Details on Page 1B

Daily News/Elisabeth Waldon

ng & Excavating of Ionia demolishes one of three vacant houses that were set to be destroyed Monday
ansion at Carson City Hospital.

pital renovation ts with a crunch

off

5-year borrowing plan would fund capital expenses

■ *County commissioners OK proposal to borrow money for computers, cars, building repairs*

Roger Caris

Finance and Personnel Committee chairman

BY SHELLY STRAUTZ
DAILY NEWS ASSISTANT NEWS EDITOR

STANTON — Montcalm County commissioners tentatively approved a five-year financing plan for capital expenditures during their regular meeting Monday.

In an 8 to 1 vote, commissioners agreed to a plan that calls for the county to borrow about $600,000 to fund capital needs including computers, networking and software purchases throughout the county offices, roof repairs and fascia and window painting at the county's Administrative Building in downtown Stanton, roof repairs at the jail, vehicles for the sheriff's office and animal control, as well as other items.

"We discussed doing something like this last year but chose not to take that action," said District 8 Commissioner Roger Caris, who also is chairman of the Finance and Personnel Committee, which made a recommendation to the commissioners to approve the action after discussing the proposal during its Monday morning committee meeting.

Caris said the action will allow the county to invest in equipment and capital improvements now. However, he said the proposal is "just a starting point" and provides "some direction in order to get the budget process going." It will require future review by the commissioners.

"What it's going to end up doing is cost us more money if we don't bite the bullet and do it now. We held steady the last three or four years on capital outlay in trying to keep the budget (under control)," Caris said.

"We believe we'll get the best return on investment in terms of productivity, reduced cost of repairs and less employee frustration (by making this investment)," he said.

SEE EXPENSES, PAGE 2A

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CONTINUED FROM PAGE 1A

Under the plan commissioners would continue to budget $250,000 annually for capital expenditures. Of that about $112,000 would be committed to repayment of the debt, leaving about $138,000 for ongoing capital needs.

"You haven't sold me on this yet," said District 5 Commissioner Carl Paepke, who cast the dissenting vote.

Paepke said his decision is based on simple economics.

"I wonder if we're ready for that type of move," he said. "We are already paying off bonds. I can see where it could work. But, if you get in too deep and you make one little slip, you can get into trouble. I just don't want to see us get into trouble."

Board Chairman Patrick Q. Carr has opposed the action in the past, but said he now is comfortable with the proposal.

"I've always been reluctant to do this, mostly for the reason that we all agreed when we built the building (new Courts Complex) that the price tag came in higher than we hoped for," Carr said. "We're still kind of getting over the hump on that one."

Carr cited a concern that some items in the proposal "will be worn out before they're paid for," such as police cars and computers.

"But, I also realize our needs each year are sometimes higher than what we can afford," he said. "I think it's a workable plan. With interest rates where they are, if we're going to do it we better get it done."

Finance Officer Chris Hyzer and Controller-Administrator John Berchtold said they have reviewed the county's financial obligations and are in favor of the proposal.

Assistant news editor SHELLY STRAUTZ *can be reached at sstrautz@staffordgroup.com or (616) 754-9303 ext. 3055.*

IN OTHER MATTERS ...

During their regular meeting Monday, the Montcalm County Board of Commissioners also:

• Approved a motion to increase the hourly wage of the Montcalm County Commission on Aging (CoA) Senior Center coordinator by $3 per hour. The new wage range for the part-time position will be $10.70 to $12.73 per hour, effective Oct. 1.

• Approved a motion authorizing the CoA to submit a van application to the Michigan Department of Transportation (M-DOT) for the 2006 fiscal year for replacement of the transport van with a ramp.

• Approved a motion to allow Prosecuting Attorney Andrea Krause to rehire Montcalm County Sheriff's Office Det. Lew Corwin as a special deputy from Aug. 29 to Sept. 16 for the Travis Underwood trial. Underwood will be tried for murder in connection with the killing of Edmore's Katherine Dyer.

• Approved a motion authorizing Montcalm County Emergency Services (MCES) to purchase a new network laser printer at a total cost of $672.

• Approved a motion to authorize the sheriff's office to purchase three new radar units through a Highway Safety Grant at a cost of $4,482.

• Approved a motion to pay claims totaling $192,171.77.

• Approved a motion to buy a 1989 Dodge pickup truck and 1990 leaf vacuum from the city of Carson City for $5,000 to be used for collecting and recycling leaves. Funding is to come from the county's Solid Waste Committee budget.

• Approved a motion to pay up to $4,000 in conjunction with the city of Stanton to repave the parking lot used for recycling collection in Stanton. It was stipulated that 5 to 15 percent recyclable materials must be used in the repaving process.

• Presented a resolution honoring Lakeview High School graduate Katie Shaw, who won the state pole vault championship in girls track.

• Presented a resolution to Maureen Burns for the One Book One County project in Montcalm County.

• Heard a presentation about the Michigan State University (MSU) Montcalm County Extension 4-H program from its new 4-H Educator, Pat Dignum, and 4-H members Paul Ayers of Edmore and Kali Fields of Carson City.

• Approved a resolution to support the Area Agency on Aging of Western Michigan to submit an application to become a Single Point of Entry county.

• Approved a motion to maintain status of the 911 surcharge at 20 percent, or $4 on each landline telephone bill in the coverage area.

• Approved a motion to have Denise Hubbard, director of Montcalm United Way, present the United Way campaign options to Montcalm County employees. Commissioner Dan Petersen will act as the county's liaison.

• Approved a motion to transfer a used copier from the prosecuting attorney's office to the animal control office.

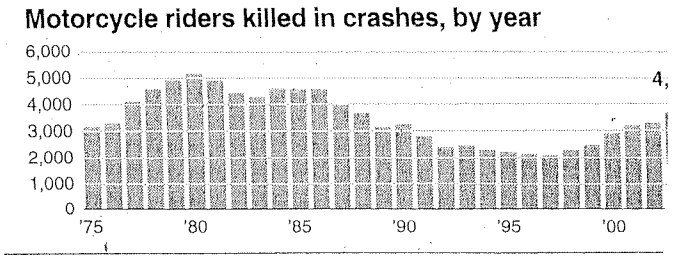
• Approved a motion to advance $6,000 to RWG Recycling of Sheridan for construction of a recycling center in Sheridan.

ROOM

CONTINUED FROM PAGE 1A

sioner that we're going to change the use of it (the building) without input from (the

"But I think we still need to do the coordination to make sure there isn't a major concern"



SOURCES: National Highway Traffic Safety Administration; Insurance Institute for Highway Safety

HELMET

CONTINUED FROM PAGE 1A

and 100 percent in Louisiana after those states struck down their mandatory helmet laws.

"The results are remarkably similar that when you repeal a helmet law, you can expect an increase in fatalities and you can expect an increase in medical costs," said NHTSA spokesman Rae Tyson.

The second study released Monday, by the Insurance Institute for Highway Safety, found that the death rate of motorcyclists from 2001-02 increased 25 percent compared with the two years before the repeal of the helmet law in Florida.

The debate has generated legislative struggles during the past decade, with motorcyclists rumbling through state capitals and unleashing torrents of phone calls and e-mails to lobby for repeals. Some motorcyclists complain that they should have the choice of wearing a helmet and urge states to focus more on rider education.

But safety groups contend that less restrictive laws lead to more fatalities and burden society through higher medical costs. They mostly have waged a losing battle since the mid-1990s, when Congress removed federal sanc-

met laws and a handful (weakened their statutes.

Twenty states — in Michigan — and the Di Columbia require all mo riders to wear protective a decline from 47 states according to the institut is funded by the insuran try.

A bill allowing rider older to ride without l they have been licensec ate a motorcycle for at years or have taken course has passed the Senate, but not the H Jennifer Granholm o change.

Nationally, fatalities nearly 8 percent to 4,0 the first time they hav 4,000 deaths sin Motorcycle deaths hav seven years in a row.

Florida requires he riders under the age older riders who do minimum of $10,0 insurance coverage. climate allows for yea ing, and Daytona Week attracts hundı sands of motorcy March.

In the institute's motorcycle-crash increased 25 perce years after Florida's growing from 30.8 deaths per 1,000 cr

COUNTY	2005	at .10	lost revenue
Alcona	35,041	3,504	31,537
Alger			
Allegan	72,598	34,486	38,212
Alpena	61,887	6,188	55,698
Antrim			
Arenac			
Baraga	4,842	242	4,600
Barry	83,000	55,333	27,667
Bay			
Benzie	36,395	3,640	32,755
Berrien	104,751	43,646	61,105
Branch	35,428	10,122	25,306
Calhoun	164,091	16,409	147,681
Cass	33,412	13,365	20,047
Charlevoix			
Cheboygan	26,734	10,694	16,040
Chippewa	11,954	4,303	11,954
Clare	34,713	3,471	31,241
Clinton	50,479	20,191	30,288
Clinton	50,479	20,191	30,288
Crawford			
Delta	27,061	2,706	24,354
Dickinson			
Eaton	160,065	17,785	160,065
Emmet			
Genesee			
Gladwin			
Gogebic	6,100	2,440	3,600
Grand Traverse			
Gratiot	16,615	8,307	8,307
Hillsdale			
Houghton			
Huron	29,690	2,669	27,021
Ingham			
Ionia	15,000	7,500	7,500
Iosco			
Iron			
Isabella	29,148	11,659	17,488
Jackson			
Kalamazoo			
Kalkaska			
Kent			
Keweenaw			
Lake	30,288	4,363	25,925
Lapeer	155,547	15,554	139,993
Leelanau			
Lenawee	18,788	6,262	12,526
Livingston	39,520	32,934	6,586
Luce			
Mackinac			
Macomb			
Manistee			

Marquette			
Mason			
Mecosta	67,675	14,221	53,454
Menominee	17,649	1,765	15,884
Midland			
Missaukee	10,622	1,062	9,559
Monroe	32,262	3,226	29,036
Montcalm	26,700	8,900	17,800
Montmorency	8,640	2,468	6,172
Muskegon			
Newaygo	25,166	2,516	25,166
Oakland			
Oceana	9,530	3,812	5,718
Ogemaw			
Ontonagon	10,000	1,000	9,000
Osceola	59,000	28,000	25,200
Oscoda	15,351	1,535	13,815
Otsego	11,379	4,551	6,827
Ottawa	137,331	65,395	71,935
Presque Isle	22,493	11,217	11,276
Roscommon	28,000	8,936	19,064
Saginaw	142,734	14,273	128,460
Sanilac			
Schoolcraft			
Shiawassee	42,528	17,011	25,517
St Joseph	48,684	24,342	24,342
St.Clair			
Tuscola			
VanBuren	45,056	19,589	24,466
Washtenaw			
Wayne			
Wexford	32,695	3,269	29,426
Total	2,127,121	595,052	1,549,901

The Task Force on Local Government Services and Fiscal Stability

Final Report to the Governor

May 2006

Lori Wilson -
2pgs
From:
Scott Haines

ISSUE 12:

INABILITY TO SET MANY USER FEES AND CHARGES

Many fees charged by local units of government for services rendered are set by State statute. In these cases local units of government in Michigan are not given the flexibility to set fees and charges at levels that are appropriate for that particular unit. Although the ruling in *Bolt vs. the City of Lansing* limits these prices to the costs of service provision, state statutes that establish the amount to be charged limit the ability of individual counties to tailor prices to their own needs.

For example, counties must deal with antiquated fee structures, for services such as marriage licenses.

Recommendations:

I. State statute must not artificially cap fees and charges at levels below the cost of providing services.

II. The State should establish a procedure that would allow local governments the flexibility to override these limitations when they do not accurately reflect the cost to a particular unit.

ISSUE 13:

LOCAL CONTROL OVER TAX INCREMENT PLANS

Tax Increment financing is a useful tool of local government. It uses tax revenues from new development in a specific area, regardless of which unit is levying the tax, to pay for the public improvements designed to bring in the new development. Historically the decision to use the tool was made by one local unit, while that unit and all other local taxing units provided the revenue. While the new use of this tool now requires consent from all taxing units, some units of government may still amend and extend certain existing tax increment financing plans for unlimited periods of time, without regard to what the impact is on those other taxing units.

Recommendations:

I. Establish the duration date of existing tax increment financing plans to the date presently established in the plan, unless a local taxing unit consents to an extension.

NOTE: The Task Force was divided on this issue and a minority report is included as Appendix F.

Received Time Jun.27. 12:02PM

SENATE BILL No. 687

June 30, 2005, Introduced by Senators BIRKHOLZ, KUIPERS, ALLEN, TOY and VAN WOERKOM and referred to the Committee on Local, Urban and State Affairs.

A bill to amend 1964 PA 106, entitled

"An act to authorize the recording, copying, and recopying of documents, plats, papers, written instruments, records, and books on file or of record and the replacement and certification of originals previously filed and of record, by county and city officers; to provide for the effect and use of the copies, records, reproductions, or replacements and of transcripts or certified copies thereof; and to provide for revision of and entries to be made on originals so produced or replaced,"

(MCL 691.1111 to 691.1115) by adding section 2a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

SEC. 2A. A COUNTY OR CITY MAY CONTRACT WITH A PUBLIC OR PRIVATE ENTITY TO PROVIDE BULK SALES OF COPIES OF NONCERTIFIED FILED OR RECORDED RECORDS DESCRIBED UNDER SECTION 1. THE COUNTY OR CITY SHALL NOT CHARGE A FEE FOR PROVIDING BULK SALES THAT EXCEED THE ACTUAL DIRECT AND INDIRECT COSTS OF PROVIDING THE SERVICE. AS USED IN THIS SECTION:

(A) "BULK SALES" MEANS THE PROVIDING OF MULTIPLE COPIES OF A

SENATE BILL No. 687

1 RECORD OR RECORDS OR THE PROVIDING OF A COPY OF A CERTAIN RECORD OR
2 RECORDS ON A CONTINUOUS BASIS.
3 (B) "NONCERTIFIED RECORD" MEANS A RECORD THAT IS NOT CERTIFIED
4 BY THE COUNTY OR CITY AS A TRUE AND CORRECT COPY OF THE ORIGINAL.

HISTORY OF COPY FEE ISSUES

1963 Register of Deeds copy fee increased by Legislature to $1.00 per page.

1974 Treasurer copy fees increased by Legislature ($ .25 - $1.00 for various copies).

1988 Suit filed against Wayne County Register of Deeds. Microfilm copy fees and arrangement. SETTLEMENT.

1989/90 Suit filed by Tuscola County Abstract Co. (now First American Title) against Tuscola County Register of Deeds. Right to free or reduced cost copies, ability to maintain their own equipment in the Register of Deeds office, violation of inspection & examination of records. COUNTY WON at Ct. of Appeals.

1994 MCL 565.551 amended. Allows Registers of Deeds to provide copies of records by other mediums and methods at the discretion of the Register.

1996 Suit filed against Macomb County Clerk/Register in Federal Court. Cost of microfilm copies. CASE DISMISSED.

1998 Suits filed by The Title Office Inc. against 49 County Treasurers. FOIA rate on electronic records instead of statutory fees. COUNTIES WON in Supreme Ct.

2002 Suit filed by Lapeer County Abstract against Lapeer County Register of Deeds. Violation of Headlee, anti-trust laws violation, bulk rate, contractual agreements. COUNTY WON in Ct. of Appeals. Lapeer County Abstract pursuing in Supreme Court. (Plaintiff switched attorneys to Honigman Miller Schwartz & Cohn.)

2003 HB 4915 introduced (UCOA). Fee applicable on all mediums; inter & intra governmental agreements; fees applicable to e-filings & recording.

2003 SB 63 introduced (MARD). Automation fund, internet accessibility. PASSED 2004.

2004 County Registers of Deeds begin implementing internet services for access to records according to automation fund.

2004 HB 1031 introduced (Land Title). Copies required on medium requested at FOIA rate instead of statutory fee.

2004 Letter from Devon Title to State Representative(s) regarding HB 4915 and creation of county "monopoly" by compiling indexes (as prescribed by

law).

2004	SB 929 introduced (MARD). Redemptions on foreclosures, removal of sunset on automation fund. PASSED.
2005	Letter from First American Title to select Registers requesting copies on microfilm or electronic media or to bring their own equipment into the Register of Deeds offices.
2005	Legal opinion from Bonnie Toskey of Cohl, Stoker, Toskey & McGlinchey for Michigan Association of Registers of Deeds regarding letter from First American Title and counties' rights. Letter sent to First American by MARD.
2005	HB 4062 introduced (Realtor's Assn.). Makes fees for Treasurer's records more "FOIA friendly."
2005	Letter to MAC from Realtors regarding bulk fee for Treasurer's records and electronic transcripts.
2005	Ruling by MI Court of Appeals (Ritzer V. Lockport-Fabius-Park Twp. Fire Dep't.). Defendant was not required to provide plaintiff with "hard drive" copies (disk or tapes) to satisfy plaintiff's FOIA request. Disks or tapes may infringe on exempt computer software.
2005	Suit filed by First American Title, TransNation Title, Lawyers Title, & Chicago Title against Saginaw County, Tuscola County, Newaygo County, Eaton County, and Lapeer County Registers of Deeds in Eastern District Federal Court. Violation of federal anti-trust laws, monopolization, due process (14th Amendment of US Constitution), unauthorized establishment & maintenance of abstracts of title. (Plaintiff's attorneys are Honigman Miller Schwartz & Cohn.)
2005	Letter to Legislators from Land Title regarding Registers of Deeds monopolizing records and unfair pricing.
2005	Press releases to local newspapers around the State from Land Title to influence public opinion regarding lawsuit with Registers.

SUNDAY, FEBRUARY 12, 2006

MICHIGAN

THE GRAND RAPIDS PRESS

IN BRIEF

LANSING

Governor OKs 60 mph for trucks

Gov. Jennifer Granholm has signed a bill that will raise speed limits for large trucks on some highways from 55 miles per hour to 60 mph. The law affects highway zones where the maximum speed limit is 70 mph for other vehicles. The new speed limit takes effect in nine months. Granholm signed the bill Thursday. The legislation applies to trucks that weigh 10,000 pounds or more, truck-tractors and truck-tractors with trailers. Rep. Bruce Caswell, R-Hillsdale, has said he sponsored the

Title insurance deal reached

60,000 HOME BUYERS MAY COLLECT IN TENTATIVE, $27.5 MILLION SETTLEMENT

THE ASSOCIATED PRESS

DETROIT — More than 60,000 Michigan new-home buyers stand to collect $300 to $400 each under a tentative $27.5 million settlement reached between homeowners and title insurance companies.

If approved, the payments would end a class-action lawsuit filed by homeowners who said they were overcharged for title insurance. The suit involves those who purchased newly built homes between December 1998 and July 2005 and purchased title insurance from one of four firms.

U.S. District Judge Avern Cohn in Detroit tentatively approved the settlement Friday.

"This appears to be the beginning of the end of a rate structure that we believe repeatedly resulted in violations of federal law," Birmingham lawyer Patrick Bruetsch said.

Bruetsch, Farmington Hills lawyer Jeffrey Yellen and Birmingham lawyer David Davis filed the lawsuit in 2000 on behalf of four homeowners in the Detroit area.

The companies named in the lawsuit reportedly sell 84 percent of the title insurance in Michigan.

They are Chicago Title Insurance Co. of Missouri, Transnation Title Insurance Co. of Arizona, First American Title Insurance Co. of California and Lawyer's Title Insurance Corp. of Virginia.

The suit claims the companies violated the 1974 federal Real Estate Settlement Procedures Act when they gave discounts to home builders, who are required to buy owner's title insurance, while raising the prices of loan title policies for 62,500 buyers.

Lawyers for the companies said the practice was widespread before the law and that they merely continued it.

Grand Rapids lawyer William Holmes, who represents Chicago Title Insurance Co., said the suit means title insurance for future new-home purchases will increase because construction companies will lose their title insurance discounts and likely pass the increased costs on to consumers.

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FYI -
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Insurer accepts $150,000 fine over kickbacks

Metropolitan Title admits no liability

By KIM NORRIS
FREE PRESS BUSINESS WRITER

■ New oversight: HUD takes over Detroit-Housing Commission. 1A

The federal government's housing regulator has charged a large Michigan title insurance company with providing kickbacks to real estate brokers in exchange for referring clients.

Metropolitan Title Co., the Howell-based company that provides title insurance and closing services to home buyers, has agreed to pay $150,000 to settle charges it paid illegal referral fees to brokers in the form of inflated room rental rates.

The U.S. Department of Housing and Urban Development determined in its investigation that Metropolitan Title paid up to $150 an hour to lease conference rooms from real estate brokers even though Metropolitan had its own available office space nearby. Investigators determined the average hourly rental space for comparable space in the Detroit area was much less than what Metropolitan paid.

Metropolitan did not admit to any liability in the settlement but agreed that all future office-lease agreements will conform to standard commercial leases and that it would pay rental rates at the minimum level of the general market value for equivalent space.

The federal Real Estate Settlement Procedures Act, which governs closing procedures on home purchases, prohibits a person from giving or accepting anything of value in exchange for the referral of settlement service business. It also prohibits giving or accepting payments for services not actually performed.

"A referral fee by any other name is still a referral fee," Brian Montgomery, assistant secretary for housing-federal housing commissioner, said in a

See TITLE, 3C

TITLE | Firm to pay fine for broker office rentals

From Page 1C

statement Thursday. "HUD will vigorously enforce the law to protect consumers from those who attempt to artificially inflate the cost of buying or refinancing a house," he said.

Americans spend $55 billion a year on closing costs on mortgages and refinancing.

Brian Sullivan, a spokesman for HUD, said the agency has tripled its enforcement staff and doubled its budget in recent years specifically to handle complaints like this.

"If there is a message for the mortgage market" in this settlement, "that would be OK with us," Sullivan said.

HUD is the nation's housing agency committed to increasing home ownership, particularly among minorities, and creating affordable housing opportunities for low-income Americans. It also promotes economic and community development and enforces the nation's fair housing laws.

Metropolitan Title employs more than 1,000 people in offices in 10 states. It is part of **First American Title Insurance Co.**, which acquired Metropolitan in December 2003. One of the largest title insurers in the country, First American is based in Santa Ana, Calif.

A spokesman for the company did not return calls seeking comment.

Contact KIM NORRIS *at 248-351-5186 or norris@freepress.com.*

Received Time Jun. 27. 3:32PM

Received Time Jun. 27. 3:32PM

Top things to know

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Title insurance: Getting ripped off?

Critics say industry practices lead to inflated costs.

By Les Christie, CNNMoney.com staff writer
January 11, 2006: 10:41 AM EST

NEW YORK(CNNMoney.com) - To hear some critics tell it, millions of Americans spend billions of dollars on a product that few understand or directly benefit from -- title insurance.

Back in 1977, in ruling on a suit by a title insurance company trying to enter the Iowa market, the state Supreme Court called title insurance "an invidious form of business."

Nearly 30 years later, investigations have revealed more recent abuses.

Last year, more than a dozen title insurers settled with regulators for tens of millions of dollars over industry sales practices. Just this week, the California Insurance Commissioner opened hearings on how to change an industry it calls a "dysfunctional market in which consumers pay too much for coverage."

At its best, title insurance serves an important function, according to Nelson Lipshutz, author of "The Regulatory Economics of Title Insurance" and spokesman for the American Land Title Association (ALTA).

Say you buy a home and 10 years later someone turns up with a legitimate claim that they never sold the property. Title insurance protects you against that, and other undiscovered liens or claims, easements, and flawed deeds.

"It makes it possible to trade property with confidence," said Lipshutz.

So what's the problem? It's the way the insurance is sold, according to Birny Birnbaum, a former chief economist of the Texas Department of Insurance who is currently with the Texas Center for Social Justice.

Legally, borrowers are free to buy from any title insurer they choose.

Price of protection

A sampler of title insurance rates around the United States. Click on state for more stats.

State	Price for $180,000 of coverage
Texas	$1,443
Pennsylvania	$1,397
New York	$1,423
California	$749
Ohio	$936
Washington	$614
Virginia	$782
Florida	$1,107
Maine	$681
Colorado	$714

Insurance only. Title search is extra.*

Source: Bankrate.com

QUICK VOTE

Do you think you paid too much for title insurance?

P.003/0 TO:989 831 7320

But, practically, the insurer is likely to be chosen by the real-estate agent, mortgage broker or lender -- and those parties are marketed to heavily by title insurers.

Yes
No
VOTE or View results

To be sure many of the industry's marketing efforts are legal, according to Birnbaum. The insurers pay for marketing costs, they provide free market analysis, and provide mailing lists and other services.

Others, however, are illegal: kickbacks, free vacations, free use of office space and equipment, and so forth.

Most consumers know so little about title insurance that "they don't know who their insurer will be until they sit down at the closing table," said ALTA spokeswoman Michelle Sweet.

To the anxious home buyer, the cost of title insurance is negligible, typically 0.5 percent or so of the purchase price of the house. "You just want to get into the house," said Birnbaum. "It's, say, $1,500. If you squawk, it will hold up the closing. You may lose the house."

But that's money home buyers wouldn't need to spend, some say, if the industry were more transparent.

Making a mint

The profits involved appear significant. Nationwide, only a tiny percentage of premiums are returned to consumers to settle claims.

In 2003, according to ALTA, the industry paid out about $662 million. That's just over 4 percent of the $15.7 billion taken in as premiums. Auto insurers, in contrast, paid out 75 percent of collected premiums, according to the American Insurance Association (AIA).

But that's the wrong way to think about title insurance, according to Lipshutz.

"Title insurance is loss prevention insurance," he said. "Like boiler insurance (where much of the premium dollar is spent on inspections and risk analysis), most of the premium money is spent to *prevent* later losses. Life and auto insurance are intended to *pay off* later losses."

But even with boiler insurance, about 25 percent of premiums is paid out in claims, according to Eric Goldberg, general council of the AIA.

Birnbaum says insurers exaggerate the work involved in researching and cleaning up titles. Most records are now automated. "A small portion of the premium dollar is spent on doing the title search," he says. "You tap a few keys, look at the screen, get a printout and you're done." Birnbaum claims that 30 percent to 50 percent of each premium dollar goes to selling and marketing its products.

Craig Page, VP and council for the California Land Title Association, calls Birnbaum's math "laughable." He says that searching and repairing titles is "much more expensive and time-intensive" than critics claim, that "not all property records are automated," and that there is "a lot of up-front work taken for granted."

ALTA does not track marketing costs so it's difficult to determine if consumers are paying for waste or for quality of work.

Iowa alternative

Iowa, the only state that bans title insurance sales, can offer some clues to answer that question. Its alternative to title insurance seems to offer big savings to consumers.

Iowa has its own state run Title Guaranty Program. It costs just $110 for up to $500,000 in coverage. Added to the bill in Iowa is the cost ($150) of the "abstractor," who researches the property, and a lawyer ($125), who signs off on the findings. The total cost is usually about $400.

who signs off on the findings. The total cost is usually about $400.

Outside Iowa, according to the Iowa Bar Association, the national average is $5.15 per $1,000, or nearly $1,100 for the median home.

Lipshutz disputes the cost savings in Iowa. He says it takes longer in Iowa to get the title guaranty and because of that, mortgage lenders set their lock-in rates higher, costing home buyers an extra two tenths of a percent on an average mortgage.

Iowans beg to differ.

Jim Carney, an Iowa lawyer who has lobbied against title insurance for years, says, "We can close just as quickly."

Lloyd Ogle, director of the Iowa Title Guaranty Program, says the system results in extremely clean titles and a very low incidence of litigation resulting from title defects. But the biggest attraction is the savings. "You won't find anywhere in the country with lower costs," he says.

The housing market seems to be slowing. For more evidence, click here.

How overvalued is the housing market in your home town? Click here for the answer. ■

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* : Time reflects local markets trading time. † - Intraday data is at least 15-minutes delayed. • *Disclaimer*

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