

HR. 5837 / S. 2687: Protecting America's Property Right Act

Title insurance is the most effective way to protect the property rights of homeowners and the security of a lender's mortgage. Historically, Fannie Mae and Freddie Mac (the GSEs) have required a lender's title insurance policy on loans sold to them. In 2022, the GSEs updated their selling guides to allow for the use of unregulated alternatives to title insurance, such as attorney opinion letters, on certain loans they purchase.

Unregulated alternatives expose the GSEs to additional risk and unforeseen financial costs compared to title insurance. While both title insurance and these alternatives utilize public records to uncover potential defects, only title insurance protects against issues that COULD NOT be found in that search – ensuring that consumers and lenders are protected against known and unknown risk.

The Protecting America's Property Right Act would amend the Charter Acts of Fannie Mae and Freddie Mac to:

- require that all loans purchased by the GSEs are insured by a title insurance policy issued by a state licensed and regulated title insurance company
- require approval of both the Director of the Federal Housing Finance Agency and the Secretary of the Treasury of all new programs, activities, products, or type of risk undertaken by the GSEs
- require the Director of the Federal Housing Finance Agency to appear semi-annually before the Senate Banking, Housing, and Urban Affairs Committee and the House Financial Services Committee regarding any such programs, activities, products, or type of risk undertaken by the GSEs and approved by the FHFA
- update the definition of "conforming mortgage" to include a title insurance policy issued by a state licensed and regulated title insurance company

The Protecting America's Property Right Act **WOULD** codify Fannie Mae and Freddie Mac's longstanding policy of safeguarding their investments in the secondary market with title insurance.

The Protecting America's Property Right Act **WOULD** ensure continued state and federal regulation of the products that protect American's largest financial investment.

The Protecting America's Property Right Act **WOULD** ensure ongoing Congressional oversight of any new activities at Fannie Mae and Freddie Mac.

The Protecting America's Property Right Act **WOULD NOT** impose a requirement on homebuyers to purchase an owner's title insurance policy, leaving that choice up to each individual.