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December 7, 2007

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Ms Karen Chandler
Mr. Raymond M. Wenger
Division of Agent & Agency Services
Florida Department of Financial Services
200 East Gaines Street
Tallahassee, Florida 32399-0320

Dear Ms. Chandler and Mr. Wenger:

As you are aware, the Florida Land Title Association (FLTA) is a trade organization which represents thousands of title agents, title underwriters, and their employees doing business in the State of Florida. As the newly installed Chair of the FLTA's Agent's Section, I would like to thank you both for supporting an open dialogue with Florida's title industry.

FLTA recently concluded its annual convention in Bonita Springs Florida's seventeen major title underwriters and more than one-hundred agents were in attendance. A major topic of discussion was House Bill 111 and the Department of Financial Services, Informational Memorandum, DFS-12-2007, issued October 1, 2007. During our Agents Section Committee Meeting it came to light that agents and underwriters across the State differ in their interpretation of HB-111. There are clearly inconsistencies in the allocation of fees among agents on the HUD-1 Settlement Statement. As such, we are requesting a more detailed clarification by the DFS to ensure that all agencies are compliant. I am respectfully submitting the four major areas of concern:

1. The possible difference between DFS interpretations and requirements under the Real Estate Settlement Procedures Act (RESPA);
2. Different interpretations from OIR for insurers than for agents from DFS;
3. The analysis by DFS that HB 111 limited the labeling on the settlement statement to only four areas: closing fee, premium, title search, endorsements.
4. Inclusion of the Closing Fee in federal Truth-In-Lending calculations.

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Mr. Ray Wenger
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I am enclosing a copy of the memorandum issued by the law firm, Ryberg and Smith, dated November 19, 2007, which outlines more specifically some of the RESPA analysis so that you can better understand our concerns.

The FLTA Board is most appreciative for the continued dialogue with you. Our goal is to create a uniform understanding of HB-111, which is compliant with DFS and RESPA regulation. It is in the best interest of the Consumer to ensure that all title agencies throughout Florida are accurately representing their fees on the HUD as prescribed by the department. I look forward to speaking with you in the future on these matters.

Respectfully,

A handwritten signature in cursive script that reads "Shelley Stewart". The signature is written in black ink and is positioned above the typed name.

Shelley Stewart, C.L.C
Agent Section Chair



REPRESENTING
ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

February 8, 2008

Ms. Shelley Stewart, C.L.C.
Florida Land Title Association
249 East Virginia Street
Tallahassee FL 32301

RE: FLTA Areas of Concern

Dear Ms Stewart:

This letter is in response to your correspondence dated December 7, 2007, which addressed the concerns of your members as voiced during your annual convention. A major topic of discussion at the convention was HB 111 and the Informational Memorandum that was issued by the Department of Financial Services on October 1, 2007. During your meeting you discovered that agents and underwriters differ in their interpretation of the correct allocation of fees as shown on the settlement statement form. You highlighted four areas of concern for the FLTA. While we are still waiting on a response from the lawyers at U.S. Department of Housing and Urban Development (HUD), we have addressed your issues in the same manner that you presented them.

1. The possible difference between DFS interpretations and requirements under the Real Estate Settlement Procedures Act (RESPA)

This issue is difficult to address completely at this time as we have not received a response to our request from HUD. We asked them to review our position and identify any problems or concerns they may have.

In the meantime, we are taking a stronger role in an effort to protect Florida consumers, than HUD is taking on a national level. The Florida Statutes define the components of the closing services. The title agency is required to list these services as separate charges on the settlement statement form. These charges cover at least the actual cost of providing these services to the buyer and the seller. Since these services have been pre-defined, there is no reason to restate them on the form.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
RAYMOND M. WENGER, CPM, FLMI • FINANCIAL ADMINISTRATOR
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2. Different interpretations from OIR for insurers than for agents from DFS

This is an area where we are working with the Office of Insurance Regulation to correct. Our two organizations agree that both the licensees with the Department of Financial Services and the licensees with the Office of Insurance Regulation should be held to the same requirements of the Florida Statutes.

In addition, we have met with representatives of OIR and discussed our position and our proposed statutory revisions. Our meeting confirmed the Office does not oppose our position or our revisions.

3. The analysis by DFS that HB 111 limited the labeling on the settlement statement to only four areas: closing fee, premium, title search, endorsements

The easiest way to respond to this is to cite Florida Statutes §627.7711(1)(b), which states the only services that may be charged separately are the closing services and the title search. The primary title services are included as part of the premium as provided by Florida Statutes §627.7711(2).

HB 111 was written to help distinguish between the services being provided to a consumer to issue a title insurance policy and the services being provided to complete the entire real estate transaction. This resulted in a change from "related title services" to "closing services". These services are defined by Florida Statutes §627.7711 as including all the services needed to properly close the real estate transaction. The statute does not limit the definition to only those services cited in the statute, but does state the closing services encompass at minimum the preparation and completion of the closing documents and includes the handling and disbursement of the escrow funds. Since this definition includes all the services needed to properly close and disburse the funds, there should be no other services provided.

4. Inclusion of the Closing Fee in federal Truth-In-Lending calculations

It is our understanding that certain charges are excluded from the calculation since they include the fees for preparing the documents, the expenses related to collecting and disbursing the escrow funds, the agency's fee for notarizing the deed and other documents. An exception to this appears to occur when the lender and the title agency are affiliated businesses, or the lender requires the closing be conducted by a particular settlement/closing agent. Our position appears to coincide with the law firm of Ryberg and Smith, which you provided with your letter.

As you review these responses, please remember that one of our goals is to better educate the public on the importance of title insurance and their responsibility in selecting an agency. Towards this end, we are advocating that consumers contact title agencies to learn the different agencies' fees. This would allow the consumer to properly compare the closing services fees of each agency.

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You also noted in your letter that there are differing opinions on how to report the appropriate charges on the HUD-1 settlement form. While we will not attempt to respond for HUD on this subject, we will tell you that our goal is to provide the consumer with a clear understanding of the title insurance and closing services charges being imposed. We believe the Florida Statutes provide the definition of closing services and primary title services that must be followed when reporting charges on the settlement statement. Fees incurred for completing any part of the closing services, should be included in the amount listed on line 1101 of the HUD-1 form. However, expenses related to the completion of services related to the loan, the mortgage broker, the realtor, the survey, the inspection, etc., should not be recorded in the 1100 section as these charges are not exclusive to the issuance of the title insurance. An example of one of these charges is the courier fee for sending a payoff to the previous lender within the payoff period. This is a third party charge primarily incurred as part of the lender's requirement to issue the new mortgage, and it is not required to transfer the title to the new owner. We would not expect this fee to be recorded in the 1100 section of the settlement statement in Florida.

We hope this letter addresses the concerns of your association. Please feel free to contact us if you need any additional information.

Sincerely,



Raymond M. Wenger, CPM, FLMI
Financial Administrator