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For Immediate Release

White House Touts Title Insurance Waiver Program as Promise of Savings But Program Doesn't Help First-Time Homebuyers or Low-Income Households

Washington, D.C., March 8, 2024 — Last night, during the State of the Union address, President Biden announced that the administration was moving forward with a previously rejected pilot program that would waive the requirement for lender's title insurance on certain refinances. This misguided effort should only be seen as a purely political gesture that offers a false promise of savings for homeowners when in fact all it will do is expose consumers, lenders, and taxpayers to greater financial risk.

In his speech, the president touted this program as a cost-saving measure for would-be homeowners. In reality, the pilot only covers refinancings – which would exclusively benefit existing high-income homeowners and would not affect first-time homebuyers at all. The purposeful mischaracterization of the pilot is frustrating not only because it is a hollow promise, but it also diminishes the value and crucial role of an entire industry that contributes to the American economy.

In an [independent analysis](#) conducted by EY Quest and released earlier this week, researchers found that the title industry employs 155,000 jobs across the country and directly contributes \$30 billion annually to the GDP. Ninety percent of title companies are small businesses, many of them women-owned, and these businesses operate in every county in the country. The Biden administration fails to understand just how many working American families are going to be directly affected by this ill-conceived pilot program; nor do they understand the broader long-term impact on the national economy and the safety and soundness of the housing finance system.

The title industry also believes that the independent regulatory process is a crucial part of the system of economic checks and balances. With this approval, the Biden administration has effectively overridden and politicized this process. They have ignored the decision that was made by FHFA Director, Sandra Thompson, just as recently as last summer, as well as the

members of Congress who have expressed serious concerns about a repeat of the 2008 crisis and GSEs moving beyond their mission and charter into the primary market.

In addition, the Administration is unnecessarily targeting closing costs. Today, the Consumer Financial Protection Bureau (CFPB) posted a blog that says closing costs “all too often are full of junk fees.” Apparently, the current leadership at the Bureau isn’t aware of its TILA-RESPA Integrated Disclosures (TRID) rule, which the industry implemented in 2015.

Under this federal rule that the CFPB oversees, closing costs must be provided and disclosed to a consumer on the Loan Estimate within three days of receiving a completed loan application. The same fees must also be provided on the Closing Disclosure, which homebuyers receive three days prior to closing. Most fees can’t change. The Bureau created the disclosures with the purpose of helping consumers shop around and understand the closing costs. CFPB’s [own research](#) shows these disclosures are working to educate consumers. The CFPB report praised its own rule for improving “consumers ability to locate key information, compare terms and costs between initial disclosures and final disclosures, and compare terms and costs across mortgage offers.”

Reform of mortgage closing costs is unnecessary. The contradictory use of the term “junk fee” conflicts with the White House’s own definition, which cites the lack of disclosure of the fee being charged.

ALTA is committed to working with policymakers to thoughtfully address housing affordability and opportunity while also protecting consumers and their most important investments.

To read ALTA’s previous statement on the White House announcement of the waiver pilot program click here: [ALTA Says White House Attack on Title Insurance Offers False Promise of Savings](#)

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About ALTA

The [American Land Title Association](#), founded in 1907, is the national trade association representing more than 6,000 insurance companies, title and settlement agents, independent abstracters, title searchers, and real estate attorneys. With offices throughout the United States, ALTA members conduct title searches, examinations, closings, and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles.

