

## Protecting America's Property Rights Act: H.R. 3206

The Protecting America's Property Rights Act **aims to reduce risk and increase transparency** by requiring that all federally backed mortgages be insured by a state-regulated product, such as title insurance.

In recent years, Fannie Mae and Freddie Mac have allowed the use of attorney opinion letters as an alternative to title insurance on certain loans. The products do not offer the same protections as title insurance, nor are they subject to the same rigorous state-based regulatory framework. This has created gaps in consumer protections, exposing homebuyers and lenders to financial risk.

**The Protecting America's Property Rights Act would ensure that homebuyers and lenders are adequately protected against potential financial loss.**

### Why Is The Protecting America's Property Rights Act Needed?

- Federally backed mortgages purchased by Fannie Mae and Freddie Mac are usually backed by title insurance to protect homebuyers and lenders against financial loss from future title defects.
- Fannie Mae and Freddie Mac have begun to accept alternative products, such as attorney opinion letters, in lieu of title insurance, although they do not offer the same comprehensive level of protection that title insurance does.
- These alternatives are also not subject to the same state-based regulatory regime as title insurance to ensure that consumers and lenders are adequately protected, and that prices are fair and transparent.
- Without proper regulatory oversight, it is unclear that consumers understand the difference between an attorney opinion letter and a title insurance policy, allowing them to go unknowingly unprotected.
- State insurance regulators, such as in Tennessee and Virginia, have voiced concern about the potential risk to consumers with the growing use of attorney opinion letters as an alternative to title insurance.
- This bill will ensure that any title-related product sold to homebuyers and lenders is subject to adequate oversight, helping consumers understand the best way to protect their most valuable asset.

### The Protecting America's Property Rights Act Would:

- Require mortgages purchased by Fannie Mae and Freddie Mac to be insured against title risk by a state-regulated product, such as title insurance.
- Require the enterprises to hold a 1% capital reserve for each mortgage purchased that isn't insured by a state-regulated product.

**H.R. 3206 is led by Representatives Andrew Garbarino (R-NY) and Vicente Gonzalez (D-TX) with 20 bipartisan cosponsors.**