



ALTA Statement on Fannie Mae Expanding Use of Attorney Opinion Letters

Washington, D.C., December 13, 2023 — The [American Land Title Association](#), the national trade association of the land title insurance industry, issued the following comment in response to Fannie Mae's [update](#) to its Selling Guide expanding the use of attorney opinion letters (AOLs) in limited circumstances for the following transactions:

- loans secured by a unit in a condo project.
- loans secured by a property subject to restrictive agreements or restrictive covenants.

As ALTA has warned before, the use of unregulated title insurance alternatives, such as AOLs, increases risk for consumers and lenders.

"Fannie Mae's decision to expand the allowance for attorney opinion letters in lieu of title insurance to loans purchased on condominium units will expose additional consumers and lenders to unneeded risk and weaken protection of property rights. Title insurance provides more comprehensive coverage, particularly related to risks not easily discoverable by a simple public records search," said Diane Tomb, ALTA's chief executive officer. "Attorney opinions are merely a statement of professional judgment and disclose only those defects found in a review of public records. About a third of all claims paid by title insurance companies are for issues that cannot and would not be found in a public records search. Unregulated title insurance alternatives, such as AOLs, simply cannot replace the protection of title insurance.

"Further troubling is that fact that this change came without engagement with the title insurance industry despite ongoing outreach from the ALTA and its members to FHFA and Fannie Mae on thoughtful approaches to housing opportunity and affordability challenges. Housing policy has always worked best as a public-private partnership, and that is how these decisions should be made, with the opportunity for collaboration with experts from affected industries to ensure the best outcomes for consumers," Tomb continued.