

**SOME ELEMENTS** of the proposed new Consumer Financial Protection Agency (CFPA) make sense; however, the powers delegated the new agency to regulate title-related settlement services are unnecessarily broad and would conflict with existing state regulation, causing confusion and adding an unjustified regulatory burden on service providers with increased cost to consumers.

**ALTA SUPPORTS** elements of the proposed CFPA, such as combining existing authority under RESPA and TILA into a single regulator. However, the CFPA would also sweep all real estate settlement services into the definition of “financial activity” (see Section 1002(18)(F)). Proposed CFPA authority would impose a harmful level of regulation on the tens of thousands of individuals, partnerships, and companies that provide title-related settlement services for residential real estate transactions including title insurance companies, agents, abstractors, escrow companies and attorneys.



## Title Insurance is Local

Title agents and underwriters operate according to local laws and customs governing the sale, purchase, and transfer of real estate in 3,600 separate local jurisdictions.

## Consumer Safeguards are Already in Place

State departments of insurance already regulate title industry for solvency and consumer protection. Proponents of CFPA have not demonstrated how current state regulation of title insurance fails to protect consumers.

The most basic consumer protection is the financial solvency of the insurer. Two unique regulatory structures keep title insurers financially sound:

1. Monoline coverage prevents a parent company from raiding title insurance reserves to pay losses from another line of insurance.
2. A Statutory Premium Reserve requires title insurers set aside a percentage of premium collected to cover future losses.

State title insurance regulators ensure that rates are neither excessive nor inadequate or unfairly discriminatory. In addition, they encourage price competition; promote consumer education; identify and analyze the costs of providing title insurance services; detect, deter and prosecute illegal marketing practices; and coordinate enforcement with HUD's RESPA office.

In addition to government regulation, ALTA has established industry-wide standards and best practices including: uniform accounting procedures, internal auditing practices, and uniform financial reporting. ALTA also promulgates standard policy forms and endorsements ensuring that consumers receive a standard policy each time they purchase title insurance no matter issuing company. ALTA has also led the development of Uniform Closing Instructions to standardize procedures, training and lender requirements. Standardization simplifies consumer education and helps to prevent mortgage fraud.

## Industry Initiatives to Empower Consumers in the Buying Process

In the past few years, a number of online, searchable resources have entered the marketplace allowing consumers to easily comparison shop for title-related services. These solutions have been created by state insurance departments and private enterprises alike. In addition, ALTA created [www.HomeClosing101.org](http://www.HomeClosing101.org) to help consumers understand every step of the home buying process.