



For Land's Sake

Issue No. 18

May 2025

President's Message

Jim Blair



What an unexpected run that was! My trip through the presidency started by missing an Agents Section meeting where I was promptly elected chair, which led to accepting the VP role and to today, the end of my first presidency with the WLTA (I've seen how we recycle leadership and I'm young enough that if you all believe I didn't mess this up, a tap on the shoulder may come again). In all seriousness, it has been such an honor to serve as the WLTA President, and for those that remember him, I hope I made my grandfather proud.



In last few years of his life, we talked many times about two ideas, stewardship and legacy. Stewardship starts with yourself, your time on earth, and your resources. We then discussed how we were merely stewards of this business that God had given us, how it was our duty to take care of it and the people involved, be they team members or customers. Finally, that stewardship should flow to the organizations we are a part of and the state and country we are blessed to live in. As stewards we are faced with many challenges that can distract us, take our energy, and sap our resources. Most we wish would not have happened in our time. As the wise wizard Gandalf said "so do all who live to see such times. But that is not for them to decide. All we have to decide is what to do with the time that is given us."

The test, the decisions people make with what to do with the time that has been given to them, reveals their character, and I am surrounded by people of high character, who have been tested and found worthy of the title of steward. This organization is filled with volunteers who give their very best to serve this association and better our industry. Not only do you take care of the "day-to-day" of the association, but there is always a little extra thrown in. In particular, we faced an extremely active legislative session where countless hours were spent reading bills, determining if they affected the industry, and presenting testimony and fixes. On top of that, we ran our own bill. The bill did not pass this year, but it yielded tremendous respect due to the testimony and preparation coming from this organization.

You keep the association running, share ideas and information, educate each other and your teams. Then you take on more to protect the industry in the state house. We have the opportunity to do this because of the stewardship of those before us. We work from their legacy. I work from what my grandfather handed off to me. As an association we work from what was handed to us from those that came before. They set us up well and you are carrying it on. The issues of our day are being met with a high level of engagement. You are cementing a firm legacy for those that come after us, and I want to thank you for that. Thank you to those who have put in tremendous work before my time and those that have taken care of this association during my time as president. It has been an honor to serve, thank you for blessing me.

Inside This Issue

WTP — Be Recognized!	2
Legislative Report	3
Judiciary Report	5
Education Seminars	11
TITAC & TAN	13

SEMINARS

Washington Title Professional

By Paul Hofmann—WTP Chair

WE WANT YOU!

To be a Washington Title Professional (WTP)

What is a Washington Title Professional (WTP)? It is our Washington State professional designation designed to show both your commitment to our industry and your level of expertise. Why is it important? Acquiring a WTP designation confers heightened credibility and showcases your knowledge and dedication, thereby bolstering one's career trajectory. Secondly, it serves as a testament to professional competence and adherence to ethical standards, instilling trust among clients and employers. It also promotes a culture of perpetual learning and growth. As a title professional, remaining abreast of industry advancements, changes in the underwriting environment and keeping your skills honed and sharp is incredibly important. Ultimately, your WTP designation epitomizes unwavering dedication, proficiency, and a resolute commitment to excellence. And if you buy today...I will throw in a certificate for framing, a nice pin for your lapel AND the 1st check mark in your application for the coveted National Title Professional (NTP) from the ALTA. See page 6 for more information about the NTP.



Paul Hofmann, WTP — paul@agltg.com — WTP Chair.☞

The Washington Land Title Association is pleased to recognize the following individuals as **Washington Title Professionals** for their professionalism, achievements, knowledge and dedication to the land title industry in the State of Washington.



Kathy Backstrom, WTP
Dwight Bickel, WTP
Lori Bullard, WTP & NTP
Gerry Guerin, WTP
Paul Hofmann, WTP
Sean Holland, WTP
Kevin Howes, WTP
Gary Kissling, WTP
J.P. Kissling, WTP
Dan MacMillan, WTP
Scott McDearmon, WTP

George Peters, WTP
Maureen Pfaff, WTP & NTP
Megan Powell, WTP
Rick Randall, WTP
Bill Ronhaar, WTP & NTP
Chris Rollins, WTP
Marian Scott, WTP
Michelle Taylor, WTP & NTP
Craig Trummel, WTP
Brenda Weaver, WTP

LEGISLATIVE REPORT

2025 Legislative Session

*JP Kissling & Michelle Taylor, Legislative Committee Co-Chairs
Maureen Pfaff, Legislative Committee Vice Chair*



The 2025 legislative session was a long session/budget session which began Monday, January 13 and ended Sunday, April 27 (105 days). December saw 274 bills pre-filed and the final bill count by the end of the session was 2,074. JP Kissling screened all of the filed bills and identified roughly 100 for review by the committee members. This review process is a group effort where members pick bills from the list, review and submit their notes to the group for discussion. Those notes range from, no impact on title industry to suggesting amendments and/or preparing testimony. We thank the following members of the Legislative Committee who contributed during this year's session: Sean Holland, Craig Trummel, George Peters, Michelle Taylor, Lindsay Doucette, Lori Bullard, Megan Powell, Robin Aberasturi, Chris Rollins, Erin Stine, Dwight Bickel, Paul Hofmann and Ben Case.

HOUSE BILL 1115 / SENATE BILL 5111
CONCERNING THE EXCISE TAX TREATMENT OF AMOUNTS RECEIVED BY TITLE AND ESCROW BUSINESSES FROM CLIENTS FOR REMIT-

TANCE TO A COUNTY FILING OFFICE FOR THE PURPOSE OF RECORDING DOCUMENTS. DID NOT PASS

This year the WLTA sponsored HB 1115 and SB 5111 in an effort to make clear that recording fees collected and remitted through escrow are pass-through fees that are not subject to excise or B&O tax. This entailed multiple meetings with Representatives to secure sponsors as well as meetings with the DOR. We utilized the ALTA TAN system to send out a call to action email to the WLTA membership in order to get as many people as possible to send messages to their representatives asking for support of the bills and had over 25 people who testified in support at hearings for the two bills on January 28th and many more who signed in Pro without testifying.

The feedback we received from members of the committees we testified in front of indicated that we made our case on the policy, however the DOR wrote a fiscal note indicating that passing the bills would result in revenue losses of \$119 mm to the state general fund. Ultimately, we were told that anything resulting in a



loss of revenue greater than \$250k would not be voted out of committee this session and both bills died.

HOUSE BILL 1464
CONCERNING HOME EQUITY SHARING AGREEMENTS. DID NOT PASS.



Home equity sharing agreements (HESAs) are financial arrangements between a homeowner and an investor to share ownership and appreciation of a property. Typically, an investor provides funds to the homeowner for a share of a property's future value. The HESA has an established term, anywhere between 10 and 30 years, and the investor places a lien on the property. Upon expiration of the term, sale of the property, or another triggering event, the HESA must be settled. This often occurs by either the homeowner paying off a settlement amount to have the lien removed or

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by the home being sold and the HESA provider receiving their initial investment amount, plus a share of the property's equity.



This bill purported to provide improved consumer safeguards by requiring a HESA originator to be licensed and subject to regulation by the DFI as well as establishing obligations, required disclosures, prohibited acts and violations for HESA originators along with a variety of administrative, investigative and enforcement duties for the DFI. Our review of the language in the bill indicated that this bill was woefully incomplete. It says a lien is created. But there is nothing about how a lien is to be placed of record, how it might be foreclosed, and how it is to be released. We submitted written testimony along with suggested amendments to make it a more workable bill. It did not pass out of committee this session, but we will keep an eye out next session as it will likely resurface.

SB 5057
AGRICULTURAL REAL ESTATE
SB 5078
AGRICULTURAL REAL ESTATE
SB 5472
CONCERNING FARM HOLDINGS
DID NOT PASS.

These are foreign ownership of agricultural lands bills. While they do not use void or voidable, they do not contain the ALTA suggested legislative text and do not sufficiently address most of our industry concerns. They do not specifically place responsibility with the buyer. Do not create any procedure for divestment, designate a state enforcement authority, or address protection of the public record. This is the third year in a row that bills of this nature have been introduced, In 2023 HB 1412 failed to pass out of committee, was reintroduced in 2024 as SB6290/HB 1412 and neither received a hearing. SB 5057, SB 5078 and SB 5472 did not receive hearings in 2025.



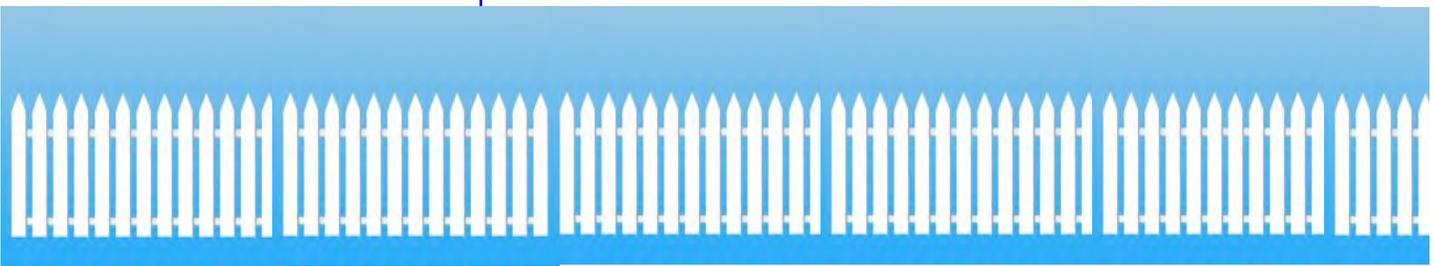
SHB 1081
SOLICITED REAL ESTATE
ESTABLISHING CONSUMER
PROTECTIONS FOR OWNERS
OF SOLICITED REAL ESTATE.
PASSED
EFFECTIVE DATE 7/27/25.

This bill provides additional protections to the seller in a transaction where the buyer actively solicited the purchase of a property that is not currently being



offered for sale and where the Seller is not represented by a licensed Realtor. It requires that the contract specifically notes that the seller has a right to have an appraisal done by an appraiser of their choosing and paid for by the buyer and that they have the right to cancel the contract within 4 days of receiving the appraisal without penalty or further obligation. For owners who do not choose to have an appraisal done they have the right to cancel the contract without penalty or further obligation within 10 business days after execution. It also adds specific requirements for how these rights will be shown in the contract and that the seller must affirmatively acknowledge them.

We sent suggested technical amendments to the sponsor of the legislation which were agreed to and added into the bill. The bill passed and was signed by the Governor on April 21, 2025. 



JUDICIARY REPORT

Ashley Callahan, Judiciary Committee Chair

BANKRUPTCY AND FORECLOSURE WHICH CAME FIRST? WHAT, IF ANY, REMEDIES ARE AVAILABLE?

IN RE: Erin Ann Sharp, 666 B.R. 906, U.S. Bankruptcy Appellate Panel, 9th Cir. (January 24, 2025)

Lakeland Community Club commenced judicial foreclosure proceedings against Erin Ann Sharp's ("Sharp's") residence to collect unpaid assessments. Appellant Vitruvian Design LLC ("Vitruvian") purchased at the sale, and Lakeland was paid in full. Sharp filed Chapter 13 days before her right of redemption expired. Sharp proposed several plans where she maintained ownership of the property. Vitruvian opposed the plans, seeking relief from stay to permit the execution, delivery, and recording of the sheriff's deed.

The bankruptcy judge confirmed Sharp's third plan which required her to pay Vitruvian its purchase price (redeem the property) and denied Vitruvian its motion for relief from stay. Vitruvian appealed.

The Bankruptcy Appellate Panel reversed, holding that a Chapter 13 debtor has limited options to reclaim property when a judicial

Members of the WLTA Judiciary Committee are Ashley Callahan, Chair, and Allison Davis, Erin Stines, Chris Rollins & Craig Trummel

foreclosure of that property precedes her bankruptcy. Even when state law allows for a statutory right of redemption, a subsequent bankruptcy filing may, at most, extend the right of redemption deadline – which is property of the bankruptcy estate – by 60 days (11 USCA Section 108(b)). Sharp did not argue her redemption rights survived beyond this extended date. Also, because a third party purchaser at a foreclosure sale is not a creditor with a live "claim" that can be modified, cured, or paid off under 11 USA Section 1322 (b), there was nothing Sharp could do (other than timely redeem) to reclaim the property from Vitruvian in her Chapter 13.

Reported by Ashley Callahan)

PAY POLICY LIMITS OR LITIGATE?

Quilbillies LLC v. First American Title Insurance Company, U.S. Dist. Ct, W.D. WA (January 30, 2025). Only Westlaw cite is currently available: 2025 WL 346116

Quilbillies tendered a claim over an easement that was not excepted in the title insurance policy. First American Title Insurance Company ("First American")



accepted the claim and paid the policy limit. The Quilbillies filed suit alleging that it was bad faith for First American to pay policy limits and then refuse to defend



their neighbors' subsequent lawsuit. The trial court granted First American's motion for summary judgment finding, in response to Quilbillies' motion for reconsideration, that there is no authority for the proposition that exercising a contractual right under the policy is bad faith.

(Reported by Ashley Callahan)

MECHANIC'S LIEN—FORECLOSURE—RELEASE OF LIEN BOND—MANY CONDO UNITS-OH MY!

Skanska USA Building Inc. v. 1200 Howell Street LLC, 33 Wa.App.2d 1055 (January 22, 2025) (unpublished opinion)

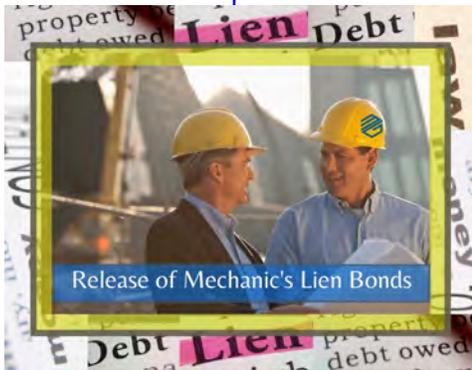
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The dispute is one between Skanska USA Building Inc. (“Skanska”) as general contractor and Howell as owner/developer. Among many issues in this case related to breach of contract, payment for work performed, etc., Skanska recorded a mechanic’s lien against the property and, after the litigation commenced, amended the mechanic’s lien purportedly to recognize the 391 condominium units that were identified in the condo declaration Howell filed. After a lengthy jury trial, the trial court entered a judgment against Howell for about \$24M and a decree of foreclosure on Skanska’s mechanic’s lien. Howell moved to vacate the judgment stating that it had posted lien release bonds for about 340 of the condominium units (so they could be sold), that the lien no longer attached to the property (it attached to the bond), and that the lien release bond barred foreclosure on the building units. Howell also argued that the judgment should be amended to remove the foreclosure decree because the surety was not joined as a party.



Skanska objected stating that the lien bonds are not a basis to revoke decree of foreclosure.

After the seven-week trial, the trial court entered a judgment against Howell and Howell filed an appeal. Meanwhile, Howell satisfied the judgment. Howell’s surety paid about \$32M to Skanska and Howell paid about \$1.15M to Skanska. Skanska released the mechanic’s lien acknowledging full satisfaction of the judgment, but reserved the right to recover under the lien statute depending on the results of the appeal.

The appellate court mostly affirmed the trial court on all issues subject of Howell’s appeal, including with respect to the lien release bond issue. The appellate court stated that there is no binding case law addressing the issue of naming the surety if a lien is converted to a lien release bond *after* litigation commences and agreed with Skanska, holding “under the facts of this case” that Skanska was not required to join the bond surety as a necessary party in order for the trial court to foreclose on the lien. The appellate court also affirmed



the foreclosure decree, even though it foreclosed the lien Skanska recorded against the pre-condominium land. Said the appellate court:

“[t]he sale of the condominium units and the conversion of proportional liens to lien release bonds is not fatal to Skanska’s ability to foreclose on the proportional liens and bonds.”

The WLTA Judicial Committee is informed that Howell intends to appeal to the Washington State Supreme Court. Howell requested amicus support from the WLTA stating that the appellate court’s opinion meant every unit in the subdivision could be foreclosed, even though Howell bonded off the lien for many of the condo units. Because the appellate court distinguished between foreclosing against property versus foreclosing against a lien release bond consistent with RCW 60.04.161, and because the subject lien had been satisfied and therefore the proposition was theoretical, the WLTA declined to file an amicus brief.

(Reported by Ashley Callahan)

**“DIMINUTION OF VALUE”
AND “ACTUAL LOSS”**

Martin Tait v. Commonwealth Land Title Insurance Company,
103 Cal.App.5th 271 (June 28, 2024)

This case analyzed what “diminution in value” means when determining “actual loss” under a Policy.

The Taitts purchased residential property for \$1.25M. Commonwealth issued an ALTA Homeowner’s Title Policy of Insurance (“HOP”) insuring the property. The Taitts intended to subdivide the property and for several months engaged in informal talks

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with the town about it. The town was supportive of the subdivision and indicated a willingness to modify a building restriction and drainage easement that burdened the property (and which were excepted in Schedule B of the policy). The Tait's were about to file their completed application when a 1988 maintenance easement was discovered that was not excepted in Schedule B of the policy. The maintenance easement covered the same land that the aforementioned drainage easement covered. The Tait's tendered a claim stating that the maintenance easement would impact marketability and potential development of the property.

Commonwealth accepted the claim and obtained a diminution in value (“DIV”) appraisal to assess loss under the Policy. The leading case on determining loss under a title insurance policy is *Overholtzer v. Northern Counties Title Ins. Co.*, 116 Cal.App.2d 113 (1953) which states that loss, or diminution in value, is measured by the property’s use on the date of discovery of the defect.

Commonwealth obtained an appraisal to determine the property’s diminution in value as a result of the missed maintenance easement.



The first appraisal assumed that the town would extinguish the building restrictions and drainage easement and that the maintenance easement would prohibit development in that area. The value of the land without the maintenance easement as of the discovery date was \$1.3M (“as insured”) and with it was \$1.1M (“as is”) for a difference in value, or loss, of \$200K.

Commonwealth asked the appraiser to revise the appraisal *not* assuming the town would extinguish the building restriction and drainage easement. The value of the land without the maintenance easement as of the discovery date was \$1.3M (“as insured”) and with it was \$1,256,500 (“as is”) for a difference in value, or loss, of \$43,500.

The Tait's obtained their own appraisal. The Tait's appraiser

found that without the maintenance easement, the insureds could get the town to extinguish the building restrictions and drainage easement thereby allowing the Tait's to subdivide the proper-

ty into two lots. The value of the property – subdivided into two lots - without the maintenance easement (“as insured”) was \$2.08M and with the maintenance easement – one lot - (“as is”) was 1.38M, for a difference in value, or loss, of \$700,000.

The trial court granted Commonwealth’s motion for summary judgment finding that the Tait’s loss

valuation did not comport with *Overholtzer* wherein proper valuation of loss under a title policy is the use to which the property is put as of date of discovery of defect, which here, was as a vacant one-lot residential piece of land. The Court of Appeals disagreed, finding that “highest and best use” of the property is a valid consideration when conducting DIV appraisals.

“In short, if the highest and best use is sufficiently definite to make it just for a government entity to compensate a property owner for its loss, it is sufficiently definite to constitute a basis for determining the “actual loss” under a title insurance policy.”

Commonwealth’s petition for rehearing was denied on July 22, 2024.

In sum, highest and best use of property is a valid consideration for assessing “actual loss” under a title policy. Whether that highest and best use is viable or speculative is important, as are the costs associated with the property attaining its highest and best use. Date of discovery remains the valuation date, consistent with *Overholtzer*.

(Reported by Ashley Callahan)

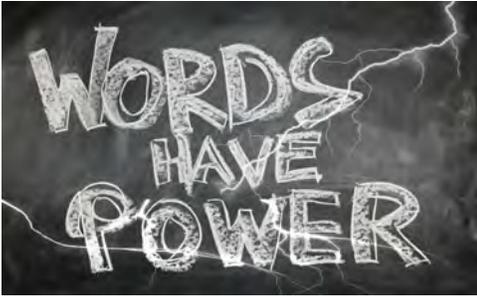
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IS “MATTERS DISCLOSED BY SURVEY [OR...?]” ENOUGH?

High Definition Homes, LLC v. Stewart Title Guaranty Co., 4 Wa.3rd 1002 (Div. 2, January 8, 2025) (unpublished opinion)



Stewart Title Guaranty Company (“STGC”) issued a title policy to High Definition Homes, LLC (“HDH”) that insured a Tract A and a Tract B. The policy was dated May 21, 2021. The policy’s Schedule B listed 5 special exceptions, one of which stated “Matters disclosed by record of survey, Recorded October 30, 2020, Auditor’s No. 3535886.” This survey consolidated Tract A and Tract B into “Parcel A of Centralia BLA/Lot Consolidation No. 2020-0181, Records of Lewis County, Washington.”

After purchasing “Tract A and Tract B” as insured in the Policy, HDH applied for permits to develop the two lots. The City informed

HDH that the two lots had been merged into one. HDH then discovered that the sellers had consolidated Tract A and Tract B in 2020, via the survey recorded October 30, 2020, at Lewis County Auditor’s No. 3535886 (one of the documents excepted in Schedule B of the Policy).

HDH tendered a claim for losses incurred subdividing the consolidated lot. STGC denied the claim based on the exception and HDH brought suit. The Lewis County superior court granted STGC’s motion for summary judgment on the pleadings in favor of STGC. HDH appealed. HDH argued that the exception should not be applied to bar coverage because it referred to “Matters disclosed by record of survey” instead the Centralia Boundary Line Adjustment/Lot Consolidation. In other words, a record of survey is not a BLA/Lot Consolidation.

The appellate court disagreed. Under the Washington Survey Recording Act (RCW 58.09), a “record of survey” is not a specific document; it could be any number of documents, so long as the document complies with the Survey Recording Act. A boundary line adjustment “locates points and lines which define the exterior boundary or boundaries common to two or more ownerships or which reestablish or restore general land office corners.” RCW 58.09.020(3). A BLA is therefore a “record of survey” document. Also, “record of survey” was not capitalized in the special exception suggesting it did not refer to a specific document, but rather a survey – whether a map, plat, or BLA, that has been recorded.

This case underscores the importance of paying attention to how policy exceptions are worded, i.e., even whether or not to capitalize “record of survey.”

(Reported by Ashley Callahan)

POLICY INSURED MORTGAGE ON ONLY ONE LOT— POLICY COVERAGE UPHELD IN FORECLOSURE

U.S. Bank, National Association v. Estate of Bradley Hruttfjord, et al., 31 Wash.App.2d 1069 (Div. 1, July 22, 2024) (unpublished opinion)

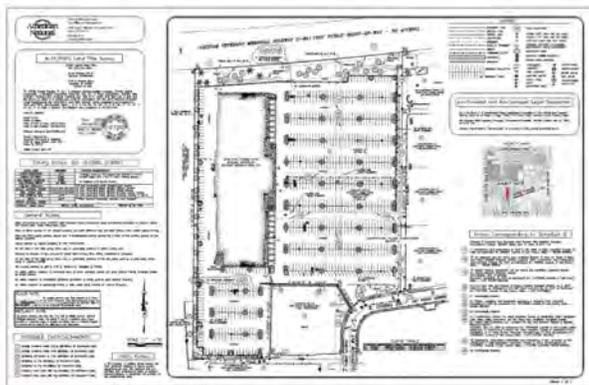
In 2001, Thomas owned a 1.43 acre piece of land. Thomas obtained by quit claim deed an additional 3.99 acres from his neighbor. The deed specified that neither piece of land would be



sold separately unless such a subdivision was exempt or approved. In 2006, Hruttfjord purchased the combined single lot (1.43 acres and the 3.99 acres) from Thomas. The legal description specified the two pieces, each with its own tax parcel number. Hruttfjord obtained a loan secured with a deed of trust on the 1.43 acre piece only. The lender’s title insurance policy contains a legal description that describes only the 1.43 acre piece of land and specifically excludes coverage for the 3.99 acre piece that was added by quit claim deed in 2001.

Hruttfjord defaulted in 2013 and passed away in 2014. The lender’s successor in interest, U.S. Bank,

(Continued on page 9)



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sued Hruttfjord's estate to foreclose on the property "covered" by the deed of trust. The Estate and U.S. Bank ended up in litigation with cross motions for summary judgment. The superior court granted the Estate's motion to dismiss U.S. Bank's foreclosure complaint because "the foreclosure sale of a portion of the legal lot of record would constitute an illegal subdivision, which this court has no authority to approve." U.S. Bank appealed.

The appellate court affirmed the dismissal of U.S. Bank's foreclosure lawsuit stating that the tax parcel exception to the statute of frauds did not apply. The deed of trust (and the note) only described the 1.43 piece of land, which was not a legal piece of property, even according to the lender's own title insurance policy. Because neither the note nor the deed of trust provided a description of the single lot of record comprised of the 1.43 acre piece and the 3.99 acre piece, it did not satisfy the statute of frauds and the lender's lawsuit to foreclose was dismissed.

The exception in the lender's title policy regarding the legal lot status may have avoided coverage for U.S. Bank's claim under the title insurance policy.

(Reported by Ashley Callahan)

PROBATE FOR PROFIT

State of Washington v. John Elliott, et al. *(King County Superior Court Case No. 25-2-04480-7, filed February 12, 2025)*

In February, the Washington Attorney General's office filed a lawsuit alleging a "probate for profit" scheme whereby defendants, acting in their capacity as court-appointed administrators, sold off homes and other property of deceased individuals.

Over the course of five years between 2019 and 2024, Elliott



and his associates opened 213 probates, 179 of which were filed in Kitsap County. These resulted in the sale of at least 90 homes worth more than \$28M. In many instances, Elliott targeted distressed homes they wished to flip and sell. These homes were typically in disrepair after the homeowner died intestate. Despite not having a connection to the deceased homeowner or any interest in the homes, Elliott and his associates initiated probate proceedings and petitioned for themselves to be appointed as personal representative. As PR, they listed and sold the homes with little competition or court oversight. In some instances, funds were distributed to heirs, but records indicate several million dollars that is unaccounted for.

The complaint alleges unfair and deceptive acts in violation of the Consumer Protection Act, including conversion, commingling, of funds, failure to distribute funds to heirs, self-dealing, breach of common law fiduciary duties, and violations of probate statute. Complaint points to two provisions of the probate code that defendants relied on to accomplish the scheme: RCW 11.28.120(7) and RCW 11.96A.050(4).

RCW 11.28.120(7) authorizes court to appoint "any suitable person" to administer an estate if other persons entitled to letters under RCW 11.28.120 do not

come forward within forty days of the death of decedent.

(7) If the persons so entitled shall fail for more than forty days after the death of the decedent to present a petition for letters of administration, or if it appears to the satisfaction of the court that there is no next of kin, as above specified eligible to appointment, or they waive their right, and there are no principal creditor or creditors, or such creditor or creditors waive their right, then the court may appoint a contract service provider with the office of public guardianship and conservatorship under chapter 2.72 RCW or any suitable person to administer such estate.

RCW 11.96A.050(4) details proper venue for probate proceedings.

(4) Venue for proceedings pertaining to the probate of wills, the administration and disposition of a decedent's property, including nonprobate assets, and any other matter not identified in subsection (1), (2), or (3) of this section, must be in any county in the state of Washington that the petitioner selects.

The complaint alleges that Elliott and associates selected counties far away from decedents, heirs, and estate properties in order to

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quietly gain control over the estates without objection.

One title and escrow company purported to be affiliated with Elliott and his associates was named as a defendant, but the complaint does not otherwise state that escrow or title insurers should have known of the scheme or had a duty or obligation to question the authority of the court appointed administrators.



In at least two situations involving Elliott, good faith buyers lost their interest in real property due to Defendants' failure to provide adequate notice to heirs. Courts have previously held that lack of notice to heirs can result in constitutional deprivation of property. In the *Estate of Odessa Freeman*, King County #23-4-04004-7, the court nullified a real property purchase and sale agreement signed by a good faith buyer. In the *Estate of Helen M. Roulst*, Kitsap County #23-4-00197-18, the court actually unwound the sale of real property to a good faith homebuyer and ordered rescission of the deed.

(Reported by Allison Davis)

EQUITY STRIPPING SCHEME TO DEFRAUD HOMEOWNERS

State of Arizona v. Jones, et al

(Maricopa County Superior Court
Case No. CV2025-008402, filed
March 7, 2025)

Arizona's attorney general filed a lawsuit against multiple individuals and

companies, including two title companies and two law firms, for allegedly orchestrating a widespread equity-stripping scheme that defrauded Arizona homeowners facing foreclosure.

The AG identifies equity stripping schemes as targeting homeowners whose homes are worth significantly more than the balance of the mortgage in foreclosure. When a high equity home is sold at a trustee's auction, the purchase price typically exceeds the balance of money owed. Under Arizona law, excess funds are returned to homeowner. In these schemes, instead of an investor making a winning bid with equity going to the homeowner, the equity goes to the equity stripping schemers.

The complaint alleges that these individuals monitored foreclosure filings and quickly dispatched "door knockers" pretending to be foreclosure relief specialists or even fake charities. According to the complaint, the bad actors either tricked or coerced homeowners into signing agreements that were profoundly unfair to the homeowner. Purchase prices were usually a fraction of the fair market value and earnest money was often a negligible amount, \$0-\$10.

This lawsuit is unique in that it includes title companies and law firms. The complaint alleges both violations of fiduciary duty and actual knowledge of a fraud-

ulent scheme.

The AG asserts the title companies had actual knowledge of the fraudulent scheme but continued to close their transactions to generate revenue. One title company allegedly favored the fraudsters by allowing them to pick the notary, following their instruction to never contact the homeowner/seller in the transaction, and obtaining paid releases for invalid, recorded, purchase contracts. The other title company allegedly knew of the scheme because numerous, angry homeowners had called, complaining they had been forced to move out of their homes.

The complaint also calls into question closing wrap or "subject to" transactions. The AG asserts that these transactions are particularly dangerous for homeowners and particularly profitable for purchaser. While at least one of the title companies required parties to



sign a wrap addendum detailing risks, the complaint notes that they also required that the parties execute a hold harmless agreement indemnifying the title company for any liability they may incur due to their actions facilitating a breach of the underlying mortgage agreement.

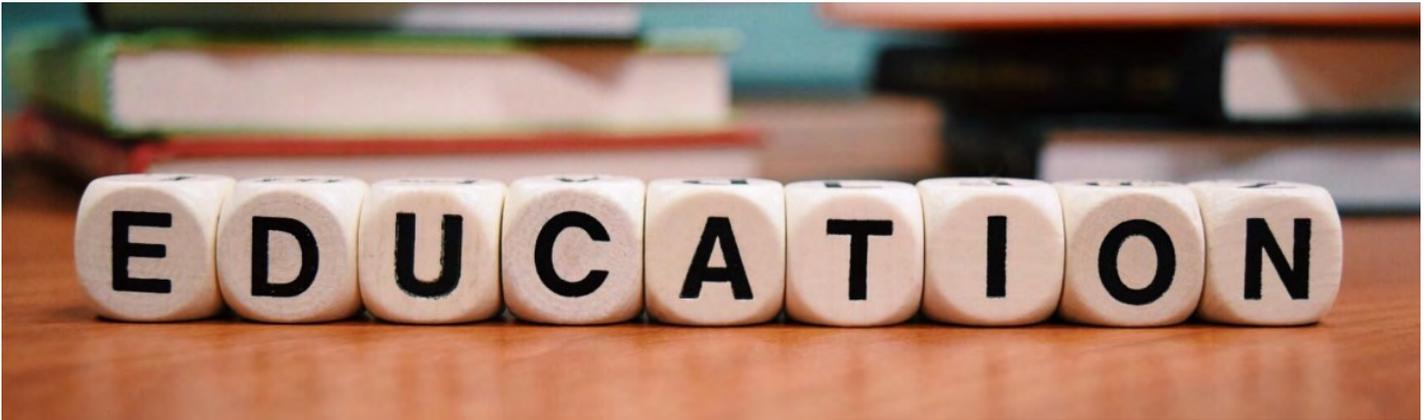
(Reported by Allison Davis) . ☞

SEMINARS

WLTA Education Seminars

By Gerry Guerin & Rick Randall

Education Committee Co-Chairs



We successfully launched our 2025 Seminars with the Lynnwood Spring Seminar last month, and we're in the process of putting the finishing touches on our Eastern Washington Seminar for Saturday, June 14, 2025, in Kennewick. We're thrilled with how the presenters and agendas have come together this year, as we've carefully curated a blend of staple, new, and attendee-requested topics featuring both regular and new speakers. We're eager to involve more voices and offer more knowledge and engaging topics for our industry in the coming year and encourage anyone interested to reach out to either of us with any topic suggestions or if you wish to participate in future seminars. As always, thank you for your continued support of the Washington Land Title Association!

Gerry Guerin & Rick Randall. 





For Your Calendar

2025 WLTA SEMINAR— Kennewick

The WLTA has one more educational seminar this year, with MCLE and WTP credit hours.

Date:

Saturday, June 14, 2025—Kennewick

Check our webpage for registration link & Room block for Friday night.

2026 CONVENTION

The Pacific Northwest Land Title Convention will be hosted by the Washington Land Title Association in 2026.

When: May 18-20, 2026

Where: Suncadia Resort, Cle Elum, WA



TITAC of WASHINGTON

A Political Action Committee of the Land Title Insurance Industry

We need your support. The Title industry has faced our fair share of challenges over the past 8 months. Changes to interest rates and our economy have created a very different market for our associates. Together with our lobbyist's help, we are monitoring roughly 40 bills that have a direct impact to the title industry. Couple that with dramatic upcoming changes to our elected officials in the state government landscape, creates a volatile environment for the years to come. Staying in front of influential representatives and maintaining a voice in Olympia will be vital.

Remember that TITAC is a non-profit organization that exists only through volunteers who have the same goals as you. If you are interested in supporting our cause please reach out to myself or send a contribution to the address below. Any amount is appreciated and truly put to great use. Contributions can come from your company or yourself.

Paul Hofmann — paul@agltg.com — 360-633-2086

TITLE ACTION NETWORK

Paul Hofmann, Chair TAN

Title Action Network 2025

While most of us are focused on the day to day running of our companies, there are always issues brewing at the state and federal level that can have significant impact on our operations that we should be aware of. The challenge is finding the time to research the issues, decide what they might mean to our businesses and keep track of what is happening far off in state capitals or Washington DC. This is where ALTA and the Title Action Network come in. The ALTA staff work together with the Board of Governors and industry members who are involved on the Title Action Network committee to identify key issues, develop strategy, and engage with state and federal regulators and policymakers to promote the industry's value. Additionally, ALTA works to educate title industry professionals on regulatory compliance.

Some of the current issues that ALTA is engaged on include Data Privacy, Digital Closings, Risks of Alternatives to Title Insurance, GSE Reform, Non-Title Recorded Agreements for Personal Service, Flood Insurance, Good Funds and the SECURE Notarization Act among others. Members of the Title Action Network are kept informed of current activity via email, zoom meetings and ALTA events. When needed, members are alerted with call-to-action emails and can easily reach out to their elected officials through pre-written, automated messages that only take minutes to send.

TAN membership is FREE and it only takes two minutes to sign up at www.alta.org/TAN. If you don't remember your ALTA login or don't have one, you can use the following link to sign up for TAN without signing in on the ALTA website:

<https://www.alta.org/tan/join-tan-form.cfm>

If you joined TAN in the past but haven't been an active member please be aware that TAN membership expires. TAN members can stay connected by opening TAN emails and taking actions. Each time a TAN member responds to a TAN alert, their membership auto-renews for another year! TAN members can also manually renew their membership by going to www.alta.org/tan and entering their ALTA login information.

TAN is not just for national issues...the Washington Land Title Association also uses TAN to alert our members to state legislation or events and activities we want everyone to be aware of. ☞

TITLE
ACTION
NETWORK





2023-2024 Officers

Jim Blair, President
Ashley Callahan, Vice President
Craig Trummel, Immediate Past President

2024-2026 Directors

Ben Case
Lindsay Doucette
Gerry Guerin
Gale Hickok
Paul Hofmann
Peter Johndrow
Dan MacMillan
Maureen Pfaff

2023-2025 Directors

Jensen Salisbury
Lori Bullard
Marcella Carey
Bernt Nasset
Chris Rollins
Erin Stines

Committee Chairs

- *Anthony Carollo-*Agents Section*
- *Megan Powell-*Underwriter Section*
- *Sari-Kim Conrad-*OIC Liaison*
- *JP Kissling & Michelle Taylor-*Legislative*
- Ashley Callahan-*Judiciary*
- Megan Powell-*Native American Affairs*
- Gerry Guerin & Michelle Taylor-*Education*
- Lori Bullard & Allison Davis-*Examiners Manual*
- Paul Hammann-*Membership*
- Paul Hofmann-*Washington Title Professional, TITAC, TAN, Technology*
- Craig Trummel-*Grievance*
- Craig Trummel-*Nominating*
(*Board Member)



Washington Land Title Association

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Inside This Issue:

- President's Report**
- Washington Title Professional**
- Legislative Report**
- Education Seminars**
- Judiciary Report**
- TITAC**
- TAN—Title Action Network**