JANUARY 2024

TitleNews

AMERICAN LAND TITLE ASSOCIATION

What's in Store for '24?

Origination Volume, Home Sales Expected to Increase

2024 RESOLUTIONS

FOR TITLE PROS

The new year always brings new resolutions to help guide the months ahead. Check out our resolutions for the year ahead. Lean on the FNF team to help build your roadmap for success! Learn more at nationalagency.fnf.com.

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TiTLENews

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What's in Store for '24

JEREMY YOHE
ALTA vice president of communications

IN 2023, MORTGAGE RATES SURPASSED THE 7.5% THRESHOLD FOR THE FIRST TIME IN 23 YEARS, pushing down housing affordability to record lows. While consumer prices continue to increase quickly, Americans must spend more than 30% of their income to purchase a home. Buyers must earn over $110,000 if they don't want to exceed their budget on an average-priced home.

Mortgage rates slowly pulled back toward the end of the year. Additionally, the Federal Reserve is currently penciling in three rate cuts for 2024. If inflation continues its downward trend, rates may start moving down as soon as the first quarter of 2024.

Even though mortgage rates continue to be notably higher than in previous years, every 0.2% decrease in mortgage rates enables approximately 950,000 households to re-enter the home-buying market, according to the National Association of Realtors (NAR). With rates near 6.6%, the average American family can afford to purchase the median-priced home without allocating more than 30% of its income. NAR expects rates to approach that level sometime in the second half of 2024. If this happens, it is estimated that nearly 4.5 million households will once again be able to afford the median-priced home.

The cover article of this edition of *TitleNews* digs further into the housing market forecast with the goal of helping members develop their business plans for the next year. We've also got some great live events planned. During the 2024 ALTA SPRINGBOARD in Oklahoma City, Okla., we're developing content to help with business strategies to fuel growth during an uncertain market. During the conference, we also have many sessions scheduled to help attendees advance their professional careers. And of course, we continue to offer Braindates, the ultimate knowledge sharing and networking tool available to conference attendees!

If you can't join us March 19-21 at SPRINGBOARD, keep an eye out for upcoming webinars aimed at helping title professionals develop new sales and marketing strategies. In Q1, we've lined up some of the top industry experts who will provide simple and actionable tasks that will help a title agency survive and thrive in any market and understand trends in the evolving customer experience.

In January, we offered a webinar that provided an outlook for the 2024 housing market as well as a presentation on how to have difficult workplace conversations to proactively address minor problems before they become big issues. You can view recordings of past webinars or register for upcoming presentations at alta.org/webinars.

Additionally, mark your calendars to attend the Advocacy Summit (May 6-8 in Washington, D.C.) and ALTA ONE (Oct. 15-18 in Orlando, Fla.).

Thank you for being an ALTA member and continuing to support your association and industry.

Here's to continued success in 2024.

ALTA Updates Best Practices FAQs to Address Notary Selection

ALTA issued a new question to its Frequently Asked Questions (FAQs) to its Best Practices that addresses the role of the title or settlement agent in the selection of a notary.

Pillar 4 of the Best Practices focuses on settlement processes.

Here's the new FAQ:

Q. Pillar 4 of Best Practices 4.0 refers to situations where a third-party signing professional is retained by a Consumer. Does this mean that a seller should always be permitted to select their own notary?

A. No. Pillar 4 identifies who is responsible to oversee signing professionals, including third-party signing professionals (aka notaries). As stated in Pillar 4, if the Consumer (which includes a seller) in a transaction is being permitted to select their own notary, then the vetting of that notary remains with the party selecting the notary:

"For a third-party signing professional contractually retained by anyone other than Company (e.g., the lender, Consumer, or an attorney representing any of these parties), the responsibility for verifying that the third-party signing professional meets applicable standards rests with that party."

However, there are many instances where aspects such as the Title Agent's internal policy or risk mitigation concerns, contractual requirements between a Title Agent and the Title Insurer, and/or requirements imposed by a lender, result in the seller, purchaser, or other ancillary parties to a transaction not being permitted to select their own notary and instead utilizing a Title Agent's selection of a verified notary.

It is worthwhile for the Title Agent to review their contractual requirements with the Title Insurer, their own policies, and to actively address any concerns, including of potential seller impersonation and fraud that would drive a decision as to whether to permit any third-party request to provide their own notary."

ALTA Joins Chamber Letter to Protect Business Lending

ALTA joined 17 other national trade associations in a letter urging federal banking regulators to re-propose their bank capital standards only after conducting and disclosing a more thorough review of their impacts on consumers, businesses of all sizes and sectors and the U.S. economy.

The letter—led by the U.S. Chamber of Commerce—shared concerns about the proposed rule known as the "Basel III Endgame," which would substantially increase capital requirements on covered U.S. banks and make capital and

Continued on page 7

Sales Mastery 101:

Back to Basics for a Successful New Year

As we step into a new year, we are presented with an opportunity to revisit the fundamentals of successful selling. It is essential to anchor ourselves in timeless back-to-basics sales skills that have proven to be effective over the years. These fundamental sales techniques are the bedrock of success, transcending market conditions and ensuring triumph in any landscape.

> “It’s often said that the market does not define your opportunities. It only defines how much work success will take.”
>
> – Curtis Hoffman, EVP, Old Republic Title & President, Central Title Division

- **Understand Your Customer:** Take the time to talk to your clients to understand their needs, challenges, and goals for the year. Then, tailor your sales pitch to address their pain points and demonstrate how you or your team can provide value.

- **Build Relationships:** Establishing trust is crucial. Build genuine relationships with your clients based on open communication, transparency, and mutual respect.

- **Personal Engagement:** Attend networking events, stop by their office for regular check-ins, or send a personal note to stay top-of-mind.

- **Effective Communication:** Practice active listening to understand the client’s concerns before presenting solutions. Then, clearly articulate the benefits of how working with your company can address the client’s unique needs.

- **Provide Value:** Focus on delivering value rather than pushing for a deal. Educate your clients about current trends, best practices and how you can add value. Offer valuable content through blog posts and webinars, opportunities for continuing education credit, and educational resources to help position you as an industry expert.

- **Follow-up:** Consistency is key in maintaining relationships and ensuring client satisfaction. Check in with clients regularly to gather feedback, address concerns and identify new opportunities. Consider using a daily activity calendar, like Marketing in Minutes with quick activities you can use to market from behind your desk.

Remember, the key to successful sales is not just about getting the next deal. It’s about building long-term, mutually beneficial relationships with your clients.

Want more sales tips?
Ask your Agency Representative about our sales trainings available through Agency University.

ALTA Joins Chamber Letter to Protect Business Lending, cont.

credit more expensive for businesses of all shapes and sizes.

"Main Street businesses are the backbone of our economy and rely on affordable access to capital provided by American banks to start, run, and grow their businesses," said U.S. Chamber Executive Vice President and Chief Policy Officer Neil Bradley. "The Federal Reserve Board's proposal to increase bank capital requirements will have the opposite effect, ultimately reducing financing options at a time when businesses are already facing historic challenges from government overregulation. The U.S. Chamber of Commerce and our industry partners are committed to preventing the implementation of higher capital requirements that will hurt Main Street businesses and the communities that rely on them."

A recent survey of over 300 corporate treasurers conducted by the U.S. Chamber of Commerce found 87% of U.S. businesses reported negative effects from regulation-related cost increases. Also, 68% of respondents believe proposed increases in capital requirements under Basel III would be damaging to their businesses.

The letter represents the concerns of a broad and diverse cross-section of American business opposed to the negative impacts higher bank capital requirements would have on the U.S. economy.

Membership by the Numbers

ALTA is the title insurance and settlement services industry resource for advocacy, education, communications, networking and policy standards. Here's a look at some membership numbers from the past month.

- New Members: 65
- Title Agents: 35
- New Associate Members: 2
- New Attorney Members: 26
- State With the Most, New Members: Massachusetts and South Carolina with 8
- Total Members: 6,065

ALTA 2023 TIPAC Donors

The Title Industry Political Action Committee (TIPAC) is ALTA's voluntary, non-partisan political action committee (PAC). TIPAC raises money to help elect and re-elect candidates to Congress who understand and support the issues affecting the title industry. In 2023, TIPAC raised $ 479,885 from 800 people. In addition, $149,000 from 18 companies has been pledged to the TIPAC Education Fund. Check out who has supported the industry at alta.org/tipac.

NEWS TO SHARE?

If you have information you'd like us to consider for TiTLE News, send company announcements to **communications@alta.org.**

CALENDAR

2024 ALTA EVENTS

COMMERCIAL NETWORK
Feb. 25-27
San Diego, Calif.

SPRINGBOARD
March 19-21
Oklahoma City, Okla.

ALTA ADVOCACY SUMMIT
May 5-7
Washington, D.C.

STATE CONVENTIONS

UTAH
Jan. 18-19
Salt Lake City, Utah

ALASKA
Feb. 9-10
Girdwood, Alaska

What's in Store for '24?

Origination Volume, Home Sales Expected to Increase

By Jeremy Yohe

Despite a cooling inflationary environment, the economy faced challenges as the Federal Reserve implemented multiple interest-rate hikes throughout 2023 that amounted to a cumulative one percentage point increase that exerted further pressure on borrowing. Consequently, title insurance premium volume decreased 35% through the first nine months of 2023. However, following two years of reduced activity, economists expect the housing market to grow in 2024. While several signs point to a market recovery, the outcome for the overall economy could play out differently.

Economy

While the U.S. economy has been resilient throughout 2023, the Mortgage Bankers Association (MBA) forecasts that the combination of higher interest rates, tighter credit conditions and a depletion of pandemic-era household savings will lead to a mild recession in the first half of 2024.

"Both fiscal and monetary policies have contributed to the much higher level of mortgage rates in 2023," said Mike Fratantoni, chief economist for the MBA. "The Fed's hiking cycle is likely nearing an end, but while Fed officials have indicated that additional rate hikes might not be needed, rate cuts may not come as soon or proceed as rapidly as previously expected. Lower rates should help boost both homebuyer demand and increase the inventory of existing homes, thereby supporting purchase origination volume in 2024."

He said the job market will likely slow entering 2024, with fewer jobs added and the unemployment rate increasing to 5% by the end of 2024. Inflation will gradually decline toward the Fed's 2% target by the middle of 2025, according to Fratantoni.

Fratantoni believes that as the economy slows and inflation moves lower, longer-term rates will decline from current levels, helping to bring mortgage rates lower. However, the spread between mortgage and Treasury rates remains roughly 120 basis points wider than typical, due to a combination of factors. MBA's baseline forecast is for mortgage rates to end 2024 at 6.1% and reach 5.5% at the end of 2025, as Treasury rates decline and as the spread narrows.

Lawrence Yun, chief economist for the National Association of Realtors (NAR), forecasts the U.S. GDP will grow by 1.5%, avoiding a recession, with net new job additions slowing to 1.7 million in 2024, compared

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MBA Mortgage Finance Forecast

	2023				2024				2025							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2023	2024	2025	2026
Housing Measures																
Housing Starts (SAAR, Thous)	1,385	1,450	1,367	1,383	1,378	1,372	1,366	1,388	1,413	1,442	1,464	1,476	1,396	1,376	1,449	1,444
Single-Family	834	930	968	987	996	1,016	1,035	1,072	1,111	1,128	1,152	1,170	930	1,030	1,140	1,134
Two or More	552	520	399	396	382	356	331	316	302	314	312	306	467	346	309	310
Home Sales (SAAR, Thous)																
Total Existing Homes	4,327	4,250	4,020	3,921	4,097	4,283	4,471	4,646	4,788	4,793	4,886	4,872	4,129	4,374	4,835	4,920
New Homes	638	691	703	716	740	751	766	765	786	794	799	808	687	756	797	796
FHFA US House Price Index (YOY % Change)	4.6	3.3	5.5	5.7	5.7	5.3	4.7	4.1	3.6	3.4	3.2	3.3	5.7	4.1	3.3	3.9
Median Price of Total Existing Homes (Thous $)	366.7	397.5	400.9	389.0	395.7	397.1	393.1	392.9	393.4	394.1	394.5	395.1	388.5	394.7	394.1	393.4
Median Price of New Homes (Thous $)	434.8	418.7	428.9	415.4	426.2	431.7	431.2	431.6	433.7	435.7	438.2	440.5	424.4	430.2	437.0	430.4
Interest Rates																
30-Year Fixed Rate Mortgage (%)	6.4	6.5	7.0	7.4	7.0	6.6	6.3	6.1	5.9	5.8	5.6	5.5	7.4	6.1	5.5	5.4
10-Year Treasury Yield (%)	3.6	3.6	4.2	4.5	4.2	4.0	3.8	3.7	3.7	3.7	3.6	3.6	4.5	3.7	3.6	3.6
Mortgage Originations																
Total 1- to 4-Family (Bil $)	333	463	444	399	422	517	543	519	501	619	620	598	1,639	2,001	2,339	2,436
Purchase	267	371	363	324	323	401	408	379	346	461	456	436	1,325	1,511	1,699	1,782
Refinance	66	92	81	75	99	116	135	140	155	158	164	162	314	490	639	654
Refinance Share (%)	20	20	18	19	23	22	25	27	31	26	27	27	19	24	27	27
FHA Originations (Bil $)													197	219	233	224
Total 1- to 4-Family (000s loans)	895	1,239	1,165	1,034	1,090	1,314	1,371	1,304	1,258	1,524	1,517	1,455	4,333	5,079	5,754	5,790
Purchase	686	948	913	804	790	968	973	894	810	1,070	1,049	996	3,350	3,625	3,926	3,981
Refinance	210	291	252	230	299	345	398	410	448	454	468	459	983	1,453	1,829	1,809
Refinance Share (%)	23	23	22	22	27	26	29	31	36	30	31	32	23	29	32	31
Mortgage Debt Outstanding																
1- to 4-Family (Bil $)	13,671	13,767	13,822	13,879	13,931	13,988	14,050	14,117	14,190	14,264	14,343	14,425	13,879	14,117	14,690	14,783

SOURCE: MORTGAGE BANKERS ASSOCIATION

to 2.7 million in 2023 and 4.8 million in 2022. After eclipsing 8% in late 2023, he expects the 30-year fixed mortgage rate to average 6.3% and that the Fed will cut rates four times this year—calming inflationary conditions—in response to slower economic activity.

The MBA predicts purchase originations will increase 11% to $1.47 trillion next year. By loan count, total mortgage origination volume is also expected to increase by 19%, to 5.2 million loans in 2024 from 4.4 million loans expected in 2023.

Rates

On Dec. 13, at its final policy meeting of the year, the Federal Reserve laid out its economic projections for three rate cuts in 2024, but didn't promise when they might occur.

"Inflation has eased from its highs, and this has come without a significant increase in unemployment. That's very good news," Chair Jerome Powell said during a news conference.

Some experts believe the Fed's earliest rate cut could come in March.

"The Fed will likely keep interest rates at their current level at the start of the year, even though inflation is largely under control," said Daryl Fairweather, chief economist at Redfin. According to Fairweather, rates will likely be cut in the summer, which will propel mortgage rates to decrease as the year progresses.

The 2024 housing market will be heavily dependent on the path of inflation and the health of the economy, according to Mark Fleming, chief economist for First American Financial. The Fed's own projections indicate the battle with inflation could end soon, but with the economy remaining strong, it's unclear when the Fed may start to lower rates.

"The most likely scenario in 2024 is that the economy and labor market continue to cool, but not collapse," Fleming said. "And, if the Fed's own projections are correct, we may even see one or two modest rate cuts."

Housing Market

Fleming said the frenetic pace of the housing market from 2020-21 was unsustainable.

"What went up so quickly, had to come down," he said. "In response to fast-rising inflation, the Federal Reserve reversed its easy money policy and embarked on the most aggressive monetary tightening since the early 1980s."

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> *"The demand for housing will recover from falling mortgage rates and rising income. In addition, housing inventory is expected to rise by around 30% as more sellers begin to list after delaying selling over the past two years."*

The action resulted in the lowest level of home sales in over a decade. While 2023 represented the housing market roller coaster's descent to the bottom, Fleming said. "2024 is likely the flat stretch representing the calm coast before the next ascent."

Yun predicted existing home sales will increase 13.5% this year compared to 2023. He expects the median home price will reach $389,500—an increase of 0.9% from last year. Yun also foresees 1.48 million housing starts in 2024, including 1.04 million single-family and 440,000 multifamily.

"Metro markets in southern states will likely outperform others due to faster job increases, while markets in the Midwest will experience gains from being in the most affordable region," he said.

NAR identified 10 real estate markets with the most pent-up housing demand, which it expects to outperform other metro areas in 2024. In order, the markets are as follows:

1. Austin-Round Rock-Georgetown, Texas
2. Dallas-Fort Worth-Arlington, Texas
3. Dayton-Kettering, Ohio
4. Durham-Chapel Hill, N.C.
5. Harrisburg-Carlisle, Pa.
6. Houston-The Woodlands-Sugar Land, Texas
7. Nashville-Davidson-Murfreesboro-Franklin, Tenn.
8. Philadelphia-Camden-Wilmington, Pa.-N.J.-Del.-Md.
9. Portland-South Portland, Maine
10. Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.V.

"The demand for housing will recover from falling mortgage rates and rising income," Yun said. "In addition, housing inventory is expected to rise by around 30% as more sellers begin to list after delaying selling over the past two years. The selected top 10 U.S. markets will experience faster recovery in home sales."

MBA expects national home prices will grow over the next three years, as tight inventory supports price growth. Joel Kan, MBA's deputy economist, emphasized that first-time homebuyers will account for a large portion of housing demand over the next few years, given the largest age cohort entering its prime homeownership ages. There will still be challenges, as median purchase price and interest payments remain high, for-sale inventory is scarce (particularly for entry-level homes) and credit availability is low.

"New home sales continue to be stronger than existing-home sales, as buyers increasingly turn to newly constructed homes given the dearth of existing home listings and how competitive the bidding process still is," Kan said. "Data from our Builder Applications Survey have shown solid year-over-year gains in purchase applications in recent months."

Doug Duncan, Fannie Mae's chief economist, believes single-family home sales likely bottomed out in the fourth quarter of 2023. He expects sales to begin a slow but meaningful recovery over the course of the next year due to the recent pullback in mortgage rates.

"However, the same dynamics that kept home sales in 2023 at their lowest level since the great financial crisis, including affordability challenges, the lock-in effect and a lack of homes available for sale, will likely persist in 2024," Duncan said.

Fannie Mae continues to forecast a modest downturn in 2024, followed by a return to growth in 2025, noting that many of the underlying business cycle dynamics that contributed to last year's recession call remain. While the likelihood of a soft landing has certainly improved over the last few months, engineering it while avoiding a resurgence in inflation will likely be a difficult task.

"Clearly, the many economic forecasters who previously forecasted a recession beginning in 2023 were wrong, including us," Duncan said. "However, we continue to think there are reasons for concern that will likely lead to a mild economic downturn, including stretched consumer spending relative to personal incomes and the continued effects of restrictive monetary policy still working through the economy.

"Notwithstanding the recent mortgage rate rally, housing and mortgage markets will enter 2024 at approximately the same level as they entered 2023," Duncan continued. "Thus, while we think home sales will start to rise over the new year, the combination of modest increases in home prices and still-elevated interest rates suggest a slow pace of recovery from previously recessionary levels of housing activity."

In a potential sign of things to come in 2024, housing starts soared in November, topping 1.5 million units for the first time in 2023. The U.S. Census Bureau and the Department of Housing and Urban Development said construction began during the month at a seasonally adjusted annual rate of 1.560 million residential units. This was an increase of 14.8% from October's rate of 1.359 million units. Starts in November 2023 also topped those in November 2022 by 9.3%. Construction started on single-family houses at an annual rate of 1.143 million units, an increase of 18.0% month-over-month and a whopping increase of 42.2% from the prior November. Multifamily starts rose 8.9% to 404,000 units, 33.7% fewer than a year earlier.

2024 By The Numbers

Here's a look at some projections from the National Association of Realtors and Mortgage Bankers Association:

$1.95 trillion
Total mortgage origination volume

4.71 million
Existing-home sales

1.48 million
Housing starts

$389,500
Median Existing-home Price

6.3%
30-year Fixed Mortgage Rate

1.04 million
Single-family Housing Starts

440,000
Multifamily Housing Starts

Commercial Outlook

The MBA anticipates commercial real estate lending to increase to $559 billion in 2024, with $339 billion of that total in multifamily lending.

"The logjam in the commercial real estate markets that began last summer has remained firmly in place," said Jamie Woodwell, MBA's head of commercial real estate research. "Questions about supply and demand dynamics for some properties, the rise and volatility in interest rates, and the low number of transactions and coinciding lack of price discovery have all contributed to a marked decline in demand for new mortgages. Unfortunately, those and other factors will likely continue to exert downward pressure on borrowing and lending volumes in the coming quarters."

According to analysis from J.P. Morgan, the commercial real estate outlook for 2024 remains largely unchanged from six months ago. Multifamily and neighborhood retail continue to perform well, while industrial shows signs of softening and the future of office remains uncertain as central business districts evolve.

The national office vacancy rate reached 19.2% in the third quarter of 2023, according to Moody's Analytics. That's up from Q2 and approaching the historic peak of 19.3%. With a flight to quality in reach for more office occupants, some older, less-desirable Class B and C offices may face obsolescence. As a result, there could be opportunities to convert central business districts' office space into apartments or data centers, according to Moody's Analytics.

"Overall, the outlook for commercial real estate next year is muted in terms of capital and space market performance, with a continued recalibration of sorts across all sectors," said Ermengarde Jabir, senior economist at Moody's Analytics. ■

JEREMY YOHE *is ALTA's vice president of communications. He can be reached at jyohe@alta.org.*

Are Your Customers' Funds SAFE?

The SAFEvalidation® service's industry leading account validation and authentication technology has **protected title agents from $113 million in potential wire fraud** in 2023 alone.

Now with no separate charge, the SAFEvalidation service is included with underwriter services for First American insured transactions for additional peace of mind.

Partner with First American and help protect against wire fraud with the SAFEvalidation service.

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ALTA Warns Fannie Mae's Expanded Use of AOLs Increases Risk

ALTA warned that Fannie Mae's decision to expand the use of attorney opinion letters (AOLs) in limited circumstances for loans on condo properties and those subject to restrictive agreements or covenants will increase risk to consumers and lenders.

ALTA has maintained that unregulated title insurance alternatives, including certain AOLs, do not provide the same ongoing protections for homeowners or lenders. Using AOLs instead of title insurance exposes consumers to potential risk and unforeseen financial costs.

"Fannie Mae's decision to expand the allowance for attorney opinion letters in lieu of title insurance to loans purchased on condominium units will expose additional consumers and lenders to unneeded risk and weaken protection of property rights. Title insurance provides more comprehensive coverage, particularly related to risks not easily discoverable by a simple public records search," said Diane Tomb, ALTA's chief executive officer. "Attorney opinions are merely a statement of professional judgment and disclose only those defects found in a review of public records. About a third of all claims paid by title insurance companies are for issues that cannot and would not be found in a public records search. Unregulated title insurance alternatives, such as AOLs, simply cannot replace the protection of title insurance."

Condos account for roughly 9% of mortgages sold to Fannie Mae each year. According to HOA-USA, there are over 370,000 homeowner associations in the United States, representing 30% of all homes. The states with the most condos are California, Texas and Florida.

There are many critical title issues presented by condos versus standard single-family home transactions. The first issue is if a condo isn't built correctly based on the declarations and doesn't comply with state law. The second issue is the potential superiority of a condo lien for assessments. Finally, title agents regularly obtain estoppel letters and payoffs for transactions. If there are outstanding covenant violations, fines or assessments pending with the seller, title professionals resolve these prior to or at closing. This gives the HOA an opportunity to raise any issues—such as unapproved or recent improvements—before a new owner purchases the property. Importantly, only the first item can be determined from a public records search. The other issues could not be addressed with an AOL product.

Making condos even trickier is the fact that HOA dues data is not widely available from a single source and more than 30% of HOAs are self-managed, meaning there is no professional company from which to obtain data.

"Further troubling is that fact that this change came without engagement with the title insurance industry despite ongoing outreach from ALTA and its members to FHFA and Fannie Mae on thoughtful approaches to housing opportunity and affordability challenges," Tomb said. "Housing policy has always worked best as a public-private partnership, and that is how these decisions should be made, with the opportunity for collaboration with experts from affected industries to ensure the best outcomes for consumers."

Fannie Mae's and Freddie Mac's Equitable Housing Finance Plans reference closing costs and title insurance and the government sponsored entities' (GSEs) intent to pursue avenues to examine these costs for low- and moderate-income minority borrowers, and attempt to close the racial homeownership gap.

Missing the Forest for the Fees

However, analysis from First American Chief Economist Mark Fleming shows that fees for title insurance and settlement services are well below other costs charged to borrowers over the life of the mortgage loan.

According to First American's data, a borrower's largest life-of-loan costs are property taxes and recording fees paid at closing plus the accumulated cost of annual property taxes paid over the life of the loan. The fees paid to the mortgage-backed security (MBS) investor and lender are next with the accumulated cost of the annual interest payments made to the investor(s) that purchased the MBS bond containing the mortgage, and the lender's net origination charges at closing plus the accumulated value of the excess interest the lender charges for profit. Homeowner's insurance, the servicer, and even the GSE (the actual holder of the default risk on the mortgage), represent small overall costs by comparison.

The title insurance premium and settlement costs (collectively title and settlement fees), along with the accumulated costs of the annual mortgage insurance premium, barely equate to 1% of the borrower's total life-of-loan costs.

Additionally, updated research published in December 2022 by Fannie Mae found that "differences in title and settlement costs across borrower race and ethnicity groups, once accounting for geography, were not economically meaningful." Any differences that do exist are very small, Fleming said. Asian borrowers pay $13 less than non-Hispanic white borrowers (the control group). Low-income borrowers pay $14 more and first-time homebuyers pay $11 less than repeat buyers.

"With affordability at historic lows and the prospect of homeownership seemingly out of reach for low- and moderate-income families, it's critical to evaluate the borrower's total life-of-loan costs," Fleming said. "Importantly, Fannie Mae's own research finds that title and settlement fees are neither regressive nor a significant component."

Cost of Title Insurance

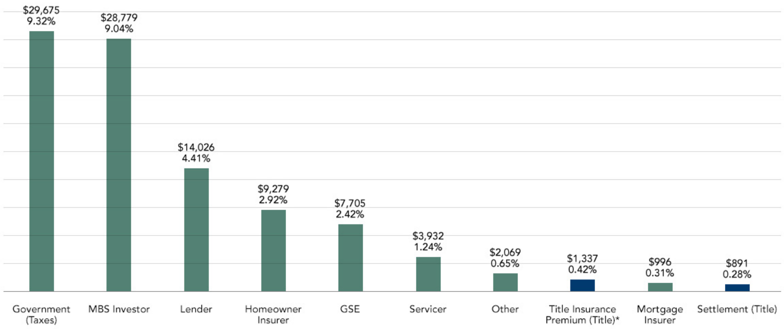
As title professionals know, unlike most insurance products, title insurance is a one-time premium that protects homebuyers as long as they own their home and lenders for the life of the mortgage. Much of the cost of title insurance goes into the upfront, curative work that is done before consumers reach the closing table. For every dollar of title insurance premium, 79 cents goes toward paying for staff, title data and office overhead. Title insurance also includes a duty to defend, which covers all legal fees if a dispute over ownership arises. This means title companies will fight to keep consumers in their home, at no additional cost to them.

Additionally, in more than half of the states, the seller pays for the homebuyer's owner's policy, significantly reducing the cost of title insurance for consumers. While other forms of insurance have seen rate increases in recent years, the cost of title insurance coverage decreased 7.8% nationally since 2004.

In exchange for the promise of a small savings at the front end, the AOL experiment jeopardizes low- and moderate-income homeownership over the long haul. This kind of extreme risk is fundamentally antagonistic to the shared goal of increasing homeownership.

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

ALTA will continue to support a bipartisan bill introduced in Congress that requires title insurance issued by a state licensed and regulated title insurance company on all loans purchased by Fannie Mae and Freddie Mac. The Protecting America's Property Rights Act (HR. 5837), introduced by U.S. Reps. Andrew Garbarino (R-N.Y.) and Vicente Gonzalez (D-Texas) is a companion bill to S. 2687, introduced by Sen. John Kennedy (R-La.) and co-sponsored by Sen. Katie Britt (R-Ala.).

The legislation also would require that any new activities, programs or risks taken on by the GSEs be approved by both the director of the FHFA and the Secretary of the Treasury. The FHFA director would also be required to appear semiannually before the House Financial Services Committee and the Senate Banking Committee to testify on any of these approved new activities, programs or risks undertaken by the GSEs.

"We will continue to meet and collaborate with housing leaders, the FHFA and the GSEs to investigate several opportunities to address housing affordability and sustainability challenges," Tomb said.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Digital Transformation Finally Addressing Traditional Chokepoints in Title Workflow

Industry Beginning to Streamline Manual Processes Like HOA Items

By Anton Tonev

One of a title agent's top priorities is clearing the title and facilitating a proper closing. The settlement process is complex, made more complicated by a myriad of varying laws, rules and customs from state to state, county to county. Things like unusual or excessive closing fees, undiscovered HOA liens or even missing (or incorrect) information only contribute to what has long been a 30 to 50 days-to-close average.

Because of this lack of uniformity and the heavy burden of regulation and compliance, many points of the settlement process have long been performed manually. Over the past few years, however, that's begun to change. Now, more than ever, title and settlement services businesses have begun to ditch previously manual processes—with all the errors and redundancies that come with manually entering or retrieving data—for integrated technologies and qualified service providers.

Today, you will be hard-pressed to find a title agency that doesn't use a title production system. The typical title agency will also have automated or partially automated title search process, escrow reconciliation and release tracking, just to name a few. Yet, for quite some time, even with the advance of the digital transformation, some elements of the settlement process stubbornly remained manual and continued to be chokepoints on the march to closing. Finally, that's starting to change.

HOA Curative—a Great Example of Inefficiency

Take, for example, the document procurement and lien curative process involving homeowner associations (HOA).

Long a manual, in-house process, the mere thought of dealing with HOAs prior to closing still keeps some escrow and closing professionals awake at night. That process could include determining whether or not there is an HOA; determining how to locate and reach that HOA; procuring the proper HOA documents; hand-holding the buyers and sellers while a possibly last-minute delay threatened to postpone the closing; and possibly even having to cure liens placed by that HOA were very real threats to any residential real estate transaction. All too many closing firms have experienced the surprise of an untracked HOA lien in the final days of the settlement process. They know the angst that comes from the resulting phone tag, email chain or, worse, unresponsive property management companies. They've likely had the experience of chasing down one property management company only to learn that they'd been replaced by a different property manager. And, more than once, they watched an otherwise smooth settlement process turn into a rescheduled closing.

But HOA-related challenges aren't going away any time soon. Far from it. In fact, there are over 370,000 homeowner associations in the United States. Collectively, this represents over 40 million households (over 53% of the owner-occupied households in America). An average of 22 new associations are formed daily. If anything, they are growing increasingly more common—along with the growing potential for related surprises and roadblocks on the final leg of the closing journey. It's not just liens that cause issues during the settlement process. There are various challenges an HOA can bring to the process as well. Here are some other HOA-

related issues that can cause extra work as well as closing delays:

- Learn if there's an HOA involved
- Determine which HOA that is and how they can be reached
- Get the HOA to communicate in a timely manner, if at all
- Manage the coordination and communication among the parties involved with any HOA issue
- Pay the fee for the required HOA documents (or even determine that there is a fee and what the amount is)
- Extract the proper information from HOA documents (there is no universal HOA document—they vary substantially).

HOA challenges in the settlement process are a very real part of the escrow and closing process. Fortunately, there are evolving solutions that should mitigate those issues in the near future.

What are Title Agents Doing to Address Things Like HOA Curative?

As is happening with many other phases of the traditional title workflow, settlement services firms are slowly accepting the concept that if it can be automated, it should be automated. The industry has come to accept that digitalization does not take human jobs but, instead, empowers title and escrow professionals to turn their attention to more complex (and satisfying) tasks. Good technology takes unnecessarily manual (and often mind-numbing) responsibilities away from employees, giving them more time to spend with customers, partners or prospects.

Outsourcing to a qualified third-party service provider, as well, has come a long way in a short time. While many firms once hesitated to enlist the aid of contracted services to manage the most inefficient elements of their workflow, the quality and accountability of many service providers have improved exponentially. Where a title business's options for becoming more efficient were once fairly limited to things like implementing a title production platform and outsourcing title searches to BPO firms, they now have available a much wider variety of providers and technologies designed for more specialized elements of their operations.

Streamlining Options are Growing for Title Businesses

In the case of HOA-related challenges, for example, the industry is starting to see significant improvements, such as better technology as well as improved data availability and accuracy. Specifically, technology and service providers are today able to do more things, more quickly and more accurately. The data to which they have access is more comprehensive and up to date. As a result, things like lien and release tracking can now be done more efficiently. No escrow professional enjoys surprises, least among them an untracked lien revealing itself at the eleventh hour or discovering that an HOA is involved at all. Such surprises can derail an otherwise smooth transaction. Naturally, the curative and settlement process becomes dramatically more efficient when the operation is able to locate any and all liens far earlier in the process.

Not long ago, too much of the curative process was executed by most settlement services providers with some combination of Google search, phone tag and email chains. The same was true of locating and executing the proper documentation required to carry out the process. This exercise was additionally delayed by bad record keeping, obscure requirements and outdated information. Just locating the unique form required by an HOA or the location of a municipal lien unrecorded in the county clerk's office could add days or even weeks to the closing timeline.

Fortunately, even as core settlement technologies continue to evolve, new technology and more service providers are focusing on some of the more specialized functions required to bring a transaction to closing. Agents have more options than they did even a few years ago. Better technology is facilitating better record keeping, better accessibility to more data and more efficient means of assembling and addressing the information and documentation needed to expedite a number of title processes.

Other Areas Can Be Made More Efficient

HOA challenges aren't the only traditionally manual settlement processes to benefit from this rapid growth of better service and technology options. Technology and third-party service providers are not only easier to find but more effective and efficient in their own processes. The result has been better options for processes like municipal or tax lien tracking and curative work. Communication, long the Achilles heel for the title industry, is also benefiting from better technology, improved processes, and additional providers to streamline the process. Data collection, data extraction, and status updates are no longer measured by time spent typing on a keyboard, leaving voicemails, or chasing emails.

While the title industry has made massive improvements to its operational processes, there's still, admittedly, work to do. Some firms, initially slow to adopt modern platforms or effectively employ third parties or even software as a service options, are just now wading into the process of updating the way they do things like curative or release tracking. Slowly but surely, however, it's happening.

Time and time again, across industries around the world, we've seen just how much of a disruptor technology can be. However, with change comes uncertainty and even turbulence. More often than not, those who adapt and innovate emerge as leaders. Those who resist usually fall behind the pack. The way title and settlement services firms do business is in the midst of a massive transformation. The very reality that we're finally turning our attention away from whether or not we need automation and toward what needs to be streamlined next is a great start.

ANTON TONEV *founded InspectHOA after his own frustrating experience with HOA documentation while making a real estate purchase. He can be reached at anton@inspecthoa.com.*

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Safeguarding Real Estate: Addressing the Growing Threat of Property Theft

By Teresa Grobecker MBA, CPRC

The real estate landscape is facing an alarming challenge—property theft targeting land and single-family homes. With a reported $350 million loss in 2021 and a staggering surge in incidents through 2022 and 2023, the industry confronts a pressing issue.

Approximately 42% of homes are owned outright, making them prime targets for sophisticated crime syndicates. These syndicates have infiltrated every facet of the real estate transaction process, exploiting vulnerabilities at each step. Fraudulent identities, compromised social security numbers and stolen personal information fuel this illicit trade, posing substantial financial and reputational risks to stakeholders.

The surge in property theft within the real estate market presents a multifaceted challenge. Land and single-family homes, often owned free and clear, have become attractive targets for criminals. The sophistication of crime syndicates involved in these nefarious practices cannot be overstated. Their comprehensive understanding of vulnerabilities across the real estate transaction chain allows them to exploit gaps and manipulate the system for illicit gain.

Understanding the Threat

Fraudulent identification and the hacking of personal data, including social security numbers, stand as primary weapons in the arsenal of property thieves. With this stolen information, criminals seamlessly assume false identities, engaging in transactions that transfer ownership of properties to their control. The financial repercussions are severe, particularly for title companies and brokers who face substantial risks when buyers fail to purchase title insurance. Furthermore, the integrity of real estate agents is also at stake, facing a 100% reputation risk when involved in the unwitting sale of stolen property.

Current State of Vulnerability

The real estate industry is navigating a landscape riddled with vulnerabilities. Despite technological advancements, gaps in identity verification processes and inadequate data protection measures persist, providing ample opportunities for criminals to exploit. These weaknesses allow syndicates to execute property theft schemes with alarming success rates, disrupting the market and destabilizing the trust that underpins real estate transactions.

Addressing the Challenge

Mitigating this mushrooming problem necessitates a comprehensive approach. Strengthening identity verification protocols, implementing robust cybersecurity measures and enhancing regulatory oversight are crucial steps. Collaboration among stakeholders—including government bodies, regulatory authorities, industry players and technology experts—is imperative to fortify the real estate ecosystem against such threats.

Solution Implementation

Implementing robust know your client (KYC) protocols emerges as a pivotal solution to combat the escalating threat of property theft. By integrating stringent measures, such as collecting government-issued identification and executing KYC protocols at the listing and escrow initiation stages, the industry can fortify its defenses. Verifying seller identification against government databases serves as a critical step in this process, ensuring authenticity and confirmed ownership at every transactional phase.

Companies such as Consortia offer a solution that validates government-issued IDs of property owners. This verification process instills confidence, guaranteeing that listing agents and title agents are engaging with the rightful property owners. Consortia's contribution in authenticating ownership significantly bolsters the integrity of real estate transactions, establishing a vital layer of security in the battle against property theft.

The growing specter of property theft targeting land and single-family homes demands immediate and concerted action. By acknowledging the vulnerabilities and implementing proactive measures, the industry can shield itself against sophisticated crime syndicates and safeguard the sanctity of property transactions. A collaborative effort to fortify defenses and tighten regulations will be pivotal in protecting the real estate market from this pervasive and escalating threat.

TERESA GROBECKER MBA, CPRC *is founder and CEO of Consortia, which offers a solution that validates government-issued IDs of property owners. She can be reached at teresa@reconsortia.com.*

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 a different address than the owner's address or tax mailing address
- Has no outstanding mortgage or liens
- 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
- Wants a cash buyer
- Is refusing to attend the signing and claims to be out of state or country
- Is difficult to reach via phone and only wants to communicate by text or email, or refuses to meet via video call
- Demands proceeds be wired
- Refuses or is unable to complete multifactor authentication or identity verification
- Wants to use their own notary

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SELLER IMPERSONATION FRAUD
IN REAL ESTATE

TAKE PRECAUTIONS

CONTACT SELLER USING INDEPENDENT SOURCES

- Contact the seller directly at an independently discovered and validated phone number
- Mail the seller at the address on tax records, property address, and grantee address (if different)
- Ask the real estate agent if they have personal or verified knowledge of the seller's identity

MANAGE THE NOTARIZATION

- Require the notarization be performed by a vetted and approved remote online notary, if authorized in your state
- If remote online notarization is not available, the title company should select the notary. Examples include arranging for the seller to go to an attorney's office, title agency, or bank that utilizes a credential scanner or multifactor authentication to execute documents

VERIFY THE SELLER'S IDENTITY

- Send the seller a link to go through identity verification using a third-party service provider (credential analysis, KBA, etc.)
- Run the seller's email and phone number through a verification program
- Ask conversational questions to ascertain seller's knowledge of property information not readily available in public records
- Conduct additional due diligence as needed

USE THE PUBLIC RECORD

- Compare the seller's signature to previously recorded documents
- Compare the sales price to the appraisal, historical sales price, or tax appraisal value

CONTROL THE DISBURSEMENT

- Use a wire verification service or confirm wire instructions match account details on seller's disbursement authorization form
- Require a copy of a voided check with a disbursement authorization form
- Require that a check be sent for seller proceeds rather than a wire

FILE FRAUD REPORTS

- IC3.gov
- Local law enforcement
- State law enforcement, including the state bureau of investigation and state attorney general
- Secretary of state for notary violations

FIGHT FRAUD WITH INDUSTRY PARTNERS

- Educate real estate professionals in your community, such as county recorders, real estate agents, real estate listing platforms, banks, and lenders
- Host educational events at the local or state level
- Alert your title insurance underwriter of fraud attempts

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Industry Update

FNF Restores Operations Following Cyber Incident

Fidelity National Financial Inc. started restoring operations on Nov. 29, just 10 days following a Nov. 19 cyberattack that disrupted its title and escrow services, according to a filing with the Securities Exchange Commission (SEC).

The company said the incident was contained on Nov. 26.

Upon learning about the attack, FNF promptly started an investigation, retained leading experts to investigate the incident, notified law enforcement authorities and implemented certain measures to assess and contain the incident.

"In addition, we took containment measures such as blocking access to certain of our systems resulting in varying levels of disruption to our businesses," FNF said in its SEC filing.

Based on FNF's investigation, an unauthorized third party accessed certain systems and acquired certain credentials. FNF will continue to assess the impact of the incident and whether the incident could have a material impact on the company.

It's been reported that AlphV (BlackCat) has taken responsibility for the attack. BlackCat was linked to the Colonial Pipeline hack that caused gas prices to spike in the spring of 2021 and the hack of MGM Resorts earlier this year. According to the FBI, BlackCat has compromised more than 60 entities through March 2022.

First American Reaches Cybersecurity Settlement With New York

First American Title Insurance Co. agreed to pay a $1 million penalty for violating New York State Department of Financial Services' (DFS) cybersecurity regulation stemming from a breach in May 2019.

According to the department, the company learned about a design defect in one of its production applications that allowed for the possible unauthorized access to customer data.

DFS' investigation found that, in violation of the Department's Cybersecurity Regulation, First American failed to maintain and implement effective governance and classification, access controls and identity management, and risk assessment policies and procedures. As a result, according to DFS, First American's application lacked sufficient access controls designed to prevent unauthorized users from gaining access to consumers non-public information (NPI).

First American's investigation of the incident identified 32 consumers whose non-public personal information likely was accessed without authorization. The consumers have been notified and offered complimentary credit monitoring services.

In the consent order, the department acknowledged First American's cooperation throughout the Investigation and credited the company's ongoing efforts to enhance its cybersecurity controls to protect NPI and ensure ongoing compliance with the cybersecurity regulation.

Stewart Sues Qualia Over Software Contract

Stewart Title Co. filed a lawsuit against Qualia Lab alleging the software provider gave "improper notice" concerning the termination of its license agreement for the title production platform ResWare.

In 2015, when Adeptive Software owned ResWare, it gave Stewart an "irrevocable and perpetual license" to use the software in a deal worth $1,782,000.

Qualia acquired Adeptive in December 2020. According to the lawsuit, on Jan. 24, 2023, Qualia told Stewart it would be terminating the ResWare licensing agreement on Jan. 24, 2024. Qualia said it wanted to "modernize" the Adeptive agreement. According to the lawsuit, Qualia claimed the license agreement is terminable at-will and demanded nearly a 400% increase in the license and user fees under a new license agreement.

Stewart alleged this is "in direct violation" of the agreement.

"Stewart Title's business could not operate without a title production system software implemented and designed for Stewart Title's business," the lawsuit stated.

According to the lawsuit, about 4,000 Stewart employees use the software daily.

Qualia later extended the termination timeline to July 24, 2024, but Stewart said it would take "three to four years" to transition to a new title production platform.

According to Stewart, if the license agreement is terminated, it "would suffer damages, monumental harm, and enormous disruption to its business."

Stewart seeks a declaratory judgment and injunctive relief to "preclude Qualia from wrongfully terminating the ResWare Master License and Services Agreement." Stewart also seeks damages due to potential disruption to its business if the license agreement is terminated.

Alanna.ai Introduces Forms For All

Alanna.ai has introduced Forms For All, a digital application that eliminates paper forms from the buyer/seller information gathering process in real estate closings.

Forms For All collaborates with a

business's title production system to securely dispatch SMS text messages and emails to homebuyers, sellers and real estate professionals containing digital "smart" forms to collect data necessary for the closing process. Upon completion of those forms, they are returned to the title firm for processing in standard format. Each form can be fortified with multi-factor authentication to additionally secure the information-gathering processes.

No integrations are required to use Forms For All, according to alanna.ai. The application also offers an automatic reminder function to follow up with buyers and sellers who haven't returned requested information.

"It's startling to see how many title and settlement businesses are still taking in important information using paper forms, turning what could be a same day process into something that drags on for weeks," said Hoyt Mann, co-founder and president of alanna.ai. "Forms For All is a secure, straight-forward way to standardize and automate a process that's currently a bottleneck in too many title workflows."

Pythonic Integrates With SoftPro

Pythonic Corp. integrated with SoftPro 360 for automated review and processing of Closing Disclosures (CDs). This development marks the next milestone in Pythonic's mission to transform how businesses process information and eliminate manual document processing.

This integration makes it easy for title agents and closers to directly harness the expanding capabilities of artificial intelligence (AI) in their day-to-day work. The integration gives users of SoftPro 360 access to Pythonic's integrated automated CD processing service, which can be used to eliminate most typing and stare-and-compare tasks common to working with CDs.

"Pythonic's specialty is document AI for title and escrow," said Matt Younkle, co-founder and CEO of Pythonic. "We want to make it fast and easy for everyone in the industry to put this powerful technology to work for them. Our SoftPro 360 integration is further evidence of this commitment."

Stavvy Acquires SigniaDocuments

Stavvy recently acquired SigniaDocuments from Evolve Mortgage Services. The asset acquisition covers SigniaDocuments' SMART Doc technology, eClosing tools and eRegistry capabilities for agency and non-agency loans.

With this most recent acquisition, Stavvy now offers eNote, SMART Doc disclosures and loan documents for all 50 states, across all loan programs and for all types of investors, including private label transactions. It also facilitates the adoption of digital second lien products like HELOCs, supported by Stavvy's eClosing solution that enables lenders and servicers to choose between hybrid, remote online notarization (RON) and in-person electronic notarization (IPEN) transactions as needed.

"We are in the business of eliminating manual mortgage processes and will continue to focus on removing every single barrier to digitization that exists. Mortgage documents continue to be fragmented, with the industry trying to find ways to tag signature locations. The status quo and existing solutions leave customers wanting more," said Kosta Ligris, CEO and founder of Stavvy. "This acquisition affirms our commitment to driving digital transformation and adoption in the mortgage industry. We are proud to be the only software company in the eClosing space to now offer fully tagged SMART Docs® for an entire mortgage package."

As part of the acquisition, Evolve's Charlie Epperson and Tim Anderson will join Stavvy and play pivotal roles in the company's continued growth. Epperson assumed the role of chief product officer, while Anderson was named executive vice president of digital mortgage strategy.

FTC Issues Proposed Rule to Regulate Unfair or Deceptive Fees

The Federal Trade Commission (FTC) issued a notice of proposed rulemaking on Nov. 9 that would prohibit unfair or deceptive practices relating to fees for goods or services.

Titled "Rule on Unfair or Deceptive Fees," the regulation specifically would prohibit misrepresenting the total costs of goods and services by omitting mandatory fees from advertised prices and misrepresenting the nature and purpose of fees.

The FTC reported that it finds these unfair or deceptive practices relating to fees to be prevalent based on prior enforcement, the comments it received in response to an advance notice of proposed rulemaking (ANPR) and other information discussed in this proposal.

Comments may be submitted to the FTC by Jan. 8, 2024. ALTA plans to submit a comment letter to the FTC building on its previous work related to the Consumer Financial Protection Bureau and FTC initiatives on "junk fees."

The FTC's proposed rule would deem the following practices by "any business" as unfair and deceptive practice and a violation of the rule:

- Offering, displaying or advertising an amount a consumer may pay without clearly and conspicuously disclosing the total price. In any offer, display or advertisement, a business must display the total price more conspicuously than any other pricing information.
- Misrepresenting the nature and purpose of any amount a consumer may pay, including the refundability of such fees and the identity of any good or service for which fees are charged. Before a consumer consents to pay, a business must clearly and conspicuously disclose the nature and purpose of any amount

a consumer may pay that is excluded from the total price, including the refundability of such fees and the identity of any good or service for which fees are charged.

A "business" would be defined as "an individual, corporation, partnership, association or any other entity that offers good or services, including, but not limited to, online, in mobile applications and in physical locations."

ALTA had already submitted a letter in response to the FTC's ANPR to address certain deceptive or unfair acts or practices relating to fees.

In the ANPR, the FTC said junk fees frustrate consumers, erode trust, impair comparison shopping and facilitate inflation. The FTC said the term "junk fees" refers to unfair or deceptive fees that are charged for goods or services that have little or no added value to the consumer, including goods or services that consumers would reasonably assume to be included within the overall advertised price.

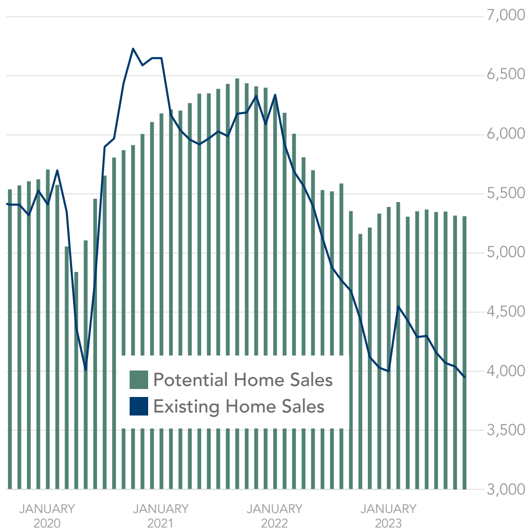
DataTrace Expands Title Plant Footprint, Automated HOA Certificate Coverage Across Texas

DataTrace Information Services LLC added six title plants in the Austin, Texas, metropolitan area and increased the coverage for automated homeowners association (HOA) certificates via all of its 39 title plants across the state. DataTrace's expanded title plant footprint increases its depth and breadth in Texas with unrestricted, geographically indexed title plants in Travis, Caldwell, Burnet, Llano, Williamson and Hays counties. Each leverages the company's proprietary artificial intelligence and automation technology.

Each of the six Austin-area title plants has a minimum of 67 years of geographically indexed history, and some have as much as 110 years.

Housing Market Potential

Existing and Potential Home Sales* (in Millions, Seasonally Adjusted Annualized Rate)



3.95 SAAR
Existing Home Sales

5.31 SAAR
Potential Home Sales

-25.7%
Market Performance Gap

*Potential home sales measures what a healthy market level of home sales should be based on the economic, demographic and housing market environments.

National Consumer House-Buying Power

How much home one can afford to buy given the average income and the prevailing mortgage rate

September 2023

$330,405
House-Buying Power

-7.9%
Year-Over-Year

Where House-Buying Power is Strongest

Top States and Markets

1 New Jersey **$468,623**	1 San Jose, CA **$695,798**
2 Massachusetts **$461,120**	2 San Francisco, CA **$614,697**
3 Hawaii **$449,256**	3 Washington, DC **$570,393**
4 Maryland **$436,801**	4 Salt Lake City, UT **$495,039**
5 Rhode Island **$426,144**	5 Boston, MA **$491,634**

Source: Mark Fleming, Chief Economist at First American Financial Corporation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Navigating the 2024 Housing Market

DON KENNEDY
ALTA president

GREETINGS, FELLOW TITLE PROFESSIONALS! As we embark on a new year, it's natural to cast our gaze forward, contemplating the shape and dynamics of the housing market in 2024. The real estate landscape is ever evolving, shaped by economic currents and unforeseen circumstances. So, what can we expect as we journey into the real estate market of the future?

While the housing market is a dynamic ecosystem, some challenges remain constant. Affordability remains a persistent concern, particularly in the face of high interest rates and fluctuating economic conditions. Striking a balance between meeting the demand for housing and ensuring affordability will be a delicate dance for policymakers and industry stakeholders alike. Our top priority in collaborating on initiatives to address housing affordability and sustainability challenges will be to ensure property rights are properly protected with title insurance.

The influence of technology on real estate is not a new phenomenon, but the year 2024 promises a deeper integration that could reshape the entire transaction process. From chatbots and virtual assistants to artificial intelligence and local large language models, technological advancements are set to enhance the efficiency and accuracy in our industry.

Demographic shifts continue to influence the housing market. As millennials become a dominant force in the homebuying arena, their preferences are reshaping the landscape. Additionally, the needs of an aging population are contributing to the popularity of accessible and age-friendly housing options. A nuanced understanding of diverse demographics will be crucial for industry professionals navigating the 2024 market.

The global landscape is marked by uncertainties, and the real estate market is not immune. Geopolitical events, economic fluctuations and unforeseen crises can impact the trajectory of the housing market. However, the resilience demonstrated by the real estate sector over the years is a testament to its ability to adapt and recover. Anticipating these uncertainties and developing strategies to navigate them will be essential for industry professionals in 2024.

The 2024 housing market is poised for transformation, fueled by technological innovations, affordability challenges, demographic shifts and the ever-present specter of uncertainty. As we embark on this journey, staying informed, adaptable and innovative will be the keys to success in the dynamic world of real estate. You can always expect ALTA to be there for you and its members to help meet new business and customer expectations.

Wishing you a prosperous and insightful year!

HAS YOUR BUSINESS SLOWED?

SCAN HERE

SCAN WITH YOUR PHONE'S CAMERA