

Credit Union BUSINESS

THE LENDING/FINANCE ISSUE

Credit Union BUSINESS **EXPERT Analysis**

Competitive Advantage Save Members Money on Title Insurance

By Tim Dwyer

Title insurance is generally one of the largest expenses bundled into what consumers view as a dreaded hodgepodge of closing costs. Title insurance is required by lenders, Fannie Mae, Freddie Mac and the FHA on almost every real estate transaction, whether it's a purchase or a refinance. It protects the financial institution and homeowner from losses due to mistakes when deeds were filed in the local property office, from unreleased liens, from unknown relatives or others claiming ownership, to name a few.

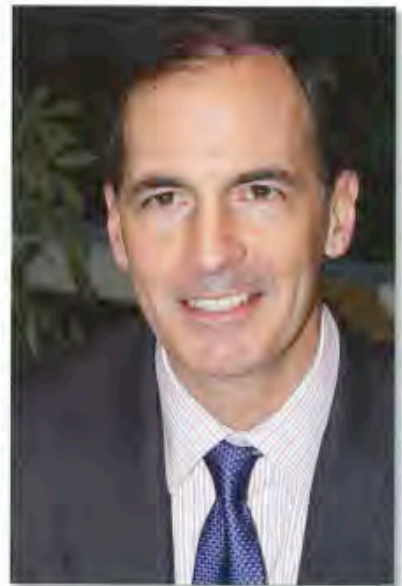
Members typically don't have a very good understanding of what title insurance covers or why it costs so much. When members are consummating one of the largest financial transactions of their entire lives, they want to know they are receiving value for every dollar spent. In the past, there has been little price competition so there wasn't much point in shopping for title insurance or explaining it to members. However, mortgage brokers and members alike can now comparison shop for title insurance, resulting in significant savings.

Educating Your Members

By providing members with the best service at the lowest price, mortgage brokers will have a competitive advantage. Take a few minutes to explain the importance of title insurance to each of your members. Then differentiate yourself: Tell members that you are going to shop around for title insurance and save them hundreds, if not thousands, of dollars on the policy. Explain to them that what you look for is a combination of low price and great service. After all, your members want their loan to close on time too!

Shopping Around

It's easy to shop for title insurance. There are many Internet sites that produce up to five quotes for title insurance from reputable companies. To get started, just search on Google® for *title insurance quote* or take a look at www.Closing.com (but remember to sort by price – the default sort is location). You may also want to check out ENTITLE DIRECT at www.entitledirect.com. ENTITLE DIRECT offers a very consumer-friendly approach, with savings of up to 35 percent or more compared to the competition. Research the companies to make sure they have a favorable Financial Stability Rating® with Demotech, Inc., the leading title insurance rating company. The corporation's Financial Stability Ratings® are accepted by Fannie Mae, Freddie Mac and HUD. Speak with the provider you choose before ordering. Ask about service levels, geographic coverage and any other details you or the lender may need to know.



Tim Dwyer – CEO, Entitle Direct Group, Inc.



Offer Your Member Choices

Even in those states where attorneys typically handle title insurance, members have the right to choose their own title insurance provider. This isn't to say that the advice and counsel of an attorney isn't needed for reviewing and protecting the members' rights or for reviewing the contract. It's just that members have the right, under RESPA, to select their own title insurance provider. You can provide the best service by offering the members choices. Keep in mind that the pricing in each state is different, as are the criteria for discounts. In addition, Texas and New Mexico currently offer no price competition, as their rates are set by the state.

Be Transparent

Members often get to the closing without ever having seen their HUD1 and other mortgage paperwork. Jack Guttentag refers to the problem as "Pile of Paper Shock" or POPS. He explains, "POPS results from members being presented with a pile of documents at closing, most of which they have not seen before, and which they are expected to sign while the other participants tap their fingers impatiently." Share as much information with your

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—Rob Windsor, President, First Financial FCU

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members as possible. Some title companies offer Web-based, consumer-friendly platforms for reviewing documents online. This functionality helps relieve consumer anxiety and creates an environment in which there are far fewer surprises at closing. ENTITLE DIRECT provides an online tool called the *Control Panel*, which allows members to review and share documents and information from start to closing.

Set Yourself Apart

Set yourself apart from your competition by shopping for title insurance on behalf of your members. You'll save them money

and have happy members, which will lead to more referrals and closings for you.

Tim Dwyer is CEO of Entitle Direct Group, Inc., parent company of EnTitle Insurance Company and ENTITLE DIRECT, the leading provider of title insurance and closing services sold directly to consumers at savings of up to 35 percent or more compared to the competition in 32 states. Reach Tim at tdwyer@EntitleDirect.com or (203)724-1150, or visit www.EntitleDirect.com/mortgage.