

AMERICAN LAND TITLE ASSOCIATION

TITLE INDUSTRY
EMPLOYS
108,000+
PROFESSIONALS

AMERICAN
LAND TITLE
ASSOCIATION



OFFICES IN
EVERY
U.S. COUNTY

AVERAGE TITLE COMPANY
EMPLOYS 3 PEOPLE,
COMPANY EARNS
\$168,000
IN GROSS REVENUE

TITLE INDUSTRY
COLLECTS
\$4.8B
IN BACK
INCOME TAXES

TITLE INDUSTRY
RECOVERS
\$325M
IN UNPAID CHILD
SUPPORT EACH YEAR

AVERAGE TITLE INSURANCE PREMIUM

70%
AGENT EXPENSE
• Title Search and Exam

30%
INSURER EXPENSE
• Insurance Claims

TITLE INSURANCE IS A
ONE-TIME FEE
THAT FINANCIALLY
PROTECTS HOMEBUYER
FOR AS LONG AS THEY
OWN THE HOME.

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BACKGROUND

TILA-RESPA MORTGAGE CLOSING DISCLOSURES

The Dodd-Frank Act required the Consumer Financial Protection Bureau (CFPB) to combine mortgage closing disclosures required under the Truth in Lending Act and the Real Estate Settlement Procedures Act, into a single, TILA-RESPA Integrated Disclosure, or TRID for short.

The purpose of TRID is to help consumers better understand their real estate transaction. This is extremely important to ALTA members who sit across from homebuyers each and every day. We implement these new disclosures on August 1, 2015.

We are concerned that with these new disclosures consumers could experience:

- **Longer timetables or less flexibility in the home buying process**, especially as businesses attempt to comply with the new regulation after implementation on August 1.
- **Fewer opportunities to shop among competitors** since some providers may limit the vendors with whom they are willing to work and some community banks may decide the overall regulatory burden to comply with TRID is too high.

www.alta.org/cfpb

THE TWO MOST IMPORTANT THINGS THE CFPB SHOULD DO BEFORE AUGUST 1

ANNOUNCE A HOLD-HARMLESS PERIOD ON TRID THROUGH THE END OF THIS YEAR

Experience in implementing past regulations tells us that there will be unforeseen issues once these forms have been used in actual real estate transactions. As we resolve these issues for consumers as quickly as possible, the CFPB should publicly commit to a hold-harmless period through December 31. A hold harmless period would:

- Allow businesses to adapt processes for compliance without fear of enforcement action.
- Apply to businesses that make a good faith effort to comply with the 1,888 page CFPB regulation
- Please co-sponsor HR 2213, bipartisan legislation introduced by Representatives Pearce (R-NM) and Sherman (D-CA)

ALLOW THE CLOSING DISCLOSURE FORMS TO SHOW CONSUMERS ACTUAL COSTS TITLE INSURANCE

The CFPB's TRID rule requires title professionals to disclose to the consumer a cost for title insurance that is absolutely wrong and confusing.

The Bureau should resolve this issue by allowing the industry to disclose the actual title insurance premiums required in each state. Based on publicly available title insurance shopping rate calculators, this regulation affects homebuyers in 43 states where the owner's title insurance policy is issued at a discounted price when purchased concurrently with a lender's title insurance policy.

TAX REFORM EFFECTS ON REAL ESTATE

RESIDENTIAL

As Congress reforms the nation's tax code, we urge it to **avoid changes that would negatively affect Americans' investments in housing and real estate.** The commercial and residential real estate sectors account for nearly 12 million direct jobs across 45 industries, approximately 11 percent of private sector employment. Homeownership has long been the primary method for middle-class families to build wealth.



These tax provisions are a critical part of a strong housing economy:

- Mortgage Interest and Real Property Tax Deductions
 - ▶ Roughly 90 percent of those who claim the deductions are middle or lower income.
- Exclusion of Capital Gains Tax on the Sale of Principal Residence
 - ▶ An individual's ability to exclude up to \$250,000 of gain realized on the sale or exchange of their home allows taxpayers to transition homes for work and retirement.

COMMERCIAL

Virtually every American business owns or leases real estate. **Altering the tax provisions that affect commercial real estate would negatively impact the entire U.S. economy.** Our current tax code allows deferral of any capital gains tax on the sale of that property if the seller reinvests the gain in a different, like-kind property within 180 days (a Section 1031 exchange). By delaying taxation, Section 1031 exchanges allow investors to reinvest capital in assets that better meet current business needs, foster further economic growth and job creation.