



BUILDER REALTY COUNCIL OF METROPOLITAN DENVER GENERAL BOARD MEETING MINUTES

Date of Meeting:	Tues. Nov. 16, 2021
Location:	The Cascade Building, 6300 S. Syracuse Way, STE 120, Centennial, CO 80111
Meeting Facilitator:	Troy Warrick, President
Attendance:	18 People in Attendance, 2 ZOOM Attendees
Start and End Time:	9:15a.m. to 11a.m.

Troy Warrick, President, facilitated the meeting. Troy Warrick, closed the meeting. This is the last General Meeting of 2021 until January 2022.

Welcoming Comments and Announcements - Troy Warrick

- BRC has been operational since the 1980s. We build Realtor/Builder relationships.
- BRC hosts builder-realtor tours of new communities. We help Realtors service their clients with new homes. We help Realtors understand how to sell more new homes. Membership is \$55/yr for Realtors.
- Do attend the BRC 2021 Dec. Holiday Party. Wed. Dec. 8 from 4pm-7pm in Centennial. BRC has an area of the restaurant. We have great food and give-aways. Bring Realtor friends. Register for the event and get two free drinks.
- BRC attended a Zonda presentation last week. Zonda provides builder market research Reports. BRC will share portions of that market information. The Report provides extensive information such as where the new communities are, the size of new communities and the overall market.
- The Zonda Report showed that the Denver population grew 464K since 2020. As such Denver does not have the housing product for these new residents. This means much opportunity for Realtors. We have a low supply of product and great demand and the demand will increase. It will be great for the real estate market for us.

Ballots to Vote for Board Members

- Elections and ballots and Board of Director has been undertaken and mostly finished as most Officer positions are filled. Board positions that remain are Affiliate positions. Vote. Next, Warrick passed around paper ballots to attendees to vote. Attendees asked to complete the ballot and return before leaving the meeting.

President introduces the Guest Speaker

The Guest Speaker- Robert Lindley, CEO-President Canyon Title, Colorado. Topic Title- 'An Overview of Title Companies'. The presentation provided answers to many questions such as; what makes title companies different from one another? Why does it appear as if most title companies have the same underwriters? What is the claim process flow when a problem arises after closing? And if a problem arises, how often does this occur? Lindley acquired Canyon Title in 2006. As the owner, Lindley is particularly tuned in to the culture of the company and support of the employees.

Speaker Presentation- delivered by Robert Lindley

- See Canyons Website for other locations.
- The anatomy of insurance companies was explained, and Canyon insures the past. Brand figure Mayhem sells insurance policies. Brand figure Flo is sells Progressive and works with many insurance agents/brokers.
- It does not matter if All State and GIECO sell their own paper. Mayhem and Flo are the same.
- Allstate does not allow agents to sell their policies. Progressive allows agents to sell their policies.
- Heritage sells only Fidelity policies.
- An agent sends you to the insurance company to file a claim.
- In the title company, Canyon works with all of these insurance companies.
- Canyon is an Agency and offers direct operations.
- Advantages working with an Agency?
 - It's easier to get things done. Flexibility. If it can be closed then Canyon can close it.
 - If the claim is handled in direct operations then Canyon is not able to close. So the client loses time.
 - A direct operations approach loses so much time in a complex matter taking weeks. Fidelity has multiple brands selling into the same market. As a result of an overage of brands, Fidelity is not allowed to acquire any more companies. They have multiple insurance carriers, about 5. Fidelity and all other insurers use the same underwriting principles.
 - USAA is insurance carrier and also have a credit union.
 - With Agencies like Canyon, it saves clients' money with Canyon's 8 underwriters. But mostly it is the quality and fulfilling quality.
- Canyon is an Agency
 - Culture- happy employees make happy customers.
 - Canyon requires happy employees and customers.
 - As a result of the culture, many are joining Canyon In droves.
 - Canyon works with multiple underwriters and they make local decisions. Canyon does not have to go to a Regional office to make decision.
 - Canyon is compliant and makes money on title companies as an investor
 - The culture means that a team is a group of people who trust each other and not just work together.
- Every title company has the same underwriters and financial stability
 - Claims handling and financial stability problems promulgated by the insurance industry are not true.
 - Because the insurance industry is a very regulated industry, financial stability is solid. Any licensed insurance company can issue policies therefore financial stability does not matter. Be aware that there are criminals in the insurance market. There are criminals in most markets. As a result, it is criminals that cause a title company's financial instability and failure.
- A Title insurance company's job is to not pay claims
 - An agency helps clients handle a non-paying insurance company. And Canyon Title leverages their agency relationships to get claims paid. Canyons influence informs an insurer that Canyon may not send business to an insurance company if they do not pay a valid claim.
- Working with an Agency like Canyon takes the client and claim to the right insurance company based on their knowledge of the market.

- A great Title company stops bad things from happening. A title agent of any underwriting agreement must comply so they ask clients for info to enable the closing.
- What is not covered by Canyon title
 - A title company is blamed for everything on a property at a closing.
 - Taxes are the real estate professional's responsibility.
 - Payoff fluctuations occur in Colo statutory law then they must release the lien between the payoff person and buyer.
 - Water, sewer must be paid too. Must disclose and if missed the buyer pays for it or the realtor pays for it.
 - Mechanic liens are not covered. If a contractor is not paid this is fraud. The title insurance company pays. The Agency does not pay.
 - If a balance on a property is not paid then it becomes a court case then move to a judgement.
- When are property claims paid?
 - The loss must occur first before any damage is paid. The Title insurance companies have created more wealth in the country than any business.
 - If have a 5-6 figure problem then it is recommended the client get an attorney. An Agency cannot help with this. Canyon can influence the insurance agent only.
- Common issues with claims
 - Deed and lien problems most common. All are of public record.
 - Deed of trust problem is caused if the chain of title is not searched well. Improper indexing is a problem. Incorrect name on the chain of title. An Agency does not pay a private lender if the title chain was bad. The private lender must get payment from the insurance company.
 - The name on the deed or lien is inconsistent. There exist many permutations of a name on the deed. Which name is valid?
 - Tax liens are not paid. The IRS is very vague in their documents. Nothing lines-up.
 - Mechanics liens. Canyon set up an escrow system to help builders with this.
 - Liens are recorded in the gap-of-time. A recording of a number of documents in the gap and what may have been missed during the recording time per the county Recorder.
 - Mechanic liens with a smaller builder may be a problem so check on small builders. Not so much a problem with large production builders. Small and tiny builders have the most problem with new construction market.
 - Mechanics liens usually around port-a-potty or a dumpster.
 - A problem with liens is that a contractor can simply walk by a dry waller and can then file a lien against the property as if they did something for pay and did not receive pay. If the contractor is fired for non-performance then the mechanic may file a mechanics lien.
 - On the resales, if Canyon sees building permits or anything new, then Canyon digs deeper to understand the details of this.
 - Basically, what is of record is what Canyon goes with because there is no way to know what they do not know.
 - Builders are supposed to pay. Canyon works with the builder to remove the lien. When the vendor files a foreclosure case Canyon steps in based on the paper trail to show vendor is filing a frivolous claim.

- There are some specialty situations too. These special situations also require a claim. May need to finance the build during the court case to pay the lender until the claim closes.
- Transfer of wrong and incomplete property.
- Historical deed description. The property boundaries can be the problem after many transactions.
- A comprehensive analysis of the property is always undertaken by Canyon.
- If there is an addition or subtraction of lots, a new map survey required.
- Property boundaries. A fence can be on someone else's property. If not of public record then Canyon goes with that. Sometime funds are recoverable, sometimes not per public record. Whatever the parties will agree to at the lowest expense. And yet Canyon is still responsible for things that are not of public record. They not care of someone forgot what was on the title.
- With ILC's Canyon has been more lenient on the requirements these days.
- Canyon has driven by some properties to actually clarify some boundary lines. A visual analysis will be done.
- Vesting problems.
- Missing owners. Chain of title is confusing.
- Tenancy problems. If a death occurs then the property-title defaults to 'tenants in common'. Deeds must state the type of tenancy.
- Probate.
- Entity type. Single member LLC.
- Transfer to the wrong party.
- Names not lining up and inconsistent. Conveying the property in the name shown.
- Never convey property to God on a Deed.
- Seller acquires property thru fraudulent deed problem. This is a criminal act.
- Fed regulations states that a Fed mortgage must be backed by the Fed.
- Canyon must be able to show why they insured a property in order to confirm with the insurance company.
- Ethically, Canyon looks at title insurance like the client is their family. Hence, Canyon aims to land on the ethical side of the deal.
- How often are claims paid?
 - Historically about 6-7 %. When market is bad then 10-12%. Paid 12-18% is the market average.
 - Costs include EBCDIC overhead and more should be charged for escrow. Canyon makes all money in title not in escrow.
 - In 2010 it is 4%.
 - Insurance companies are audited once/year. A third party Agency is audited 6 – 8 times per year. So Canyon must be ethical and thorough.
- Closing
 - Canyon has supported people over the past 10 years with closing. Serves those in their time of need.

Liaison, Affiliates, Builders Updates

- Scott, a Builder has sold out of everything they have. Hilltop in Parker. Featured on FOX TV. They are independent on the boarder of Elbert County. Building new model home this Nov. 2021.

- Scott involved with BRC to build relationships with Realtors. Regarding realtor commissions, they are locked into fixed costs so are actually upside down. The only place that they have flexibility is with realtor commissions. But no longer therefore they can now work with realtors. Reasons to pay certain commissions there is always a very good reason. Commissions are a really big number.
- Per Ron, all realtors have this commission problem and this is a temporary glitch in the market.
- Big box builders may not be as friendly with commissions. Scott does all work ethically and delivers great product. Scott is called a boutique all of the time and that is OK.

Education

- BRC has CE classes lined up for 2022.

Q & A

- When Canyon sees a Stewart Title or others, get title work back to Canyon because they have a title examiner locally who work remotely. Examiners are very analytical and introverted.
- When Canyons agents get a client, then do order entry, then do title search in house or outsource research, then examiner creates title committee, then to escrow officer, then processor analysis. The processor begins clearing any issues. Then get closing instructions on a clear title, then do the closing, then do disbursements. Then passed back to title and then issue title policies.
- There is a trend where they are losing escrow officers. They get yelled at all of the time by everyone. No appreciation and they are beat up. It's a specialized skill set. This pool of talent is very small. So Canyon is shifting their model with using escrow experts. In 2009 the escrow officer usually requires that callers leave a voice messages. This means the officers is really good. This model is coming back for no additional fees. Centralized escrow being done now at some companies.
- Electronic closings are more the desired model to avoid printing and shipping documents. Online notarizations to do online via ZOOM vs the full virtualized signing. When lending industry decides how to do this the electronic will not fully happen because one doc needs notarized.
- Canyon has the right to choose the underwriter.
- Advise to realtor when explaining the need for title insurance is this; use some of the horror stories that Lindley shared with us attendees. This gives peace of mind that you own the house after you buy the house.
- A good book that helped Lindley is that Lindley is not a big reader. He follows the information and analysis provided by; Simon Sinek.

Affiliates Report

- Closet Factory works with custom and big box builders. Closet Factory is a franchise and takes care of homes and works with Realtors all over the metro area and beyond. They have many locations that may serve Realtors.
- Gina conducts business development with Canyon Title. They can help Realtors with their clients as to why title insurance is important.

Respectfully submitted,

C.J. Wells, Secretary