

# ILLINOIS REAL ESTATE LAWYERS ASSOCIATION, INC.

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December 12, 2009

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**Representative Rosemary Mulligan**  
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Re: *Please Vote For Proposed  
Informed Bifurcation Rule*

Dear Ms. Mulligan:

The Informed Bifurcation Rule is scheduled for a Joint Committee on Administrative Rules (JCAR) vote on Tuesday, December 15, 2009. The Informed Bifurcation Rule will amend the rules governing the Title Insurance Act. I am writing to ask you to support the proposed Rule.

Beginning January 1, 2010, as you know, the new Federal RESPA Rule will, for the first time, give mortgage lenders enormous power over the selection of title insurance and settlement service providers for real estate transactions. As President of the Illinois Real Estate Lawyers Association (IRELA), I, personally, and as representative of the over 2,000 members of IRELA, seek your support of the proposed rule to prevent dramatic negative consequences for Illinois consumers and small businesses.

Illinois is a "seller-pay" state in the context of title insurance, meaning that it is the seller who is contractually obligated to shop for and select the title insurance provider. Illinois is a very competitive market that encourages shopping for these services. As a result, Illinois enjoys extremely low settlement costs compared to "buyer-pay" states across the country. The new RESPA Rule will pave the way for the big banks to gain monopolistic control of the process by coercing the buyer (who pays only for the loan policy) to "choose" the title insurance provider at the time that the borrower applies for a loan.

Buyers are typically unaware of their options for title insurance services when they apply for mortgage financing. As noted by the Illinois Department of Financial and Professional Regulation (IDFPR), which regulates title insurers, the Rule you will consider is designed to preserve for consumers the

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ability to shop around by providing that a borrower has the ability to cancel these lender-induced title orders if the borrower finds a more competitive alternative after having applied for a loan. By passing this Rule, you will protect consumers' right to shop and preserve competition in this market.

The Illinois Department of Financial and Professional Regulation, which regulates title insurers, supports this Rule, as do the title insurance underwriters with which most of our members work.

Thank you very much for your support regarding this vital matter. Please contact me if you have any questions or comments.

Very truly yours,

ILLINOIS REAL ESTATE LAWYERS ASSOCIATION

*Ralph J. Schumann*

Ralph J. Schumann, President

cc: Board of Directors, Illinois Real Estate Lawyers Association

RJS:vo