

The Ohio Association of Independent Title Agents (OAITA)

PRESS RELEASE - October 3, 2008

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

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SUBJECT: INDEPENDENT TITLE AGENTS FILE LAWSUIT AGAINST OHIO DEPARTMENT OF INSURANCE DIRECTOR ALLEGING FAILURE TO ADEQUATELY PROTECT OHIO HOMEOWNERS

FOR IMMEDIATE RELEASE

The Ohio Association of Independent Title Agents (OAITA) (www.oaita.org) has filed a lawsuit with the Ohio Supreme Court against Mary Jo Hudson, Director of the Ohio Department of Insurance. OAITA, an association of independent title insurance agents in Ohio, seeks to prevent the spread of kickbacks and referral schemes in the real estate industry by asking the Ohio Supreme Court to compel the Director of the Ohio Department of Insurance to enforce currently existing rules prohibiting banks, realtors and mortgage brokers and their subsidiaries from engaging in the business of title insurance.

OAITA is represented in the newly-filed lawsuit by Columbus attorney E. Bruce Hadden, Medina attorney Gregory W. Happ and Oakwood Village attorney Robert B. Holman. The lawsuit alleges that Director Hudson failed to enforce current administrative rules based on long-standing Ohio statutes that prohibit banks, realtors 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, realtors or mortgage brokers. The suit alleges that ownership of title insurance agencies by banks, realtors or mortgage brokers, known as controlled business arrangements, creates dangerous conflicts of interest by allowing those banks, realtors 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 the first of its kind in the United States and is an important step towards reducing the overreaching power and influence a bank, realtor and mortgage broker has 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 realtors 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 OAITA's action.

Independent title insurance agents serve as important checks and balances on the power of banks, realtors and mortgage brokers to unlawfully steer homeowners' real estate transactions to

controlled entities. Members of OAITA are independent title insurance agents who refuse to give kickbacks or referral fees to banks, realtors 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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