

Dear members of the Utah Legislature:

We are the Utah Consumer Advocacy Network in alliance with the Utah Association of Title Professionals. We are **STRONGLY OPPOSED TO SB 121** which will allow for Affiliated (Controlled) Business Arrangements (**AfBAs**) in Utah.

For 35 years Utah consumers have been protected by legal limits on Controlled Business in Title Insurance. Now special interest groups in the real estate industry seek to profit by dismantling this vital consumer protection in favor of AfBAs. **Here is what really happens when legislatures allow AfBAs to operate in their states:**

CONSUMERS PAY THE PRICE! Prices go UP; Transaction Risk goes UP; Competition goes Down; Service goes Down

- **Prices go up because Kick-backs cost money!** More fingers in the pie REQUIRES A BIGGER PIE!
- **Prices go up because controlled business = No Competition, and No Competition = Higher Prices.**
- **Prices go up for EVERYONE** in the market, not just those who close their transactions with AfBAs, because demands for illegal kick-backs go way up **even among non-AfBA service providers.**

Despite what you may be hearing to the contrary, **THE TITLE INDUSTRY IN UTAH HAS NOT AGREED to the proposed law.** Most of the rank and file title agencies in Utah are unequivocally against this bill. The Utah Land Title Association –(**ULTA**) is a **trade association**, not a universal governing body in the Utah title industry. **ULTA does not have a mandate to represent or authority to “negotiate” on behalf of the title insurance industry in Utah on this issue.** Many Utah title agencies are **not members of the ULTA.** And, many of those who *are* members **felt coerced** into negotiations, **do not agree** with the legislation, and would prefer that it not become the law in Utah. In addition, **CONSUMER WELFARE IS AT STAKE.** WHY is it ok for the real estate industry to unilaterally “negotiate” the new law without representation of the Consumer Interest? The “negotiation” of this law **did not have the public transparency or public input** that it requires.

Despite what you may be hearing to the contrary, **One-Stop-Shopping is NOT what Utah consumers want. AfBAs HAVE PROVEN TO OFFER NO BENEFITS TO CONSUMERS.** AfBAs are notorious for driving out competition and driving up closing costs in the states where they operate. **The AfBA is an ENEMY TO CONSUMER WELFARE.**

Despite what you may be hearing to the contrary, **AfBAs will create Conflicts of Interest that put consumers at risk, and no amount of “free-market” rhetoric can change this fact. In an AfBA closing environment, the escrow settlement agent is NOT an impartial third-party looking out for consumer’s best interest. They are instead a puppet for the AfBA affiliate real estate broker or builder with strong incentives to IGNORE CONSUMER INTERESTS.**

Despite what you may be hearing to the contrary, **even though local title insurance agencies are backed-up by financially strong national insurance underwriters, CONSUMERS CAN STILL BE HARMED by AfBA Conflicts of Interest at the local level.** Just ask AfBA consumers who have been forced to wait years for insurance settlement claims to work their way through courts after they’ve lost their money or their homes because of the stresses AfBAs place on local agencies.

Despite what you may be hearing to the contrary, **enacting RESPA in Utah WILL NOT adequately protect Utah consumers!** Policing AfBAs is an impossible task for state regulators. The enforcement tests in the new law require regulators to make judgement calls about the **intentions of the AfBA participants.** Regulators are not equipped to do this. **Determination of intention happens in courts of law!** Can we really afford to burden Utah’s court system in order to test the validity of every new AfBA?

We trust that once you become educated about these issues, you will **DO THE RIGHT THING FOR UTAH CONSUMERS** and **Vote NO to SB 121.** If you would like to learn more about the problems with SB 121 and AfBAs, we urge you to please visit our websites – www.UcanUtah.org and www.UtahTitlePros.org

Thank you for your dedicated service to our fine state and for your consideration of our positions.

Sincerely, the UTAH CONSUMER ADVOCACY NETWORK in alliance with the UTAH ASSOCIATION OF TITLE PROFESSIONALS Info@UcanUtah.org ; www.UcanUtah.org ; Info@UtahTitlePros.org ; www.UtahTitlePros.org