

Attorneys' Title Guaranty Fund, Inc.

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Shareholder's Update



Peter J. Birnbaum – President

I am pleased to provide you with this report on the progress of your company. These are exciting times for ATG and its members.

The Real Estate Market

June 2001 was the best month for closing volume in the history of our organization! The Chicago office alone closed nearly 3,000 transactions. Policy volume company-wide was an astounding 10,000! This unprecedented performance demonstrates ATG's ever-increasing market share. Every day more and more lawyers are making the decision to make ATG their provider of choice. And for good reason. We continue to be **the only title company** that is exclusively dedicated to representing the interests of the legal profession.

Company Operations

Technology remains at the forefront of our focus in improving service to you. Our board, made up of ATG members like you, has made technology its top priority. Senior Management and Information Services staff, working in cooperation with an extremely accomplished team of outside technology advisers, have been meeting with and soliciting bids from several vendors to improve our internal operations and to bring to market a much improved policy production system for members. While this process is tedious, time consuming, and expensive, we believe we will deliver state-of-the-art technology to our members in the very near future. We are also working on a strategic alliance to offer an e-commerce system for members who are ready and able to utilize this time-saving technology. We are also working with our title search database providers to improve the timing and accuracy of your search reports.

However, technology is a two-way street: In the near future, we will be asking you to make a similar commitment to improving technology in your offices. If the legal profession is to survive, it is absolutely critical that each of us has the tools to compete. ATG can help

you with this: Our Computer Leasing Program offers members the ability to procure state-of-the-art technology at below market rates. We urge you to avail yourself of this tremendous member service – contact Charlie Howard at 800.252.5206, ext. 136, or check atgf.com.

Koenig & Strey Litigation



John O'Brien

Great news! The Illinois Real Estate Lawyers Association (IRELA) has entered into a consent decree with Koenig & Strey, which reaffirms the 1966 decision, *Chicago Bar Association vs. Quinlan & Tyson*. The settlement of this litigation on favorable terms represents one of the most important advances for the real property bar in recent memory. Our beloved ATG member John O'Brien, IRELA president, is to be applauded for his outstanding representation of the real property lawyers of Illinois. We recently honored John at the ATG Board meeting held in conjunction with the ISBA Annual meeting in Lake Geneva. I know John would appreciate hearing from you on this and other important topics of interest.

John and I also continue to be very active on the ISBA Unauthorized Practice Task Force. To date, we have initiated litigation against several business entities engaged in the unauthorized practice of law. This includes a title agent in the Metro East area that has injured the public through its practices.

The Competitive Market Place

We continue to be amazed and appalled by the number of lawyer agent programs out there making promises to protect the interests of the real estate practitioner while at the same time facilitating the entry of Realtors®, banks, and others into this business. The most startling example is the PNTN/SAI title initiative. I recently read a memo from an SAI marketing representative to local Realtors,

which states, "SAI to date, is the only working national solution to **lawyer competing controlled business threats.**" And this missive comes from an organization that claims to be promoting the interest of the real estate lawyer! Does anyone else see a Trojan Horse here?

I would hope that our brethren in the profession would look more critically at the problem of dealing with controlled business and with the issue of the preservation of real property practice. It saddens me that lawyers are willing to continue to subsidize organizations whose mission it seems is to destroy, rather than enhance, the real property practice.

Government Relations

The Illinois Legislature had a contentious Spring Session. Due to issues involving increased funding of the Department of Financial Institutions, our regulator, the hoped-for reforms for the title industry did not pass. We are aiming for a new opportunity to advance meaningful reforms at either the Fall Veto Session or next Spring's Legislative Session.

Also on the to advance government relations front, we will meet with new Housing and Urban Development Secretary, Mel Martinez, in August. We hope positions in support of the long-term interest of the real property bar.

Illinois Land Title Association

Michael Brandt, ATG Senior Vice President and General Counsel, was elected president of the Illinois Land Title Association at its annual convention in Galena on July 14, 2001. Brandt became active with ILTA in 1992 and served for several years on its legislative committee and its Title Act Task Force. After serving on the board of directors, he was elected second vice president in 1999 and first vice president in 2000. ATG is proud to support Mike in this leadership role at ILTA. Having key members of our executive staff involved in this type of advocacy and service is consistent with our corporate mission and is a benefit to our members and their clients.



Michael Brandt

Subsidiary Company Performance

We continue to make great progress in bringing new revenue sources to the legal profession.

Capital Funding Corporation: CFC is having its best year ever. In the first six months of the year, we have closed 141 loans involving \$25,000,000 in loan originations. With few exceptions, these loans were originated by member firms who derive significant economic benefit through those transactions. This is an outstanding opportunity for you to provide a service to

your buyer-clients and generate income on the "buy side" of the transaction. We hope that you will pursue this exciting opportunity. For further information, contact Henry Shulruff, 312.372.8969.

Guaranty Trust Company: All of us in the ATG family are still recovering from the untimely death of GTC president Henry Blacharczyk. We are pleased to announce the hiring of a successor, Robert Lopardo. Bob is the former head of the Trust Department of Downers Grove National Bank and brings to GTC a wealth of experience in the trust business. Members will have the opportunity to get acquainted with Bob at upcoming seminars and events, including two GTC cocktail receptions in August.

GTC continues to gain momentum. We recently passed the \$100 million mark in assets, thereby clearing the way for us to become a major presence in the trust business in Illinois and Wisconsin.

New Markets

The Wisconsin operation continues to make steady progress. With over 100 issuing members, ATG Wisconsin is now also originating loans and providing trust and investment management services to the clients of our members.

The Indiana operation is now under the leadership of Aurora Abella-Austriaco. Aurora, a past president of the Chicago Bar Association Young Lawyers Section, is one of the most exceptional young lawyers in Chicago. Her recruiting efforts in the Chicago area have been outstanding; we look forward to additional success in Indiana.

Finally, **The Canadian Lawyers Network** is flourishing. With over 400 member firms we are making great progress and have exceeded budget expectations for the first half of the year.

Conclusion

I recently celebrated my twentieth year with ATG. Looking back, I can tell you without hesitation that this career choice has been extremely rewarding to me both professionally and personally. I enjoy the opportunity to work with you – our members – each and every day. My job is just as exciting today as it was the first day I walked through the doors at ATG back at 29 South LaSalle. Much of this is due to being associated with all of you and the good work you do for the profession and the public. Our collective strength represents a wealth of opportunity. I am happy to be of service to this outstanding organization and thank you for your support over the years.