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The Economic Contributions of the Land Title Industry to the U.S. Economy

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Executive Summary

The Dodd-Frank Act rulemaking has directed the Consumer Financial Protection Bureau (CFPB) to create new mortgage forms to help consumers to understand the terms and the costs of mortgage loans. The current CFPB proposal is the second revision in the two years since the Bureau's 2010 changes to the mortgage disclosure forms. Two rounds of back-to-back compliance costs impose a significant financial burden to the land title industry. The compliance costs are passed on to consumers in the midst of a fragile economic recovery and a housing market that is slowly regaining strength. The proposed rules also understate the valuable role the land title industry plays in the process of buying a home and transferring real property.

This study estimates the economic contributions of the land title industry to the U.S. economy and examines the vital role title and escrow services play in supporting the American property system. The report then assesses the negative effects of the CFPB's proposed rules on the settlement process.

Key findings of the report are summarized below.

1. The Economic Contributions of the Land Title Industry to the U.S. Economy

The land title industry consists of title agents, title abstractors, settlement offices, and direct title insurance companies. The industry employs abstractors, examiners, attorneys, settlement agents, title insurance agents, and support personnel for each operation. Approximately two-thirds of title agent, title abstract and settlement offices are small businesses that do business in the same communities as the properties that are being sold, purchased, and refinanced. Thus, the positive and valuable economic contributions of the land title industry to the U.S. economy are widely spread across the country (Table 1).

- The land title industry helps consumers sell, purchase, and refinance nearly 10 million real estate transactions worth more than $2 trillion annually across the country.
- The industry directly contributes to the U.S. economy by creating nearly $26 billion of goods and services a year and paying nearly $7.9 billion in wages to employ 156,730 American workers.

[1] This research received support from American Land Title Association. The research team included Nam D. Pham, Justin M. Badlam, and Anil Sarda. The analysis and views expressed here are solely those of the author.

- The direct and indirect economic contributions of the industry to the U.S. economy include more than $50 billion in economic activities and nearly $12.7 billion in wages to support 318,601 American jobs across the country.

Table 1. Direct and Indirect Economic Contributions of Title Abstract and Settlement Offices and Direct Title Insurance Carriers, 2007

	Total	Title Abstract & Settlement Offices	Direct Title Insurance Carriers
Direct Economic Impacts			
Total Revenues	$25.972 billion	$8.758 billion	$17.214 billion
Number of Establishments	19,318	12,412	6,906
Revenue per Establishment	$1.344 million	$706,570	$2.5 million
Total Payrolls	$7.871 billion	$3.198 billion	$4.673 billion
Number of Employees	156,730	77,279	79,451
Payroll per Employee	$50,220	$41,384	$58,820
Direct and Indirect Economic Impacts			
Output	$50.674 billion	$17.088 billion	$33.586 billion
Earnings	$12.669 billion	$5.148 billion	$7.522 billion
Employment	318,601	157,093	161,508

2. The Negative Economic Impacts of CFPB's Proposed Three-Day Waiting Period

The three-day waiting period proposed by the CFPB for each significant change in mortgage forms for a real estate transaction would negatively affect state and local governments, home sellers, home buyers, and homeowners who refinance their homes. Based on incidents in the past years, industry professionals expect that between 50 percent and 60 percent of total closing transactions would experience at least one three-day delay of closing due to changes in the Closing Disclosure forms.

- By delaying the collection of transfer taxes and fees due to the re-triggering of the three-day waiting period after changes to the transaction information occurs, the lost time value for state and local governments is cumulatively more than $1 million each three-day waiting period.
- The closing process would extend the time it takes for home sellers to close their home sales. Until the closing, the time value and mortgage interest payments for home sellers' empty homes are nearly $193 million each three-day waiting period.
- The three-day waiting period also affects homeowners who refinance their homes. They would forgo nearly $64 million in savings each three-day waiting period on mortgage interest payments for each 1 percentage point mortgage rate reduction.
- Although not all closings will be delayed, all homebuyers would expect a delay and therefore would need to obtain a longer interest rate lock-in to avoid loan cancellation. As a result, home buyers would have to pay more than $1 billion per year in additional mortgage interest payments throughout the life of their mortgage loans.

3. The Negative Impacts of CFPB Proposal on Lenders to Prepare Closing Disclosure Forms

The proposal from the CFPB that mortgage lenders prepare Closing Disclosure forms would create market inefficiencies and heighten systemic risks.

- The replacement of title abstract and settlement offices will create market inefficiencies. Mortgage lenders will provide settlement services to mortgage borrowers while independent third-party settlement agents will provide services to all-cash buyers. Consumers will have limited choices over service providers and the industry will have less price competition.
- The reduction of the role of independent third-party settlement agents would heighten mortgage fraud and misrepresentation. Settlement agents have been shown to provide a valuable service to the community and government through the collection of back income taxes, delinquent real estate taxes, and child support payments in arrears. In addition, settlement agents often find and correct errors in the public record.
- Collusion among insiders, employees, and consumers has been proven highly effective in mortgage fraud. The reduction of the role of independent third-party settlement agents, who do not have direct interests in these transactions, would increase systemic risks and damage the integrity of the settlement and recording processes.

4. The Costs of Compliance Burden to the Industry

The mortgage forms were changed as recently as 2010 to provide greater simplicity, transparency, and certainty of mortgage costs to consumers. Within two years, the CFPB has proposed additional changes with an aggressive 2013 implementation schedule. The regulators underestimate the financial difficulty for small businesses within the industry to fund these changes, as well as the financial consequences to consumers.

- Based on the industry data, we estimate the 2010 changes cost the industry nearly $157.4 million, including $13.7 million in software, $97.6 million in training costs, and $53.2 million in productivity losses.
- While the CFPB estimates the price tag of compliance to be around $100 million, the industry estimates the compliance costs for the current CFPB proposal to be between two and five times the 2010 compliance costs. To be conservative, we use the low-end estimate to project the compliance costs at nearly $315 million.
- Altogether, the 2010 and 2013 compliance costs are expected to be $472 million or $8,345 per settlement agent. More than 65 percent of settlement offices are small businesses, employing an average of three people and generating $214,801 per year. Thus, the initial upfront cost for a three-person office would be $25,035, accounting for 11.7 percent of annual business revenues.

Formal rules and laws governing our property system have been essential in our success as a nation. The land title industry and its subsectors provide a crucial role in the stewardship of this uniquely American system. The proposed rules, while fundamentally well intentioned, seek to alienate a sector that employs nearly 160,000 Americans across all corners of the country, plays a vital role in the processing of millions of transactions annually, and helps fulfill the dreams of countless Americans in facilitating and protecting the purchase of family homes.

Introduction

The institution of property ownership is one of the fundamental pillars of American prosperity. Formal property records and titles represent society's shared concept of what is economically meaningful about any asset.[2] As Nobel Prize-winning economist Douglass C. North writes, "[I]nstitutions provide the incentive structure of an economy; as that structure evolves, it shapes the direction of economic change towards growth, stagnation, or decline."[3] Formal rules and laws governing our property system have been essential in our success as a nation.

The modern system of American property law can be traced to conveyance laws during the Colonial era. Indeed, the Colony of Massachusetts passed a registry act in 1640 requiring all sales or mortgages to be recorded with the names of the parties, the legal description, the date, and the type of estate conveyed. The law stipulated that, "an unrecorded deed could not defeat a deed that was executed later if the later deed was recorded first."[4] The recording system was designed to protect the rights of landowners in the United States.

Title to a property involves a complex bundle of property rights, or claims, which may include joint ownership, tax liens of various government agencies, mortgage obligations, and various types of judgments and easement rights.[5] The system requires the recording and maintenance of all property transactions to serve as evidence of title. Title insurance has provided lenders and purchasers of real estate with efficiency, security, and safety in the transfer of property rights. The title and deed to property represent the non-physical qualities that have the potential for producing value for the owner. Formal property records function as the means to secure the interests of other parties and create accountability by providing all the information, references, rules, and enforcement mechanisms required to complete the transaction.[6]

Formal property records serve an important civic function as well. Property registers operate as a locus for collecting debts, setting rates, and paying taxes that help pay for municipal and state government services. Our property system allows us to fund our schools, provide clean water, build bridges and roads, establish public utilities, and supply other important public goods. Without formal rules and laws that govern property ownership, communities and societies would lack the institutional structure that allows local, state and national economies to flourish.

The Process of Purchasing a Home

Purchasing a real property, especially a family home, is an important personal and familial milestone. In a common scenario, the home-buying process begins with the customer working with lenders to obtain a "pre-qualifying" letter to go shopping for a home. Given the buyers' financial situation—including income, assets, debts and liabilities—lenders estimate a potential

[2] De Soto, Hernando. 2000. "The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else." Perseus Books Group, New York.
[3] North, Douglass C. 1991. "Institutions," The Journal of Economic Perspectives, Vol. 5, No. 1.
[4] De Witt III, Charles B. 2001. "Title Insurance: A Primer", Tennessee Journal of Practice & Procedure.
[5] Janczyk, Joseph T. 1977 "An Economic Analysis of the Land Title System for Transferring Real Property," Journal of Legal Studies, Vol. 6.
[6] De Soto, Hernando. 2000. "The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else." Perseus Books Group, New York.

mortgage amount that the buyers are likely able to borrow. When the buyers find a property, they offer a price to purchase the home in an agreement of sale with the sellers. Homebuyers then apply for a mortgage loan to purchase the home. Once the buyers and sellers agree on the final price and the lenders agree to provide the mortgage loan to the buyers, the final step is called "settlement" or "closing," which is when the legal title to the property is transferred to the customer.

The laws and practices governing the purchase of a home vary across states, counties, and cities. The Real Estate Settlement Procedures Act (RESPA) requires mortgage lenders to provide borrowers with a "good faith estimate" (GFE) of all expected closing costs within three business days of the submission of the loan application to purchase or refinance the home. Since it is an estimate, actual expenses at closing may vary. However, the standardized GFE form lists the costs that are likely to change prior to settlement and the maximum amount by which they are allowed to change. RESPA also requires the lender to give borrowers a copy of the HUD-1 or HUD-1A Settlement Statement. This final statement of settlement costs show all the fees and charges that the borrowers are expected to pay when the loan is closed.

One business day before the settlement, buyers may request the HUD-1 Settlement Statement, which itemizes the services and fees charged. Settlement costs typically include sales/broker's commissions, lenders' fees and charges, items required by the lender to be paid in advance, escrow account deposits, title charges, government recording, adjustments between the buyer and seller for pre-paid items, property taxes and transfer fees, and sometimes additional charges. The completed HUD-1 Settlement Statement must be delivered or mailed to buyers at or before the settlement. In cases where there is no settlement meeting, the escrow agents will mail the HUD-1 after settlement.[7]

The Process of Settlement and the Roles of Settlement Agents

After the settlement process is complete, the property title is transferred to the buyers and generally a mortgage or "deed of trust" is given by the buyers or borrowers to the lender. The settlement agent coordinates with all parties—including the buyers, sellers, lenders, brokers, and public offices—to prepare all necessary steps to close the transaction. Buyers and sellers have the option of selecting a title company, a settlement company, an escrow agent, or an attorney to settle the transaction.

Once the sellers agree to the purchasing offer from the buyers, the settlement agent will start the closing process, which requires many tedious and routine procedures. Although the laws and practices vary across the country, a typical settlement involves the following factors:

1. <u>Escrow account</u>: The sale agreements normally include earnest money deposits. In some parts of the country, the settlement agent keeps the deposits in an escrow account where the funds are held until the time of closing.

[7] HUD. 1997. "Buying Your Home – Settlement Costs and Helpful Information." U.S. Department of Housing and Urban Development, Office of Housing-Federal Housing Administration.

2. Preliminary title work: The title agent[8] searches and examines the public records for information related to the property's title. The results of this search determine if there are any errors in the chain of title, any clouds on title based on the prior owner, or any estates that might yield that other people have an interest in the property. In addition, the settlement agent will handle miscellaneous tasks such as property inspections, termite reports, and survey orders. During this process, the title agent might discover and resolve issues such as liens against the property, unpaid taxes, incorrect legal descriptions, previous owners' debts and judgments against the property.
3. Outstanding balances: The settlement agent orders outstanding balances from existing lenders, if any, and utility companies. The settlement agent is responsible for the distribution of funds to pay off all outstanding balances to complete the transaction. These balances must be updated right before closing.
4. HUD-1 Settlement Statement: Prior to the closing time, the settlement agent will prepare the HUD-1 Settlement Statement that outlines all of the costs for both buyers and sellers. This document is approved by all parties, including the buyer, seller, lenders and real estate agents, at or before closing.
5. Pre-closing: Prior to closing, the settlement agent receives, reads, and reviews the lenders' closing instructions and document package. The settlement agent receives outstanding funds for disbursement from the lender and/or buyers verifies that the funds are in compliance with good funds statutes and have been received from the proper parties in conformance with the instructions of the lender and all applicable laws.
6. Closing: The settlement agent obtains signatures and notary acknowledgement from buyers and sellers on transactional documents. The settlement agent is also available to answer any questions about the documents and charges.
7. Final recording: The settlement agent orders a final search of the title of the property. The agent records all documents required by law to complete the transaction.
8. Post-closing: The settlement agent forwards payments to prior lenders, the sellers' creditors, service providers, governmental entities and sellers. In addition, the settlement agent reconciles the escrow account, ensuring that all previous liens have been released to clear title. The agent may also revise the HUD-1 Settlement Statement to reflect cures to any tolerance violations.

The transfer of property and the completion of the transaction could not be completed without the invaluable contributions of land title professionals and settlement agents. Their work provides real estate sellers and buyers with certainty in the marketplace, validity of the transaction, and safety in the transfer of property rights.

From Title Search to Title Insurance

The American property system is underscored by the work of land title professionals. Prior to the final recording, land title professionals undertake a lengthy process to verify the property is free from unexpected and unwanted encumbrances. There are two distinct products and services related to property title: title search and title insurance. Title agents perform title search in the public records to detect any defects or problems with the property. The findings ensure lenders

[8] The title agent and settlement agent are often the same entity that performs two separate functions in a real estate transaction. The terms title agent and settlement agent are often used interchangeably.

and buyers that the property has no outstanding claims or liens against it. Title searches can be time consuming and labor intensive since public real estate records could be held by surveyors, county courts, tax assessors, and recorders of deeds. In addition, older documents are not always available in electronic files and therefore title agents often have to visit courthouses and other government buildings to examine public records and files.

Although title search detects many issues, title problems can sometimes occur due to incomplete public records or documents inadvertently missed the title search process. Possible hidden title problems include errors or omission in deeds, mistakes in examining records, forgeries and undisclosed heirs. Because of the risk involved, title insurance policies help to protect against such unexpected events. Unlike other types of insurances, title insurance involves the acceptance of past transactional facts rather than future events associated with all other property and catastrophe exposures. In addition, title insurance has no termination date and no time limits on filing claims.

Title insurance is typically required by lenders to protect them against errors in the title search process, which could lead to losses resulting from claims by others against the property. Lenders' title insurance or a Loan Policy is usually based on the dollar amount of the loan. A policy protects the lender's interests in the property should a problem with the title arise. It does not protect the buyer. The policy amount decreases each year and eventually becomes null as the loan is paid off. Lenders require a new title search and a new Loan Policy in the event that the owner refinances and replaces the loan.

Owners' title insurance or an Owner's Policy is usually issued in the amount of the real estate purchase price. It is purchased for a one-time fee at closing and lasts for as long as the buyers own the property. An Owner's Policy premium can be paid by different people in different areas. Owners' insurance, however, does not protect buyers from losses caused by problems that homeowners create after their purchase of the property.

Characteristics of Title Insurance Industry and Its Employees

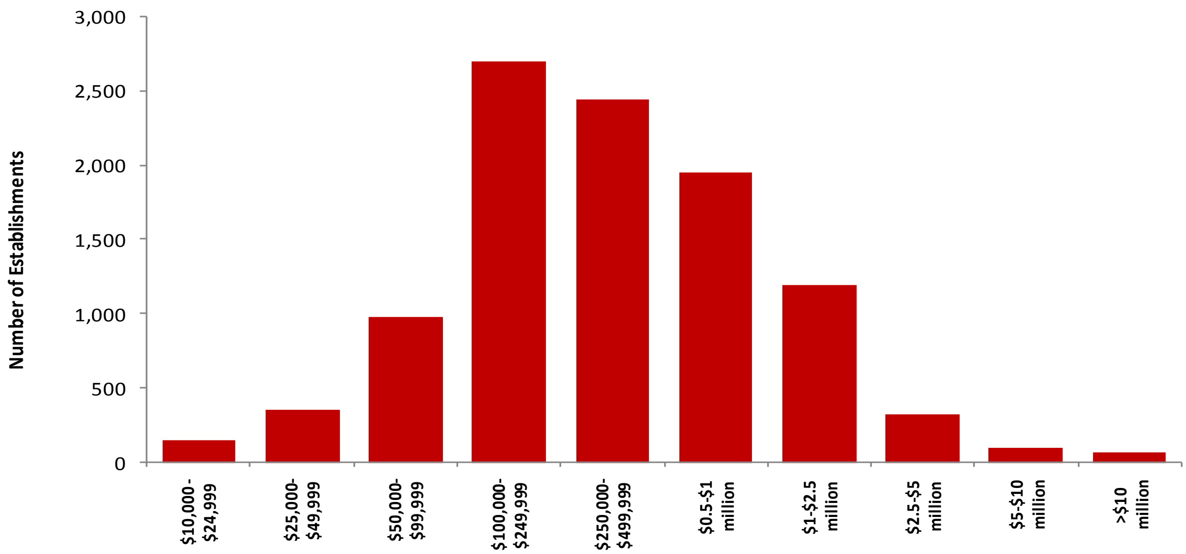
Land title insurance is indeed a concept that is uniquely American. The land title industry is composed of abstractors, attorneys, title insurance agents, and title insurance sales and support staff who provide real estate settlement services. At any real estate closing, the parties involved must be assured that the title of the subject real property is as represented and expected. Members of the land title insurance industry are instrumental in delivering and guaranteeing this assurance. The structure of traditional insurance companies is not applicable to the land title industry because of differences in local laws, customs, and records. Instead, the title searches and examinations are mostly conducted locally as the public records are available in local public offices and government agencies.[9] The land title firms are primarily small businesses that reside in the same communities where the properties are sold, purchased, and refinanced.

Based on the 2007 U.S. Economic Census data, more than 26 percent of title abstract and settlement offices had annual revenues between $100,000 and $250,000 and nearly 65 percent of business entities had annual revenues of less than $500,000. The census data shows that

[9] Best's Tittle & Mortgage Guaranty Center. 2012. "Industry Fundamentals."

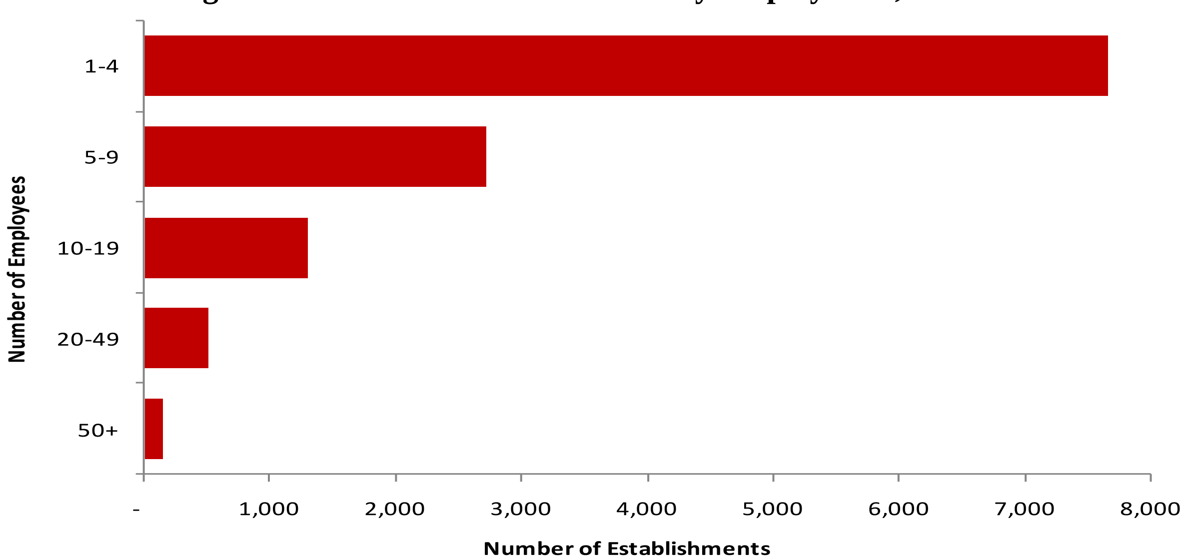
approximately 15 percent of title companies generated fewer than $100,000 in annual revenues and another 16 percent of title companies had more than $1 million per year in revenues (Figure 1).

Figure 1. Number of Business Entities by Revenues, 2007[10]



Like other local small businesses, land title companies are scattered across the country and employ people from their own communities. Census figures estimate that more than 62 percent of title abstract and settlement offices employed between 1 and 4 persons and more than 84 percent of total companies employed fewer than 10 workers. Only 5.5 percent of total business entities were larger businesses with more than 20 employees (Figure 2).

Figure 2. Number of Establishments by Employment, 2007[11]



[10] U.S. Census Bureau, American FactFinder.
[11] Ibid.

Employees in the land title industry represent middle-class Americans across the country. According to the Bureau of Labor Statistics' occupational employment figures, title examiners, abstractors, searchers (and settlement agents) in 2011 earned an average of $44,850 in annual wages compared to an average of $46,230 annual wage of all occupations in the United States. On an hourly basis, title examiners, abstractors, and searchers earned $21.56 (mean) and $19.60 (median) compared to $21.74 (mean) and $16.57 (median) of all occupations across the country (Table 2).

Table 2. Title Examiners, Abstractors, and Searchers versus All Occupations, 2011[12]

	Median Hourly Wage	Mean Hourly Wage	Annual Mean Wage
Title Examiners, Abstractors, Searchers	$19.60	$21.56	$44,850
All Occupations in the U.S.	$16.57	$21.74	$46,230

The average annual earnings of title examiners, abstractors, and searchers in 2011 ranged between $24,900 per person in the lowest 10 percent of occupations and $71,510 in the top 10 percent. The earning differential (top 10 percent earnings/lowest 10 percent earnings) in the title examiners, abstractors, searchers (and settlement agents) is 2.87, which is similar to other professions (Table 3).

Table 3. Hourly and Yearly Wages of Title Examiners, Abstractors, and Searchers, 2011[13]

	10%	25%	Median	75%	90%
Hourly	$11.97	$15.19	$19.60	$25.91	$34.38
Yearly	$24,900	$31,590	$40,760	$53,900	$71,510

Title examiners, abstractors, searchers (and settlement agents) have more training than the overall workforce. Approximately 38.5 percent of title examiners, abstractors, and searchers have college and graduate degrees compared to 32.4 percent of the U.S. workforce between 25 and 44 years old. Nearly 80 percent of the title examiners, abstractors, searchers (and settlement agents) have attended college compared to 62 percent of the U.S. workforce between 25 and 44 years old (Table 4).

[12] Bureau of Labor Statistics, Occupational Employment and Wages, Occupational Employment Statistics, 2011.
[13] Ibid.

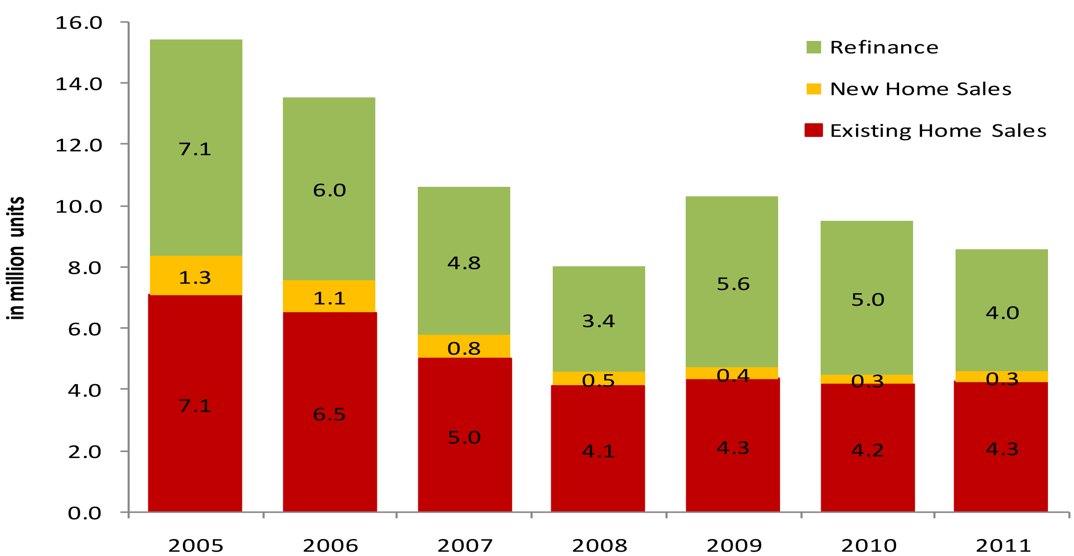
Table 4. Distribution of Educational Attainment, Percent of Employees Aged 25 to 44, 2011[14]

	Less than High School	High School	Some College	Associate Degree	Bachelor Degree	Master Degree	Doctoral or Profession al Degree
Title Examiners	1.8%	18.9%	27.3%	13.4%	27.7%	6.8%	4.0%
All Occupations	10.4%	27.4%	20.9%	8.9%	19.5%	8.2%	4.7%

The Economic Contributions of Land Title Industry to the U.S. Economy

The land title industry is involved in virtually every single real estate transaction across the United States, helping millions of homebuyers each year to purchase, sell and refinance their properties. Title agents helped to close 15.5 million real estate transactions in 2005, 8 million real estate transactions in 2008, and 8.6 million real estate transactions in 2011 (Figure 3).

Figure 3. Annual Real Estate Transactions of New and Existing Home Sales and Refinancing, 2005-2011[15]



Settlement agents utilize their skills as well as their knowledge of local, state and national property laws and land title systems to help Americans complete their purchases and sell their homes faster than any other country. Each time the ownership of a home changes or a mortgage is refinanced, title underwriting must occur on that transaction to clear the title of liens and encumbrances. These curative actions include identifying and releasing mortgages and liens

[14] Bureau of Labor Statistics, Office of Occupational Statistics and Employment Projections.
[15] National Association of Realtors; Wackes, John and Harriet Newburger. 2011. “FHA Lending Patterns Nationally and in the Third District States, Federal Reserve Bank of Philadelphia; Mortgage Bankers Association.

against the current owners as well as comparing the names of the buyers and sellers through PATRIOT Act databases and governmental tax and assessment indexes to confirm that any debts have been paid. In addition to this standard underwriting that occurs on each order, the American Land Title Association estimates that an additional 36 percent of orders require additional specific curative actions by settlement agents. These curative actions include more intensive research to identify and correct liens that remain on public records that were the responsibility previous owners, mistakes in public record indexes or improper foreclosure proceedings, among others.[16]

The land title industry consists of both the Title Abstract & Settlement Offices and Direct Title Insurance Carriers industry classifications (NAICS).[17] Title Abstract & Settlement Offices (NAICS 541191) include establishments that primarily engage in searching real estate titles and performing settlements, including title abstract companies, title and trust companies, title re-conveyance companies, and title search companies. Direct Title Insurance Carriers (NAICS 524127) include real estate insurance companies that are primarily engaged in underwriting insurance to protect the owner of real estate, or to guard mortgage lenders against losses sustained by reason of any defect of title.[18]

We use the 2007 Economic Census data to estimate the economic impact of the land title industry on the U.S. economy. To maintain confidentiality, the Census Bureau only reports the aggregate data and not the identity of any business or individual. According to the 2007 Census survey, 12,412 title abstract and settlement offices across the United States generated more than $8.7 billion in revenues, employed 77,279 workers, and paid nearly $3.2 billion in wages. The 2007 census also reported direct title insurance carriers comprised of 6,906 establishments that generated more than $17.2 billion in revenues, employed 79,451 people, and paid nearly $4.7 billion in wages. Altogether, the two integrated industries generated nearly $26 billion in revenues, employed 156,730 people, and paid nearly $7.9 million in wages.

We applied the Bureau of Economic Analysis' multipliers to estimate the indirect economic impact of title, abstract and settlement offices and direct title insurance carriers to the U.S. economy. We estimate that in 2007, the title abstract and settlement offices directly and indirectly generated nearly $17.1 billion in economic activity and supported 157,093 workers and over $5.1 billion in wages. Similarly, direct title insurance carriers directly and indirectly generated nearly $33.6 billion in economic activities and supported 161,508 workers while paying more than $7.5 billion in wages. Overall, the two integrated industries contributed more than $50.6 billion in economic activities and supported 318,601 workers while paying nearly $12.7 billion in wages in 2007 (Table 5).

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[16] American Land Title Association. 2011. "2010 Abstracter and Title Agent Operations Survey." August 2011.
[17] North American Industry Classification System.
[18] U.S. Department of Labor. Occupational Safety & Health Administration.

Table 5. Direct and Indirect Economic Contributions of Title Abstract and Settlement Offices and Direct Title Insurance Carriers, 2007[19]

	Total	Title Abstract & Settlement Offices	Direct Title Insurance Carriers
Direct Economic Impacts			
Total Revenues	$25.972 billion	$8.758 billion	$17.214 billion
Number of Establishments	19,318	12,412	6,906
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Consumer Financial Protection Bureau's Proposed Rules

The Consumer Financial Protection Bureau (CFPB) posted 1,099 pages of its proposed TILA-RESPA Rule on its website in July 2012 for public comment. The CFPB is proposing two new mortgage disclosure forms—the Loan Estimate and Closing Disclosure—for review and comment with the intention of finalizing them in 2013. The CFPB's goal is to help consumers make informed decisions when shopping for a mortgage in order to avoid costly surprises at the closing table. The two different forms, part of the CFPB's "Know before You Owe" project, will be given to borrowers after they apply for a loan, but before closing the transaction. The Loan Estimate and the Closing Disclosure present the costs and risks of the loan in a simplified format and using plain language.

The proposed forms are designed to allow consumers to compare different mortgages and examine their estimated final terms and costs. Specifically, the interest rate, monthly payments, loan amount and closing costs are stated on the first page. Additional information such as how payments might change over the life of the loan, taxes, insurance, and other costs are explained in the two forms. The forms also provide warnings about mortgage loan features such as prepayment penalties, negative amortization, and any other provisions. The Loan Estimate, which is three pages long, must be given to consumers within three business days of their submission of a loan application and the Closing Disclosures at least three days before the scheduled closing.

While the CFPB proposed rules intend to eliminate redundancies and eliminate unnecessary paperwork in the home buying process, the main elements of the proposed rules will create adverse effects both for consumers and for state and local governments. First, the CFPB's

[19] U.S. Census Bureau, 2007 Economic Census.

proposed re-triggering of the three-day waiting period after the last change to the disclosure forms will have negative economic impacts on state and local governments, home sellers, home buyers, and mortgage lenders. Second, the CFPB proposal to have mortgage lenders provide the Closing Disclosure documents instead of independent third-party settlement agents will heighten risks for home buyers. Lastly, the compliance costs and for the timing of the new proposed rules so soon after the recent 2010 changes will be a significant financial burden for the industry in the midst of a fragile economic recovery.

<u>The Negative Economic Impacts of the CFPB's Proposed Three-Day Waiting Period</u>

During the period from 2009 to 2011, existing and new home sales averaged nearly 4.6 million units and nearly $1 trillion in sale values per year. The weighted average transfer taxes and fees are 0.66 percent in the United States, which yields nearly $5.4 billion in revenues to state and local governments. In some parts of the country, transfer and recording fees are low. In other regions, the costs of transfer fees, recording fees, and property taxes collected by local and state governments may be as much as 3 percent of the loan amount.

In preparing the estimates below, we made a few assumptions. When the rates depend on the home value or mortgage principal amount, we take the lowest transfer rate. In addition, we omit municipal and county transfer taxes when they are not available. Thus, we underestimated the transfer taxes and fees paid to state and local governments and consequently the negative economic impacts of the CFPB's proposed rules (See Appendix 1 for details).

The proposed three-day waiting period would delay the transfer taxes and fees paid to state and local governments. We use the current prime rate of 3.25 percent as a proxy for the time value of money to estimate the costs to these governmental entities that would result from the delay. Based on the incidence in the previous years, industry professionals expect between 50 and 60 percent of total transactions would be affected by the CFPB's proposed three-day waiting period. We therefore assume 50 percent of total transactions and nearly $500 billion of home sales will be affected by the proposed three-day rule. Consequently, the collection of nearly $2.7 billion in transfer taxes and fees would be delayed to the state and local governments if the rule is finalized in its current form. The time value of money of nearly $2.7 billion in transfer taxes and fees are $87.3 million per year and $1.0 million for each three-day waiting period. We calculate the time value of the delayed collection of transfer taxes and fees for state and local governments in four regions across the country (Table 6).

Table 6. Costs to State and Local Governments:
Time Value of Transfer Taxes and Fees of Existing and New Home Sales,
by Region (2009-2011 average)

	U.S.	Northeast	Midwest	South	West
Number of home sales (000)	4,597.7	594.3	981.3	1,831.0	1,191.0
Sale Values ($ mil.)	$989,377	$165,368	$167,015	$350,180	$306,813
Transfer tax rates (w.a.)	0.66%	1.41%	0.30%	0.41%	0.36%
Transfer taxes ($ mil.)	$5,373	$2,332	$501	$1,436	$1,105
50% of transfer taxes ($ mil.)	$2,687	$1,166	$251	$718	$552
Prime rate (%)	3.25%	3.25%	3.25%	3.25%	3.25%
Annual time value ($ mil.)	$87.3	$37.9	$8.1	$23.3	$17.9
Three-day delay ($ mil.)	$1.0	$0.5	$0.1	$0.3	$0.2

Sellers of existing and new homes want to complete the transactions as quickly as possible. Their properties should be vacant by the time of closing and therefore any unexpected delay would create financial burdens for the sellers. As shown earlier, nearly 4.6 million new and existing homes worth nearly $1 trillion were sold each year during 2009–2011. We also use the industry estimate of 50 percent of transactions to estimate that nearly $500 billion in home sales would be affected by the proposed three-day waiting period. Again, we use the current prime rate of 3.25 percent as a proxy for the time value of money to estimate the costs to home sellers. We calculate that the time value of nearly $500 billion in home sales is more than $16 billion a year. Thus, the time value and mortgage interest payments for home sellers are nearly $193 million for each three days of closing delay. We calculate the costs to home sellers in four regions across the country (Table 7).

Table 7. Costs to Existing and New Home Sellers, by Region (2009-2011 average)

	U.S.	Northeast	Midwest	South	West
Number of home sales (000)	4,597.7	594.3	981.3	1,831.0	1,191.0
Sale values ($ mil.)	$989,377	$165,368	$167,015	$350,180	$306,813
50% of sale values ($ mil.)	$494,688	$82,684	$83,507	$175,090	$153,407
Prime rate (%)	3.25%	3.25%	3.25%	3.25%	3.25%
Annual interests ($ mil.)	$16,077	$2,687	$2,714	$5,690	$4,986
Three-day interest ($ mil.)	$192.9	$32.2	$32.6	$68.3	$59.8

The CFPB’s proposed three-day waiting period will have negative financial impact on homeowners who refinance their homes. During the period between 2009 and 2011, 4.9 million homeowners refinanced their existing mortgage loans each year, totaling $1.1 trillion in transactions.

Based on incidence over the past years, industry professionals expect that between 50 and 60 percent of total refinancing cases will be affected by the CFPB’s proposed three-day waiting rule. Since the closing is delayed, homeowners who refinance their homes would forgo some of the savings from lower mortgage interest rates. We estimate that the refinancing value of the 50 percent of transactions that would be affected by the CFPB rules to be more than $530 billion per year. For each three-day delay on interest payments, these homeowners could save $5.3 billion per year and $63.6 million for every percentage point reduction in mortgage interest rates (Table 8).

Table 8. Costs to Homeowners to Refinance their Homes, for Each Percentage Point (2009-2011 Average)

	U.S.
Number of refinancing	4,900,000
Refinancing values ($ mil.)	$1,060,132
50 percent of refinancing values ($ mil.)	$530,066
Annual interest payments of 50 percent refinancing values for each 1 percentage point of interest rate ($ mil.)	$5,301
Three-day interest payments of 50 percent refinancing values for each 1 percentage point of interest rate ($ mil.)	$63.6

Lastly, waiting periods are costly and disruptive to consumers. The proposed rule would mean rate locks that expire during the waiting period and deadlines to purchase or sell real estate that elapse during the waiting period, causing breaches of contract. A slower closing means all home buyers would need to have longer rate locks on their loan applications and would pay higher mortgage interest rates. As found in a study conducted by the Regulatory Research Corporation, a loan with a 45-day or 60-day rate lock has a mortgage interest rate that is an15 basis points higher than a loan with a 30-day rate lock.[20]

As shown earlier, nearly 4.6 million new and existing homes—totaling nearly $1 trillion in value—were sold each year between 2009 and 2011. Since all home buyers would expect additional delays, they would give preference to longer rate locks on mortgage loans to allow more time for closing and to avoid rate cancellations from their lenders. With an additional 15 basis points on mortgage rates for longer rate locks, assuming 30-year loans and 4.725 percent mortgage rates, home buyers would have to pay $1.1 billion in additional mortgage interest payments each year throughout the entire life of their mortgage loans. Similarly, we calculate the additional mortgage interest payments for home buyers across four regions in the United States (Table 9).

Table 9. Costs to New and Existing Home Buyers Due to Delay in Closing (2009-2011 average)

	U.S.	Northeast	Midwest	South	West
Number of home sales (000)	4,597.7	594.3	981.3	1,831.0	1,191.0
Sale values ($ mil.)	$989,377	$165,368	$167,015	$350,180	$306,813
Additional interest rate (%)	0.15%	0.15%	0.15%	0.15%	0.15%
Addl. interest/year ($ mil.)	$1,076	$180	$182	$381	$334

<u>Who Provides the Closing Disclosure?</u>

[20] Lipshutz, Nelson R. 2008. "Title Insurance – Consumer and Public Benefits." Regulatory Research Corporation.

There are many parties involved in a real estate transaction, including buyers, sellers, lenders, holders of an existing deed of trust, and vendors. It is nearly impossible for each party to meet and perform its transaction obligations simultaneously. Therefore, it is necessary to have an independent settlement agent to assure that each party to a transaction receives what it has been promised.

The CFPB's proposal for the party to provide the required Closing Disclosure forms raises a series of operational problems, legal and regulatory responsibilities, and would fundamentally alter the obligations of lenders and settlement agents. Consequently, the CFPB proposal would create adverse effects on market efficiency, mortgage fraud, and systemic risks.

Market Efficiency. The CFPB's proposal to assign to lenders (instead of settlement agents) the responsibility for preparing Closing Disclosure forms would create a consolidation of title abstract and settlement offices that would limit consumer choices and reduce market efficiency. The entire industry of title abstract and settlement offices would be fragmented to allow mortgage lenders to provide services for mortgage borrowers while independent settlement agents continue providing services to all-cash buyers and others.

Under the CFPB's proposed change, a large amount of the workload of independent third-party settlement agents would be shifted to mortgage lenders. Consequently, a significant number of small title abstract and settlement businesses across the country would simply go out of business, leaving their employees without jobs. Meanwhile, mortgage lenders would take over a major portion of the workload from these independent settlement agents. Mortgage lenders would hire new workers—including some of those unemployed independent settlement agents—to perform the same work duties.

Consumers who are working with mortgage lenders would no longer have options when it comes to settlement services. Mortgage lenders would bundle the settlement services into their mortgage lending business. Mortgage borrowers would still be able to shop for mortgage loans but would not be able to shop for settlement services. Each mortgage lender would be able to dictate the settlement service fees, since there would be no direct competition.

Since not every real estate transaction has a mortgage lender, the industry of title abstract and settlement offices would not be eliminated but rather would be downsized to service fewer market segments such as all-cash home buyers and those customers who are not working with mortgage lenders. In fact, the market share of all-cash buyers has been rising over the years, resulting from falling home prices, low interest rates, tight underwriting, and difficulty in obtaining loans. According to the National Association of Realtors, all-cash buyers accounted for 27 percent of existing home sales in August 2012 after reaching a historical record of 35 percent in March 2011 compared to around 18 percent in 2008. The number of all-cash sales rose from 848,520 units and $182.8 billion in 2009 to nearly 1.37 million units and $289.7 billion in 2011. All-cash buyers in 2011 accounted for a large share of existing home sales in areas of high foreclosures such as Miami-Fort Lauderdale (63 percent of home sales), Las Vegas (49 percent), and Phoenix (44 percent) (Table 10).[21]

[21] Schmit, Julie. 2011. "Cash buyers are kings in weak home-sales market." USA Today, June 23, 2011.

Table 10. All-Cash Sales, 2009-2011[22]

Year	% of Residential Cash Sales	Units of Residential Cash Sales	Values of Residential Cash Sales ($ millions)
2009	18%	848,520	$182,854.3
2010	25%	1,128,250	$246,667.4
2011	30%	1,369,800	$289,681.1

Mortgage Fraud. One of the indispensable functions of an independent third-party settlement agent is to help prevent mortgage fraud and misrepresentation. To reassign the task of providing the Closing Disclosure and settling real estate transactions would actually remove an important safeguard that consumers and lenders alike have long taken for granted. . Settlement agents have been shown to provide a valuable service for the community and government through the collection of back income taxes, delinquent real estate taxes, child support payments in arrears, and correcting errors in the public record. Before a transaction is completed, a title search of the records is made in an effort to locate potential problems so that they can be corrected and the transfer can proceed. About one-third of such problems are detected and fixed by settlement agents before the time of closing. An American Land Title Association study estimates the title industry annually collects $1.75 billion in back income taxes, $3 billion in delinquent real estate taxes, and $325 million in delinquent child support payments. The industry spends $225 million per year to correct errors in public property records and pays $170 million per year to purchase copies of recorded documents.[23]

The Mortgage Asset Research Institute's MIDEX system classifies the type of alleged fraud involved in each incident reported by its cooperating subscribers. The incidence of mortgage fraud increased from 3,245 cases in 2000 to 93,508 cases in 2011 (Figure 5).

[22] National Association of Realtors. 2012. "Realtors Confidence Index: Report and Market Outlook." August 2012 Edition.
[23] Testimony of Frank Pellegrini on behalf of the American Land Title Association before the House Financial Services Subcommittee on Oversight and Investigations, June 18, 2009.

Figure 5. Mortgage Fraud Suspicious Activity Reports, 2000-2011[24]

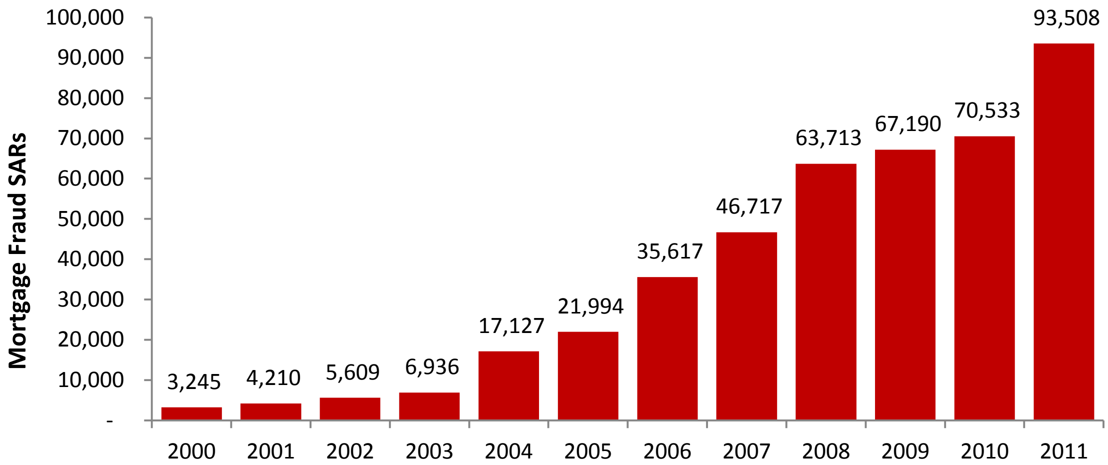

Table 11 below shows each type of fraud and misrepresentation as a percentage of all cases submitted to the MIDEX database. Application misrepresentation (such as incorrect names of borrowers, occupancy, income, employment, debt, and assets) ranks as the highest percentage among all fraud types, accounting for 59 percent of all cases submitted to the database. Appraisal and valuation fraud involve incorrect comparables, omitted information, and value inflation.

Table 11. Mortgage Fraud and Misrepresentation Types, Mortgage Origination in 2009 (All States)[25]

Fraud Classification	2009
Application	59%
Appraisal/Valuation	33%
Tax Return/Financial Statement	26%
Verification of Deposit	14%
Verification of Employment	9%
Escrow/Closing Documents	7%
Credit Report	3%

Systemic Risks. The consolidation of smaller independent third-party settlement offices and larger mortgage lenders would increase the systemic risks. Collusion among insiders, employees, and consumers is highly effective in perpetrating fraud and misrepresentation within the mortgage industry. To mitigate these systemic risks, settlement agents function as the independent third-party that is necessary to manage inherent counter-party risk as well as the potential for either side to not fulfill its contractual obligations.

The role and service of an independent third-party is not a concept that is unique to just the real estate industry. Clearinghouses and other third parties are prominent in other segments of the

[24] Mortgage Asset Research Institute's annual mortgage fraud reports.
[25] Ibid.

financial services and insurance industries, and also feature prominently in debt settlement, subrogation, and workers' compensation claims. In each case, the third party acts in support of facilitating the transaction in good faith. In fact, clearinghouses were initially established to improve and streamline the clearing and settling of checks in the mid-19th century. The immediate result was a reduction in the number of disputes and mistakes made in transactions between financial institutions.[26] Market functions have since evolved to accommodate the use of clearinghouses as vital players in the transactional process. Most recently, by enacting the Dodd-Frank Act, measures were put in place to increase third-party oversight of financial transactions between two parties vis-à-vis a clearinghouse.

<u>The Financial Burden of 2010 and 2012 Compliance Costs to the Industry and Consumers</u>

In November 2008, HUD issued a Final Rule amending Regulation X relating to the Real Estate Settlement Procedures Act of 1974 (RESPA). The November 2008 RESPA rules were effective January 16, 2009. The settlement industry took another 12 months to comply with the majority of changes. The new Good Faith Estimate and modified HUD-1/HUD-1A went into effect on January 1, 2010.

We estimate the costs for industry to comply with the 2010 changes to be nearly $157.4 million, including $13.7 million to upgrade software, $97.6 million for settlement agent training, and $53.2 million of productivity losses. Our software upgrading estimates are based on the estimates of companies that provide software to the title and settlement industry.[27] Title insurance companies estimated that the impact of training personnel to use the new materials was at least 80 hours per employee.[28] We multiply $21.56 per hour (the median hourly wage of title examiners, abstractors, and searchers) and 56,569 employees in the industry in 2011 to derive the training costs. The industry also estimates the 2010 rules added an extra 15 minutes of the settlement agent's time for each closing.[29] We again multiply $21.56 per hour (the medium hourly wages) and 9,866,694 new and existing home sales and refinancing to estimate the loss of productivity (Table 12).

[26] Bernanke, Ben. 2011. "Clearinghouses, Financial Stability, and Financial Reform." Speech at the 2011 Financial Markets Conference, Stone Mountain, GA. April 4, 2011. Web.
[27] Testimony of Christopher Abbinante to the House Financial Services Committee, Subcommittee on Insurance, Housing, and Community Opportunity on June 20. 2012; SoftPro Corporation's Comments for the Consumer Financial Protection Bureau, October 2012.
[28] Comments to CFPB Proposed Rule by First American Title Insurance Company on September 4, 2012.
[29] Testimony of Christopher Abbinante to the House Financial Services Committee, Subcommittee on Insurance, Housing, and Community Opportunity on June 20. 2012.

Table 12. Estimated Costs to Comply with the 2010 CFPB Rules

Types of Costs	2010 Compliance Cost Amounts ($)
TOTAL	$157,361,909
Software	$13,651,903
Research & Project Management	$1,490,285
Development	$2,893,908
Testing	$2,226,010
Training	$431,483
Support	$6,610,218
Settlement Agent Training	$97,570,211
Loss of Productivity	$53,181,481

The CFPB estimates that the total one-time cost of revising software and systems and training employees to implement the proposed 2013 changes to the disclosure forms is $100,100,000. The CFPB states that this figure is an estimate of the direct costs to creditors, mortgage brokers, and settlement agents and will be amortized over five years to spread across all mortgage originations.[30]

The CFPB unrealistically expects the rules to be implemented as soon as possible and the cost of this round of changes to be one-third fewer than the previous changes in 2010. The industry estimates its compliance costs to be at least twice that amount and as high as five times the 2010 figure. To be conservative, we estimate the 2013 changes will cost the industry $314.7 million, two times impact of the 2010 changes. [31] If the 2013 changes were implemented, total compliance costs of both 2010 and 2013 changes to the industry are expected to be $472.1 million and $8,345 per settlement agent. The 2010 costs are already being passed through to consumers, and the 2013 changes would increase these pass-through's even more.

The CFPB underestimates the financial difficulty for the industry to obtain $472 million in additional up-front funding in order to amortize the impact of its recommendations over a five year period.[32] The compliance costs would be a significant financial burden for the land title industry. Indeed, more than 65 percent of settlement offices are small businesses, employing three people and generating $214,801 in annual revenues. The initial up-front cost for a 3-person office would be $25,035 ($8,345 x 3 employees), accounting for 11.7 percent of annual revenues. In addition to the financial burden, assuming the industry's experience with the 2010 changes is a good measure, each business would be disrupted for more than 14 months to implement the new rules.

[30] Committee on Small Business "Know Before You Regulate: The Impact of CFPB Regulations on Small Business." August 1, 2012, Questions for the Record.
[31] Testimony of Christopher Abbinante to the House Financial Services Committee, Subcommittee on Insurance, Housing, and Community Opportunity on June 20. 2012.
[32] Committee on Small Business "Know Before You Regulate: The Impact of CFPB Regulations on Small Business." August 1, 2012, Questions for the Record.

Conclusions

The housing industry is recovering but it is still very fragile. The CFPB and its policymakers need to consider economic impacts carefully and conduct cost-and-benefit analyses to assess laws and regulations thoroughly to avoid unintentional adverse effects. Changes that can be completed with minor adjustments might have substantial benefits to consumers without further damaging the industry or the economy. Other changes might require the investment hundreds of millions of dollars and provide minimal benefits to consumers. The current proposal imposes a substantial economic cost to the U.S. economy and an industry composed of 65 percent small businesses without really knowing the benefits to consumers.

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Appendix 1. Real Estate Transfer Tax[33]

State		
Alabama	Deeds $0.50/$500; Mortgages $0.15/$100	0.10%; 0.15%
Alaska	None	
Arizona	$2 fee per deed or contract	Flat fee
Arkansas	$3.30/$1,000	0.33%
California	Loan option transfer tax $.55/$500 for counties; The city tax rate is half of the county rate and the city tax is allowed as a credit against the county tax.	0.11%
Colorado	Transfer tax $.01/$100	0.01%
Connecticut	State residential transfer tax has two tiers of either 0.75% or 1.25%, based on value; Nonresidential is 1.25%; Municipal transfer tax from 0.11% to 0.36%.	0.75% up to $800K and 1.25% of value over $800K; plus municipal tax.
Delaware	2% tax on value of property unless there is also a local transfer tax; then the maximum rate is 1.5%; then the maximum rate is 1.5%.	1.5%-2%; 1% for construction projects over $10,000
District of Columbia	Transfer tax 1.1%; Mortgage recordation tax 1.5% or 1.1% for values up to $250,000; there are varying rates for different types of property; $5 surcharge per document.	1.1%; 1.1%-1.5%
Florida	Conveyance of realty $0.70/$100 ($0.60 in Miami-Dade County plus a $0.45 surtax on documents transferring anything other than a single-family residence); Mortgage tax $0.35/100	0.70%; 0.35%
Georgia	$.10/$100	0.10%
Hawaii	Transfer tax $0.10 to $1/$100, based on property value; $0.15 to $1.25/$100 without homeowner exemption, based on value.	0.1%-1.0%; 0.15%-1.25%
Idaho	None	
Illinois	State $0.50/$500; County - $0.25/$500; Chicago - $5.25/$500	0.10%; 0.05%; 1.05%
Indiana	None	
Iowa	Transfer tax $0.80/$500	0.16%
Kansas	Mortgage fee $0.26/$100	0.26%
Kentucky	Transfer tax $0.50/$500	0.10%
Louisiana	None	
Maine	Transfer tax $2.20/$500	0.44%

[33] NCSL, Commerce Clearing House State Tax Guide, September 2012; Compiled by National Conference of State Legislatures Fiscal Affairs Program.

Maryland	Transfer tax 0.5% (or 0.25% for 1st- time buyers); County transfer tax varies by county; Recordation tax varies by county.	0.50%; varies; varies
Massachusetts	Transfer tax $4.56/$1,000 ($2/$500 plus 14% surtax); Barnstable County transfer tax $3.42 / $1,000 ($1.50/$500 plus 14% surtax); Also $10-$20 document fee.	0.46%; 0.34%
Michigan	State - $3.75/$500; County - $0.55/$500 - $.75/$500 depending on +/- 2 million population	0.75%; 0.11%-0.15%.
Minnesota	Deeds tax of $1.65/$500; Mortgage registry tax $.23/100	0.33%; 0.23%
Mississippi	None	
Missouri	None	
Montana	None	
Nebraska	Transfer tax $2.25/$1,000	0.23%
Nevada	$0.65/$500 up to 700,000 county population; $1.25/$500 over 700,000 county population; Counties may impose an additional $0.10/$500; County tax regardless of size $1.30/$500.	0.13%; 0.25%; 0.26%
New Hampshire	Transfer tax $0.75/$100; Paid by buyer and by seller; $20 minimum tax on transfers of $4,000 or less.	1.50%
New Jersey	Transfer tax: Varies based on price and tax status (seniors, disability); Homes over $1 million add $5/$500 surtax; Commercial sales over $1 million have 1% fee; County: up to 0.1% additional tax.	0.4% - 1.21%, based on value; 1.0%; 1.0%; 0.10%
New Mexico	None	
New York	Realty transfer state - $2/$500 up to $1 million; 1% additional over $1 million and some counties may levy more; Mortgage recording tax-state $1.00/$100; Mortgage NY City $1.00-$1.75/$100; Realty transfer NY City 1% to 2.625% based on +/- $550K home value; There are many other local option taxes with rates varying by locality.	0.4% or 1.4% over $1 million, possibly more depending on county; 1.0%; 1.0%-1.75%; 1.0%-2.625%.
North Carolina	Transfer tax $1/$500; Local option to increase by up to 0.4%.	0.2%; 0.4%
North Dakota	None	
Ohio	Transfer tax $0.10/100; plus local option $0.30/100	0.4% (0.1% plus 0.3% local)
Oklahoma	Deed stamp tax $0.75/$500; Mortgage registration tax $0.02-$0.10/$100, based on term of mortgage.	0.15%; 0.02%-0.1%
Oregon	None	
Pennsylvania	Documentary stamp tax 1%; County rates widely vary	1%
Rhode Island	Realty conveyance tax $2.00/$500	0.40%
South Carolina	Deed recording fee $1.85/$500; ($1.30 state, $0.55 county)	0.37%
South Dakota	$.50/$500	0.10%

Tennessee	Transfer tax $0.37/$100; Mortgage tax $0.115/$100	0.37%; 0/12%
Texas	None	
Utah	None	
Vermont	Property transfer tax 1.25%; Unless property is owner-occupied, in which case, tax is 0.5% on the first $100,000 of value and 1.25% over $100,000. Qualified farms - 0.5%; Plus capital gains tax on land sales, based on length of ownership.	1.25%; (or marginal rates based on value)
Virginia	Transfer tax $0.50/$500; Mortgage tax $0.25/$100 up to $10 million value; more thereafter; Local option for one-third more of state recordation tax; $20 fee on every deed collected; Northern Virginia Transportation Authority and the Hampton Roads Transportation Authority are authorized to impose a local realty grantor's fee of $0.40 per $100.	0.10%; 0.25%
Washington	Real property sale excise tax 1.28% of sales price plus local option tax, currently ranging from 0.25%-0.75%.	1.28%; 1.53%-2.03% combined with local option.
West Virginia	Transfer tax $1.65/$500 ($1.10 state, $0.55 county) Local option for $.55 more. Plus $20 flat fee on all transfers.	0.33%; $20.00
Wisconsin	Transfer tax $.30/$100	0.30%
Wyoming	None	

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