

The Ohio Association of Independent Title Agents (OAITA)

PRESS RELEASE - May 1, 2009

TO: Press, TV and Radio stations in Cleveland, Columbus, Cincinnati, Dayton, Akron, and Toledo.

Contact person: Robert B. Holman, Esq.
OAITA
(440) 232-9911

SUBJECT: INDEPENDENT TITLE AGENTS FILE NEW LAWSUIT AGAINST OHIO DEPARTMENT OF INSURANCE.

FOR IMMEDIATE RELEASE

The Ohio Association of Independent Title Agents (OAITA) (www.oaita.org) and Eagle Land Title Agency, Inc. have filed a new lawsuit in the Franklin County Court of Common Pleas against Mary Jo Hudson, Director of the Ohio Department of Insurance. OAITA, an association of independent title insurance agents in Ohio, and Eagle Land Title Agency, Inc., an independent title insurance agency licensed by the Ohio Department of Insurance seek to prevent the spread of kickbacks and referral schemes in the real estate industry by asking the Franklin County Court of Common Pleas to declare that the Director of the Ohio Department of Insurance must enforce currently existing rules prohibiting banks, real estate companies and mortgage brokers and their subsidiaries from engaging in the business of title insurance pursuant to Ohio law.

OAITA and Eagle are represented in the newly-filed lawsuit by E. Bruce Hadden, Gregory W. Happ and Robert B. Holman. The lawsuit alleges that Director Hudson failed to enforce current administrative rules based on long-standing Ohio statutes that prohibit banks, real estate companies or mortgage brokers, or any of their subsidiaries, from unlawfully steering Ohio homeowners and their real estate transactions to title insurance agencies owned all or in part by those same banks, real estate companies or mortgage brokers. The suit alleges that ownership of title insurance agencies by banks, real estate companies or mortgage brokers, known as controlled business arrangements, creates dangerous conflicts of interest by allowing those banks, real estate companies and mortgage brokers to obtain kickbacks and referral fees for steering Ohio homeowners to their own controlled title agencies. The lawsuit alleges that such conflicts of interest violate Ohio statutes and that Director Hudson has failed to construe newly enacted rules in accordance with the long-standing law.

The suit is an important step towards reducing the overreaching power and influence a bank, real estate company and mortgage broker have over a homeowner's real estate transaction and, in particular, a homeowner's statutorily protected choice of title insurance provider. The lawsuit is important since many homeowners do not even realize such a choice exists. By permitting banks, mortgage brokers and real estate companies to move into the title insurance business, the lawsuit alleges that the ODI's inaction has helped to feed the pervasive greed that has overwhelmed the real estate industry in recent years. Considering the well-known impacts of the mortgage industry meltdown and the rise in foreclosures across the country, homeowners across Ohio are well-served by the filed action.

Independent title insurance agents serve as important checks and balances on the power of banks, real estate companies and mortgage brokers to unlawfully steer homeowners' real estate transactions to controlled entities. Members of OAITA and Eagle Land Title Agency, Inc. are independent title insurance agents and independent real estate settlement service providers who refuse to give kickbacks or referral fees to banks, real estate companies and mortgage brokers for the real estate transactions they close. Instead, independent title agents: (1) help to reduce the cost of title insurance by not engaging in elaborate schemes to reward referral parties at the homeowners' expense; (2) help to lessen the likelihood of real estate related litigation involving homeowners by not allowing referral party pressure to dictate closing requirements; and, (3) help restore trust and integrity in the fiduciary relationship that exists between homeowners and their settlement providers by insuring that only disinterested title agents provide title insurance services, not their referral parties.

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