

ALTA NEWS

**AMERICAN
LAND TITLE
ASSOCIATION**

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For Immediate Release

U.S. Supreme Court Affirms American Land Title Association's Stance on Fee-Splitting

Washington, D.C., May 24, 2012 — In a 9-0 ruling in *Freeman v. Quicken Loans, Inc.*, the U.S. Supreme Court affirmed the [American Land Title Association](#) (ALTA) position that an unearned fee must be split between two or more parties to violate the Real Estate Settlement Procedures Act (RESPA). The ruling settles a dispute among the Courts of Appeals

“The Supreme Court recognized that Congress never intended RESPA to be a remedy for all alleged pricing issues,” said Michelle Korsmo, chief executive officer of ALTA. “RESPA was intended to ensure that consumers receive appropriate disclosures about their closings and to prohibit certain limited abusive practices—namely kickbacks and fee splitting where no services were performed.”

In this case, the plaintiffs were charged loan-discount fees but did not provide reduced interest rates in return. While it is unfortunate that the plaintiffs believe they were harmed by this practice, Korsmo said there are various appropriate avenues to pursue when consumers believe they are overcharged for a product or service. These include state attorneys general, state insurance departments, and federal agencies like the Federal Trade Commission and the new Consumer Financial Protection Bureau.

“Today’s decision brings necessary clarity to RESPA and the charges that settlement service providers and other real estate companies can charge to consumers,” Korsmo added.

About ALTA

The [American Land Title Association](#), founded in 1907, is a national trade association representing more than 4,000 title insurance companies, title agents, independent abstracters, title searchers, and 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.

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