



# ALTA Advocacy Update

**From Michelle L. Korsmo**  
**ALTA Chief Executive Officer**  
**November 26, 2013**

Last Wednesday was the day we'd been waiting for. The Consumer Financial Protection Bureau (CFPB) announced its [final rule](#) for integrated mortgage disclosures. The Bureau announced the rule in Boston on Wednesday at an event in which ALTA was invited to participate as one of six panelists. It was a great opportunity to showcase the vital role of the title insurance and settlement industry in the real estate transaction. On Thursday, ALTA hosted a webinar attended by 1,000 industry professionals, in which we broke down our first analysis of the rule.

As we began reading and examining the final rule, I was reminded of the powerful and united industry voice we have within the Title Action Network (TAN).

For nearly two years, TAN expressed concern about the CFPB's three-day rule. TAN members responded to 11 different calls for comment to the CFPB and successfully encouraged more than 80 members of the U.S. House of Representatives to sign on to a letter by Representatives Stivers (R-OH) and Perlmutter (D-CO) urging the CFPB to provide the needed flexibility to avoid costly delays to closing.

When you read the rule, you will be struck by how often the CFPB cites comments from members of the title industry to describe how they made their decision. While not every concern we had was addressed favorably, it's clear the CFPB listened to your concerns. The new CFPB regulation will provide needed flexibility and prevent harmful delays for homebuyers. Additionally, because of the efforts of TAN members, the Bureau's final regulation mentions the valuable role of the settlement agent in the real estate transaction and provides a needed 21 months to implement the new rules.

We are thankful this week for these wins for the industry. But we have several concerns that need to be addressed. CFPB forms will tell consumers that owner's title insurance is optional. We are also concerned that even though the Bureau highlighted the historic role of our industry at the closing table, other parts of the regulation could undermine this intent. We have much work to do to advocate to consumers, real estate agents, lenders, legislators and regulators regarding our vital role as the trusted third party at the closing table.

As we celebrate Thanksgiving this week, I am extremely thankful for the amazing feats we have accomplished as an industry over the past year and know that, while we have much work to do, we are working harder than ever to protect the interests of the land title industry.

So rest up, enjoy some turkey, potatoes and gravy, share your gratitude and prepare for the work ahead of us. With the help of our 4,700 member companies and over 6,000 TAN members, I know that we will have even more to be thankful for next year.

My very best wishes to you and your families for a happy Thanksgiving. Enjoy the following updates on the rule.

## CFPB Finalizes “Know Before You Owe” Mortgage Forms

Here are the details of the CFPB’s final rule to combine overlapping federal disclosure forms required by the Truth in Lending Act (TILA) and Real Estate Settlement Procedures Act (RESPA). A new [Closing Disclosure](#) will replace the HUD-1 and revised TIL disclosure, while a [Loan Estimate](#) will replace the GFE and early TIL. On Thursday, ALTA hosted a webinar with 1,000 title professionals to discuss the regulation and answer questions from members. Participating in the webinar were Michelle Korsmo (ALTA CEO), Steve Gottheim (ALTA legislative and regulatory counsel), Ruth Dillingham (First American Title Insurance Company), Ben Olson (BuckleySandler), Mary Schuster (op2 and Ramquest) and Leslie Wyatt (SoftPro).

Each of the panelists focused on one of [ALTA’s six factors](#) that we used to judge the rule and whether or not the outcome was favorable to the industry. You can access a recording of the webinar on [ALTA’s YouTube page](#). Please share this recording with your staff and colleagues to help answer questions on this complex rule.



Additionally, ALTA released a statement on the final rule highlighting areas that the industry will need to continue work: “We support the CFPB’s efforts to simplify the mortgage disclosures to help consumers better understand what they are purchasing when they are sitting at the closing table to buy a home,” said Michelle Korsmo, ALTA’s chief executive officer. “We are pleased that the CFPB has listened to industry professionals and provided an appropriate timeframe for implementation of this important rule. We applaud the CFPB for listening to our members and eliminating the ‘All In’ APR as it would not help consumers shop for a mortgage and could limit their settlement choices. Additionally, we appreciate the CFPB limiting possible closing delays after hearing concerns from industry regarding the three-day rule.

“Limiting the instances of delays in real estate transactions will help to ensure a positive experience for the consumer at the closing table. While the Bureau’s integrated forms make improvements in the way they provide information to the consumer, they fall short in their disclosure of title-related fees to consumers. Telling a consumer that owner’s title insurance is ‘optional’ will mean that home buyers may be dissuaded from purchasing the same protection that lenders receive from a title insurance policy.”

Read ALTA’s full statement [here](#).

## Submit Your Questions/Comments About the Rule to ALTA

Please [send your questions or comments](#) about the Consumer Financial Protection Bureau’s final rule for integrated mortgage disclosures to [respacomments@alta.org](mailto:respacomments@alta.org). We will post answers and analysis to the final rule and forms here on our blog. We encourage title professionals to follow the blog as we will continue to provide analysis and information about implementing the new mortgage disclosures. The CFPB set an effective date of Aug. 1, 2015 for the industry to begin using the new disclosures.

## CFPB Yields to Title Insurers on Mortgage Rule

That great headline came from Bloomberg News. According to Bloomberg, a new regulation that would have wrapped title insurance into the total costs listed on a simplified mortgage disclosure form was dropped by the Consumer Financial Protection Bureau after industry complaints.

The rule first proposed by the consumer bureau in July 2012 would have incorporated these costs into the calculation of the annual percentage rate on a simplified new mortgage disclosure form. The agency backed down after feedback suggested that the all-in APR, is the rule is known, “might have affected the types of loans available to consumers,” according to the Bureau.

The APR feeds into calculations under other regulations that determine whether a mortgage is a higher-priced loan. If a higher APR pushes a loan into that category, lenders could be more vulnerable to lawsuits under a separate CFPB rule that takes effect in January.

“We applaud the CFPB for listening to our members and eliminating the ‘all in’ APR as it would not help consumers shop for a mortgage and could limit their settlement choices,” Michelle Korsmo, chief executive officer of the American Land Title Association, a Washington-based trade group, said in a statement.

Read the full article [here](#).

### **ALTA CEO Testimony from CFPB Field Hearing on Integrated Mortgage Disclosures**

Some of you may have watched the hearing in Boston live on Wednesday as the Consumer Financial Protection Bureau addressed its “Know Before You Owe: Mortgages” project and announced finalized integrated mortgage disclosure forms. Here is some of what I said last week:

“ALTA members work every day to make sure they are protecting Americans’ most valuable investment: their homes. We know there is a lot that happens between signing that contract and that fantastic day when the homeowner gets the key to their new home and that’s where our members come in.

“The reality is that changes come with a cost and while there is never a convenient time to go through this type of change, we want to know that as we make our significant investment in updating our systems, training our staff and educating consumers will result in a positive experience for the homebuyer and seller.”



Watch Korsmo’s full testimony [here](#).

Following the field hearing, ALTA (along with the New England Land Title Association and the Real Estate Bar Association) hosted a roundtable discussion titled “A New Era of Closings and Settlements” at the Fairmont Copley Plaza with two staff from the CFPB in attendance.

The discussion focused on how the rule and new disclosures will impact closings, the ways it will impact relationships with lender clients and consumers, and issues with implementation. More than 60 real estate attorneys and title and settlement professionals attended the roundtable. It was a great opportunity for everyone to ask Richard Horn, of the CFPB, specific questions about the final rule.

### **ALTA News**

ALTA has extended the deadline for education proposals for the 2014 Business Strategies Conference. Proposals must be submitted by next Monday, December 2. The conference will be held at the Omni in Nashville, TN, from Wednesday, March 12 through Friday, March 14, 2014.

If you are interested in proposing a session, please visit the [BSC website](#) to learn more about the process. The site also clearly outlines the selection process and speaker benefits. From there, you can follow a link to the [online form](#) to submit your proposal.

While there have been issues with the Affordable Care Act (ACA)—specifically insurance cancellations and website issues—it’s important to understand how the ACA will impact your company or your ability to obtain health insurance. To help you understand the basics, we’ve scheduled a webinar on the ACA on Wednesday, Dec. 18 from 2:00-2:30 p.m. EST. [Click here](#) to register. Michael Curcio of Benefits Inc. will provide information about the ACA to help you make informed decisions about providing health insurance for your employees or obtaining coverage for yourself.

To date, TIPAC has raised \$417,326 from 686 contributors. If you have any questions about TIPAC please contact ALTA's director of political affairs, Jessica McEwen, at [Jessica@alta.org](mailto:Jessica@alta.org) or call 202-261-2935.

I hope this ALTA Advocacy Update is useful to your work this week. Your comments and questions are always welcome. I can be reached at [michelle@alta.org](mailto:michelle@alta.org).

Best regards,  
Michelle L. Korsmo

A handwritten signature in black ink that reads "Michelle L. Korsmo". The signature is written in a cursive style with a large, looping "M" and "K".