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January 10, 2012

Senator Dennis Egan
Chair - Senate Labor & Commerce Committee
Alaska State Legislature
State Capitol Room 510
Juneau, AK 99801

Re: Senate Bill 122 (Real Estate Transfer Fees/Title Plants)
Sponsored by Labor & Commerce Committee
Referred to Community & Regional Affairs on April 8, 2011

Dear Senator Egan:

I am writing this letter on behalf of Alaska USA Title Agency (Alaska USA Title) and Old Republic National Title Insurance Company (Old Republic Title). Alaska USA Title is a wholly owned subsidiary of Alaska USA Federal Credit Union. It has branches in Anchorage, Fairbanks, Juneau, Kenai and Wasilla. It was licensed to do business in Alaska on May 27, 2008 by the Alaska Division of Insurance.

Old Republic Title has been licensed to issue title insurance policies in Alaska since 1976. It has no branch offices in Alaska. Instead, it operates exclusively through a network of independent Alaska based title agencies. Its primary agent is Alaska USA Title. Both Alaska USA Title and Old Republic Title are members of the Alaska Land Title Association.

We have serious reservations about Section 1 (Title Plants) of Senate Bill 122. We do not have any reservations about Section 2 (Real Estate Transfer Fees) which prohibits transfer fee covenants in Alaska. Many other states have passed similar prohibitions during the past 24 months. We support such legislation as beneficial to property owners in Alaska.

Section 1 is a "placeholder" bill and, as written, is fairly innocuous, although it does make it more difficult for new title companies to qualify to do business in Alaska. However, we believe the proponents of Section 1 will ask for substitute legislation that will substantially change the laws for the licensing of new *and current* title agencies and title insurers doing business in Alaska and will put Alaska USA Title's license at risk.

Specifically, the proponents will seek to reverse a bill passed by the legislature in 2002 (SLA 2002, Ch. 38, Sec. 51) amending AS 21.66.210 to allow Alaska title agencies, such as Alaska USA Title, to examine and insure land titles by searching from the public records. The proponents would require all title agencies in Alaska to examine and insure land titles by searching only from *privately owned title plants* that are, not coincidentally, owned by the proponents. They seek to increase the value of their businesses by requiring all title insurance business to go through them, one way or the other.

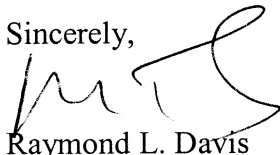
In 1996 the legislature amended AS 40.17.040 (SLA 1996, Ch. 119, Sec. 14) to require that the Alaska Department of Natural Resources (DNR) Recorder's Office begin the process of indexing recorded land title documents not just by name *but also by location*. Prior to 1996 those documents were only indexed by name in the public records, leaving it to privately-owned title plants to index them by location. The modernization of Alaska's public records began in 1996 and the process has continued for the past 16 years at considerable public expense. That process obviously threatens the value of the proponents' land title plants.

The public benefits from competition among businesses. Any proposal that unreasonably restricts competition is not good. Nor is any proposal that diminishes the advantages of automation or turns the clock backwards by favoring privately-owned land title records over DNR's public tract indexes that are available to all.

The proponents will argue that DNR's publicly available land title records are not as accurate as their privately-owned land title records and that anyone searching from DNR's records puts the consuming public at risk. That is a false argument for two reasons. First, there is no evidence that DNR's records or the proponents' records are more accurate than the other. Second, the consuming public is fully protected and covered by the title insurance policies that are issued by companies such as Old Republic Title regardless of which records are searched.

Because Section 1 of Senate Bill 122 is a "placeholder" bill it is difficult to respond with more detail because we do not know exactly what the substitute legislation will say. But we are confident that the above criticisms will apply. We appreciate your time and courtesy in this matter. Thank you.

Sincerely,



Raymond L. Davis
Vice President - Pacific Northwest Agency
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cc: Linda Hall – Director, Alaska Division of Insurance
Crystal Peltola – Alaska USA Title Agency