



Championing the Title Industry


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Managing Director
First American Title Insurance Company's Agency Division
First American Title Insurance Company




1


Our Mission




Advocating on behalf of our members' and the industry's interests




Providing education and information to our members



Offering networking opportunities



Creating and promoting professional industry standards



2

ALTA All Stars: Please Stand Up



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3

ALTA's Strategic Priorities



Champion the title insurance industry and combat regulatory threats



Promote title insurance as the best way to protect property rights



Succeed through adaptation and innovation



4

Champion
the Industry



5



Title Waiver Pilot Program

- **Biden Administration Revives Previously Shelved Title Waiver Pilot Program**
 - Under the misguided proposal, Fannie Mae will waive the requirement for lender's title insurance on certain refinances with loan-to-value ratios less than 80 percent.
 - Fannie Mae will charge lenders a fee to cover risk under a proposed title waiver pilot program
 - Pushes Fannie Mae into state-regulated insurance business



6

Title Waiver Pilot Program

- **What can you do?**

- Encourage your members of Congress to support bipartisan Protecting America's Property Rights Act
 - Require title insurance on all loans purchased by Fannie Mae and Freddie Mac
- Make sure you're a member of the Title Action Network
 - ALTA's free grassroots organization
 - www.alta.org/tan



7

Unregulated Title Insurance Alternatives

- **Fannie Mae Expands Use of AOLs**

- Can now be used in limited circumstances for loans on condo properties and those subject to restrictive agreements or covenants
 - U.S. Census: 82% of new homes sold in 2021, the most recent year for which data are available, were in an HOA
 - 30% of U.S. population lives in a community association
 - 365,000 community associations
 - Condos account for roughly 9% of mortgages sold to Fannie Mae each year
- Significantly increases risk to consumers and lenders



8

Federal Advocacy

- **ALTA Advocacy Summit**

- More than 250 title professionals held 256 meetings with Members of Congress from 41 states
- Additional support for Protecting America's Property Rights Act.
- Met with Sen. Sherrod Brown, chair of the Committee on Banking, Housing, and Urban Affairs.

- **Two Letters from Members of Congress to FHFA Express Concern with Pilot**

- Three Republican members from the House Financial Services Committee question whether program violates FHFA's new product rule
- 18 House Democrats question Biden Administration's title waiver program



9

State Advocacy

- **National Association of Insurance Commissioners (NAIC)**

- ALTA crafted sample consumer alert warning that AOLs are not the same as title insurance

- **National Council of Insurance Legislators (NCOIL)**

- President says pilot program violates state regulation of insurance

- **American Legislative Exchange Council (ALEC)**

- In blog, group says pilot threatens property rights and undermines state law governing title insurance

- **National Association Attorneys General (NAG)**

- Continue to meet with attorneys general from several states to share concerns



10

CFPB Attack on Title Insurance

- **CFPB Says 'Junk Fees' Driving Up Closing Costs**
 - Request for Information issued May 30
 - Bureau focused on these areas:
 - Which fees are subject to competition
 - How fees are set and who profits from them
 - How fees are changing and how they affect consumers
- ALTA's response
 - Title insurance essential to homebuying process
 - Cost of coverage has decreased 5% over past five years
 - Comprehensively regulated at state level
 - Fees disclosed under TRID



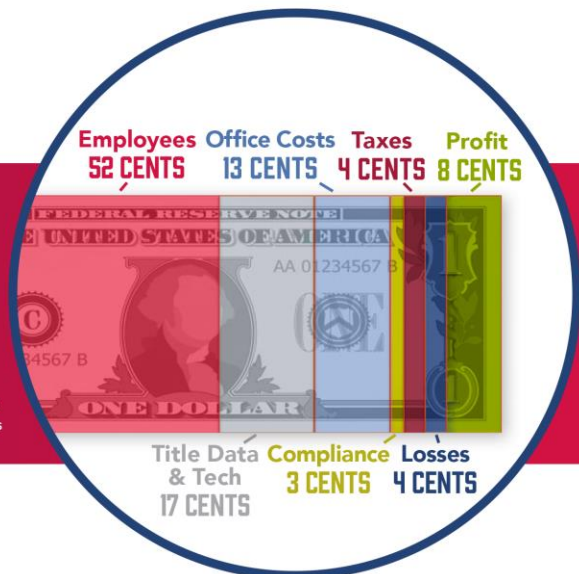
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DOLLAR COST BREAKDOWN

The median cost of title insurance and settlement services is **0.67% of the purchase price.**

Source: Fannie Mae

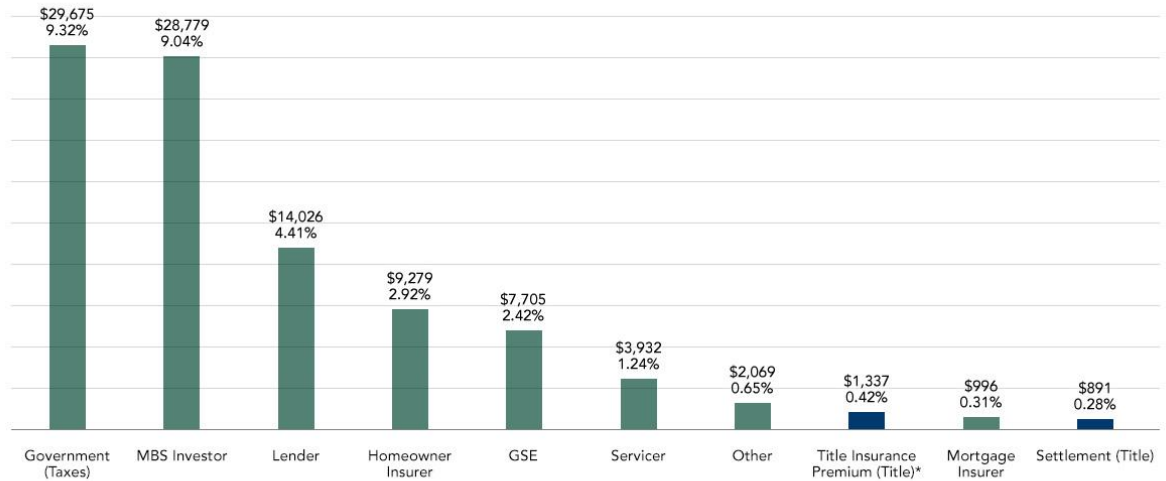
COST OF PRODUCING A TITLE POLICY – EACH DOLLAR
Source: Industry analysis of NAIC Form 9 Annual Statements



12

Missing the Forest for the Fees – Borrower Life-of-Loan Charges By Recipient

Total Present Value of Borrower Charges (\$,% of Average Purchase Price- \$318K), over 7 Year Life



Source: Mota et al. (2021), Fannie Mae; Begley et al. (2022), Fannie Mae; First American Calculations



13

Research and Data

- **Title Insurance Curative Work Study**
- **Analysis of Claims and Claims-Related Losses in the Land Title Insurance Industry**
- **Economic Contributions of Title & Settlement Services Industries**
- **All three available at ALTA.ORG**



14

Economic Contributions of Title & Settlement Services Industries



SIGNIFICANT WORK IS REQUIRED TO CLEAR TITLES & CLOSE TRANSACTIONS

Homebuyers want to know they own their homes. Since many title issues can be discovered and potentially fixed prior to closing, title insurance companies invest heavily in title research and curative work (which requires far more than an online search of the public record) to protect property rights. Approximately 70 cents of every dollar paid at closing for title insurance and settlement cover this upfront expense.¹ Additionally, title insurance protects against unknown and unidentifiable risks, such as fraud and forgery.

Time required to close a transaction

Standard Files

22

Work Hours



Difficult Files²

45

Work Hours



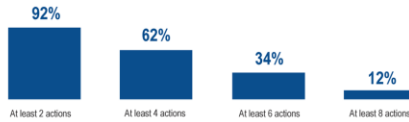
Ten tasks required in the closing process

1. Opening process
2. Title production
3. Clearing to close
4. Lender coordination
5. Non-curative closing requirements
6. Preparation of closing package
7. Signing process
8. Processing signed closing documents
9. Funding and disbursement
10. Final title policy issuance

36% OF CLOSING TRANSACTIONS REQUIRE SUBSTANTIAL CURATIVE WORK

Nearly all companies typically perform at least one curative action often or very often in order to produce a clean title. Of these companies, 62% address at least four curative issues per transaction, on average. Title insurance companies estimate that 36% of transactions require a substantial amount of curative work to clear the title.

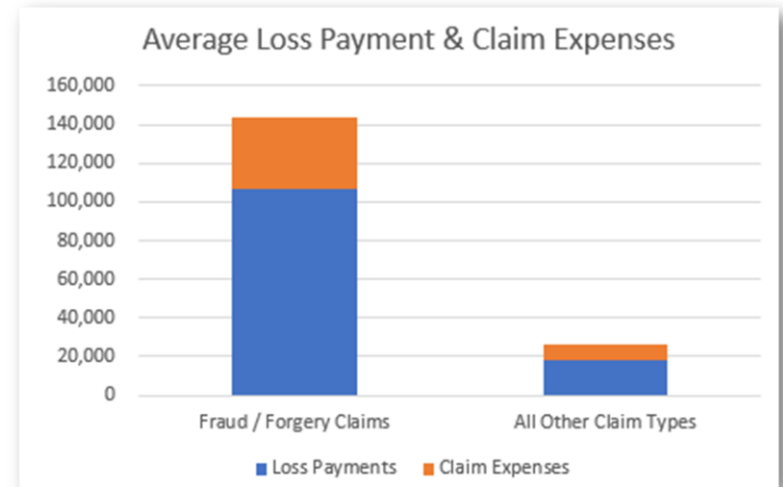
Number of curative actions typically taken by companies that perform at least one action "very often" or "often"



Avg. share of transactions that require substantial curative work



Economic Contributions of Title & Settlement Services Industries

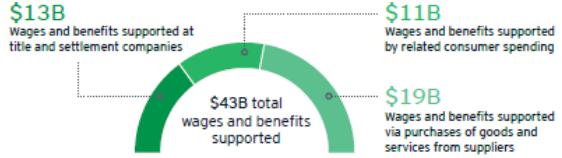
Economic Contributions of Title & Settlement Services Industries



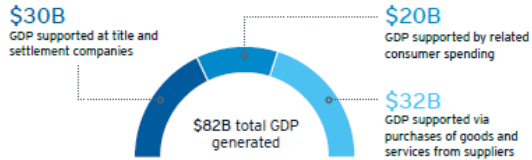
JOBS



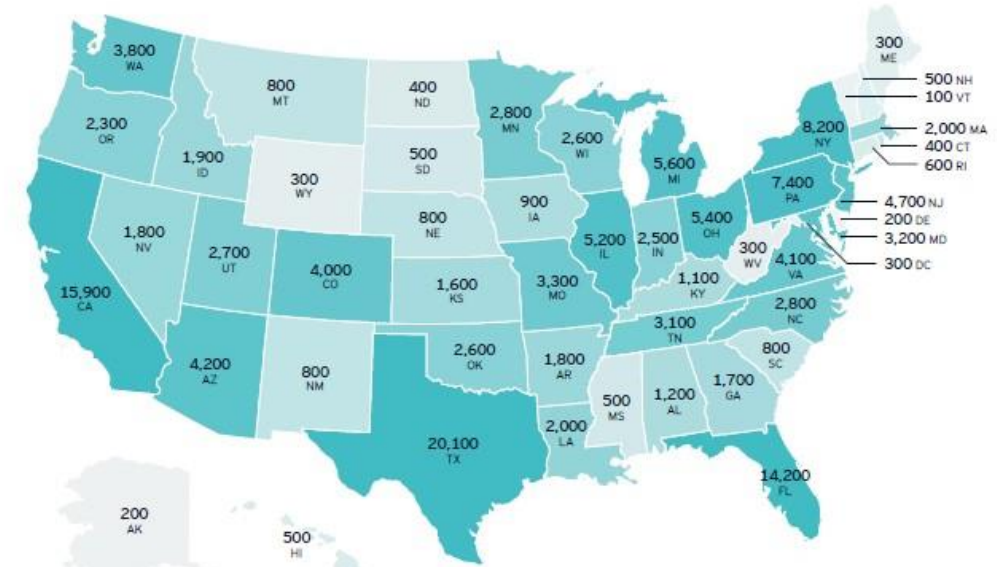
WAGES AND BENEFITS



GDP



17



18

Additional Research Results



19

FinCEN: BOI Reporting

• Corporate Transparency Act

- Many companies are required to report information to FinCEN about the individuals who ultimately own or control them.
- FinCEN began accepting reports Jan. 1, 2024
- How do you report?
- When do you report?
- Penalties
 - Up to \$500 fine for each day violation continues
 - Criminal penalties for up to two years and/or fine up to \$10,000
 - Senior officers of an entity that fail to file a required BOI report may be held accountable for that failure.

20

FinCEN: Real Estate Money Laundering

• Treasury Issues Proposed Real Estate Anti-Money Laundering Rule

- Proposed rule requires certain people involved in real estate closings and settlements to report information to the agency about all-cash residential transactions nationwide involving legal entities and trusts.
- Expands on current Geographic Targeting Orders
 - Unlike the GTOs, reporting under the proposal is not limited geographically
 - There is no dollar threshold.
 - Under the rule, the person conducting the settlement will have to file a limited purpose suspicious activity report within 30 days of settlement.
 - FinCEN indicated it will develop a specific real estate report form for electronic filing.

• [ALTA.ORG/FINCEN](https://www.alta.org/fincen)



21

Promote Title
Insurance



22

NTRAPS

• Non-Title Recorded Agreements for Personal Services (NTRAPS)

- These agreements obligate the current owner to use the other party's services in the future, and further attempt to bind successor owners by purporting to create a real property interest.
- Failure to comply with these agreements may give rise to a lien against the property to secure liquidated damages.
- ALTA model bill
 - 30 states have passed versions addressing NTRAPS



23

Heirs' Property

- What is heirs' property?
- Challenges to heirs' property
- What can be done?
- Legislative steps



24

HEIRS' PROPERTY



What is Heirs' Property?

When a person dies, their home, land or other real estate is treated differently than their personal effects and financial assets. If new ownership of a deceased person's property isn't determined through a will or court proceeding, and the deceased person didn't use alternative estate planning that doesn't require a probate proceeding, that property becomes heirs' property. Heirs' property is real estate that official government records indicate is owned by someone who is deceased, and maybe has been for multiple generations.

Estate planning such as a trust or transfer on death deed may help heirs avoid a probate process.



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Discriminatory Covenants

- **Background**
- **ALTA position**
 - ALTA is strongly opposed to any form of housing discrimination and is committed to proactively working toward solutions that protect the property rights of all homeowners.
- **Different approaches**
- **Federal legislation**
 - ALTA has endorsed a federal bill that would fund the research and study of discriminatory covenants in land records.



25

Consumer Education



7 MOTIVOS POR LOS QUE
CADA COMPRADOR
DE VIVIENDA NECESITA
UN SEGURO DE TÍTULO
DE PROPIETARIO



LA COMPRA DE UNA VIVIENDA ES UN MOMENTO EMOTIVO Y SIGNIFICATIVO PARA MUCHAS PERSONAS. PROCURE OBTENER UN SEGURO DE TÍTULO DE PROPIETARIO PARA COMPRAR SU VIVIENDA CON MAYOR CONFIANZA. **A CONTINUACIÓN LE EXPLICAREMOS SU IMPORTANCIA:**



alta.org/homeowner

26

ALTA Good Deeds Foundation



- Over \$1M raised
- Awarded over \$800K to 140+ groups
- Text GOODDEEDS to 44321 to donate!



27

Good Deeds Foundation



28

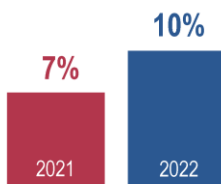
Adaptation & Innovation



29

Digital Closings

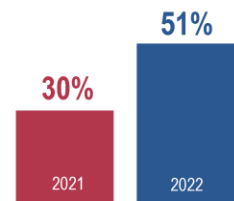
*Digital or Remote Closings as Share of All Transactions**



*Businesses Conducting Digital or Remote Closings, 2022**



Share of Businesses Offering Remote Online Notarization (RON)



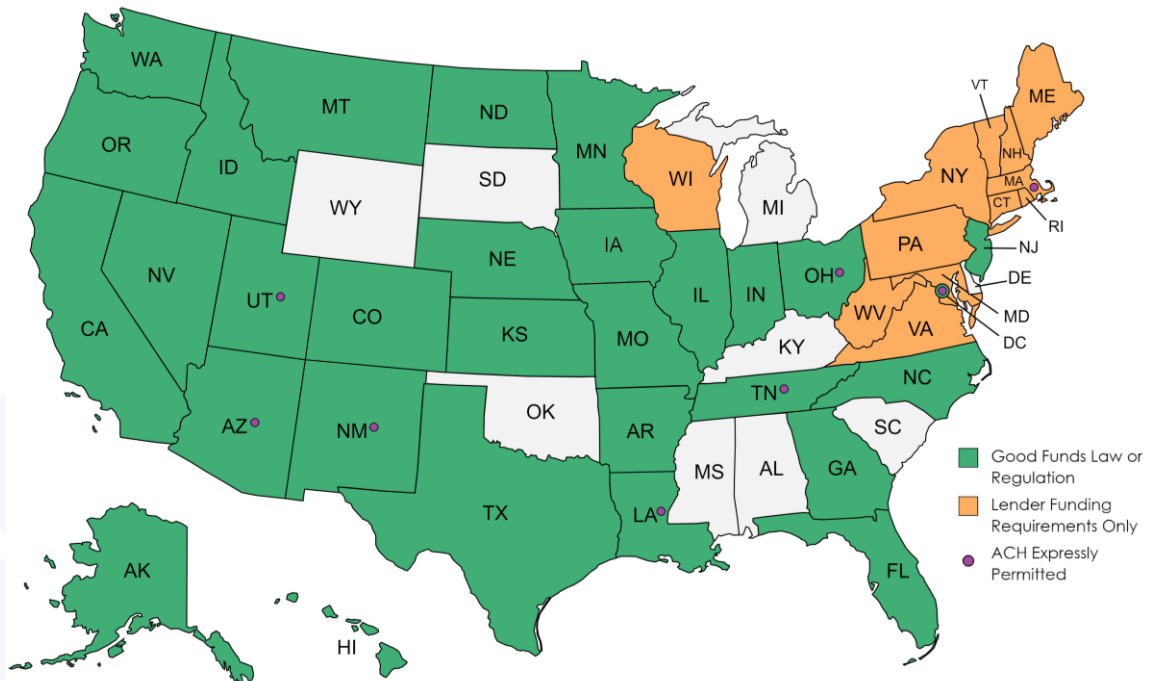
30

Digital Payment Methods/Good Funds

- **Payment rail**
 - Wire transfers, RTP, Fed Now, ACH
- **State law research**
 - Analysis of existing good funds laws
- **ALTA model law**
 - Enable modern payment rails and protect consumers



31



32

Digital Payment Methods/Good Funds

- **Resources**

- Good Funds Laws Chart
- Payment Rails - ALTA Use Cases
- Comparison Chart of Different Funds Transfer Systems
- ALTA Model Good Funds Legislation
- ALTA Model Good Funds Law FAQs
- Good Funds Industry FAQs

alta.org/advocacy/technology/good-funds



33

Fraud

- **Seller Impersonation**

- Fraudsters impersonating owners to illegally sell property
- Typically target vacant lots or unencumbered properties
- ALTA Infographic
 - Highlights red flags and provides precautions to take to help prevent these scams



34

SELLER IMPERSONATION FRAUD IN REAL ESTATE



FRAUDSTERS are impersonating property owners to illegally sell commercial or residential property. Sophisticated fraudsters are using the real property owner's Social Security and driver's license numbers in the transaction, as well as legitimate notary credentials, which may be applied without the notary's knowledge.



Fraudsters prefer to use email and text messages to communicate, allowing them to mask themselves and commit crime from anywhere.

Due to the types of property being targeted, it can take months or years for the actual property owner to discover the fraud. Property monitoring services offered by county recorder's offices are helpful, especially if the fraud is discovered prior to the transfer of money.

Where approved by state regulators, consumers can purchase the American Land Title Association (ALTA) Homeowner's Policy of Title Insurance for additional fraud protection.

WATCH FOR RED FLAGS

CONSIDER HEIGHTENED SCRUTINY OR HALT A TRANSACTION WHEN A PROPERTY

- Is vacant or non-owner occupied, such as investment property, vacation property, or rental property
- Has no outstanding mortgage or liens
- Has a different address than the owner's address or tax mailing address
- Is for sale or sold below market value

CONSIDER HEIGHTENED SCRUTINY OR HALT A TRANSACTION WHEN A SELLER

- Wants a quick sale, generally in less than three weeks, and may not negotiate fees
- Demands proceeds be wired
- Wants a cash buyer
- Refuses or is unable to complete multifactor authentication or identity verification
- Is refusing to attend the signing and claims to be out of state or country
- Wants to use their own notary
- Is difficult to reach via phone and only wants to communicate by text or email, or refuses to meet via video call



SHUTTERSTOCK / TIMA RANFUDJON

www.alta.org

Fraud

- **Wire Transfer Fraud**
 - FBI: \$400M in losses in 2022 due to BEC scams
 - New industry tools
 - ALTA Best Practices
 - ALTA resources



Cybersecurity

- **ALTA Information Security Work Group**
 - Focused on identifying trends
 - Developed industry advisory with guidance
- **Need to evolve and adapt**
 - Important to use caution
 - Email, phone calls, text messages should all be considered suspect
 - Must change behaviors and practices
 - Embrace new technology and update security protocols

Human Resources



**ONLINE
TRAINING**



HR LIBRARY



**DIVERSITY, EQUITY
& INCLUSION**



VIDEOS



Get Involved in Advocacy



TITLE ACTION NETWORK

ALTA.ORG/TAN | Text TAN to 52886



Importance of Michigan in Congress

13 House Members, 2 Senators

Key Leaders

- **Senate**
 - **Debbie Stabenow** (Agriculture Chair, Finance) Foreign Ownership of Land; Tax Policy, 1031s
 - **Gary Peters** (Commerce) Data Privacy
- **House**
 - 2 Members on Financial Services (**Huizenga, Tlaib**) FHFA, CFPB, FinCEN
 - 3 Members on Energy & Commerce (**Dingell, James, Walberg**) Data Privacy, SECURE Notarization Act
 - 1 Member on Ways & Means (**Kildee**) Tax Policy, 1031s



39

Michigan Political Engagement

- 11 Michigan ALTA Members are Congressional Liaisons, 347 TAN members
- 15 Michigan ALTA Members have donated \$11,150 to TIPAC in 2024
- TIPAC has contributed \$11,000 to Michigan Delegation member campaigns in 2023-2024



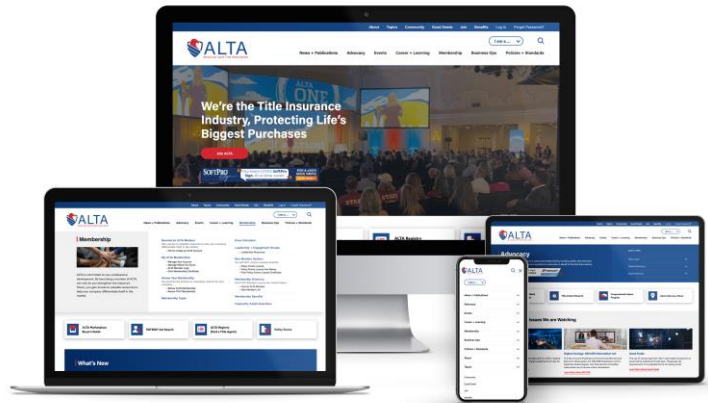
40



41



42



ALTA Upcoming Events



Oct. 15-18
Orlando, Fla.
Signia by Hilton
Orlando Bonnet Creek



Questions?



