

ALTA NEWS

1828 L Street, N.W., Suite 705
Washington, DC 20036-5104
www.altanews.org

Contact: Lorri Lee Ragan, APR
Phone: 202-296-3671 ext. 218
E-mail: lorri_ragan@altanews.org

**AMERICAN
LAND TITLE
ASSOCIATION**



For Immediate Release

Title Industry Trade Group Testifies At House Subcommittee Hearing

Washington, D.C., April 26, 2006 – Representatives from the American Land Title Association (ALTA), the national trade association for the land title industry, today appeared before the Subcommittee on Housing and Community Opportunity of the House Committee on Financial Services in a hearing entitled, “Title Insurance: Cost and Competition.” Representing the association was Rande Yeager, president and CEO of Old Republic National Title Insurance Company and current ALTA president.

The hearing followed a request by Committee Chairman Michael Oxley to the U.S. Government Accountability Office (GAO) for a study of the nation’s title insurance marketplace, and the regulation and competitive nature of the title insurance industry.

In his written and oral testimony, Yeager affirmed the industry’s desire to work more closely with the National Association of Insurance Commissioners, state insurance regulators and federal authorities to achieve greater clarity on the rules governing the title insurance industry, and to ensure that those rules are enforced.

“Our members have historically been strong supporters of the principles of the Real Estate Settlement Procedures Act (RESPA), and its objective of ensuring that competition is not skewed by illegal referral fees and other kickback practices,” said Yeager. “Such practices harm companies that are complying with the law because it hinders their ability to compete on a level

playing field. We encourage all companies to comply with the letter and the spirit of RESPA, which will greatly benefit our members and our consumer customers.”

RESPA was enacted by Congress in 1974 to, among other things, eliminate kickbacks and referral fees that increase the costs of certain settlement services. RESPA’s provisions are enforced by the Department of Housing and Urban Development (HUD).

In his comments, Yeager pointed to recent regulatory enforcement actions taken against title companies that were the direct result of information provided to regulators by members of the title industry. When companies break the rules, according to Yeager, it puts those who operate within the law at a competitive disadvantage.

“The industry supports changes that will minimize unfair competitive practices by building on the public-private partnership that is already taking place between regulators and members of the title industry,” Yeager said.

To address his industry’s concerns, Yeager laid out a four-part plan:

- 1) Section 8 (anti-kickback provision) of RESPA should provide companies the right to file an action for injunctive relief against competitors that are violating the provision. Yeager stated that companies in the industry are in a position to know when their competitors are engaged in questionable or unlawful practices, and have a strong incentive to stop such practices.
- 2) That HUD respond, within a reasonable timeframe, to requests for guidance on RESPA compliance issues submitted by ALTA and other national trade associations representing settlement service providers. According to Yeager, this will help avoid problems that

might not have occurred if such advice had been provided in a timely manner, such as with captive reinsurance last year. To minimize HUD’s workload in this regard, ALTA suggests

that opinions might be developed by private counsel and submitted to HUD to either accept or reject. These opinions could be posted on the HUD RESPA Web site to assist anyone seeking HUD's views on a particular matter.

- 3) States should be encouraged to adopt and enforce actions against the *recipients* of referral fees by title agents. Frequently, Yeager stated, it is these recipients who pressure title companies for referral fees, playing one company against another. Subsequently, companies that refuse to engage in this illegal practice are at a competitive disadvantage. Stronger enforcement on both sides will help to stop these practices, Yeager said.
- 4) Greater emphasis should be placed on consumer education, both directly and through the Internet. ALTA allocates substantial resources to educating its members and, for many years, has been actively engaged in consumer education, according to Yeager, who pointed out that ALTA's Web site contains clear and helpful information for consumers as well as regulators. ALTA also has developed consumer-directed materials that explain the nature and purpose of title insurance, and actively encourages the distribution of these materials by state regulators and state land title associations. Yeager noted that, while it is likely that consumers will continue to rely on real estate professionals to recommend title insurance and other settlement service providers, ALTA believes that consumers can greatly benefit from this information.

###

ABOUT ALTA

The American Land Title Association represents title insurance companies and their agencies nationwide on a variety of industry and legislative issues. Members of the Association search and insure land titles to protect real estate investors including homebuyers and mortgage lenders.