

President
John P. Bruce, CTIP



Executive Vice President & CEO
Leslie Midgley, CAE

August 19, 2020

Jeff Swartz
Senior Advisor
Consumer Financial Protection Bureau
1700 G Street, N.W.
Washington, DC 20552

Dear Mr. Swartz:

Founded in 1908, the Texas Land Title Association (TLTA) is a statewide trade association representing the Texas title insurance industry and currently serving over 15,000 professionals involved in the safe and efficient transfer of real estate. In the course of their daily work, our membership serves over a million consumers each year. With active members in every Texas county, TLTA membership comprises approximately 85 percent of the title insurance agents and underwriters licensed to do business in Texas.

We greatly appreciate you taking the time to visit with us in early July and learn more about the confusion created by the Closing Disclosure concerning simultaneously issued Owner's and Lender's title policies.

After that meeting, in accordance with your request, TLTA surveyed its members twice on this subject and received a strong response. Enclosed is a memo outlining our approach, the transcript from the Texas Department of Insurance Hearing on the Texas Disclosure and the raw data from the survey.

We sincerely hope this information helps you as you examine the impact of the current Closing Disclosure's approach to simultaneous issue and the challenges that arise for consumers and settlement agents because of that approach.

Also, although not central to our phone conversation, the issue arising from the inclusion of the word "optional" in the Owner's title policy section organically reasserted itself in the survey responses provided by our members. The inclusion of "optional" presents a challenge in Texas because in practical terms (and in the way most consumers understand the word), accepting the Owner's title policy is not "optional" at the closing.

Our standard state promulgated real estate contract provides that the Seller "shall furnish to Buyer" an Owner's policy. There is not an option in the promulgated contract for the Buyer to refuse or decline an Owner's policy. In most transactions, if the Buyer were to refuse the Owner's policy, it would not be in accordance with the terms of the contract. By ensuring that the Buyer has a title policy, the Seller is reducing the likelihood of a subsequent direct conflict with the Buyer based on the Seller's warranties to the Buyer. Such conflicts may arise years or

decades after the sale. Additionally, Texas statutes recognize the benefits of an Owner's policy and require the Buyer to expressly reject an Owner's policy in writing if a Loan policy is being issued.

Finally, if the Buyer refuses the Owner's Policy, their costs would increase dramatically, as they would then have to pay full premium for their Lender's policy. So, although technically an option, it would make no economic sense for Buyers to do so. As our data illustrates, the inclusion of the word "optional" creates confusion and ultimately requires more time at the closing table for the consumer and the settlement agent.

We would like to emphasize further that the simultaneous issue disclosure and the "optional" language in the description of the Owner's policy are straightforward issues that can be narrowly addressed. TLTA supports the purposes of and recognizes the many beneficial aspects of the Closing Disclosure.

As always, we enjoy working with you and stand ready to be a resource for your agency.

Sincerely,



John P. Bruce, CTIP
President



Leslie Midgley, CAE
Executive Vice President and CEO