

# ALTA NEWS

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**AMERICAN  
LAND TITLE  
ASSOCIATION**



## **For Immediate Release**

### **ALTA BOARD MEMBER TESTIFIES AT HEARING TO CORRECT THE RECORD ON THE LAND TITLE INDUSTRY**

**Harrisburg, PA, May 28, 2009** – American Land Title Association Board Member Anne Anastasi testified today before the Pennsylvania Insurance Department to correct Attorney General Corbett's misunderstanding of the land transfer process and the land title industry.

Hatboro title insurance agent Anne Anastasi told the Pennsylvania Insurance Commission that, “our services are risk elimination and prevention – vastly different than the service you buy with other insurance products. One way to compare title insurance to other lines of insurance is to imagine if your homeowners insurance agent came into your home and inspected all of the wiring at no cost to you. The agent then repaired any and all faulty or frayed wiring at no cost to you and guaranteed that none of the wiring that was repaired or any wiring that the agent could not see would cause a fire. Finally, the agent charged a one-time fee for the inspection, repairs and guarantee that would be in effect as long as you or your heirs owned the property. The title industry finds the faulty wiring, fixes the faulty wiring and charges a one-time premium to guarantee its work.”

Anastasi went on to explain, “without the services provided by title insurers, the cost of closing a home loan would increase substantially and the exhaustive search of the public record that title insurers perform makes the sale of property go through quickly while legally protecting lenders and consumers. Because of the title insurance industry, Americans close their loans faster than any other country, 30 days on average, and the speed of these transactions saves consumers tens of billions of dollars annually in additional interest costs.”

Anastasi also corrected the misconception that commissions paid to title agents are not related to a competitive market. She testified that, “Agents are properly compensated for the work they do. The percentage of premium retained by a title agent is not a commission. Rather, this portion of the title insurance charge should be called an agent’s retention. It is really a subcontracting fee that compensates the title insurance agent for having taken on the responsibility not merely for marketing, but for the great bulk of all the activities necessary to prepare land for transfer including searching public records, examining the title documents, correcting any encumbrances, and preparing all of the documents for closing.”

#### **ADDITIONAL BACKGROUND:**

An exhaustive search of the public record is performed in order to make a sale of property go through quickly and legally. A title agent starts at the courthouse with a search of the property ownership records. They then review all the deeds, mortgages, agreements, court cases and tax records to determine the curative steps needed to clear the title of defects. Many searches reveal that previous mortgages have not been removed from the record even though they may have been paid off. Agents work to fix the problem by finding the old lender and begging for help to clean the record. After that, they scour the courthouse records to make sure there aren’t issues affecting the title from a faulty sheriff sales, tax sales, divorce proceeding,

outstanding child support, estate issues clouding the title. If their search turns up a problem, they spend the time to resolve it. Finally they close the transaction by gathering all of the parties and all of the documents, they make sure the money goes where it is supposed to go, they update the public record and then they insure the whole search and closing against mistakes – their own and any on the public record itself.

Despite the industry's best efforts, much of the public does not understand title insurance. Most consumers still look for advice on the selection of a title company from their real estate agent, attorney or mortgage lender and that is not likely to change in the foreseeable future. Reliance by consumers on the recommendations of real estate professionals is natural because these professionals are involved in real estate transactions on a day-in, day-out basis, and are in a far better position than the consumer to assess which title companies provide the best combination of service, quality, underwriting, and price. For that reason, it is inevitable that title companies will seek to compete actively for the referrals of those real estate professionals.

The land title industry and title insurance agents continue to provide a valuable service to homebuyers, investors, and their local communities by ensuring accuracy in public records and a speedy transaction with the confidence that title can be transferred without impediment.

-30 -

### **About ALTA**

The American Land Title Association®, founded in 1907, is the national trade association and voice of the abstract and land title insurance industry. ALTA® members search, review and insure land titles to protect home buyers and mortgage lenders who invest in real estate. ALTA® is headquartered in Washington, DC.