar.

After presenting seven character witnesses in mitigation, abruptly walked out of the hearing remarking that he had a more pressing engagement – a card game – to attend.

The seven character witnesses testified only that he had a reputation as an effective advocate, that he generally got good results for his clients, and that he had not made any false statements of which they were aware.

Disbarred.* *In the Matter of Christopher G. Nicholson*, S16Y1446 (October 3, 2016).

“Mental Wellness as a Professionalism Issue rather than an Ethical Issue”

The Special Master found that Attorney’s behavior was proof of an ongoing mental health issue.

The Special Master found that if the Attorney were not mentally ill, the Special Master would recommend disbarment.

The Special Master recommended one year suspension minimum with conditions.

The Review Panel recommended two year suspension minimum with conditions.

Attorney disavowed any mental illness.

Georgia Supreme Court: “With all of the outrageous conduct throughout this disciplinary process, it is easy to forget what this case is about: dishonesty.”

Thus, LYING was an ETHICAL BREACH; but there is no doubt that the behavior was a Professionalism breach. Creed, Lines 2-5, 64-66. Did the lawyer witnesses comply with their professional obligations to the client and the public and the lawyer (Creed, Lines 13-15) or did they just “not lie”?

Remember that true professionals know when to ask for help and delegate responsibility. Be familiar with the resources available to you - be they personal or professional - and utilize them. If you feel you are constantly "stressed out," depressed, or struggling with substance abuse/dependence issues, get professional help immediately. **Just as any psychologist would consult an attorney when addressing legal issues outside of their area of expertise,** so too, an attorney should be prepared to consult a mental health worker if a lawyer feels ill-equipped to address the psychological stressors in the lawyer's life. Latham, The Depressed Lawyer, *Psychology Today*, May 2, 2011 (emphasis added)



Psychiatrist Drafting a Deed

While the image of “A Psychiatrist drafting a Deed” might be silly, the consequences of an attorney attempting to “heal thyself” could be devastating, even deadly.

Consider that you have an ethical duty to seek help when you are in a crisis; but a Professional seeks out help before there is a crisis.

You’ve already paid for six sessions. Why not get your money’s worth? If you wait until you’re thirsty to take a drink of water...

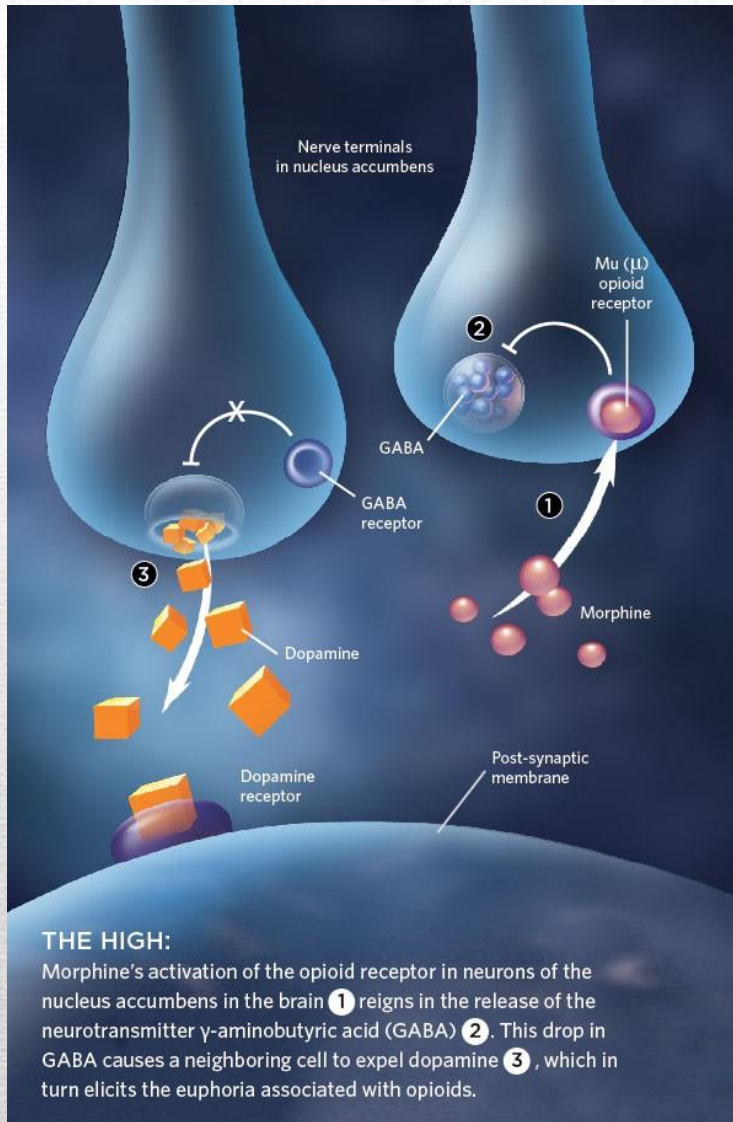


You’re already dehydrated.

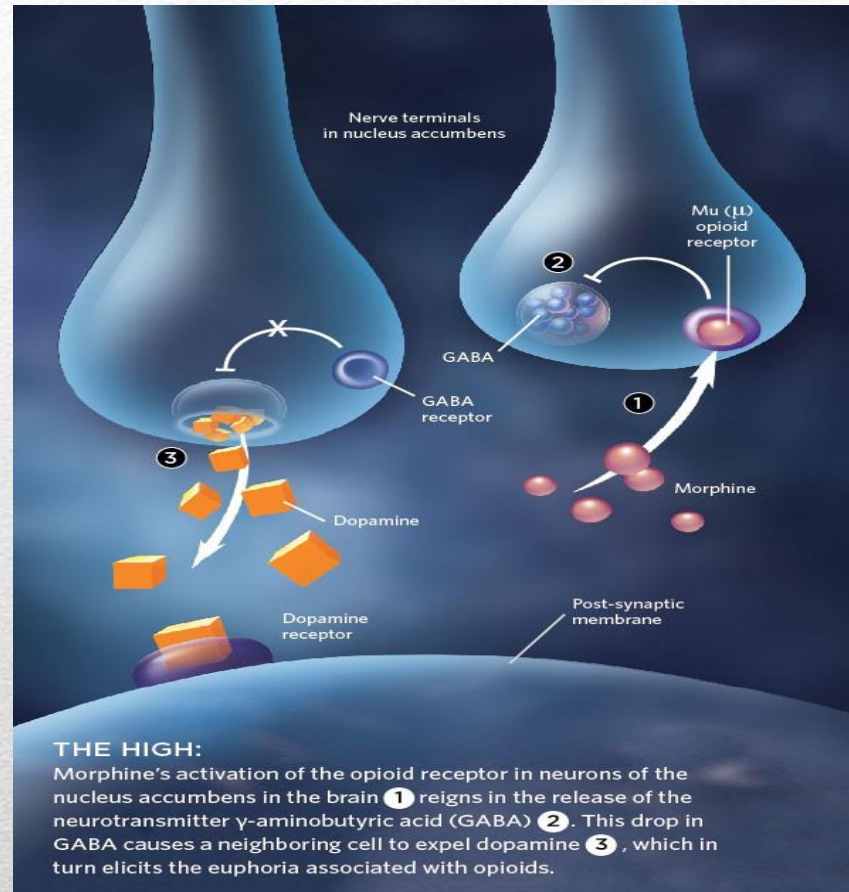
- We have an Ethical Duty to ourselves. We have a Professional Obligation for each other.
- “To my colleagues in the practice of law, I offer concern for your welfare.” Chief Justice’s Commission on Professionalism’s “A Lawyer’s Creed.”
- “What could have helped?...I still wish for that chance to try.” Barclay, The Importance of Lawyers Abandoning the Shame and Stigma of Mental Illness *Georgia State Bar Journal*, June, 2018 p. 79.



Kind-hearted listening



It's all about the Dopamine



What does Morphine
Or Opioids do in your
Brain?

GABA keeps Dopamine
from being released so
that we're not constantly
in a state of "well being."

Morphine blocks GABA.

GABA no longer inhibits
the release of dopamine.

"Well being" without the
Normal things necessary for
A feeling of well being.

How to Boost Dopamine

On the HR approved list:

Caffeine

Alcohol (after hours)

NOT HR approved:

Marijuana

Psychoactive Mushrooms

Heroin

Opioids

LSD

Flakka

Ecstasy

Cocaine

Better Choices (none of these will get you into trouble).

Eat foods rich in tyrosine. Almonds, bananas, avocados, eggs, beans, fish and chicken.

Exercise regularly

Meditate

Get a massage

Get a good night's sleep

Listen to restful music



Source: Brodwin, What 9 common drugs including caffeine, weed and booze do to your brain, *Business Insider*, July 14, 2015

The State Bar of Georgia Wellness Program

<https://www.gabar.org/wellness/about.cfm>

The Wellness Program has four major parts:

Lawyer Assistance Program

Suicide Awareness Campaign

SOLACE | Support of Lawyers, All Concern Encouraged

Law Practice Management

All of them are free, all of them are confidential.

While it's too early to have a cite to a Bar Complaint where participation in the Wellness Program was cited as a positive, mitigating factor, doesn't it make sense that one would rather be the one who sought help than one who didn't?



Additional Resources:

Helping Others:

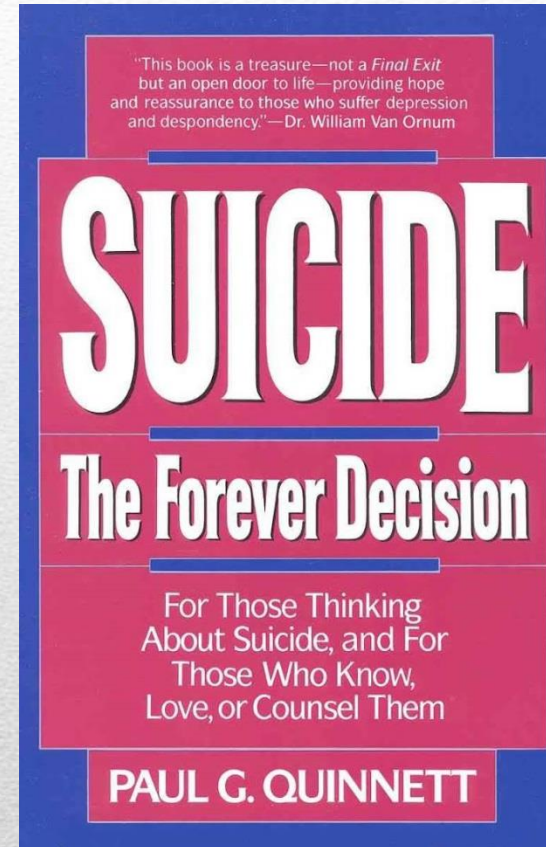
Quinnett, *Suicide The Forever Decision* Crossroad Publishing Company (1992).

Helping Ourselves:

Blauner, *How I Stayed Alive When My Brain was Trying to Kill Me: One Person's Guide to Suicide Prevention* William Morrow Paperbacks (2003).

Understanding the Issues:

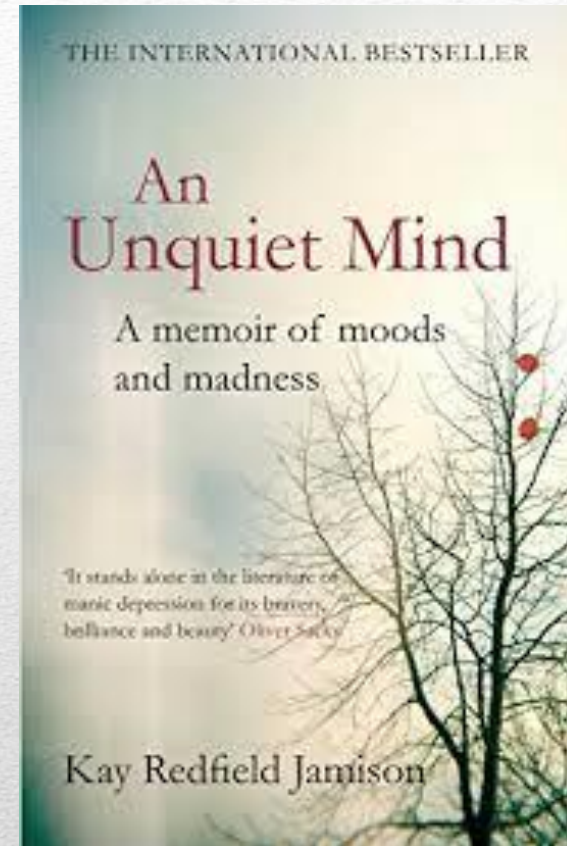
Joiner, *Why People Die by Suicide* Harvard University Press (2007).



Helping Others: Jameson, *An Unquiet Mind*
Vintage Publishing (1996)

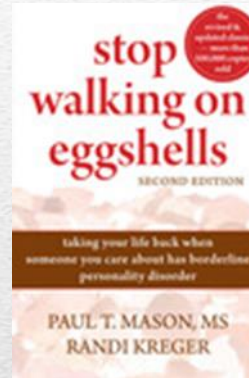
Helping Ourselves:
Haynes, *My Kind of Crazy: Living in a
Bipolar World* Booksurge (2009)

Understanding the Issue: Miklowitz, *The
Bipolar Disorder Survival Guide, Third
Edition: What You and Your Family Need
to Know* The Guilford Press (2019)



Helping Others:

Kreisman, MD *I Hate You – Don't Leave Me: Understanding the Borderline Personality* TarcherPerigee; Revised, Updated edition (2010)

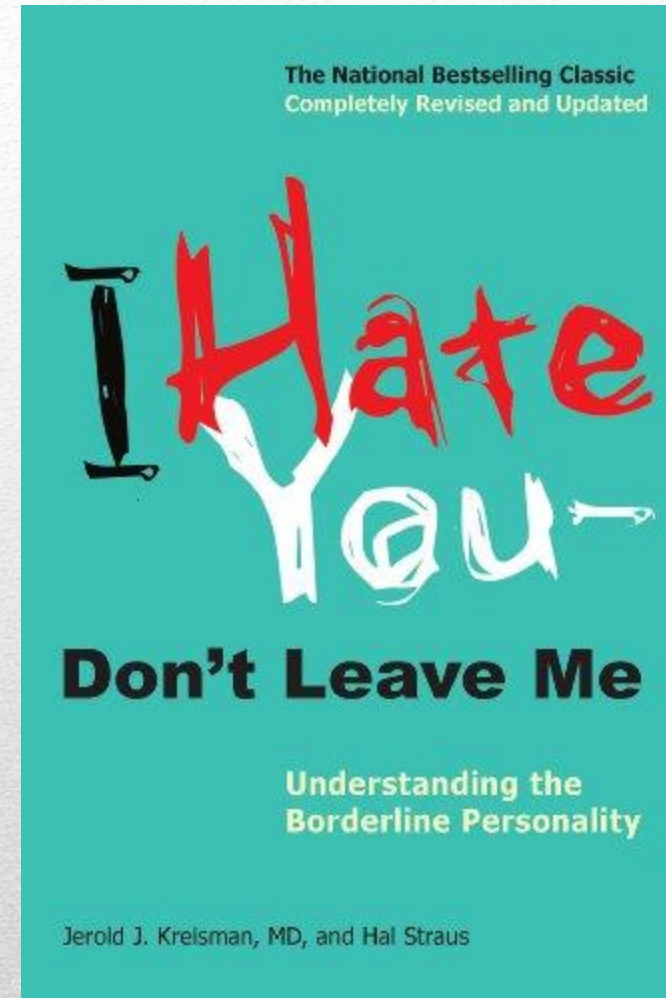


Helping Ourselves:

Mason & Kreger, *Stop Walking On Eggshells* New Harbinger Publications (2010)

Understanding the Issue:

Roth, *Surviving a Borderline Parent: How to Heal Your Childhood Wounds and Build Trust, Boundaries and Self-Esteem* New Harbinger Publications (2004)



A Final Word on Professionalism

Amateur athletics has “Sportsmanship” as its good.

Teaching has “Learning” as its good.

Medicine is a practice that has “Healing” as its good.

What does the practice of law have as its good if not “Professionalism in the Administration of Justice?”



A Final Word on Professionalism

A Professional NEVER utters the words
“Well, if nothing else, we have title insurance”
PRIOR to a closing.

It's not an ethical violation to say that but it
sure identifies you as unprofessional.



CONNECT *with our sponsors on your break.*
Don't forget to PLAY-SCAN-WIN!

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CTIC & CLTIC 2020 Annual Claims and Underwriting Seminar

March 5, 2020
Atlanta, GA

Steve Day, FNF President
National Agency Operations



New Decade New Opportunities

CULTURE

NYSE: FNF

How we present ourselves in the marketplace

New focus – part of the Family of Companies

Embracing and enhancing our underwriter brand focus

Promoting the strength of the entire brand

True banner of the company

Telling OUR story

New Look – Targeted Agency Focus



**DIGITAL
CLOSING
HUB**



Have a Problem? Find Solutions to Your Business Challenges!



FNFLEAD

Leadership through Education, Advancement & Development

National Agency Resources

Our National Agency Website

nationalagency.fnf.com

Lean on the FNF
Family of Companies



Fidelity National Financial (FNF) is the strongest title insurance underwriter in the country. FNF is proud to provide unmatched resources and tools that our agents draw from to better serve their customers.



nationalagency.fnf.com



Easier access to local FNF staff



Better information and resources for prospective FNF agents



Centralized tools for current FNF agents



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Access to all FNF Publications



And so much more!

Agent Success Tools

Tools for Agents to streamline and increase business



AgentTrax

FNF agents can issue Closing Protection Letters and Policy Jackets from this centralized location for FNF family web applications.



ALTA Registry

The ALTA Title & Settlement Agent Registry helps mortgage lenders confidently identify title insurance agents and real estate attorneys in real estate transactions.



Best Practices Portfolio Builder

Help your business highlight the policy and procedures you have in place for consumers. This DIY tool has been updated for the New ALTA v3 published January 2020.



CFPB

Learn about the latest updates from the CFPB and see the tools FNF has developed to help your compliance management.



Digital Closing Hub

Real estate closing is modernizing and we are here to ensure our agents have the resources you need to navigate the evolving closing experience.



FNF LEAD

FNF Lead offers live, on-demand and module-based education for title agents and real estate attorney's around the country.



MTCC

MTCC offers high-level consulting and business planning tools to FNF agents. FNF is for you and we want to help you succeed now and into the future.



Solution Partners

Premier products and services that can help agents attain compliance, expand their business, obtain new customers, and save time and money.





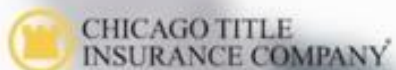
Welcome to the FNF Digital Closing Hub



Watch later



Share



FNF DIGITAL CLOSING HUB

MORE VIDEOS



0:02 / 1:27





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**Digital Closing
Solutions Partners**



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State of the Art Educational Platform

FNTGLead.com/Fidelity



Leadership through Education, Advancement & Development

The FNTG LEAD Program is a breakthrough virtual online education center to access ongoing courses and events with 10 areas of study to keep abreast on the everchanging industry. At FNTG, we encourage our agents and employees to strive for excellence. We offer this useful tool to develop the skills LEADERS are made of.

State of the Art Educational Platform



FNFLEAD

Leadership through Education, Advancement & Development



24/7 Access to High Level Education



Training on Your Time



Create a Training Department for Your Agency



Courses, Webcasts, Series, Self-Study, all Provided by Subject Matter Experts in These Areas



Customize Training Tailored to Your Company's Needs, Individual Department and Individual Professional Development Needs



Have the Ability to Track Your Company Training Hours, Individual Courses and Levels of Advancement



Best Practices Compliance Through Ongoing Training




Ability to Maximize or Leverage this Education with Lender, Attorney and REALTOR® Customers



Create Professional Development Plans, Performance Review Goals and Promotion Standards

Solution Partners That Make A Difference



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OUR COMMITMENT


At Fidelity National Title Group, commitment is not just a word — it's a conviction. We take pride in our desire to serve our customers to the best of our ability.

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SAVE TIME / MONEY


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Contact Info:
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866-777-3986
jacque.broussard@corefact.com
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Enhanced Materials:

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- Corefact FAQ's
- Corefact Capture Marketing



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KnowBe4 is the world's largest security awareness training and simulated phishing platform that helps you manage [social engineering](#).

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- Our platform is user-friendly and intuitive.
- Customers of all sizes can get our platform deployed into production twice as fast as our competitors.

Contact Info:
Christian Sheedy
727-315-0142
christians@knowbe4.com
knowbe4.com

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- Social Engineering Red Flags – Handout
- KnowBe4 Subscription Levels
- KnowBe4 Security Awareness Training

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...keeping you on track and on time.



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The AgentTRAX logo is positioned over a background image of a city street at night with light trails from cars. The logo itself consists of a stylized white icon of a house with a chimney on the left, and the word "AGENTTRAX" in a large, bold, white sans-serif font to its right. Below "AGENTTRAX" is the tagline "Keeping You On Track & On Time" in a smaller, white, sans-serif font.

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Keeping You On Track & On Time

www.agentTRAX.com

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simplify
the
complicated.**



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THE NEW

Frontier

INNOVATION / EDUCATION / TECHNOLOGY

PROPEL OUR AGENTS
FORWARD





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Navigating the Future of Digital Closings...No More Wet Ink?

Jason Nadeau, Chief Digital Officer

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*

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BIO

Jason Nadeau, Chief Digital Officer Chicago Title Insurance Company and Commonwealth Land Title Insurance Company



Jason Nadeau serves as Fidelity's SVP and Chief Digital Officer. Nadeau leads Fidelity's digital strategy and development of digital solutions, including eSigning, Digital Closing, eNotarization, Digital Escrow, mobile solutions and blockchain innovations. Nadeau most recently served as the Executive Vice President at Factom, Inc. (A blockchain solutions company) where he led strategy for the company including market positioning, product solutions, strategic relationships and market strategies.

Nadeau also served as Group President at Stewart Title where he led Stewart's Lender Services, Title Production and Title Plant Technologies, Stewart Government Technologies, Stewart Global Technologies, and Stewart Appraisal Services. Nadeau also served as Stewart's executive representative on the Housing Policy Council, a DC based organization whose members are among the nation's leading mortgage originators, servicers, insurers and data/settlement service providers.

Nadeau was also the Founder, President / CTO of ReaIEC Technologies (now a Black Knight company) Prior to ReaIEC, Nadeau served as the Chief Technology Officer of Stewart Title and held various technology roles at Wells Fargo Home Mortgage.

NAVIGATING
THE **FUTURE**

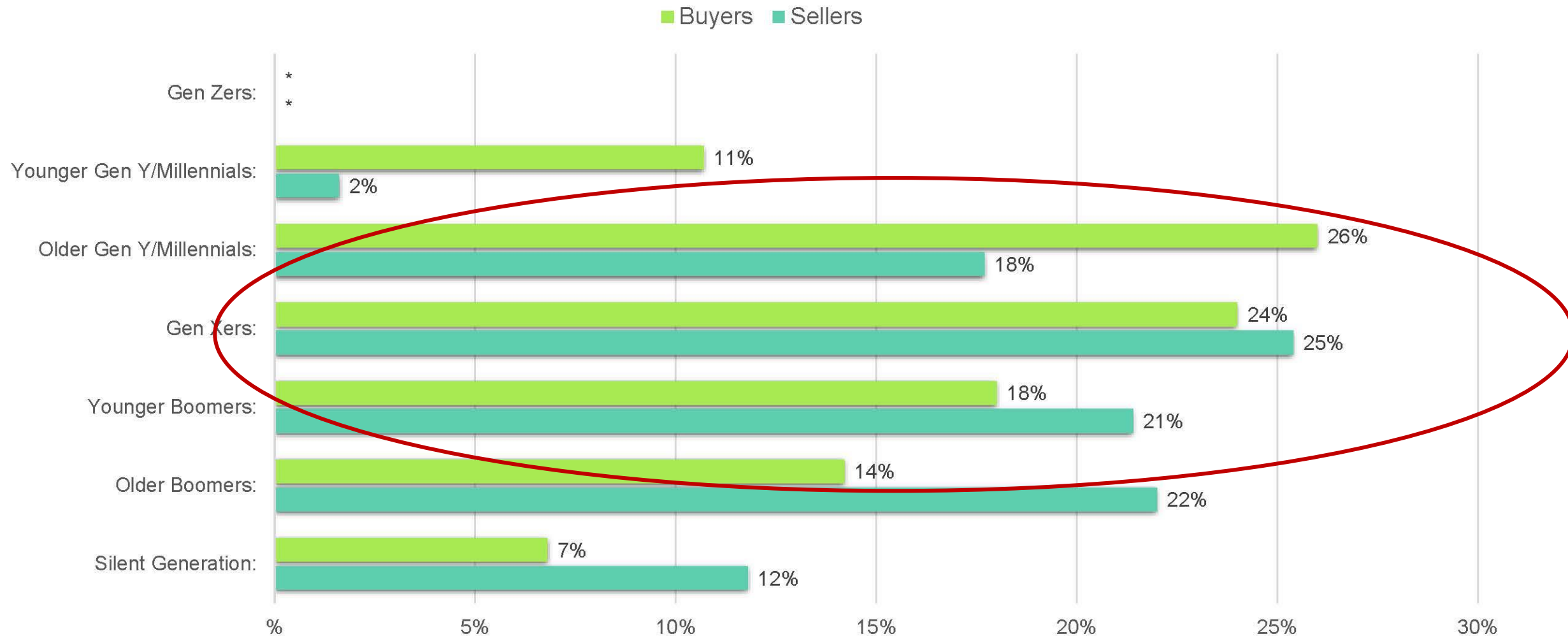
Digital Update

How is “Digital” going to affect you?

Mar 2020

Customer Demographics and Expectations?

SHARE OF BUYERS AND SELLERS BY GENERAITON

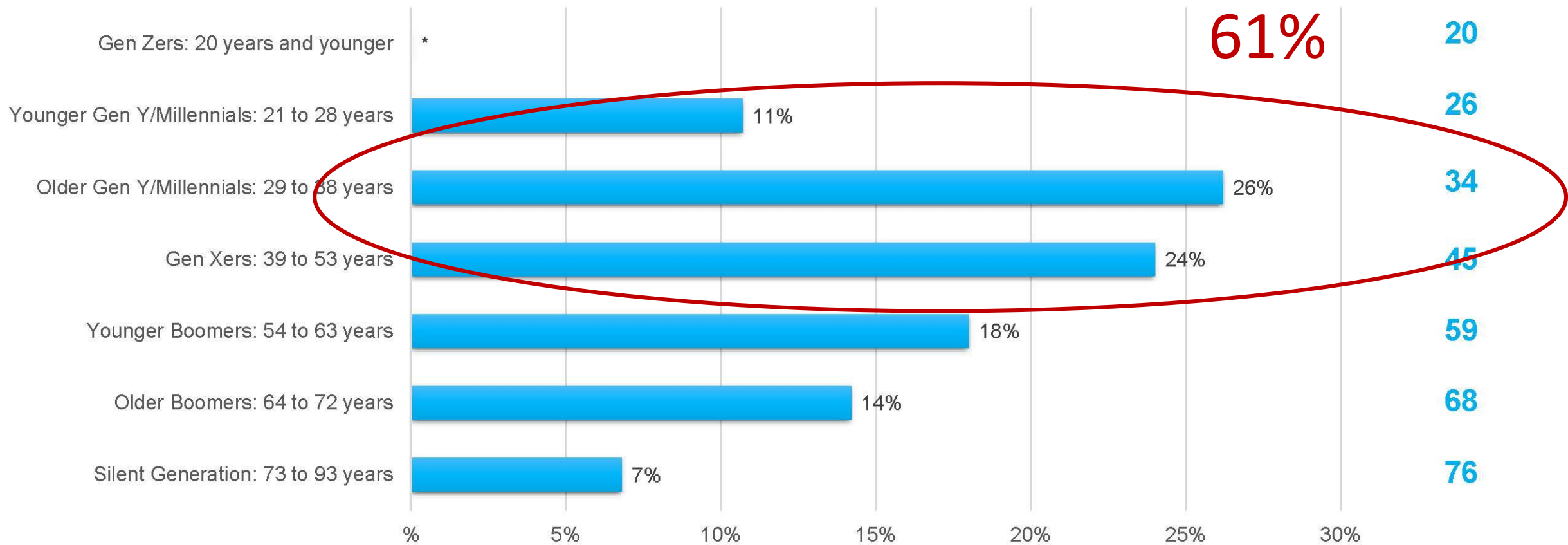


*Less than 1 percent

AGE OF HOME BUYERS

Exhibit 1-1 (Percentage Distribution)

Median Age
in Group



*Less than 1 percent

Industry Stats

As of 2018, millennials made up **37%** of residential buyers.

1/3 of homebuyers in 2018 were first-time homebuyers.

Other than finding the right property, millennials identified “**understanding the home buying process and steps**” as the most difficult item in the journey.

The typical buyer used a mobile device to search for properties online

81% of Millennials and **78%** of Generation X found their home on a mobile device

50% real estate agents in the United States are less than 50 years old

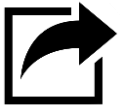
New Consumer Expectations

Old



Get a Human

Don't make me talk to a computer



One Session

Don't make me repeat myself, or transfer me



Same Day Service

Let me get back to you by the end of the day. I will call you back



Don't Waste my Money

I will wait in line to save some money

New



Don't make me talk to a Human

Self service, chat, text



Expect Interruptions

I am multitasking – I can't focus on just one thing



Same Session Service

Don't disconnect until you have answered my questions



Don't Waste my time

Amazon Prime anyone?



Get your stuff fast



Unlimited FREE Two-Day Shipping on all eligible orders

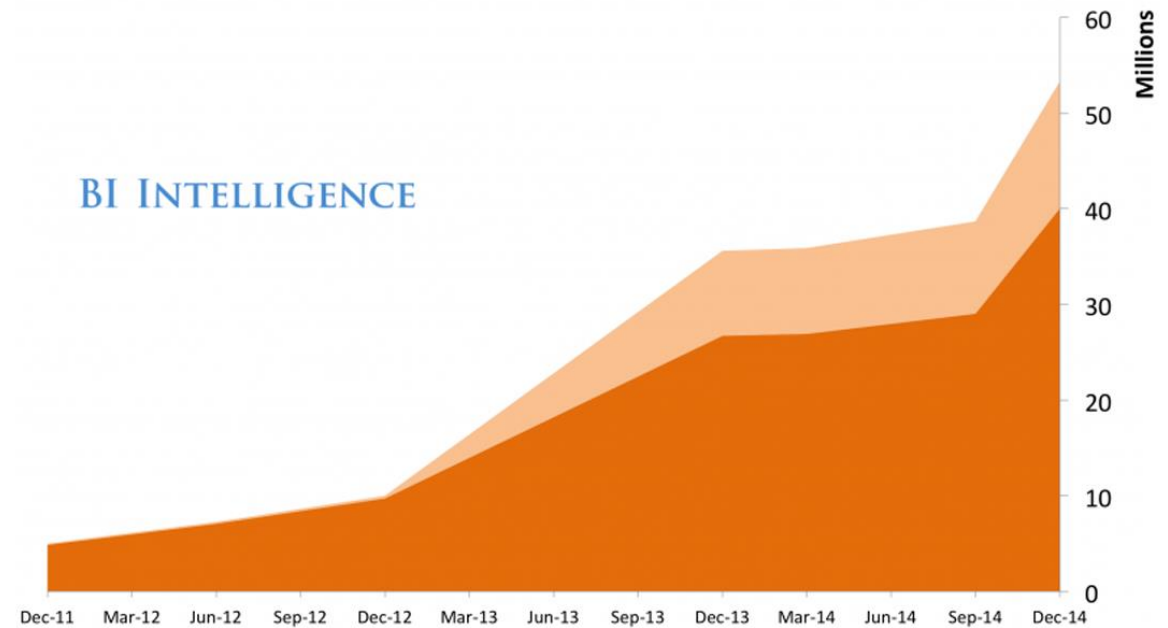


Tech Chart of the Day

Amazon Prime Members

US International

BI INTELLIGENCE



Sources: News Announcements, Piper Jaffray, Morningstar, RBC, CIRP, BI Intelligence Estimates

BUSINESS INSIDER

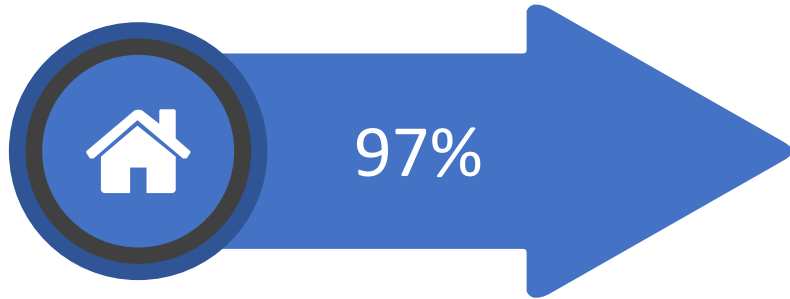
Customer of the Future?

- What I need to know
- When I want it
- Where I want it
- On whatever device I choose
- At anytime of day I choose
- Don't make me talk
- Give me tools to help myself

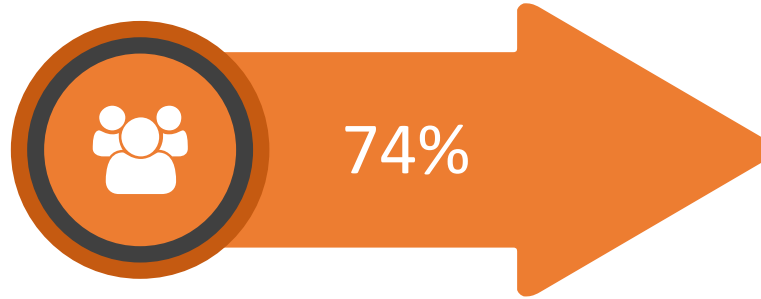
Industry Updates

Consumer Expectations

Home Shopping / Listing

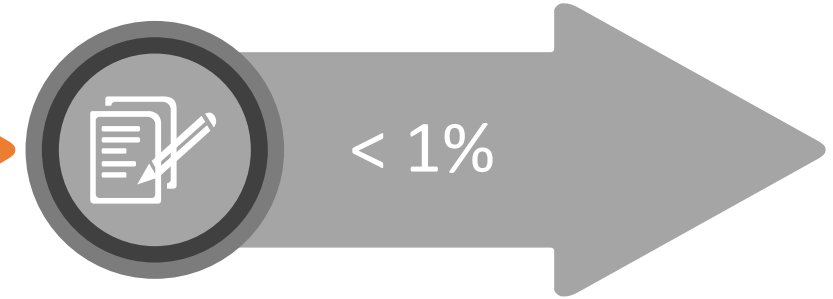


Mortgage Loan



- ❑ 60% 2018
- ❑ 30% 2016

Escrow / Closing



Our opportunity

Digital is the main reason just over half of the companies on the Fortune 500 have disappeared since the year 2000

Pierre Nanterme
CEO of Accenture

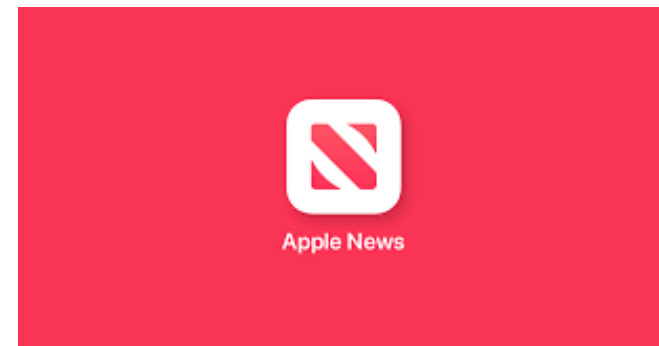


What does that mean? “Digital”

Did these markets really go out of business?



Uber



inHere inHere

They put the customers first...

Ok, but we're Title Insurance....

The closing and customers:

“The 40 min drive to my closing in traffic was wonderful. And once I was done I got to do it again heading home.”

“I really enjoyed reading 200+ pages of documents at the last minute with the moving truck idling in the driveway”

*“The pen I used for closing was so cool!
And they let me keep it!”*

1876 – First Title Insurance Company

Watson v. Muirhead

Pennsylvania Supreme Court ruling in 1868 – failed
Attorney Opinion

144 Years

The First Title Insurance Company

The judgment, and subsequent loss to the purchaser, then prompted a group of Philadelphia conveyancers to establish a way to protect the innocent buyers of real property. In 1876, this group formed the first title insurance company, whose mission it was to protect “the purchasers of real estate and mortgages against losses from defective title, liens and encumbrances,” and added, “through these facilities, transfer of real estate and real estate securities can be made more speedily and with greater security than heretofore.”

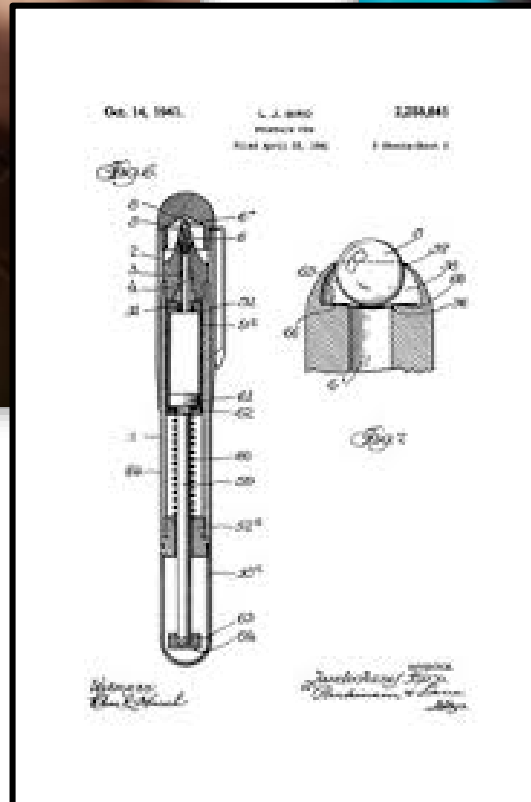
1876



2020



1950 Bic Pen



144 Years -
Embraced one
Innovation

Industry Updates - RON

Recent Advancements

eSignatures

Document Preview

Remote Online

eNotes

Industry Advancements



eClosings & eSignatures Continue to Grow



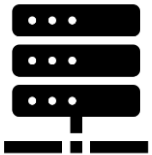
Wells Fargo announces it will buy eNotes



eNotarization & eRecording continues to expand



Fannie and Freddie will buy eNotes



MERS partners with eOriginal to provide a “rental” model for eVault

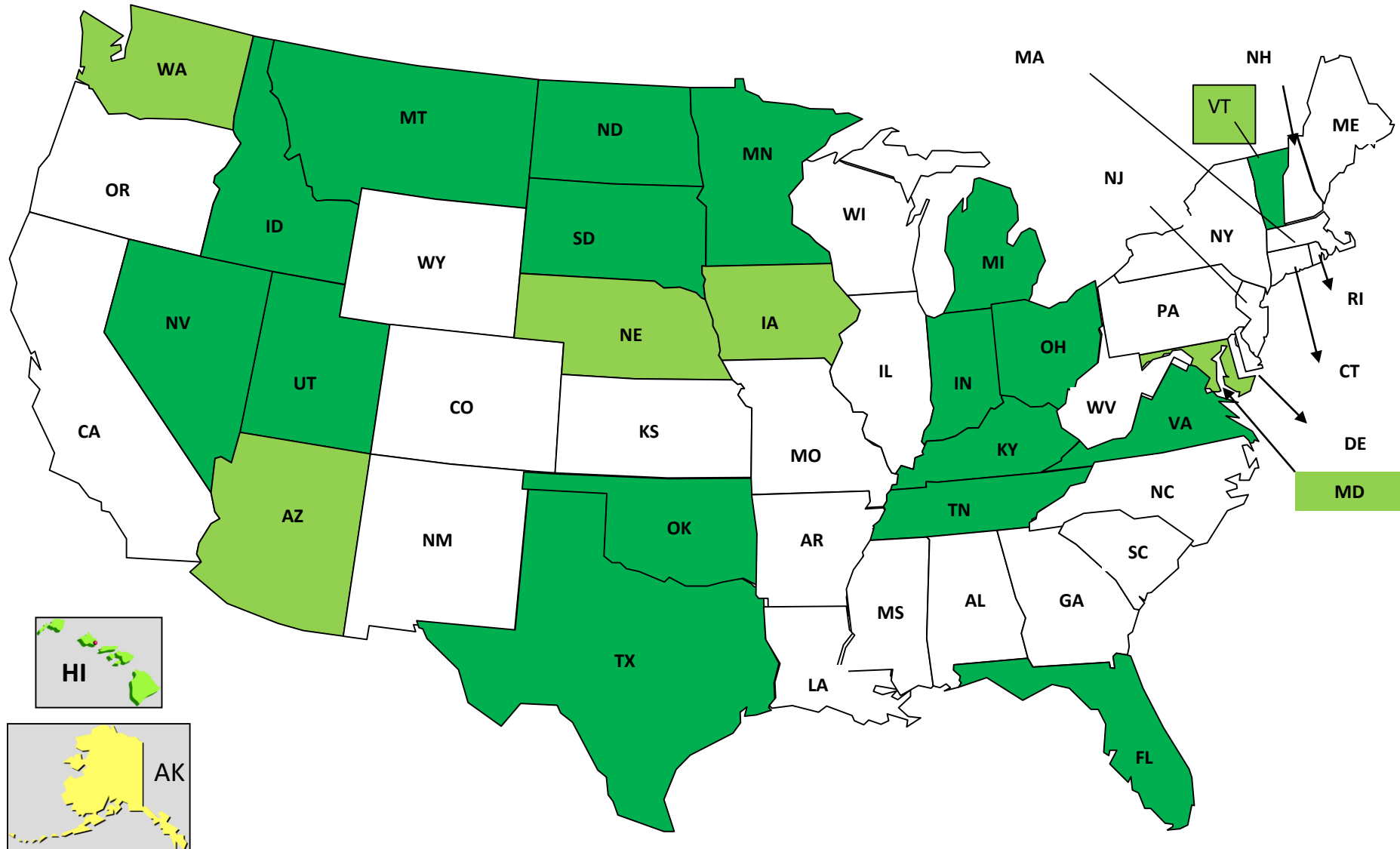


eNote Registration Continues to Grow

RON Apocalypse



Infected States



RON Concerns to Discuss

- State Approval - Cross State Notarization
- Privacy Concerns
- Lender & Investor Approvals
- Fraud & Security Concerns
- Notary's Role, UPL, Licensing
- Business Process Disruption

Thank you



Docking for LUNCH

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Mapping the Future of Fraud

Krista Christensen, Risk Manager, Cyber and Wire Strategies

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



NAVIGATING
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BIO

*Krista Christensen, Risk Manager, Cyber and Wire Strategies
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



CHICAGO TITLE
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Krista is Manager, Cyber and Wire Fraud Strategies Department, Wire Safe. She has worked in Fidelity National Title Group's Legal Department for over 11 years and has held multiple roles within the Claims Department and Risk Management. Prior to working with Fidelity, Krista completed her undergraduate work in Vocal Performance at the University of Nebraska-Lincoln before obtaining her Masters of Music in Vocal Performance from the University of Missouri- Kansas City. Krista then received her Juris Doctor from the University of Kansas.

Krista lives in Omaha, NE with her husband and two kids. She enjoys singing opera and once sang the national anthem in front of President George Bush.

NAVIGATING
THE FUTURE

BEC and Wire Fraud: The Ever Evolving Saga

Presented by:
Krista Christensen, Esq.
Manager, Cyber and Wire Fraud Strategies



Business Email Compromise (BEC)

What is it?



BEC in Real Estate is...

- **Sophisticated fraud scheme targeting businesses who regularly perform wire transfer payments**
- **Involves targeting of all participants of a real estate transaction, gaining entry into their computer systems and posing as those parties via compromised emails**
 - real estate agents
 - loan officers
 - mortgage brokers
 - title agents
 - buyers and sellers
 - closing attorneys



Real Estate Scheme Diagram

BUSINESS EMAIL COMPROMISE

 **WIRE SAFE.** | Inquire before you wire!





Phishing Emails

From: Chicago title <controller1@financeteam.com>

Date: January 27, 2019 at 10:29:16 AM PST

To: [REDACTED]

Subject: Re:Wire_Transfer

This message is being sent in an encrypted format because it contains particularly sensitive or confidential information.

[Click here](#) or open the attachment by 2019-01-27 14:42 PDT to read your message.

[More Info](#)



Regularly check Account Rules

Show All

Rule name:

When a new message arrives that meets all these conditions:

From "@platteam.com"

Do the following:

Mark as Read

Move to Folder

Except if:

☒ Do not apply other rules to messages that meet the same conditions

☒ Enabled

Cancel OK

☒ Elevate

☒ Real Estate Design

Inbox rules

Choose how email will be handled. Rules will be applied in the order shown. If you don't want a rule to run, you can turn it off or delete it.



On	Name
<input checked="" type="checkbox"/>	3
<input checked="" type="checkbox"/>	1
<input checked="" type="checkbox"/>	Received from COMPASS or Compass or
<input checked="" type="checkbox"/>	Received from [redacted] or
<input checked="" type="checkbox"/>	From "DocuSign System" MoveTo "Inbox"
<input checked="" type="checkbox"/>	Received from [redacted] or

Rule: 3

After the message arrives and...
the message was received from [redacted]@careccia.com' or 'fc@ca

Do the following...
mark the message as Read
and move the message to folder 'Scheduled'
and stop processing more rules on this message

This rule is: On

Sweep rules

These rules run at regular intervals to keep your inbox clean.



Sample Spoofed Emails

From: Christensen, Krista <krista.christensen.fnf@gmail.com>
Date: Tue, Jan 14, 2020 at 1:57 PM
Subject: Signing Appointment Confirmation – [REDACTED]
To: <[REDACTED]>
CC: <[REDACTED]>

In this example, the spoofed address is visible to the recipient. Correct email is "krista.christensen@fnf.com"

Good Afternoon!

As regards to last mail sent to you yesterday on closing process.

I suggest you arrange the total amount of \$ 231,818.39 as stated in the estimated settlement statement which was also sent to you yesterday and make a wire transfer to our escrow account on Wednesday October 3rd, so we can make the signing process and all closing process fast due to other schedule on same day.

You make the transfer to our escrow account which I will send to you and send me copy of your wire transfer for documentation against closing date. Just bring your photo ID for notary purposes while coming to my office for the signing appointment on Friday October 5th, at 1 pm.

Please try to keep to early time.

Kindly confirm the receipt of this update with a return mail as to forward you our escrow wire information.
If you have any questions or concerns please let me know.

Thank you,

Krista Christensen



New Spoofing Emails

From: "Christensen, Krista" <krista.christensen@fnf.com>
Date: 1/16/2020 9:00 AM (GMT-08:00)
To: [REDACTED]
Cc: [REDACTED]
Subject: [REDACTED] wire receipt

Note that only the correct email is visible in this example. It is not until the recipient hits the "reply" button that the fraudulent email is visible (see below)

[REDACTED]

Look at the receipt carefully, the account number is not correct. Please call your bank or go into the bank to rectify this. You mistakenly put ABA routing number in place of account number. It should be (Account Number [REDACTED] Bank Routing Number: [REDACTED]).

Krista Christensen

Escrow Officer

Fidelity National Title Group

(123)-867-53096

(123)-867-53096 FAX

krista.christensen@fnf.com

spoofed email address

From: [REDACTED] <[REDACTED]@yahoo.com>
Date: 1/16/2020 12:19 PM (GMT-08:00)
To: "Christensen, Krista" <krista.christensen@fn-f.com>
Subject: Re: [REDACTED] wire receipt

Yes thank you. I will be fixing this by 1:30pm today.



Spoofing Caller ID and Smishing





Header Information

On Tue, 25 Jun 2019 at 10:38, [REDACTED] <[REDACTED]@hotmail.com> wrote:

I can do this today if I get the instructions early enough

----- Original message -----

From: [REDACTED] <[REDACTED]@gmail.com>

Date: 6/25/19 12:30 PM (GMT-06:00)

To: [REDACTED]@hotmail.com

Subject: [REDACTED]

Hello, when will you be funding the Escrow trust account? They need to have funds ready available prior closing so they won't be any delay in closing and disbursement of seller net proceeds. Kindly let me know when it's convenient for you to wire funds so I can provide you with the wire instruction.



FBI Findings

One of the most prevalent fraud scheme targeting businesses today.

- Scam has been reported in all 50 states and in 150 countries.
- In 2019, the IC3 received 23,775 BEC complaints with adjusted losses over \$1.7 billion.
 - Over \$1 billion more than the next highest reported crime.



Title companies, law firms, realtors, sellers and buyers are some of the most often targeted victims of wire fraud.

In 2019, there were 11,677 victims resulting in over \$221 million of losses



Education & Recognition



Common Indicators of BEC

- Emails requesting last minute changes to wiring information (i.e. change in beneficiary and/or receiving bank).
- Wire requests made towards the end of the business day or at month end.
- Emails from same sender that have significant changes to grammar, sentence structure or spelling compared to previous emails.
- Requests for secrecy or pressure to take action quickly.
- Sudden changes in business practices.



Application in a Transaction:

- **Seller Proceeds:** Escrow receives email from fraudster posing as seller to amend wire instructions for sale proceeds.
- **Buyer Funds:** Buyer receives email from fraudster posing as escrow agent or real estate agent with wire instructions for deposit or cash to close
- **Lender Funds:** Escrow receives email from fraudster posing as lender requesting return of loan proceeds or payoff funds.
- **Realtor® Commissions:** Escrow receives email from fraudster posing as Realtor® with wire instructions for commissions.



Payoff Fraud




Fri 5/24/2019 11:36 AM

[REDACTED] <closing.file@aol.com>

Payoff - [REDACTED]

To

Cc

 You forwarded this message on 5/24/2019 12:06 PM.

IMPORTANT NOTICE - This message sourced from an external mail server outside of the Company.

Hi [REDACTED]

Please can the sellers possibly have a copy of their payoff. They would like to see it before funding.

Thank,

Sent from my iPhone.



Payoff Fraud

Payoff Transmittal Form:

Please review and complete this form. We prefer that funds are sent by wire as it is the fastest way to complete the payoff. If wire transfer is not an option, we prefer a cashier's check or certified funds.

WHERE TO SEND PAYOFF FUNDS

By WIRE: no checks

Wells Fargo Bank, N.A.

Beneficiary Bank ABA: 121000248

Beneficiary Bank Acct: [REDACTED]

Acct Name: Wells 3D Nails Payoff Funds

Beneficiary Bank Address:

1 Home Campus

Des Moines IA 50328

Special Information for Beneficiary:

Apply funds to: [REDACTED]

Mortgagor: [REDACTED]

Sender's Name and Phone Number

Fraudster provides "updated" payoff statement, with the only change being the bank account information.

Important Notes:



Example of Diversion Attempts- 1

On Mar 27, 2019, at 7:44 AM, Escrow Officer <[REDACTED]@finalclosingdocuments.com>
wrote:
Hi Buyer,

Attached hereto please find a Closing Disclosure in connection with the purchase of property located at [REDACTED] which is scheduled for closing soon. I have a few reminder for you as we get closer to settlement and i would like to walk you through this last phase of your closing process. Please confirm receipt of this email and attachment with a return reply.

Name

Escrow Officer / Licensed Title Agent
Title Company, Inc.

[REDACTED]

<Closing Discloser attached to email.>



Example of Diversion Attempts-1

---- On Wed, 27 Mar 2019 07:39:59 -0700 Buyer <[REDACTED]@gmail.com> wrote ----

Email received

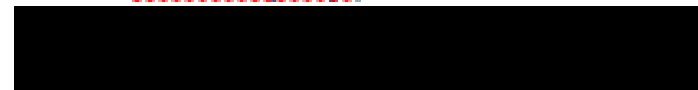
Sent from my iPhone 7 Buyer |

On Mar 27, 2019, at 8:46 AM, Escrow Officer <[REDACTED]@finalclosingdocuments.com> wrote:

As a friendly reminder, you will need to be present with one form of ID at closing and are you going to be available for closing or its going to be a mail away closing for you? let me also know what time would work best for you between 10:00AM to 2:00PM on that closing day so i can get you scheduled.

Name

Escrow Officer / Licensed Title Agent
Title Comapny, Inc.





Example of Diversion Attempts- 1

----- On Wed, 27 Mar 2019 08:59:29 -0700 Buyer <[REDACTED]@gmail.com> wrote -----

Please schedule us at 10 am. If needed, we can come in earlier.

Also, please send us with back information for bank information for wire transfer. Thanks!

Sent from my iPhone 7 Buyer

From: Escrow Officer <[REDACTED]@finalclosingdocuments.com>

Date: March 27, 2019 at 10:27:43 AM MDT

To: "Buyer1" <[REDACTED]@gmail.com>, "Buyer 2" <[REDACTED]@gmail.com>

Subject: Re: Closing Instruction for [REDACTED]

Good, i have you scheduled for 10:00 AM. Your closing fee is \$14,494.09 and attached is the wire instruction for your closing fee and it would be great if you can wire in your funds today so i could finalize paper work process for your closing. Please advise with a wire confirmation receipt after payment has been sent for proper referencing to your closing file.

Name

Escrow Officer / Licensed Title Agent
Title Comapny, Inc.





Example of Diversion Attempts- 1

WIRE TRANSFER INSTRUCTIONS

BANK NAME:

Tcf Bank



ABA #:



ACCOUNT #:



CREDIT TO:

Individual Name



PURPOSE / MEMO:

File#: [REDACTED] / Buyer Name/

CLOSING COST:

\$14,494.09

ALL FUNDS MUST BE IN THE FORM OF AN ACTUAL WIRE TRANSFER.

ACH transfers are not wire transfers and will not be accepted. ACH transfers will be automatically rejected and returned to you by our bank. Failure to adhere to this procedure will result in a delay in closing, funding and possession of the property being purchased.



Example of Diversion Attempts- 2

From: ESCROW OFFICER <title.co@cox.net>
Date: March 26, 2019 at 9:49:18 AM CDT
To: <BUYER>
Cc: REAL ESTATE AGENT <[REDACTED]@gmx.us>
Subject: **PROPERTY ADDRESS**

Good Day Buyer,

Your closing funds should be wired to our trust account today to avoid closing delay so that funds can clear our account on time for closing. I will send the wire instructions once you have acknowledge the receipt of this email, I will be busy with limited access to my phone you can send me an email if you need anything else.

Thank you very much.

ESCROW OFFICER

TITLE COMPANY

Sr. Escrow Officer

CORRECT ADDRESS

Office Phone - Correct number

Direct Dial - correct number

[Correct email address used](#)



Example of Diversion Attempts- 3

From: "Real Estate Agent" <[REDACTED]>
Date: March 22, 2019 at 10:26:52 AM EDT
To: [BUYER](#)
Subject: Closing for Actual Property Address and Order Number listed
Reply-To: "Real Estate Agent" <closingworks91@gmail.com>

Good Morning Buyer,

Please confirm if you got the wire instructions sent to you yesterday and also advise when the wire will be sent to avoid closing delay.

Thx

Real Estate Agent
Vice President
NMLS #



Example of Diversion Attempts- 4

On Mar 13, 2019, at 11:40 AM, Loan Officer <[REDACTED]@wfmtg.com> wrote:

Hi Buyer,

Congratulations, your file is officially clear to
close, please advise what time is best for you to close on Friday.

Thank You

[REDACTED]
AVP Sr Real Estate Loan Officer

NMLS# [REDACTED]

[REDACTED] NMLS [REDACTED]

A [REDACTED]

P [REDACTED]

E [REDACTED]

Sent: Wednesday, March 13, 2019 at 1:03 PM

From: "Buyer 1" <[REDACTED]@gmail.com>

To: "Loan Officer" <[REDACTED]@wfmtg.com>

Cc: "Buyer 2" <[REDACTED]@gmail.com>

Subject: Re: Closing

Hi Loan Officer,

What do you mean what time is best to close on Friday? We're signing at 7am, isn't that considered closing?

Buyer 1



Example of Diversion Attempts- 4

On Mar 13, 2019, at 12:20 PM, Loan Officer <[REDACTED]@wfmtg.com> wrote:

B,

We will coordinate the signing 7am on friday. please advise when you can do that so [REDACTED] (Escrow Officer's name) can send wiring instructions to avoid delay in disbursement.

Name

AVP Sr Real Estate Loan Officer

NMLS# [REDACTED]

[REDACTED] NMLS [REDACTED]

A [REDACTED]

P [REDACTED] F [REDACTED]

E [REDACTED]@wfmtg.com



Example of Diversion Attempts- 4

Sent: Wednesday, March 13, 2019 at 1:24 PM
From: "Buyer 1" <[REDACTED]@gmail.com>
To: "Loan Officer" <[REDACTED]@wfmtg.us>
Cc: "Buyer 2" <[REDACTED]@gmail.com>, Escrow Officer [REDACTED]@fnf.business
Subject: Re: Closing
Hi Loan Officer,

We can sign at 7am on Friday. Please send wiring instructions.

Buyer 1

From: "Loan Officer" <[REDACTED]@wfmtg.com>
Subject: Re: Closing
Date: March 13, 2019 at 12:50:03 PM PDT
To: Buyer 1 [REDACTED]@gmail.com, Buyer 2 [REDACTED]@gmail.com
Cc: [REDACTED]@fnf.business
Reply-To: "Loan Officer" <[REDACTED]@wfmtg.us>

Buyer 1,

Attached herein title wiring instructions. Kindly send me a confirmation email once wire has been sent.

let me know if anything else.

Thank You.

Loan Officer
AVP Sr Real Estate Loan Officer
NMLS# [REDACTED]

[REDACTED] NMLS [REDACTED]
A [REDACTED]
P [REDACTED] E [REDACTED]
E [REDACTED]@wfmtg.com



Rethinking Communications

- **Don't assume that all emails received are legitimate. Be careful about opening attachments and downloading files from emails, even if it appears to be from someone you know.**
- **Communicate with transaction participants whenever possible outside of email. Provide expectations on the transmission on wire instructions.**
- **Limit transmission of information to transaction participants who need the information.**



Risk Management

*Best defense is awareness and understanding of the
BEC scam*



IT Suggestions for Protection

- **Work with IT and cybersecurity professionals to ensure that e-mail accounts, online systems, and business practices are as secure and current as possible- PATCH and UPDATE old programs and systems.**
- **Use Multi Factor Authentication (MFA) for e-mail accounts.**
- **Proactively manage passwords: Use complex passwords that employ a combination or mixed case, numbers and symbols or passphrases AND change frequently.**
- **Employ phishing campaigns and other social engineering awareness programs**
- **Block access to personal email accounts from business computing systems**



Suggestions for Protection

- Avoid sending sensitive or confidential information via e-mail.
- Carefully scrutinize all e-mail requests for transfers of funds to determine if they are out of the ordinary.
- Use the “Forward” option rather than “Reply” and either type in the correct e-mail address or select it from your email address book to ensure the intended recipient’s correct e-mail is used.
- Regularly purge emails



Policies and Procedures

- **ALWAYS** verbally confirm requests of transfer of funds. Use previously known and trusted numbers, not the numbers provided in the e-mail request. See ALTA's Wire Preparation Checklist- www.alta.org – Search Wire Preparation Checklist
- Dual Verification for outgoing payments
- Establish other communications channels, such as a known, trusted telephone number to verify transactions.
- Develop passphrases and passwords with customers
- Standard Warning Notice



Email Warning Notice



Inquire before you wire!

WARNING! WIRE FRAUD ADVISORY

Wire fraud and email hacking/phishing attacks are on the rise!



- If you receive an email containing Wire Transfer Instructions, **DO NOT RESPOND TO THE EMAIL!**
- Call your escrow officer/closer immediately, using previously known phone number and **NOT** a number provided in the email, to verify the info prior to sending funds.
- Fidelity National Title Group **does not** alter its wiring instructions.
- If you receive new wiring instructions, please notify me immediately.



Wire Fraud Alerts



Inquire before you wire!

WIRE FRAUD ALERT

IMPORTANT! YOUR FUNDS MAY BE AT RISK

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

Realtors®, Real Estate Brokers, Closing Attorneys, Buyers and Sellers are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification.

A fraudster will hack into a participant's email account to obtain information about upcoming real estate transactions. After monitoring the account to determine the likely timing of a closing, the fraudster will send an email to the Buyer purporting to be the escrow agent or another party to the transaction. The fraudulent email will contain new wiring instructions or routing information, and will request that the Buyer send funds to a fraudulent account.

Please be advised that the wire instructions listed below are the only wire instructions we will send you. This is the only form that should be used to wire funds to us in this transaction. If you receive another email or unsolicited call purporting to alter these instructions, please immediately call us at: (800) 555-1234.

BANK NAME: _____

ADDRESS: _____

ABA NO.: _____

ACCOUNT HOLDER: _____

ACCOUNT NO.: _____

REFERENCE: _____

*****Closing funds in the form of ACH Electronic Transfers will NOT be accepted.*****

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.



NEVER RELY on emails or other communications purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.



DO NOT FORWARD wire instructions to other parties without first verbally verifying the instructions from the sending party.



ALWAYS VERIFY WIRE INSTRUCTIONS, specifically the ABA routing number and account number, by calling the party who is receiving the funds. **DO NOT RELY** on other parties calling you.

Obtain the number of your Realtor®, Real Estate Broker and your escrow officer as soon as an escrow account is opened.

DO NOT use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **DO NOT** send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation: <http://www.fbi.gov>

Internet Crime Complaint Center: <http://www.ic3.gov>

ACKNOWLEDGEMENT OF RECEIPT

Your signature below acknowledges receipt of this Wire Fraud Alert.

Buyer 1

Signature _____

Printed Name _____

Address _____

Date _____

Phone Number _____

Buyer 2

Signature _____

Printed Name _____

Address _____

Date _____

Phone Number _____

Wire Fraud Alert
Original Effective Date: 7/5/2017
Current Version Date: 3/01/2018
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Page 1 of 1



IMPORTANT WIRE FRAUD ALERT FOR HOME BUYERS



Realtors®, real estate brokers, closing attorneys, buyers and sellers are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email.

A fraudster will hack into a participant's email account to obtain information about upcoming real estate transactions. After monitoring the account to determine the likely timing of a closing, the fraudster will send an email to the buyer purporting to be the escrow agent or another party to the transaction. The fraudulent email will contain new wiring instructions or routing information, and will request that the buyer send funds to a fraudulent account.

We are urging everyone to **INQUIRE BEFORE YOU WIRE** and to never rely solely on email communication. Always follow these two simple steps:

INQUIRE BEFORE YOU WIRE.

When in doubt, always call our office or your escrow officer.

For the best in service, remember to always insist on



STEP 1



Obtain the phone number of your Real Estate Broker, Realtor®, Closing Attorney (if applicable) and your Escrow Officer as soon as an escrow is opened. Complete the information below and keep this flyer in your escrow folder. If you are reading this at one of our lobbies and you don't have a copy of this flyer, simply ask the receptionist for a copy.

STEP 2



Prior to wiring, call the phone number you wrote down from step #1 above to speak directly with your Escrow Officer to confirm wire instructions. If you receive a change in wiring instructions supposedly from us or your Escrow Officer, be suspicious as we rarely change our wiring instructions.

ESCROW NUMBER

BROKER'S NAME/PHONE

REALTOR'S NAME/PHONE

ESCROW COMPANY

ESCROW OFFICER'S NAME/PHONE

- **Social Media sites**
- **Company Websites**
- **Out of office details**



If a Breach or Wire Fraud Incident Occurs:


- ALTA Rapid Response Plan for Wire Fraud Incidents
- IC3 Complaints and FTC.gov
- Cyber Security Protocol
- Insurance
 - Ask about coverage provided
 - Understand loss restrictions

Remember the  WIRE SAFE™ motto:
Inquire before you wire!



CONNECT *with our sponsors on your break.*
Don't forget to PLAY-SCAN-WIN!

NAVIGATING
THE **FUTURE**

An abstract graphic on the left side of the slide, consisting of a blue wireframe mesh that forms the shape of a hand reaching out. The mesh is composed of numerous small triangles and lines, with some points highlighted in bright blue. The background is a dark purple gradient with some faint, scattered light blue dots.

From Captaining the Ship to Swabbing the Decks, Every Job is a Sales Job

*Cindy McGovern, CEO, First Lady of Sales
Orange Leaf Consulting*

NAVIGATING
THE **FUTURE**

Cindy McGovern, CEO, First Lady of Sales
Orange Leaf Consulting



Known far and wide as “Dr. Cindy,” the First Lady of Sales, Dr. Cindy McGovern is an expert in the areas of sales, interpersonal communication, leadership, and management. She has earned her reputation by helping literally hundreds of companies to grow their business.

She is the author of the Wall Street Journal Best Seller, *Every Job is a Sales Job: How to Use the Art of Selling to Win at Work*, and as a popular and inspiring speaker, Dr. Cindy has presented at national and international conferences on a wide variety of sales, leadership and motivational topics. As the CEO of Orange Leaf Consulting, she has coached and guided companies and individuals to achieve professional success and sustainable revenue growth.

With a Doctorate Degree in Organizational Communication, she can quickly figure out what an organization or individual needs to be more successful, and her current knowledge of many industries keeps her abreast of best practices and the quickest route to success and growth.

Many true stories from her professional and personal lives serve as instructive examples of the principles and techniques she discusses throughout her book. Dr. Cindy’s highly successful career has created a strong foundation from which she now shares the fundamental elements of the art of selling.

Dr. Cindy knows that the key to real and lasting change is changing behavior to create great habits. It is all about sustainable sales activities and results. For those who are ready to do the work, she is ready to create the path. As she puts it: “Grow Big or Go Home!”

For more information, please visit:

- www.drcindy.com
- www.orangeleafconsulting.com
- Twitter @1stladyofsales
- Instagram, @1stladyofsales
- Facebook, DrCindyMcGovern
- LinkedIn, CynthiaMcGovernOrangeLeaf

NAVIGATING
THE FUTURE



ORANGE *leaf* CONSULTING

From Captaining the Ship to Swabbing the Decks...

EVERY JOB IS A SALES JOB

Dr. Cindy McGovern

First Lady of Sales

Author of Wall Street Journal Best Seller *Every Job is a Sales Job*

@1stLadyofSales





Everybody Sells!

ORANGE *leaf* CONSULTING.com



PLAN



LOOK



LISTEN



ASK



FOLLOW UP

- **PLAN** for sales
- **LOOK** for opportunities
- **ESTABLISH TRUST/LISTEN** to prospects
- **ASK** for the business
- **FOLLOW UP** with gratitude

The Five Steps of Sales



PLAN for sales success

- ***Be specific—this is your map!***
- ***S.W.O.T. analysis***
- ***Share your plan***

PLAN



LOOK to the horizon!

- ***Sales opportunities are everywhere!***
- ***Know the Moments That Matter***
- **What more can you do?**

LOOK



LISTEN/ESTABLISH TRUST

- *Help people get what they want*
- *ABC....*
- *Be authentic—don't go overboard!*

LISTEN/ESTABLISH TRUST



ASK for the business

- ***If you don't ask, you'll never get!***
- ***When to ask***
- ***How to ask-make it about them***

ASK



And now...the 6 “Arrrrrs”!

- **RETAIN**
- **RENEW**
- **REFER**
- **REVIVE**
- **RECRUIT**
- **REAL CUSTOMER**



Proven Growth Strategies

@1stLadyofSales

ORANGE leafCONSULTING.com



FOLLOW UP with gratitude

- ***Regardless of the answer-be thankful***
- ***Proactive thank yous!***
- ***The business value of “Thank You”***

FOLLOW UP



THANK YOU!

Grow Big or Go Home!

cmcgovern@orangeleafconsulting.com

415.659.7939

Follow Dr. Cindy and OLC

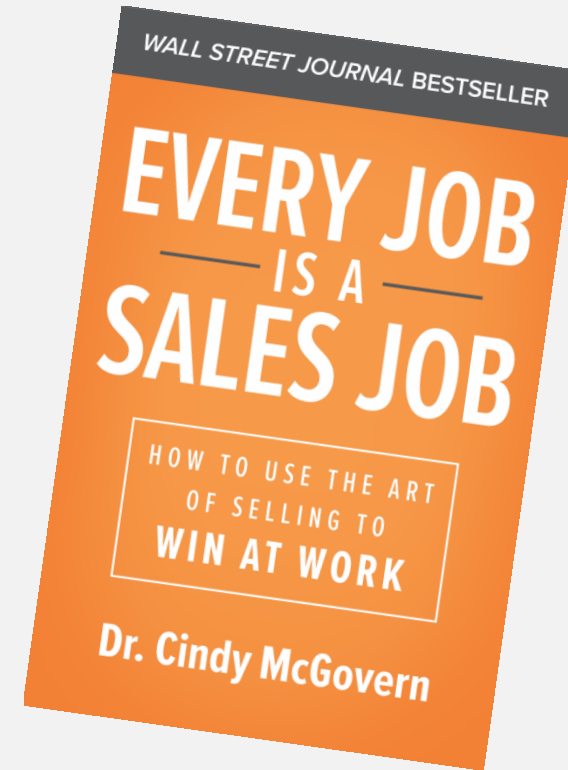


@1stLadyofSales

| @OrangeLeafCo

Please give us a great review on Facebook and Google!

*ORANGE leaf*CONSULTING.com



Navigating Claims and Underwriting

David Gordon, Georgia Underwriting Counsel

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



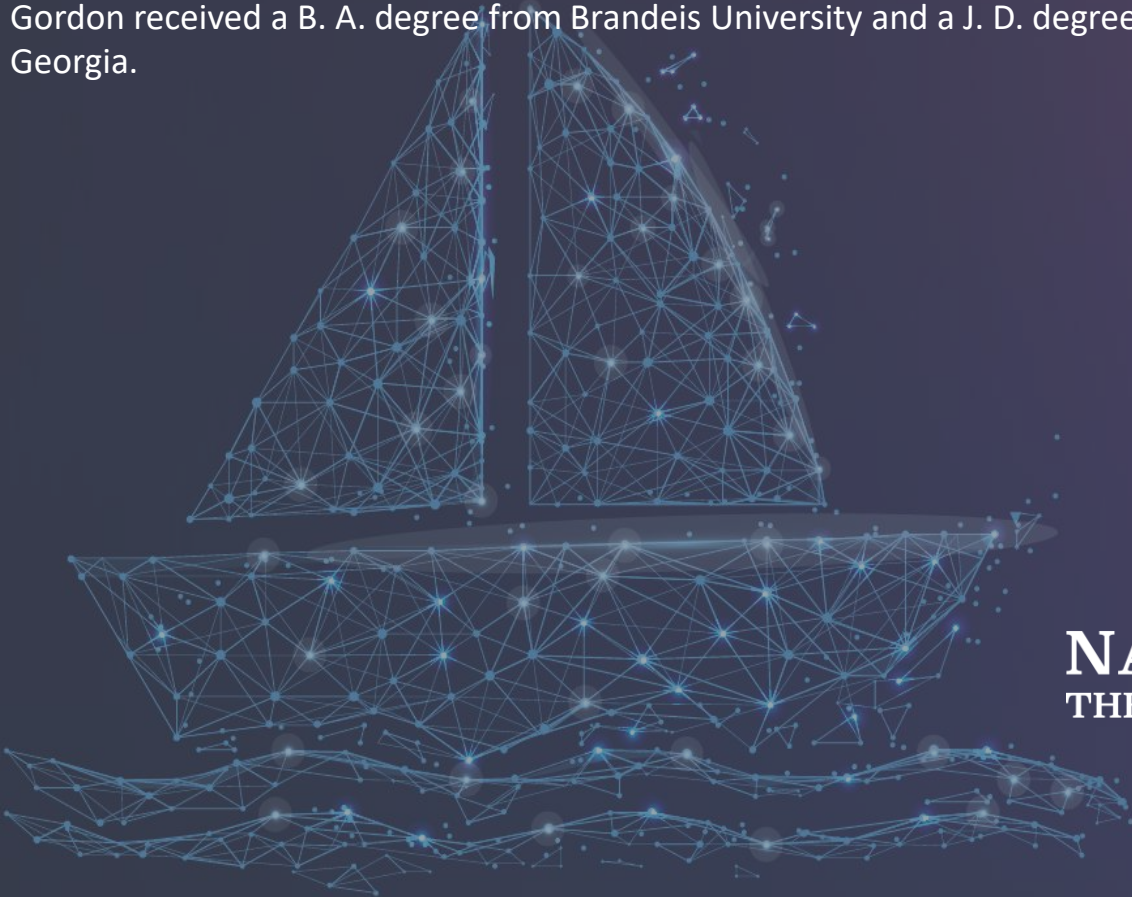
NAVIGATING
THE **FUTURE**

BIO

David Gordon, Georgia Underwriting Counsel Chicago Title Insurance Company and Commonwealth Land Title Insurance Company



David L. Gordon is Vice President and Underwriting Counsel for Chicago Title Insurance Company and Commonwealth Land Title Insurance Company – Georgia Agency. Mr. Gordon has been a frequent speaker on the subject of title insurance to realtor's associations, mortgage and lending associations and other professional groups. Also, he is a speaker at continuing legal education seminars and has been a guest lecturer at Georgia State University School of Law. Mr. Gordon received a B. A. degree from Brandeis University and a J. D. degree from the University of Georgia School of Law. He is a member of the State Bar of Georgia.



NAVIGATING
THE FUTURE



TRUSTEES

- Title vests in the trustee rather than the trust
- Trustee's powers are contained wholly within the trust agreement
- Effect of a certificate of trust
- What must we place of record?
- Effect of new statute (53-12-25)

CONSERVATORS & GUARDIANS

- Conservators deal with a ward's property interests
- Guardians deal with ward's health and safety
- Conservators have no inherent power of sale
 - 29-3-35 deals with sales by conservators for minors
 - 29-5-35 deals with sales by conservators for adults
- Guardians Ad Litem



ATTORNEYS IN FACT

- Many instances of fraud
- Requirements
 - Specific to property and transaction
 - Age
 - Execution
 - Principal is alive
 - Is there a trigger
- Other factors
 - Proceeds
 - Who stands to benefit/be harmed by use of the power of attorney
 - Familiarity with the parties
- New statute (10-6B-1 *et. seq.*)





EXECUTORS

- Require solemn form probate vs. common form
- Deed under power of sale vs. deed of assent
- Executor's power of sale
 - Granted by the terms of the will
 - Granted by court order
- Specific devise of the property in the will





ADMINISTRATORS

- No inherent power of sale unless granted by court
- They can also convey property to the heirs
- May request deeds from heirs even with a power of sale

GENERAL CONSIDERATIONS

- Self dealing concerns
- Proper style of grantee/grantor clauses
- Termination of fiduciary authority
- Fiduciary executing a power of attorney



Navigating Claims and Underwriting

Jeff Hrdlicka, Regional Underwriting Counsel

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



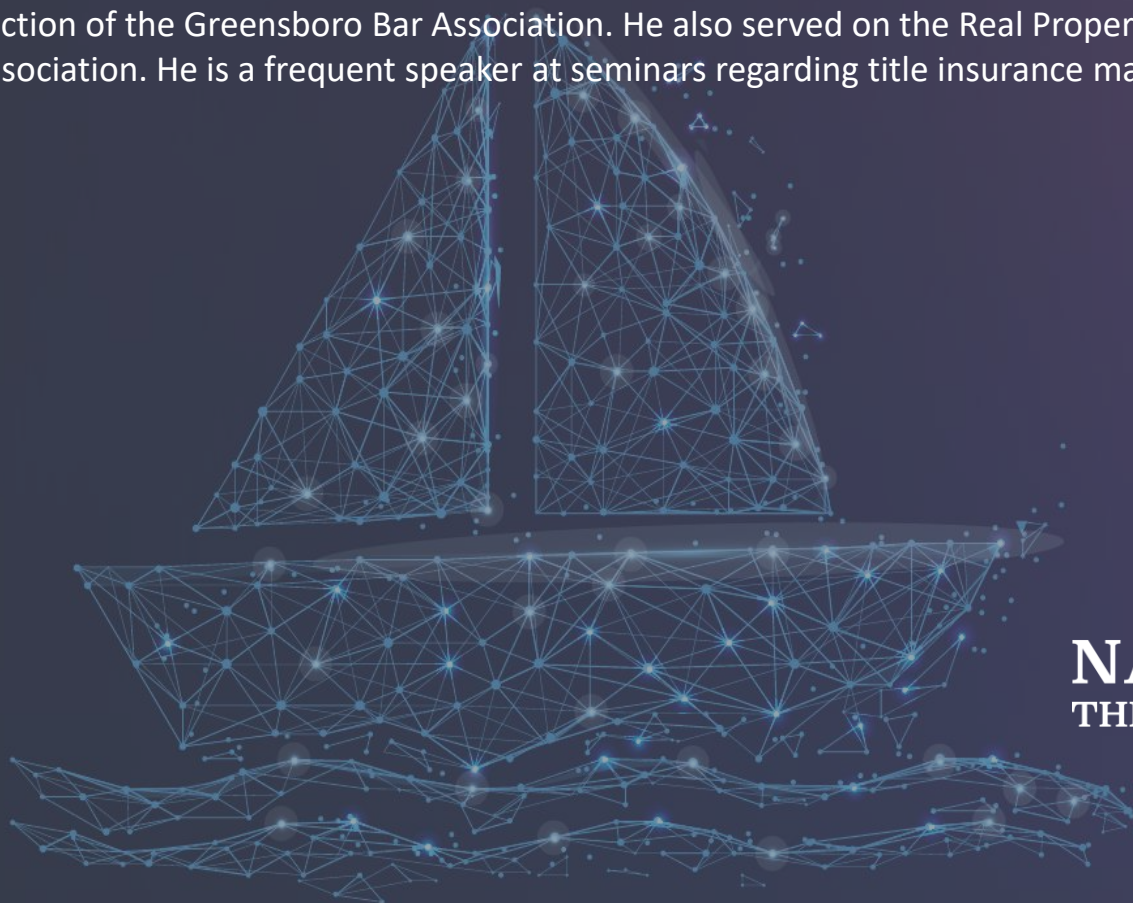
NAVIGATING
THE **FUTURE**

BIO

*Jeff Hrdlicka, Regional Underwriting Counsel
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



Jeffery I. Hrdlicka is Vice President and Regional Counsel for Fidelity brands in Georgia, North Carolina, South Carolina and Tennessee. He received his undergraduate degree in 1988 and his JD in 1991 from Wake Forest University, Winston-Salem, North Carolina. His experience includes private practice with a concentration in real property and construction related civil litigation. He is a past president of the North Carolina Land Title Association and the Real Property Section of the Greensboro Bar Association. He also served on the Real Property Section Council and Real Property Curriculum Committee of the North Carolina Bar Association. He is a frequent speaker at seminars regarding title insurance matters.



NAVIGATING
THE **FUTURE**

Alliance Mortgage Company v. Rothwell

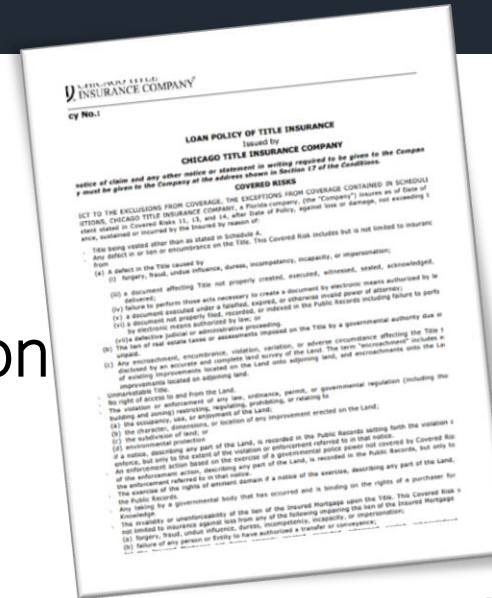
1. Case - fraud scheme involving loans on properties in San Francisco
2. Ticor issued endorsement which stated:

“The Company assures the insured that at the date of this policy there is located on said land 4-unit Residence known as 447 Haight Street, # 1, 2, 3, 4, San Francisco, California 94117. The Company hereby insures the insured against loss which said insured shall sustain in the event that the assurance herein shall prove to be incorrect.”
3. Properties were 1 unit dwellings



Alliance Mortgage Company v. Rothwell

- Alliance alleged negligent misrepresentation by Ticor
- Indemnity v. Guarantee
 - Title policies are indemnities against loss not representations of condition of property
 - Court initially held otherwise – endorsement amounted to a guarantee instead of promise to indemnify
- Difference between indemnifying for loss instead of assuring a condition exists



Information Needed

- Affidavit – from person with knowledge
- Survey
- Release/Consent
- Indemnity



ALTA 34-06 – Identified Risk

- As used in this endorsement “Identified Risk” means: *[insert description of the title defect, restriction encumbrance or other matter]* described in Exception ___ of Schedule B
- Describe specific matter in first insert – Sale of videos
- Exception would be for Covenants, Conditions and Restrictions

ALTA 28 Series – Easements and Encroachments

1. 28-06 – Damage or Enforced removal by exercise of right of use or maintenance of specific easement
2. 28.1-06 Encroachments – Covers improvements encroaching over boundaries (ALTA 9) and adds encroachment of improvements onto easements (exceptions can be made)
3. 28.2-06 – same as 28.1, but improvements are specifically described, so parties can negotiate which ones get coverage
4. 28.3-06 – Land Under Development variation of the 28.1

Navigating Claims and Underwriting

*Hilary Fentress, Georgia State Underwriting Counsel
Rhee McCallum, Georgia Associate Underwriter*

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



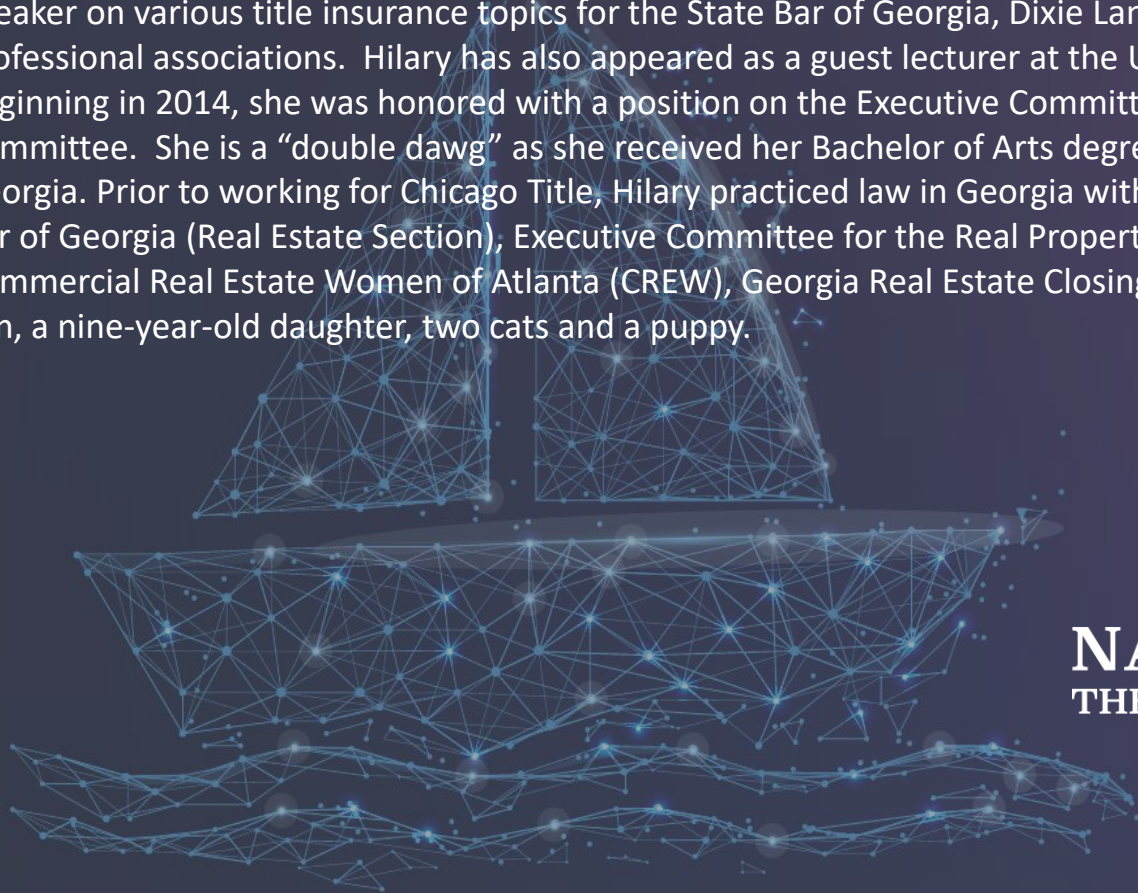
NAVIGATING
THE **FUTURE**

BIO

Hilary Fentress, Georgia State Underwriting Counsel Chicago Title Insurance Company and Commonwealth Land Title Insurance Company



Hilary Fentress currently serves Chicago Title Insurance Company and Commonwealth Land Title Insurance Company – Georgia Agency as Vice President and State Underwriting Counsel. She joined the staff of Chicago Title Insurance Company, Atlanta Office, as an underwriter in January of 2005. Along with commercial and residential underwriting, Hilary provides training for attorney agents and agents on the basics of title insurance and other title related topics. Hilary has been a speaker on various title insurance topics for the State Bar of Georgia, Dixie Land Title Insurance Association, National Business Institute, and other CLE and professional associations. Hilary has also appeared as a guest lecturer at the University Of Georgia School Of Law and the Georgia Tech College of Business. Beginning in 2014, she was honored with a position on the Executive Committee of the State Bar RPLS section and is currently Chair of the Title Standards Committee. She is a “double dawg” as she received her Bachelor of Arts degree in 1993 and her Juris Doctorate degree cum laude in 1998 from the University of Georgia. Prior to working for Chicago Title, Hilary practiced law in Georgia with an emphasis on title issues, residential real estate and foreclosures. Member: State Bar of Georgia (Real Estate Section), Executive Committee for the Real Property Law Section of the State Bar, Chair of the Title Standards Committee for the RPLS, Commercial Real Estate Women of Atlanta (CREW), Georgia Real Estate Closing Attorneys Association (GRECAA, Inc.). Hilary is the mother of an eleven-year-old son, a nine-year-old daughter, two cats and a puppy.



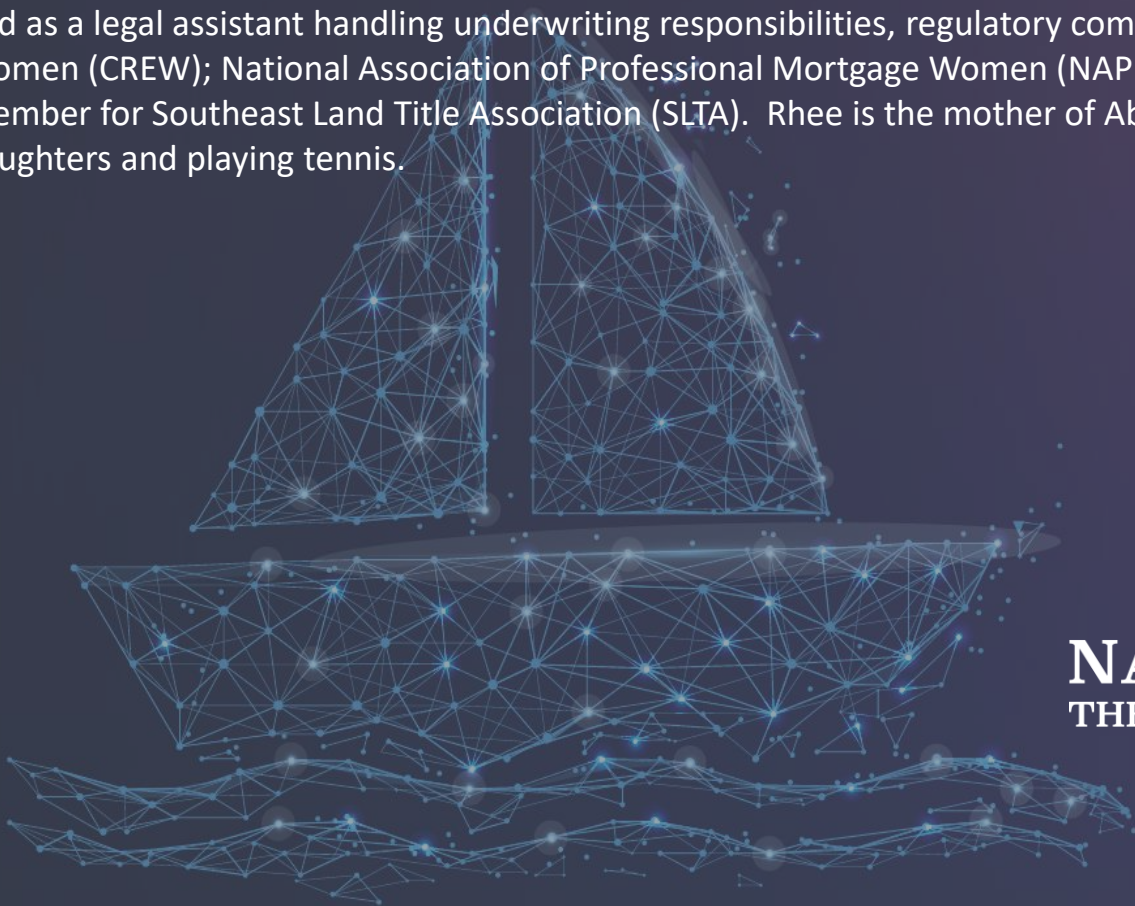
NAVIGATING
THE FUTURE

BIO

Rhee McCallum, Georgia Associate Underwriter Chicago Title Insurance Company and Commonwealth Land Title Insurance Company



Rhee currently serves Chicago Title Insurance Company and Commonwealth Land Title Insurance Company as Associate Underwriter. She joined the company in October, 2016. Rhee brings with her 20 years of experience in the real estate industry, 6 of them as a commercial and residential closing paralegal and the remaining in the title insurance industry. While on the title insurance side of our industry, she served as a claims administrator managing and resolving title claims and as a legal assistant handling underwriting responsibilities, regulatory compliance, agency support, and agent training. Member: Commercial Real Estate Women (CREW); National Association of Professional Mortgage Women (NAPMW); Georgia Education Committee Chair and Georgia Legislative Update Committee Member for Southeast Land Title Association (SLTA). Rhee is the mother of Abigail (12) and Katelyn (9). She enjoys camping and hiking with her husband and daughters and playing tennis.



NAVIGATING
THE FUTURE



Top 10 Claims

(Georgia 2017-2019)

By Volume:

1. Search/Exam Error
2. Settlement Procedures
3. Post-Closing/Recording
4. Survey Issues
5. Missing Interests
6. Underwritten Risk
7. Access/Easement
8. Local Law Issues
9. Fraud/Forgery
10. Enhanced/Expanded Policy

By Loss:

1. Search/Exam Error
2. Survey Issues
3. Settlement Procedures
4. Missing Interests
5. Access/Easement
6. Fraud/Forgery
7. Underwritten Risk
8. Post-Closing/Recording
9. Local Law Issues
10. Enhanced/Expanded Policy



Form 19-8

WARRANTY DEED

STATE OF Georgia COUNTY OF

THIS INDENTURE, Made the 28th day of November , in the year
 one thousand nine hundred eighty three , between

LEWEL

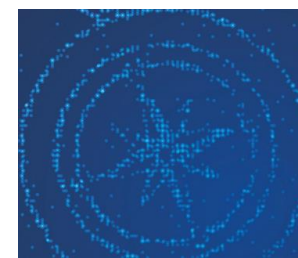
of the County of , and State of Georgia, as party or parties of the
 first part, hereinafter called Grantor, and

ROSA

as party or parties of the second part, hereinafter called Grantee (the words "Grantor" and
 "Grantee" to include their respective heirs, successors and assigns where the context requires or
 permits).

WITNESSETH that: Grantor, for and in consideration of the sum of ONE DOLLAR AND
 LOVE AND AFFECTION***** (\$1.00) DOLLARS
 in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby
 acknowledged, has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents
 does grant, bargain, sell, alien, convey and confirm unto the said Grantee, a one half undivided
 interest in All that tract or
 parcel of land lying and being in Land Lot 108 of the 15th District of DeKalb
 County, Georgia, being Lot 5, Block A, Young Acres Subdivision, Unit No. 1, as
 per plat recorded in Plat Book 23, page 81, DeKalb County Records, to which
 plat reference is hereby made for a more detailed description.

- 1983 deed from husband to wife
- 2016 deed from wife to LLC
- 2017 deed from LLC to insured



CHICAGO TITLE
INSURANCE COMPANY

Commonwealth
LAND TITLE INSURANCE COMPANY

NAVIGATING
THE FUTURE

Form 19-8

WARRANTY DEED

STATE OF Georgia

COUNTY OF

THIS INDENTURE, Made the 28th day of November, in the year
 one thousand nine hundred eighty three, between

LEWEL

of the County of, and State of Georgia, as party or parties of the
 first part, hereinafter called Grantor, and

ROSA

as party or parties of the second part, hereinafter called Grantee (the words "Grantor" and
 "Grantee" to include their respective heirs, successors and assigns where the context requires or
 permits).

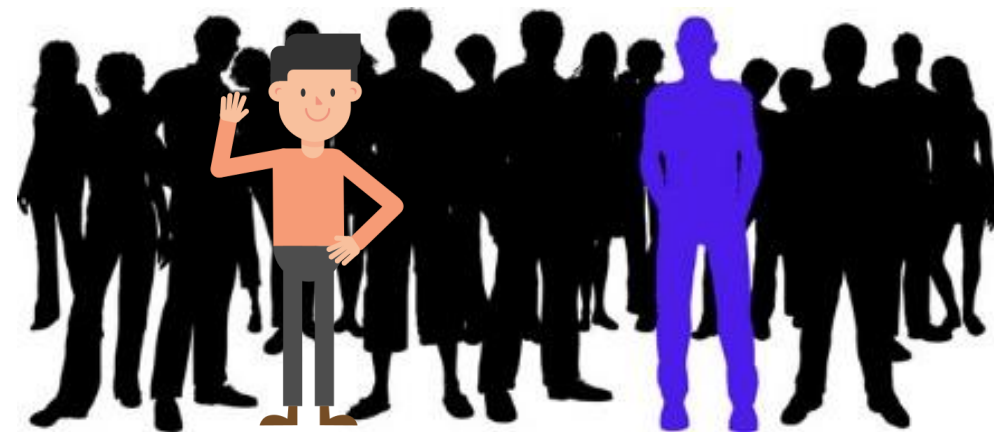
WITNESSETH that: Grantor, for and in consideration of the sum of ONE DOLLAR AND
 LOVE AND AFFECTION***** (\$1.00) DOLLARS
 in hand paid at and before the sealing and delivery of these presents, the receipt whereof is hereby
 acknowledged, has granted, bargained, sold, aliened, conveyed and confirmed, and by these presents
 does grant, bargain, sell, alien, convey and confirm unto the said Grantee, a one half undivided
 interest in All that tract or
 parcel of land lying and being in Land Lot 108 of the 15th District of DeKalb
 County, Georgia, being Lot 5, Block A, Young Acres Subdivision, Unit No. 1, as
 per plat recorded in Plat Book 23, page 81, DeKalb County Records, to which
 plat reference is hereby made for a more detailed description.

"a one half undivided interest in..."

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INSURANCE COMPANYCommonwealth
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- Husband died intestate in 2013
- Heirs
 - 4 children identified by wife
 - 1 indigent
 - 2 predeceased
 - 8 grandchildren
 - 1 child identified in obituary
- Quiet title
 - Special Master appointed
- Loss of \$20,000 in fees to-date



Claims Avoidance Tips

- ✓ Order title with a legal description not just a property address
- ✓ Review title report for problems as soon as it comes in
 - Review deeds for partial interests
 - Review deeds for execution issues
 - attestation
 - entity authority
- ✓ Send your new attorneys to the record room for at least a week with a title examiner



well-known, well-respected
businessman picked up
release from local bank



signature sheet from valid
release slip-sheeted in
fraudulent release

- Businessman had been closing at prominent law firms for years and was trusted
- Law firm accepted fraudulent release and did not verify with Bank
- Property sold to insureds without payment to Bank
- Bank filed suit against insureds and the insured lender seeking to set aside the title
- Loss of \$87,000 in fees to-date, plus \$135,000 in reserves

TRUST
ME



Claims Avoidance Tips

- ✓ Follow Title Company document execution guidelines
- ✓ Follow lender instructions to avoid Closing Protection Letter claims
- ✓ Stop the closing if you are notified of a pending divorce or bankruptcy
- ✓ Tell sellers and buyers in advance that they must have Current Government ID with Picture and Signature!
 - Actually review the I.D. given at closing and compare names and signatures – look for signs of fake I.D.
 - Consider using LicenseMatch (at Georgia.gov)
 - The Matricula Consular card is not a valid I.D.

Claims Avoidance Tips

- ✓ Check documents for errors before closing
 - Is borrower's name spelled correctly on the SD
- ✓ Ask the Buyer and Seller to verify their name and address on the Closing Disclosures at the beginning of the closing
- ✓ Never accept a document brought to you by a seller (or realtor) without verifying its authenticity
- ✓ Verify entity authority even for repeat business

Don't do "Favors" for "Good" clients

- ❖ If they are really good clients they won't be asking you to do anything that could jeopardize your license to practice or your agency with your title company



Navigating Claims and Underwriting

Michael Powers, Georgia Underwriting Counsel

*Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



NAVIGATING
THE **FUTURE**

BIO

*Michael Powers, Georgia Underwriting Counsel
Chicago Title Insurance Company and
Commonwealth Land Title Insurance Company*



Michael A. Powers is Assistant Vice President and Underwriting Counsel for Chicago Title Insurance Company and Commonwealth Land Title Insurance Company – Georgia Agency. He is a member of the State Bar of Missouri. Mr. Powers received a Bachelor's of Science in Finance from Southern Utah University and a juris doctorate from Seattle University School of Law. Prior to coming to Georgia, Mr. Powers worked in Phoenix, Arizona handling national commercial escrow closings.



NAVIGATING
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Entity Authority Review:

What it Means to You

Why is it important?

Sellers

- Confirm they have authority to convey title

Buyers

- Loan transactions
 - Confirm they have the authority to execute the Security Deed
- Cash closings
 - Misappropriation of funds/self-dealing
 - Seller may use the existence of an owner's policy as evidence of corporate authority



What do we need to get?

- Corporation
 - Proof of good standing from the state where the corporation is organized (“domicile state”);
 - Articles of Incorporation, and any amendments thereto;
 - Corporate bylaws, and any amendments thereto; and
 - Resolution approving the transaction.
- Limited Liability Company (“LLC”)
 - Proof of good standing from the LLC’s domicile state;
 - Articles of Organization, and any amendments thereto;
 - Operating Agreement, and any amendments thereto; and
 - Resolution approving the transaction.

inc



Foreign Entities



- Foreign corporations are not required to obtain a certificate of authority. See O.C.G.A. Section 14-2-1502(d)
- Likewise, foreign limited liability companies are not required to obtain a certificate of authority. See O.C.G.A. Section 14-11-711(b)

Alien Corporations

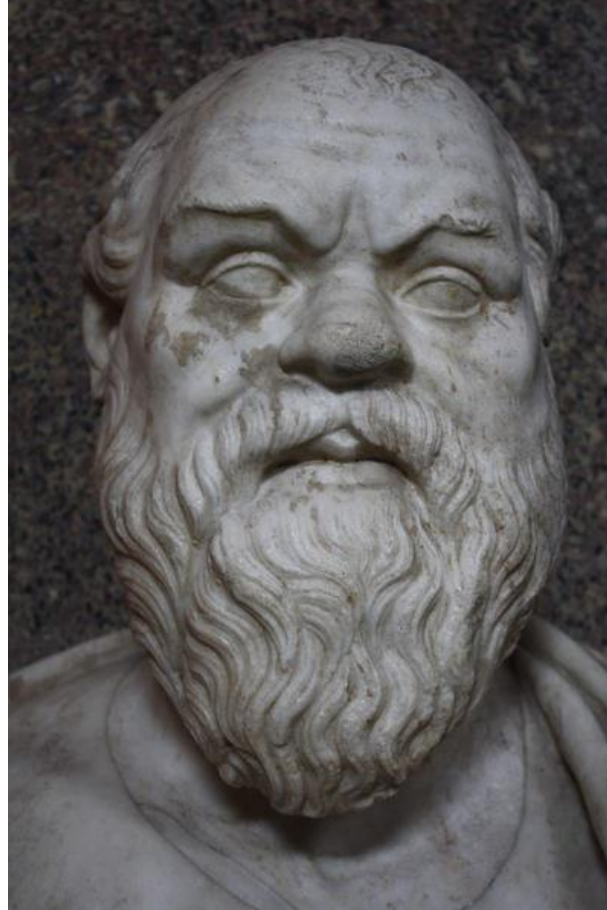


- Must maintain a registered office and a registered agent. See O.C.G.A. Section 16-14-15(h)

What about cash deals?

Cash Rules Everything Around Me. C.R.E.A.M.
Get the money
Dollar, dollar bill y'all

- Socrates



References

- Georgia Underwriting Bulletin No. 2012-06
- Georgia Underwriting Bulletin No. 2015-14
- These bulletins will be available in the materials to be emailed out and are currently available on our website: cticga.com



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 Like  Forward



Georgia Underwriting Bulletin

No. 2012-06

To: All Georgia Agents and Approved Attorneys

Re: Entity Authority Review

Date: July 23, 2012

Our family of Companies has suffered a number of claims that included a total loss of title due to a lack of authority in the person executing the documents. As with many of the claims we are presently experiencing, these may have been avoidable if the proper underwriting procedures were followed.

The below information is a reminder check list when dealing with artificial entities in transactions insured through our Companies. Please distribute this to all of your closing offices to help assure that these requirements are met.

Please do not hesitate to contact your local underwriter with any questions that you may have.

In General:

Good Standing:

For any entity you must verify that it is in "good standing" in the state in which it was created, and you must look at the filings. If there has been a recent change in the filings that adds or deletes parties with authority, you must independently verify the current parties with authority. Often the attorney representing the entity can verify the recent changes.

Capacity:

All signatures on instruments that we are relying on (including indemnities), and the notary or acknowledgement blocks need to properly reflect the authority or capacity of the signer, e.g., the signature block should be: "The ABC Corporation by John Smith, Vice President"

Self Dealing:

Every transaction should be examined to determine that there is no conveyancing or mortgaging of Land by or to an officer of a corporation, partner of a partnership, member of an LLC or parties to the trust (if the land is owned in the name of a trust).

Foreign Executions:

When Directors or other entity officials are not located in the United States, all signatures on any documentation, including corporate resolutions are to be acknowledged pursuant to our foreign notarial guidelines, including compliance with the terms of the Hague Convention, if applicable.

Corporations:

If the corporation is selling LESS than all or substantially all of its assets, you must get a resolution of the corporation approving this transaction.

When relying on resolutions (for transactions not involving substantially all assets), you must:

- have a certified copy of the resolutions (certified by the secretary or other officer with the authority under the bylaws and containing the corporate seal, if necessary);
- confirm that the details of the transaction are spelled out (e.g., sales price or mortgage amount, relevant terms, etc.) within the resolution, or there is a satisfactory generic resolution to authorize the transaction; and
- determine who has been authorized to sign on behalf of the corporation.

Execution by proper officers: The statute, the articles, and resolutions, should all be reviewed to determine the identity and propriety of the designated signatory. The signatory should describe their status (e.g., vice-president or secretary) according to the appropriate authorization.

Corporate seal: Conveyances, mortgages, leases and even resolutions (see above) should be "under corporate seal".

Partnerships:

Partnership property should be conveyed or mortgaged in the same style or manner in which title was acquired. However, the signatures which may be required will be controlled by the terms of the partnership agreement. In addition, the following issues must be considered and addressed.

Under the Uniform Partnership Act, when less than all of the existing partners execute a conveyance of partnership property, you must determine the authority of the partner or partners to act on behalf of the partnership. Specific authority from the other partners must be secured or all partners must join in the execution of the instrument

Limited Partnerships:

The general partners of a limited partnership are agents of the partnership for purpose of carrying on the ordinary or usual business of the partnership. An act of a partner which is not apparently for the carrying on of the business of the partnership in the usual way does not bind the partnership unless authorized by all the other partners, including all the limited partners.

Our office must approve any transaction not in the ordinary course of business or not specifically allowed under the limited partnership agreement, including, but not limited to the following situations:

- Execution by a general partner of a deed in lieu of foreclosure without the consent of all partners, including all limited partners;

- Execution of a mortgage involving cross-collateralization with different borrowers (even with some commonality among borrowers) without consent;
- Execution of a mortgage where the proceeds of the loan are going to an entity other than the mortgagor partnership;
- Transactions where the partnership or its property is rolled up, merged, contributed, or converted to or into another entity.
- Any recent amendment to the limited partnership agreement adding or deleting parties to the partnership must be treated like an amendment to the Articles of Incorporation as discussed above.

Limited Liability Companies (LLC):

The managing member of an LLC is an agent of the LLC for purpose of carrying on the ordinary or usual business of the LLC. An act of a managing member which is not apparently for the carrying on of the business of the LLC in the usual way does not bind the LLC unless authorized by all the members.

Our office must approve any transaction not in the ordinary course of business or not specifically allowed under the LLC operating agreement, including, but not limited to the following situations:

- Execution by a managing member of a deed in lieu of foreclosure without the consent of all members, including all non-managing members;
- Execution of a mortgage involving cross-collateralization with different borrowers (even with some commonality among borrowers) without consent;
- Execution of a mortgage where the proceeds of the loan are going to an entity other than the mortgagor LLC;
- Transactions where the LLC or its property is rolled up, merged, contributed, or converted to or into another entity.
- Any recent amendment to the LLC agreement adding or deleting members or managing members must be treated like an amendment to the Articles of Incorporation as discussed above.

RED FLAGS

If any of the following RED FLAGS appear as part of your transaction, you must seek approval of the Company through your underwriter.

- **A recent change in the state filings of the entity that adds or deletes parties with authority or a change in the corporate documents, trust instrument, partnership agreement or LLC agreement that attempts to do the same.**
- **Any transaction that involves conveyancing or mortgaging of land by or to an officer of a corporation, partner of a partnership, member of an LLC or parties to a trust must be approved by the Company through your underwriter.**

- **Foreign Executions - When directors or other entity officials are not located in the United States or the corporate documents reveal the owners are not located in the United States.**
- **Any recent amendment to the partnership agreement adding or deleting parties to the partnership.**
- **Any recent amendment to the LLC agreement adding or deleting members or managing members.**
- **Any recent amendment to the Trust agreement adding or deleting trustees or beneficiaries.**
- **Any variation in name, no matter how minor, in chain of title or the documentation submitted to support the chain of title.**
- **Any recent conveyance without corresponding financing.**

Please share this information with your staff as appropriate. If you have any questions, please contact [our office](#) or your [agency account representative](#).

This alert is confidential and intended only for agents of Chicago Title Insurance Company and Commonwealth Land Title Insurance Company. Further distribution is expressly prohibited. Bulletins are sent to advise our agents of the Company's underwriting policies. They should not be construed as slanderous or defamatory material against any of the parties named.

CHICAGO TITLE INSURANCE COMPANY
COMMONWEALTH LAND TITLE INSURANCE COMPANY

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Georgia Underwriting Bulletin

No. 2015-14

To: All Georgia Agents & Approved Attorneys

Re: Requirements for Entity Purchasers on Cash Sales

Date: June 8, 2015

Historically, in some areas of the country, we may not have been verifying legal existence for such entities as a corporation, partnership, limited liability company or trust, where those entities are buyers in cash sales and we are issuing an Owners Policy (OP). The rationale has been that any deficiency in the insured entity's existence was excluded under the policy provisions.

However, that position is no longer prudent in the face of the types of claims we are currently experiencing. Also, in recent times, it has become much easier to access the types of entity-creation records on-line, usually at the Secretary of State or other governmental office. Therefore, any operation or agency that is not currently verifying the existence of the entity we are insuring under an OP needs to change the search and examination process to comply with the process described below:

If the entity is only buying for cash, and we are only issuing an OP insuring it, the minimum that must be done is to review the documents necessary to verify that the entity was legally created. You must review all filed or recorded organizational documents, such as articles of incorporation or LLC filings. If the buyer is an entity not subject to statutory filings, you must require off record creation instruments, such as trust or partnership agreements, for the purpose of examining them. The goals are to determine if the Insured is an entity legally qualified to hold title to real property, and to verify that the name on the conveyance is correct for both taking title and running required searches.

The commitment or report should contain a requirement for evidence of proof of existence for the buyer, similar to that which we require for a seller. If you cannot verify the existence, either because there is no documentation available in the records or the buyer refuses to submit off-record documentation, the following exception must be raised:

“Possible deficiencies in the creation, organization or authority of the Insured or its agent to acquire or hold the Title.”

Obviously, if the buyer is also entering into some other type contract (mortgage or lease, for example) we need to do a thorough examination of the documentation needed to ascertain the existence and authority of the entity to enter into that relationship.

Please contact one of our underwriters if you have any questions.

The information contained in this confidential memorandum is intended solely for the use of employees Chicago Title and Commonwealth Land Title, its affiliates and agents. Disclosures to any party not described above are prohibited unless approved by the Company's Legal Department.

CHICAGO TITLE INSURANCE COMPANY
COMMONWEALTH LAND TITLE INSURANCE COMPANY

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www.georgia.fntg.com. To access bulletins online, log-in or register,
and choose Georgia Agency Underwriting Center Underwriting
Bulletins

CORPORATIONS: Authority Checklist

Please check the statements below to confirm that you have complied with these requirements. If you cannot comply with these requirements, you must have approval from the appropriate supervisory underwriter to proceed.

Good Standing

The entity is in "good standing" in the state in which it was created.

You have reviewed all of the entity's filings.

If there has been a recent change in the filings that adds or deletes parties with authority, you must:

Independently verify that the current parties have authority (see 2011-RC-12 for some suggested ways to verify signatures that can also be used to verify parties);

OR

Have the counsel that represents the entity verify the recent changes.

Capacity Format

All signatures on instruments and in the notary or acknowledgement blocks properly reflect the authority or capacity of the signer (e.g., the signature block should read: "The ABC Corporation by John Smith, President", and the notary block should read: "John Smith as President of the ABC Corporation").

Self-Dealing

The transaction does not involve conveying or mortgaging of land by or to an officer of the corporation.

Foreign Executions

Are directors or other entity officials not located in the United States: Y N

If so, all signatures on any documentation, including corporate resolutions, are acknowledged pursuant to our foreign notarial guidelines, including compliance with the terms of the Hague Convention, if applicable.

General Underwriting Considerations

If the corporation is selling or financing LESS than all or substantially all of its assets you must get a resolution of the board of directors adopted at a meeting called pursuant to the corporation's by-laws approving this transaction as described below:

You have a certified copy of the resolutions (certified by the secretary or other officer with the authority under the bylaws and containing the corporate seal, if necessary).

You have confirmed that the details of the transaction are spelled out (e.g., sales price or mortgage amount, relevant terms, etc.) within the resolution.

The resolution clearly indicates who is authorized to sign on behalf of the corporation.

The resolution conforms to any state statute which provide limitations on who can be authorized or whether certain attestation is necessary.

A conveyance or mortgage of **substantially all** of a corporation's assets usually requires shareholder consent. Where shareholder consent is required:

You have confirmed that the voting shareholders have been notified of the details of the transaction.

You have reviewed the evidence of required consent.

Execution by proper officers

You have reviewed the state statutes, the articles of incorporation, and resolutions, whether they are by the board of directors or the shareholders, to determine the identity and propriety of the designated signatory.

The signatory's status is described (e.g., president, vice-president with a corporate seal) on the insured deed, mortgage or lease in accordance with the appropriate authorization.

The notary block is correct in format and information.

Corporate seal

Conveyances, mortgages, leases and even resolutions (see above) should be "under corporate seal" if such is required or contemplated by the law of the state of incorporation. Even if not so required, it may be necessary for a document to be sealed in order to get recorded in the state where the land is located.

Is the use of statutory-required impressed or other type of seal needed in this transaction: Y N

IF YES, the seal is effectively added.

ANY ADDITIONAL REQUIREMENTS UNDER STATE LAW INVOLVING BOTH THE STATE OF CREATION AND THE STATE IN WHICH THE LAND IS LOCATED HAVE BEEN COMPLIED WITH.

LIMITED LIABILITY COMPANIES (LLC): Authority Checklist

Please check the statements below to confirm that you have complied with these requirements. If you cannot comply with these requirements, you must have approval from the appropriate supervisory underwriter to proceed.

Good Standing

The entity is in "good standing" in the state in which it was created.
You have reviewed all of the entity's filings.

If there has been a recent change in the filings that adds or deletes parties with authority, you must:

Independently verify that the current parties have authority (see 2011-RC-12 for some suggested ways to verify signatures that can also be used to verify parties);

OR

Have the counsel that represents the entity verify the recent changes.

Capacity Format

All signatures on instruments and in the notary or acknowledgement blocks properly reflect the authority or capacity of the signer.

Self-Dealing

The transaction does not involve conveying or mortgaging of land by or to a member.

Foreign Executions

Are any managing members not located in the United States: Y N

If so, all signatures on any documentation are acknowledged pursuant to our foreign notarial guidelines, including compliance with the terms of the Hague Convention, if applicable.

General Underwriting Considerations

The LLC property is being conveyed or mortgaged in the same style or manner in which title was acquired.

The signatures on the conveyance or mortgage document are those that are required by state law or practice, and by the terms of the LLC operating agreement.

You obtained specific authority from the other members in accordance with the LLC agreement.

You confirmed that the details of the transaction are spelled out (e.g., sales price or mortgage amount, relevant terms, etc.) within the document providing specific authority.

Under the LLC operating agreement, actions such as selling or refinancing real estate assets may be actions outside the normal course of business. If your transaction appears to be outside of the normal course of business you must get:

Approval from state counsel (or Regional Counsel, depending upon liability amount) was obtained because the transaction is not in the ordinary course of business or not specifically allowed under the LLC operating agreement, including, but not limited to the following situations:

- Execution by a managing member of a deed in lieu of foreclosure without the consent of all members, including all non-managing members;
- Execution of a mortgage involving cross-collateralization with different borrowers (even with some commonality among borrowers) without consent;
- Execution of a mortgage where the proceeds of the loan are going to an entity other than the mortgagor LLC;
- Transactions where the LLC or its property is rolled up, merged, contributed, or converted to or into another entity.

Execution by proper signatories

You have reviewed the state statutes, the LLC operating agreement, and any specific authority document to determine the identity and propriety of the designated signatory.

The signatory's status described on the insured deed, mortgage or lease is in accordance with the appropriate authorization.

The notary block is correct in format and information.

ANY ADDITIONAL REQUIREMENTS UNDER STATE LAW INVOLVING BOTH THE STATE OF CREATION AND THE STATE IN WHICH THE LAND IS LOCATED HAVE BEEN COMPLIED WITH.

GENERAL PARTNERSHIPS: Authority Checklist

Please check the statements below to confirm that you have complied with these requirements. If you cannot comply with these requirements, you must have approval from the appropriate supervisory underwriter to proceed.

Good Standing

You have reviewed the general partnership agreement and all amendments thereto.

If there has been a recent change in the general partnership agreement that adds or deletes parties with authority, you must:

Independently verify that the current parties have authority (see 2011-RC-12 for some suggested ways to verify signatures that can also be used to verify parties);

OR

Have the counsel that represents the entity verify the recent changes.

Capacity Format

All signatures on instruments and in the notary or acknowledgement blocks properly reflect the authority or capacity of the signer.

Self-Dealing

The transaction does not involve conveying or mortgaging of land by or to a partner.

Foreign Executions

Are any partners not located in the United States: Y N

If so, all signatures on any documentation are acknowledged pursuant to our foreign notarial guidelines, including compliance with the terms of the Hague Convention, if applicable.

General Underwriting Considerations

The general partnership property is being conveyed or mortgaged in the same style or manner in which title was acquired.

The signatures on the conveyance or mortgage document are those that are required by state law or practice, and by the terms of the general partnership agreement.

If the title to partnership property was taken in the name of one or more of the partners, does state law require the signature of the spouse also: Y N

If it is difficult to determine that the property is indeed "partnership property", it may be prudent to have the spouses join in the execution in those states where that is a normal requirement for non-partnership property.

Less than all of the existing partners are executing a conveyance of partnership property.

If so, you obtained specific authority from the other partners.

You confirmed that the details of the transaction are spelled out (e.g., sales price or mortgage amount, relevant terms, etc.) within the document providing specific authority.

If specific authority was not obtained, all partners joined in the execution of the instrument.

Execution by proper signatories

You have reviewed the state statutes, the general partnership agreement, and any specific authority document to determine the identity and propriety of the designated signatory.

The signatory's status described on the insured deed, mortgage or lease is in accordance with the appropriate authorization.

The notary block is correct in format and information.

ANY ADDITIONAL REQUIREMENTS UNDER STATE LAW INVOLVING BOTH THE STATE OF CREATION AND THE STATE IN WHICH THE LAND IS LOCATED HAVE BEEN COMPLIED WITH.

LIMITED PARTNERSHIPS: Authority Checklist

Please check the statements below to confirm that you have complied with these requirements. If you cannot comply with these requirements, you must have approval from the appropriate supervisory underwriter to proceed.

Good Standing

The entity is in "good standing" in the state in which it was created.
You have reviewed all of the entity's filings.

If there has been a recent change in the filings that adds or deletes parties with authority, you must:

Independently verify that the current parties have authority (see 2011-RC-12 or other state memos for some suggested ways to verify signatures that can also be used to verify parties);

OR

Have the counsel that represents the entity verify the recent changes.

Capacity Format

All signatures on instruments and in the notary or acknowledgement blocks properly reflect the authority or capacity of the signer.

Self-Dealing

The transaction does not involve conveying or mortgaging of land by or to a partner.

Foreign Executions

Are any partners not located in the United States: Y N

If so, all signatures on any documentation are acknowledged pursuant to our foreign notarial guidelines, including compliance with the terms of the Hague Convention, if applicable.

General Underwriting Considerations

The limited partnership property is being conveyed or mortgaged in the same style or manner in which title was acquired. The signatures on the conveyance or mortgage document are those that are required by state law or practice, and by the terms of the limited partnership agreement.

You obtained specific authority from the other general and limited partners in accordance with the limited partnership agreement.

You confirmed that the details of the transaction are spelled out (e.g., sales price or mortgage amount, relevant terms, etc.) within the document providing specific authority.

Under the limited partnership agreement, actions such as selling or refinancing real estate assets may be actions outside the normal course of business. If your transaction appears to be outside of the normal course of business you must get:

Approval from state counsel (or Regional Counsel, depending upon liability amount) was obtained because the transaction is not in the ordinary course of business or not specifically allowed under the limited partnership agreement, including, but not limited to the following situations:

- Execution by a general partner of a deed in lieu of foreclosure without the consent of all partners, including all limited partners;
- Execution of a mortgage involving cross-collateralization with different borrowers (even with some commonality among borrowers) without consent;
- Execution of a mortgage where the proceeds of the loan are going to an entity other than the mortgagor partnership;
- Transactions where the partnership or its property is rolled up, merged, contributed, or converted to or into another entity.

Execution by proper signatories

You have reviewed the state statutes, the limited partnership agreement, and any specific authority document to determine the identity and propriety of the designated signatory.

The signatory's status described on the insured deed, mortgage or lease is in accordance with the appropriate authorization.

The notary block is correct in format and information.

ANY ADDITIONAL REQUIREMENTS UNDER STATE LAW INVOLVING BOTH THE STATE OF CREATION AND THE STATE IN WHICH THE LAND IS LOCATED HAVE BEEN COMPLIED WITH.



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