



APPROPRIATE STEPS TO IMPLEMENT THE ALTA PRINCIPLES

Principle #1. To engage only in business practices that are lawful and consistent with a high standard of ethical behavior.

What a Member Can Do:

- Regularly review its practices and business arrangements to ensure that they are lawful and consistent with a high standard of ethical behavior.
- Not enter into any business arrangement with a person in a position to refer business (i.e., a real estate broker or salesperson, mortgage lender, or builder) unless the arrangement is in accordance with RESPA and applicable state law.
- Monitor any such arrangement to ensure that it is implemented in a manner that is consistent with such advice or guidelines.

What ALTA Plans To Do:

- Provide seminars and other materials to Members on federal and state laws applicable to business practices in the title insurance industry.
- Provide seminars and other materials to Members relevant to appropriate standards of ethical behavior by providers of title-related services.
- Provide to Members on its website judicial decisions and other materials that provide guidance on RESPA.
- Work with HUD to determine if there are self-regulatory measures that the title insurance industry can adopt that would complement HUD's RESPA enforcement activities and help the industry achieve greater compliance with RESPA.

What Government Can Do:

- Congress should amend section 8 of RESPA to provide a competitor's right of action for injunctive relief.
- HUD should provide timely responses to RESPA questions of importance to the title insurance industry submitted by ALTA.
- HUD should seek to coordinate more effectively with state regulators in RESPA enforcement.

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Principle #2: To encourage a culture of compliance within their organizations for federal and state laws that govern the title insurance business and for these Principles.

What a Member Can Do:

- Communicate to its employees and, if the Member is an insurer, to its title insurance agents the importance the Member attaches to compliance with the letter and spirit of such laws, and to these Principles.
- Provide periodic training to employees and, if the Member is an insurer, to its title insurance agents, on the requirements of federal and state law regarding consumer charges and disclosures, and prohibited payments and arrangements.
- Assign to an officer with senior status responsibility for serving as a point of contact for employees, agents (if the Member is an insurer), and other Members who may believe that the Member is engaging in practices or arrangements that violate RESPA or comparable state laws.
- Develop appropriate internal procedures to ensure that senior management is aware of questionable practices or arrangements that may be engaged in by divisions or offices within the company.

What ALTA Plans To Do:

- Review what other industries and companies have done to enhance a culture of compliance and bring such examples to the attention of Members.
- Work with HUD and State regulators in developing ideas for further steps that would be appropriate for Members to take in this regard.

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Principle #3. To treat consumers in a fair and ethical manner.

What a Member Can Do:

- Adopt and make available to the public a statement explaining how the Member intends to treat consumers who will be paying for its products and services (a Member's "Consumer Statement"). The following are examples of provisions that could be included in the "Consumer Statement":
- A Member's communications with customers, including marketing materials, brochures and other advertising materials, will be honest, fair and free from misleading statements or suggestions.
- A Member will handle customer claims in an ethical and legal manner and in accordance with the terms of the Member's applicable title insurance policy and applicable law.
- A Member will make a good faith effort to resolve customer grievances in a fair and prompt manner.
- Fairly apply the principles in its Consumer Statement and correct any failure to apply those principles as soon as possible.

What ALTA Plans To Do:

- Provide information and general assistance to Members that will facilitate their developing their own Consumer Statements.
- Make available on its website the Consumer Statements of its Members.

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Principle #4. To provide consumers with timely and comprehensive information on their policies, services, products, and prices to enable consumers to shop among providers of title-related services.

What a Member Can Do:

- Make information readily available on its rates and charges.
- In response to an inquiry by a consumer or on a consumer's behalf, make available within a reasonable period of time an estimate of the total fees and charges that the Member would typically charge in a transaction of the kind and value specified.
- Take appropriate steps to communicate to the public any conditions that must be met in order for a consumer to obtain a discounted title insurance premium (such as a reissue rate) that may be applicable in the transaction.
- Provide information about what services are or are not covered by particular charges.
- To the extent practicable, inform the consumer of any charge to be made by the Member as far in advance of closing as possible.

What ALTA Plans To Do:

- Work with state land title associations to develop state-oriented approaches that will provide consumers with information on title company charges.
- Encourage the development of methods that would be appropriate to particular states or local jurisdictions and that would provide a format for the uniform presentation of title company charges to consumers who are shopping for title insurance and title-related services.
- Work with associations representing mortgage lenders to encourage earlier transmittal of closing instructions.

What Government Can Do:

- Where possible, State regulators should consider the development of a format for the uniform presentation of title company charges to consumers who are shopping for title insurance and title-related services.
- HUD should provide regulatory guidance with regard to items (such as document recording fees) for which the exact amount that will be paid by the settlement service provider is not known at the time of closing, to allow for a good faith charge of an amount that reflects either an estimate of the charge expected to be incurred, or the average charge incurred by the provider in a representative period.

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Principle #5. To encourage and assist consumers to be educated purchasers of title insurance and title-related services.

What a Member Can Do:

- Provide consumers as accurate information as possible about the total title-related charges that they may end up paying in the transaction.
- Seek to explain to consumers the reasons or purposes for particular charges made by the Member.
- Educate consumers about the need for title insurance.

What ALTA Plans To Do:

- Undertake an educational campaign to inform consumers about:
 - the benefits of title insurance and title-related services; and
 - how to shop for title insurance and title-related services.

What Government Can Do:

- State insurance departments should coordinate web-based products that provide consumers with basic information about settlement costs
- State and federal housing agencies should undertake a public awareness campaign to explain the homebuying process and costs involved.