

July 21, 2011



Greg McBride, CFA
Senior Financial Analyst
Bankrate, Inc.
11760 U.S. HWY 1
Suite 200
North Palm Beach, FL 33408

Dear Mr. McBride:

Thank you for taking time earlier this year to discuss the methodology Bankrate uses in collecting data for its annual closing cost study and for hearing concerns the American Land Title Association has with how title insurance costs are calculated and portrayed.

We feel the conversation helped us understand the process and that your staff in turn became more knowledgeable about how title insurance rates and related settlement costs are calculated at the state level. While your report mentions that title insurance costs changed little compared to last year, the limited methodology you use to collect data leads to inaccurate results of the true cost of title insurance. The study gives the impression that title insurance rates comprise the majority of costs associated with obtaining a mortgage, while giving the appearance that lender fees comprise a small amount of fees consumers will pay to obtain a loan.

Because Bankrate's survey takes its numbers from online GFEs, it provides an inaccurate picture of the true costs homebuyers actually pay at the closing table. The significant limits in compiling data may not help consumers understand their specific transaction.

The study represents that it is an estimation of costs associated with obtaining a loan that are paid by a homebuyer at closing, when in fact many of these estimated charges are actually paid by the seller, while other fees can be negotiated on who pays. You must compare actual closing costs to really find out what consumers actually pay and which parties provide and charge for those services. From the consumers' perspective, it's what they pay that counts.

For a one-time fee, title insurance protects real estate owners and lenders against any property loss or damage they might experience because of liens, encumbrances or the defects in the title to the property. Defects are things such as another person claiming an ownership interest, improperly recorded documents, fraud, forgery, liens, encroachments, easements and other items that are specified in the actual policy.

The study misrepresents the average title insurance cost because of the five components that comprise the title insurance cost are different from state to state. In several states, the title insurance rate is considered "all-inclusive," meaning it includes one charge for risk,

search, exam, closing and escrow. In other states, there are varying degrees to what is included in the title insurance rate.

Online GFEs may provide a basic snapshot of estimated charges, but typically won't be the same quotes received during a face-to-face transaction. Online lenders tend to inflate costs on the GFE because there is a significant penalty for underestimating costs. There is no penalty for over-estimating. One thing that is absolutely clear, it's difficult to get an actual picture of closing costs because practices, the types of charges and who pays varies from state to state.

Beyond the methodology of data collection, we also have concerns about how costs are characterized and labeled. On the main chart, one category is labeled "title and closing" fees. However, the majority of third-party fees listed is actually required by the lender in connection with the loan and has nothing to do with title or closing. These include appraisal, credit report, employment verification, inspections, flood certification.

In addition to the purchase price of the home, there are fees paid at the closing table including taxes, real estate commissions and mortgage fees. Title insurance is only a small fraction of these other expenses associated with closing on a home, and in most cases comprise about 4 percent of closing costs, according to a study released by the Government Accountability Office. Meanwhile, the same government report showed that lender fees account for 13 percent of closing costs and government fees and taxes comprise 12 percent of the fees.

We look forward to working with you in the future to get more accurate numbers in your report and ultimately help consumers know what to expect in the homebuying process.

Sincerely,

A handwritten signature in black ink, appearing to read "Michelle L. Korsmo". The signature is fluid and cursive, with a large initial "M" and "K".

Michelle L. Korsmo
Chief Operating Officer