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Frequently Asked Questions about American Land Title Association's Best Practices

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Question: What are the best practices?

Answer: ALTA's Title Insurance and Settlement Company Best Practices are a benchmark for the real estate settlement and mortgage lending industries. They illuminate the high level of professionalism that ALTA members follow to protect consumers and businesses in the real estate and mortgage settlement.

Question: Why did ALTA develop these best practices?

Answer: Recently, regulators, consumers and investors have increased their pressure on lenders to know more about the service providers they do business with. To help meet this need, ALTA developed the best practices to help members highlight policies and procedures the industry exercises to protect lenders and consumers, while ensuring a positive and compliant real estate settlement experience.

Question: Are these best practices mandatory?

Answer: No. These best practices are a voluntary tool to help the title industry highlight the safeguards in place to ensure that closing activities meet all applicable laws and regulations.

Question: How were the best practices developed?

Answer: ALTA's Board of Governors, which includes representatives of both the agent and underwriter community, developed the best practices. Both ALTA's Agent's and Underwriter's Executive Section Committee will play a role in developing tools to make it easier for the industry to adopt the best practices.

Question: How does a title or settlement company use/adopt these best practices?

Answer: There are a number of ways a title company could utilize these best practices. A title company that wishes to adopt the best practices could start by reviewing its own written policies and procedures. Many title and settlement companies already follow the best practices, but do not have written procedures in place to document it.

Question: Will ALTA provide help or tools to agents to make it easier to adopt these practices?

Answer: Yes. Over the coming months ALTA is planning on developing a number of resources for its members to make it easy to adopt the best practices. These tools may include sample policies and procedures, marketing materials and special offers for services and products.

Question: Has the lending community reviewed these best practices?

Answer: Yes. ALTA has shared these best practices with both large and small lenders. We are incorporating their feedback into the best practices to ensure that they are sufficient to meet lender's needs.

Question: Will the best practices be updated?

Answer: Yes. ALTA is establishing a standing committee (similar to the Forms Committee) to review

and update the best practices on an ongoing basis.

Question: Do we as title companies have a say in what should be in the best practices?

Answer: Yes. Like with ALTA's policy forms, revisions to the best practices will be open for public comment after being adopted by the Board of Governors. In addition, after the committee is established, it will accept suggestions for changes to the best practices from the public.

Question: Can non-ALTA members adopt the best practices?

Answer: Yes. The best practices will be publically available. ALTA is setting a standard for the entire industry.

Question: Can non-ALTA members use the tools that ALTA is developing?

Answer: ALTA is developing these tools as a member benefit. However, ALTA may offer these tools to non members albeit at an increased cost.

Question: What if someone violates one of the best practices, what will happen between the agent, underwriter and lender as far as liability is concerned?

Answer: The best practices are voluntary. It is up to agents, underwriters and lenders to determine how to use the best practices in the marketplace.

Question: Will underwriters cancel an agent if they do not adhere to the best practices?

Answer: The best practices are a voluntary tool. It's up to each underwriter and agent to determine how the best practices will interact with an agency's underwriting agreement.

Question: Does the adoption of these best practices mean lenders are dropping their requirement that agents be vetted?

Answer: No. ALTA developed the best practices to provide a comprehensive uniform solution for the marketplace. Each lender will determine whether the best practices are sufficient to meet their needs. We know some lenders may want to go further by having companies certified for compliance to the best practices. To meet that market need, ALTA is considering developing a set of model audit standards and certifications. These models would be available for anybody to use to conduct audits or certifications if necessary, including underwriters, accounting firms and law firms.

Question: Has ALTA received any feedback from the Consumer Financial Protection Bureau regarding the best practices?

Answer: We have shared the concept and the CFPB encourages the industry to continue developing tools that meet the Bureau's expectations of protecting consumers during a financial transaction.

Question: How should agents and attorneys respond to lender requests to sign up and pay third-party vetting companies?

Answer: ALTA encourages members to reach out to lender clients and learn what they need to meet regulatory requirements. Tell your lenders about your processes and procedures you follow to protect their money and to ensure a compliant settlement experience. In many instances, lenders do not know about what you do internally to protect their funds.

For more information about the best practices, go to www.alta.org/bestpractices.

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