



## ALTA Grassroots Update - May 19, 2009



**To: Grassroots Activists**  
**From: ALTA Grassroots Action Center**  
**Date: May 19, 2009**  
**Subject: ALTA Grassroots Update**

Last week, other trade groups joined ALTA in sending [this letter](#) to HUD Secretary Shaun Donovan requesting HUD halt implementation of the RESPA rule and work with the Federal Reserve Board to issue joint, cooperative RESPA and Truth in Lending (TILA) rules. Our letter followed [Secretary Donovan's announcement](#) late last Monday that he intends to implement the mortgage reforms under the Real Estate Settlement Procedures Act (RESPA) that are scheduled to take full effect on January 1, 2010. In its announcement, HUD also stated that it is abandoning its controversial new definition of required use which would have prevented homebuilders from offering discounts or rebates to their customers in exchange for the use of an affiliate mortgage or title company. ALTA's RESPA Implementation Taskforce continues yeoman's work to produce ALTA members with guidance on how to handle changes if the rule is implemented on January 1, 2010. We will continue to keep you updated.

ALTA is also at work in Michigan where the Detroit Free-Press reported: "[Detroit Area Register of Deeds Proposes County Creates Its Own Government-Run Title Insurance Company](#)," which was prompted by a proposal to a committee of the Wayne County Commission by the Register of Deeds Bernard Youngblood. Below is a letter to the editor we have already submitted and ALTA is working closely with MLTA to rebut this flawed idea. We will continue keep you updated on our progress, but please don't hesitate to contact Justin Ailes for more information at [jailles@alta.org](mailto:jailles@alta.org).

### **ALTA's letter to the editor:**

Wayne County Register of Deeds Bernard Youngblood proposed the county create its own government-run title insurance firm, unfortunately with little knowledge of title insurance.

Mr. Youngblood should visit a local title agency and learn about the search and examination that goes into preparing title insurance. Mr. Youngblood would also discover that a title insurance policy for a \$146,000 home in Wayne County is approximately \$830, not \$1,400.

Each year title agents collectively spend \$225 million correcting errors found in public records; records protected by offices like Mr. Youngblood's. In fact, one in three transactions reveal a title or public record defect that must be cured via a costly, labor intensive process.

In 2007 a Congressional study found government-run title insurance costs homebuyers just as much or more after factoring in all title-related closing costs. A government-run title insurance program would not encourage competition or lower prices, but just the opposite.

Kurt Pfothauer, CEO  
American Land Title Association