



October 28, 2010

The Honorable Timothy F. Geithner
Secretary
U.S. Department of Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Professor Elizabeth Warren
Assistant to the President and
Special Advisor to the Secretary of the Treasury
on the Consumer Financial Protection Bureau
1500 Pennsylvania Avenue, NW
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Dear Secretary Geithner and Professor Warren:

Every day, thousands of consumers buy a home and close on a mortgage loan. I write today on behalf of the more than 3,800 member companies of the American Land Title Association (ALTA) who conduct these closings and witness the confusion many consumers have over the myriad documents that they are presented with and must sign.

Founded in 1907, ALTA is the national trade association and voice of the real estate settlement services, abstract and title insurance industry. With more than 8,000 office locations throughout the country, ALTA members operate in every county in the United States to search, review and insure land titles and conduct closings to protect the rights of home buyers and mortgage lenders who invest in real estate. ALTA members include title insurance companies, title agents, independent abstracters, title searchers and attorneys, ranging from small, one-county operations, to large national title insurers.

As you know, ALTA members serve as independent, third-party facilitators of real estate transactions. They do not represent the borrower, lender, seller or any other party in a transaction. As part of these responsibilities, ALTA members prepare and provide to consumers the HUD-1 Settlement Statement (HUD-1), which discloses to consumers their final loan and settlement costs, including origination, closing, recording, tax and other charges associated with the transaction. Quotes for these charges are presented to borrowers in the Good Faith Estimate (GFE) and/or Truth in Lending Act (TILA) disclosure forms.

ALTA's support for improved consumer disclosure and cooperative work with regulators and stakeholders is well established. ALTA is among the strongest proponents of HR 4229, the Borrowers Right to Inspect Closing Documents Act. This bipartisan legislation would give borrowers time to review their closing documents prior to closing. In January 2009, a year before HUD's November 2008 RESPA rule came into effect, ALTA formed its RESPA Implementation

Task Force (Task Force), to ensure a smooth implementation of HUD's rule. The Task Force's ten members include title insurers, agents, software providers and other third party service providers, who offered HUD and other stakeholders valuable insight into many practical implications of both the new GFE and HUD-1 forms' content (particularly the HUD-1) and implementation of the new regulations.

Based on ALTA members' experiences in working with consumers when they purchase or refinance their home, we encourage drafters to consider the following as they redesign the current GFE and TILA disclosure forms into a single, simple consumer:

- Disclosure of Loan Terms – the third page of the current version of the HUD-1 Settlement Statement form includes additional disclosures of loan terms to the borrower. Drafters should consider whether an additional disclosure in this form is useful or possibly confusing when coupled with the new combined GFE/TILA disclosure.
- Impact upon Tolerances – RESPA imposes limitations on certain charges that the consumer can pay at the time of closing as they relate to the fees quoted at the time of the GFE. Non-compliance of the tolerances levels are the responsibility of the lender and are intended to provide consumers a more accurate estimate of their actual closing costs. Under existing regulations, settlement agents are required to determine, document and communicate tolerance compliance to the consumer. A new, combined GFE and TILA disclosure should improve tolerance definitions so that they can be more useful to both consumers and providers.
- Consumer Shopping for Services – the CFPB should continue HUD's policy of encouraging consumer shopping and consumer choice in loan and settlement services (a policy ALTA strongly supports), and the combined disclosure form must not just permit shopping, but encourage it as well.
- Disclosures Important to Consumers – ALTA members find that most borrowers involved in either purchase or refinance transactions invariably have two questions: "How much is my monthly payment?" and "How much money will I need to close?" While important policy reasons may exist for other disclosures, the failure to answer these two basic questions hurts both consumers and providers.
- Inclusion of Charges Normally Paid by Third Parties – one of the most problematic features of the current disclosure forms is the disclosure of charges which the borrower will never pay, but are included in the disclosures and tolerance calculations as if they will be incurred by them. Inclusion of these items frequently confuses borrowers and leads to complicated "fixes" and credits to establish the appropriate financial outcome.
- HUD-1 revision – as the HUD-1 is closely tied to the GFE, drafters should consider whether a revision to all or part of the HUD-1 disclosure will be required

in order to coordinate that disclosure with a new, combined GFE and TILA disclosure.

We look forward to working with you to improve consumer disclosures in residential mortgage transactions, and request that you meet with members of ALTA's Task Force so that they may assist your efforts in this process.

Sincerely,



Anne L. Anastasi, CLTP
President

cc:

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