

ALTA Press Release

AMERICAN
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ASSOCIATION

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For Immediate Release

ALTA Survey Shows More Homebuyers Reviewing Mortgage Disclosures

Washington, D.C., May 16, 2016 — More homebuyers are reviewing their mortgage documents prior to their real estate closing under new federal regulations according to results of a Home Closing Survey conducted by the [American Land Title Association](http://www.alta.org) (ALTA). The survey, conducted in March 2016, included title agents, real estate attorneys and escrow agents.

As of Oct. 3, 2015, the Consumer Financial Protection Bureau (CFPB), under the Know Before You Owe regulation, requires homebuyers to receive a five-page Closing Disclosure at least three days before the closing of their mortgage.

Consumer Understanding

“Title and settlement agents went to great lengths to prepare and train staff prior to implementation of the regulation,” said Michelle Korsmo, ALTA’s chief executive officer. “The hard work of these professionals paid off as 92 percent of surveyed homebuyers are taking time to review their mortgage documents before the closing. This compares to only 74 percent of consumers who reported having reviewed their documents prior to the new regulation.”

The survey was conducted in two phases. Data was first collected prior to implementation of the new mortgage disclosures to assess the closing experience of more than 800 homebuyers using the HUD-1 Settlement Statement. The second phase gathered information from nearly 700 homebuyers about their closing experience under the new rules requiring use of the Closing Disclosure.

Potential Closing Delays

The new regulations have had minimal impact on whether closings occurred on time. Prior to implementation of Know Before You Owe, homebuyers reported that 77 percent of closings took place as scheduled. With the new Closing Disclosure, 74 percent of closings are taking place as scheduled.

“Settlement agents reported that the top reasons for rescheduling a closing to another day were issues with lender underwriting, a delay from the lender and an issue with the three-day rule,” said Korsmo.

Positive Consumer Experience

ALTA’s survey also showed the continued need for all parties involved in the transaction to work together to ensure the consumer experiences a positive closing. According to the survey, consumers received valuable information about their transaction from loan officers (39 percent), title/settlement agents (30 percent) and real estate agents (29 percent).

“ALTA was determined to ensure the vital role of title and settlement agents would not be diminished as mortgage lender liability increased,” Korsmo said. “Fortunately, consumers continue to view title and settlement agents as valuable resources that provide peace of mind and help them get the keys to their home. We appreciate the members of the Mortgage Bankers Association and National Association of Realtors working with ALTA members to ensure the consumer experience remains positive. Continued collaboration among title agents, Realtors and lenders is paramount to educate consumers about their real estate transaction.”

Homebuyer Education

The survey indicated a need for further education on the benefits of owner’s title insurance for homebuyers. According to ALTA’s survey, 12 percent of home buyers were unsure if they bought an owner’s title insurance policy. This compares to 8 percent of homebuyers who were unsure if they purchased an owner’s policy under the old regulations.

“Consumers should leave the closing table confident that they know they purchased an owner’s title insurance policy and protected their property rights,” Korsmo said. “Unfortunately, the CFPB’s current approach does not provide consumers with clear information about their title insurance costs. The required calculation under Know Before You Owe for title insurance fees is not transparent or accurate and is inconsistent with the Bureau’s mission to better inform consumers.”

“We look forward to working with the CFPB to correct the calculation of title insurance policy premiums on the mortgage disclosures this summer as the Bureau works to provide more clarity and guidance on this regulation,” said Korsmo. “In the meantime, we encourage ALTA members to use the education materials provided in our [Homebuyer Outreach Program](#) to help educate consumers about the benefits of owner’s title insurance. Homebuyers should understand the important role title agents play in reducing their risks, providing peace of mind and protecting their property rights.”

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About ALTA

The [American Land Title Association](#), founded in 1907, is the national trade association representing 6,000 title insurance companies, title and settlement agents, independent abstracters, title searchers, and real estate attorneys. With offices throughout the United States, ALTA members conduct title searches, examinations, closings, and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.