Concerns with Title Fee Disclosures

**The Problem** - When both a loan and owner’s title insurance policies will be purchased in a transaction (called “simultaneous issuance”) the TRID requires the lender or settlement agent to inaccurately disclose the title premiums on the Closing Disclosure.

**Why is this a problem?** – In roughly half the states, a consumer is entitled to discount on loan title insurance policy when an owner’s policy will be simultaneously issued.

**How does the Rule handle:**

- Regardless of lower, actual simultaneous issue rate for Lender’s Policy (LTP), pricing to be shown at full rate (even on CD)
- If an Owner’s Policy (OTP) is also purchased, rate shown for OTP is in accordance with CFPB formula – again, not the actual rate charged

**Why does this matter?** – Consumers will not know actual costs of their title insurance premiums

- More difficult for consumers to comparison shop
- Usefulness of state-developed comparison tools will be impacted
### The Rule

OTP Disclosure =

\[
\text{(OTP Premium)} + \text{(LTP Simultaneous Premium)} - \text{(Full LTP Premium)}
\]

LTP on Closing Disclosure =

\[
\text{Full LTP Premium (with no discounts for Simultaneous Issue)}
\]

### Reality

OTP Actually Charged = OTP Premium

OTP Actually Charged = OTP Premium

LTP Actually Charged = LTP Simultaneous Premium

LTP Actually Charged = LTP Simultaneous Premium

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Here is how the rule works when applied to a transaction in **Louisiana**
where the sales price is $200,000 and there is a $190,000 loan:

OTP on Closing Disclosure = $483.12

\[
\text{(OTP Premium)} = $1,094.72
\]

\[
\text{(LTP Simultaneous Premium)} + $125.00
\]

\[
\text{(Full LTP Premium)} - $736.60
\]

LTP on Closing Disclosure = $736.60

OTP Actually Charged = $1,094.72

LTP Actually Charged = $125.00

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**Terminology Key:**

OTP: Owner’s Title Insurance Policy

LTP: Lender’s Title Insurance Policy

**LTP Simultaneous Premium:** a discounted lender’s title insurance premium that is issued in accordance to promulgated state rates or insurance company filed rates when both a lender’s and owner's title insurance policies are simultaneously issued.