



How Title Insurance Failed to Crush Innovation

Title insurance lobbyist American Land Title Association (ALTA) distributed disinformation, misrepresentations and falsehoods to Lenders, Loan Brokers, Realtors, Investors, Consumers, the Media ...and most incredibly...to Congress in an ill-advised effort to deny market innovation, competition, lower prices, and consumer choice of selecting loan closing service providers.

ALTA's desperate attempt to discredit alternatives to costly and often unnecessary title insurance is documented in its disinformation campaign targeting FHFA's, Freddie Mac's and Fannie Mae's April 2022 "Lender Sellers Guide" which authorized lenders to accept Attorney Opinion Letters (AOLs) as alternatives to title insurance, the July 2023 "Equitable Housing Finance Program", which authorized alternatives to costly and often-unnecessary title insurance, and the December 2023 "Expansion of the Use and Acceptance of AOLs". The library of false statements, criticizing alternatives to the title insurance monopoly, are located at ALTA's web site's "TAN" link.

ALTA's inappropriate strategy is based on its assertion that alternatives to title insurance are uninsured and therefore, unsafe. Absolutely false and untrue.

Contemporary E2E, AOL-based, Fully Insured Loan Closing Platforms, approximately one-third the cost of traditional title and escrow, include: Search and Examination, Proprietary Risk Scoring, Curative Services, Insured Attorney Opinion Letter (issued from a licensed real estate attorney in the same state as the property), Document Preparation, Escrow, Date Down, eNotary and eSign, eRecording, Loan Closing and Deed Monitoring.

Platforms are fully insured at multiple levels, covering fraud, forgery, lien priority, duty-to-defend, CPL and cyber.

ALTA's has demonstrated a startling lack of knowledge, research and understanding of the strength, value, and underlying insurance of contemporary Loan Closing Platforms, which were *designed to protect lenders, borrowers, and successors-of-interest.*

Incredibly, ALTA pressured members of the House of Representatives and the Senate to influence multiple Federal Agencies, targeting Congressional Subcommittees and Committees, to legislatively prohibit alternatives to title insurance. Clearly ALTA recognizes innovation, competition, lower prices, and consumer choice as disruptive to the title insurance monopoly,

The monopoly is dominated by four corporate conglomerates, controlling 85% of the national title insurance market. In 2021 the title insurance monopoly generated \$28 Billion in revenue, and according to SEC filings, title insurers paid customer claims an embarrassingly low 2.7%. *Clear evidence that title insurance cost is not correlated to risk.*

In one of the great ironies of modern times, following ALTA's false assertion that innovative and competitive alternatives to title insurance are unsafe and unsound, title giants FNF and FirstAm suffered three major cyber failures, rendering their title and escrow operations out-of-business, delaying or canceling thousands of closings; and worse, exposing customer personal financial information, credit data, loan applications, bank account numbers, social security numbers and driver license numbers.

Collectively FNF and FirstAm represent 65% of the national title insurance market...and as a result of carelessness, incompetence, and negligence...are currently subject to as many as a dozen multi-billion-dollar class action lawsuits, *proving that in fact it is the title insurance companies that now define unsafe and unsound.*

Despite the successful development of the future of safe, reliable, and fully insured mortgage loan closing alternatives, ALTA continues to contest innovation, competition, lower prices, and consumer choice in selecting closing services.

Lenders, Loan Brokers, Borrowers...and particularly Realtors are well advised to become familiar with safe, reliable, and low-cost closing alternatives currently available, and authorized by Fannie Mae and Freddie Mac; and inform their clients of *CHOICE for the purpose of saving clients' money!*

Lenders Loan Brokers and Realtors should resist disinformation and false rhetoric distributed by a beltway lobbyist for the sole purpose of protecting a monopoly promoting a costly and often unnecessary product, unchanged in 100 years.

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