

Gov. Wants To Wait On Title Insurance

AG, PRC Call For Reform of Industry

BY BARRY MASSEY
The Associated Press

SANTA FE — Gov. Bill Richardson has turned down requests from state regulators, the attorney general and others to have the Legislature consider reforms of the title insurance industry, which contributed to Richardson's presidential campaign.

Advocates say legislation is needed to bring price competition to the title insurance system, which could lower closing costs for home buyers. The industry opposed bringing the issue to the Legislature.

Richardson will not put title insurance on the agenda of the 30-day session, but the industry's political contributions played no role in the governor's decision, according to a Richardson spokesman, Allan Oliver.

"The governor only works in the best interests of New Mexicans. That's how he makes his decisions. No other way," Oliver said.

Title insurance company officials and their family members contributed at least \$30,000 to Richardson's presidential campaign through September, according to a review of campaign finance records by The Associated Press. Richardson's campaign collected about \$18 million through the third quarter of 2007, which is the most recent time period available for Federal Election Commission reports. Richardson ended his campaign earlier this month.

One of Richardson's top political aides also has ties to the industry.

Dave Contarino, Richardson's presidential campaign manager and the governor's former chief of staff, started a title company in Santa Fe together with his wife, Linda Marquette. Marquette is president of the business.

"The governor doesn't oppose the concept of title insurance reform, but any reform effort will be complex, will take time, and must be sure not to increase costs for consumers," Oliver said in a statement.

"A hectic 30-day session is simply not enough time for a full and fair hearing on the

issue. The governor believes that title insurance reform should be thoroughly studied during the 2008 interim."

The Public Regulation Commission, Attorney General Gary King, Think New Mexico — an independent think tank — and AARP of New Mexico were among those asking Richardson to allow lawmakers to consider proposed title insurance changes this session.

Fred Nathan, executive director of the think tank, said Monday he hoped Richardson would reconsider his decision about title insurance in the session.

"Governor Richardson has always been an effective fighter for working middle-class families, who would benefit most from title insurance reform. This reform is increasingly urgent, given the widening recession and the deepening crisis in the housing market," Nathan said.

Typically, people buying a home must pay for title insurance when obtaining a mortgage or refinancing a home. The insurance is to provide a guarantee against losses in case of a problem with the ownership records of the property.

Currently, the state determines the cost of title insurance and sets a uniform rate that all title insurance companies must charge.

In a report last year, Think New Mexico concluded that consumers could save millions of dollars if there was competition in the title insurance market.

Legislation developed by the PRC, Superintendent of Insurance Morris "Mo" Chavez and Think New Mexico would establish a cap on title insurance rates and allow competition among companies on prices below the maximum premium. In addition, the legislation would eliminate immunity for title insurers from damage lawsuits by home buyers in the event of a negligent title search.

Oliver said the Think New Mexico report "makes a case for reform," but he pointed out that a study commissioned by the PRC found that title insurance rates in New Mexico were lower than some states in the region — Texas and Utah — but higher than others, such as Colorado.