



American Land
Title Association
Protect your property rights

ALTA

inSIGHTS

REAL TIME | ON-DEMAND



The Risks of Unregulated Title Alternatives

Today's
ALTA Insights
Featured
Sponsor



Speakers

- **Diane Tomb** | CEO | ALTA
- **Chris Morton** | SVP of Public Affairs | ALTA
- **Steve Gottheim** | General Counsel | ALTA
- **Emily Tryon** | Vice President of Government Affairs | ALTA

Agenda

- Why are title alternatives being considered?
- Impact on your business
- Policymaker concerns
- What is ALTA doing?
- What you can do

BACKGROUND



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HISTORY LESSON

**APRIL 6,
2022**

Fannie selling guide allows use of attorney opinion letters

**JUNE
2022**

GSEs release Equitable Housing Finance Plans

**FEBRUARY
2023**

Fannie title insurance pilot reported

**APRIL 7,
2022**

Voxtur announces product

**OCTOBER
2022**

United Wholesale Mortgage announces TRAC

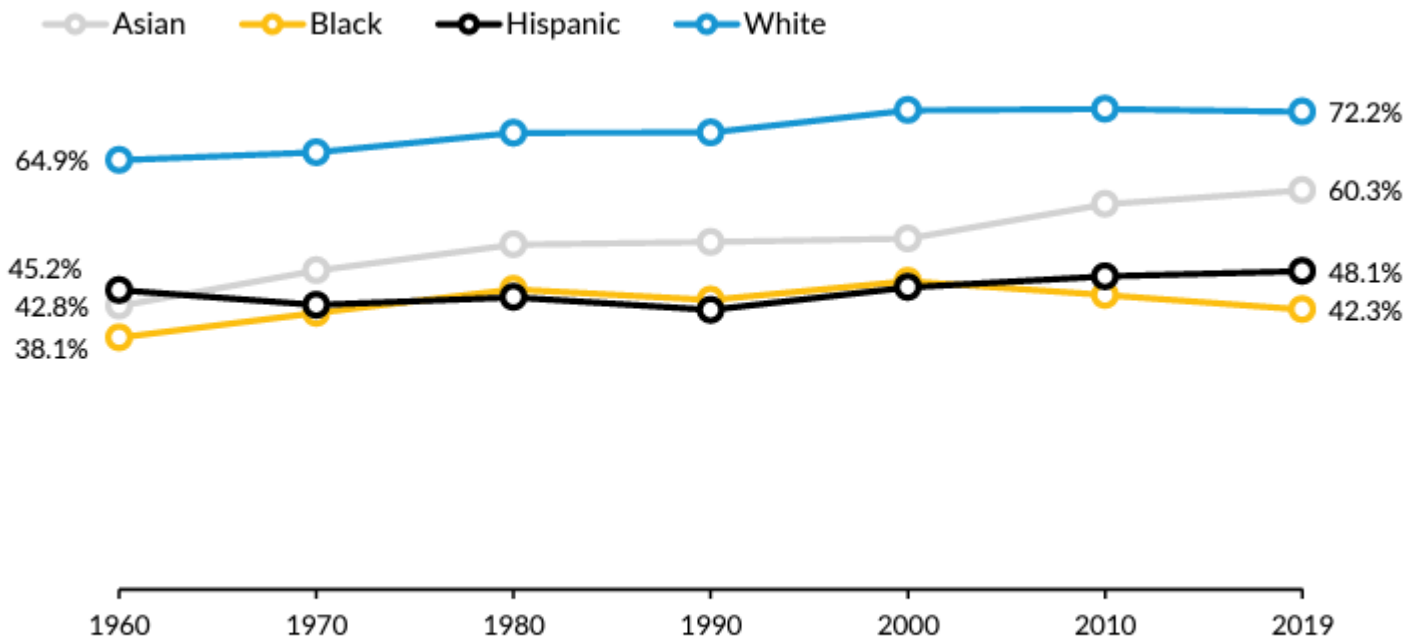
**MAY
2023**

Congress express concerns during hearing

“The Equitable Housing Finance Plans represent a commitment to sustainable approaches that will meaningfully address the racial and ethnic disparities in homeownership and wealth that have persisted for generations”



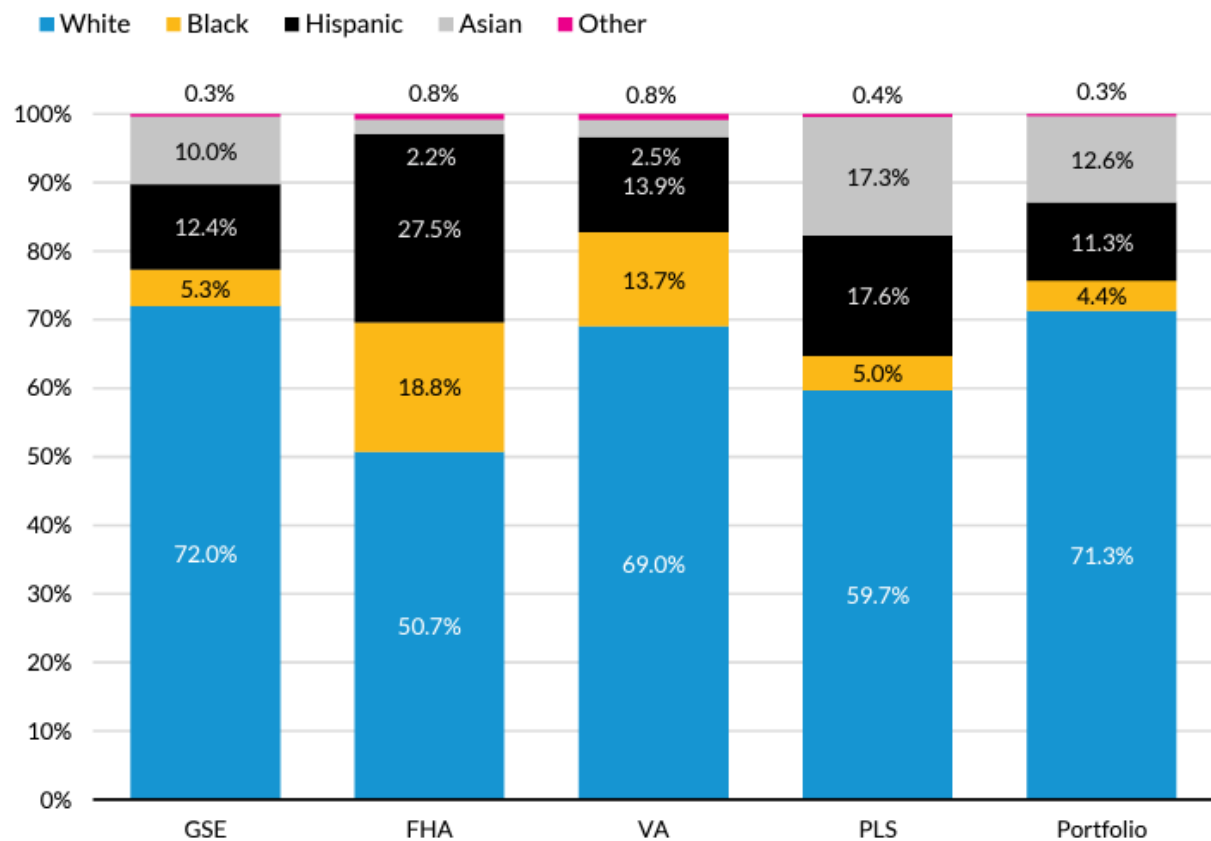
Homeownership, by Race and Ethnicity



URBAN INSTITUTE

Sources: Decennial censuses and the American Community Survey.

2021 Purchase Loan Channel Shares, by Race or Ethnicity



URBAN INSTITUTE

Source: 2021 Home Mortgage Disclosure Act data.

Notes: FHA = Federal Housing Administration; GSE = government-sponsored enterprise; PLS = private-label securities; VA = US Department of Veterans Affairs. Includes purchase loans only. Shares are based on loan counts.

IMPACT ON YOUR BUSINESS



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The Title Process



Median all in cost of title and settlement

One time fee of \$1,901

or

0.67% of the purchase price

Source: Fannie Mae

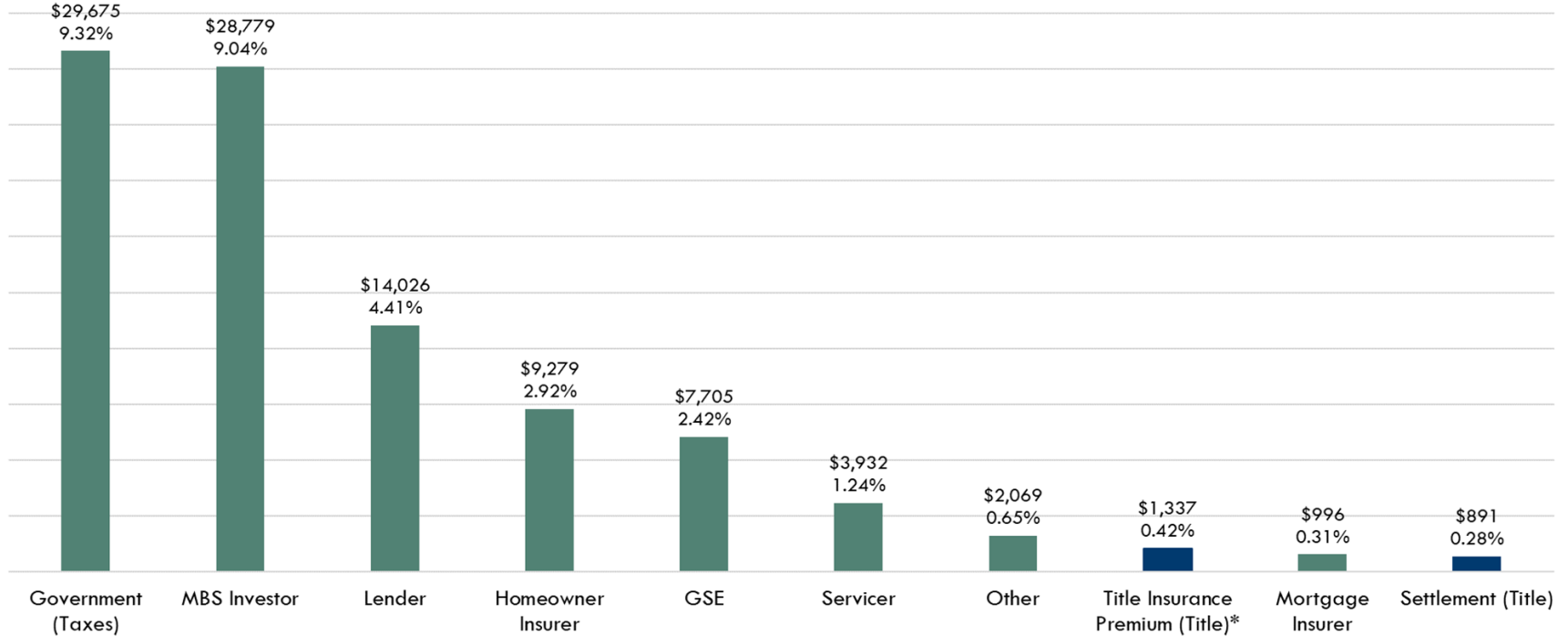


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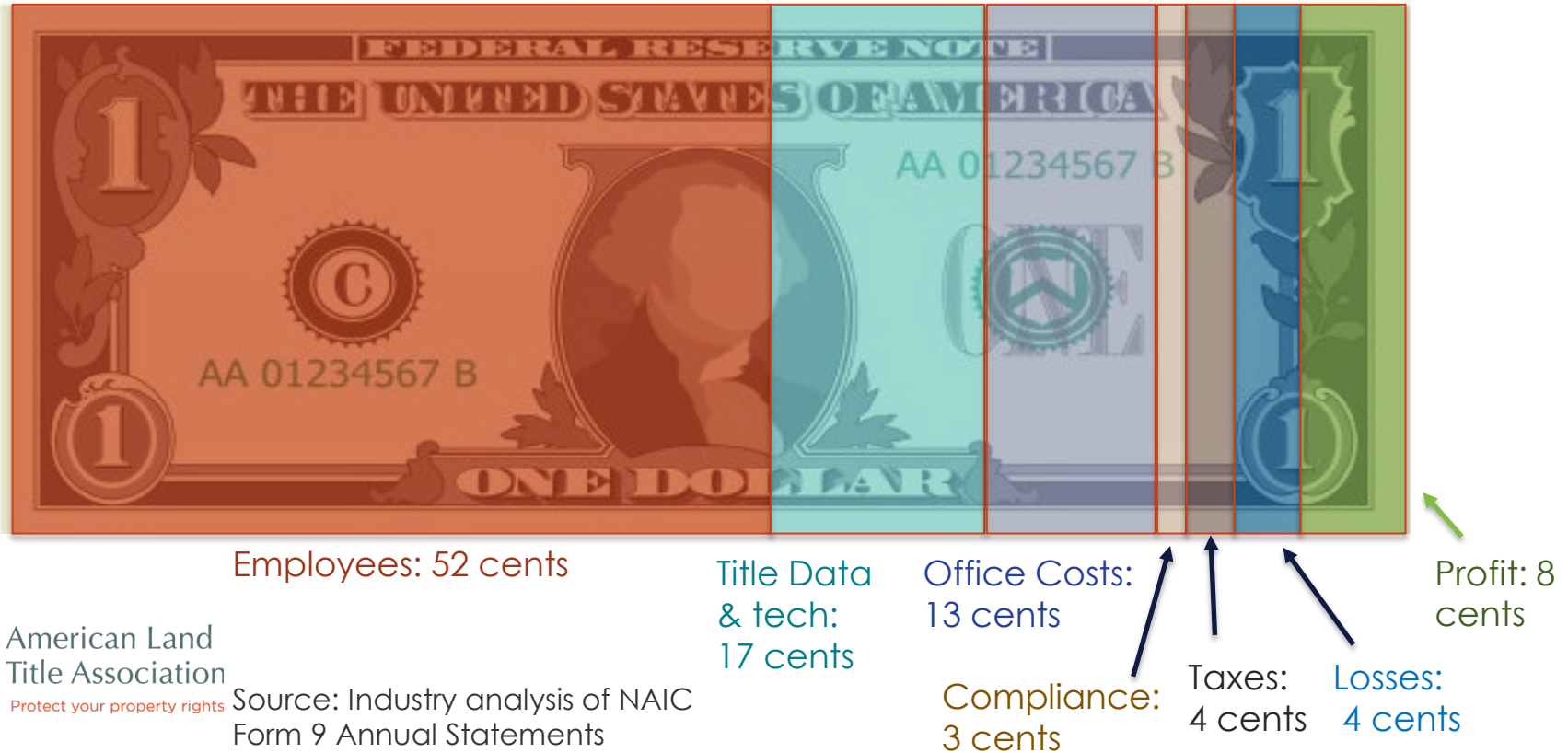
Missing the Forest for the Fees- Borrower Life of Loan Charges By Recipient

Total Present Value of Borrower Charges (\$, % of Average Purchase Price- \$318K), over 7 Year Life



Source: Mota et al. (2021), Fannie Mae; Begley et al. (2022), Fannie Mae; First American Calculations

Cost breakdown of producing a title policy



Conversations with customers

- **Adoption of title policy alternatives could expose your customers to greater risk**
 - Title insurance covers known and unknown risks
 - Attorneys not liable for title defects that cannot be uncovered by a public records search
 - Lenders must meet several detailed conditions before seeking reimbursement for financial loss with AOLs
 - Title insurance provides lenders with a defense
- **What if your operation has to close a deal with one of these?**

UNREGULATED TITLE INSURANCE ALTERNATIVES



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Consumer/Regulator Questions



How are these products marketed to consumers?



What type of title search and curative work is done with these alternatives?



What are the differences in coverage? Who takes on the additional risk?



Is owners' coverage provided and how does it compare to title insurance?



Is there a duty of defense?



Are these products being sold in the market?



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TITLE INSURANCE WAIVER PILOT



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Fannie Mae rumored to be looking at forgoing title insurance

The GSE is reported to be looking at launching a pilot program that would grant certain lenders a waiver on title.

POLITICOPRO

Fannie moves to revamp title insurance despite GOP warnings of risk

POLICYMAKER CONCERNS



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May 2023: House Financial Services Committee Hearing

"Any sort of waiver of title insurance requirements by the GSEs would be a huge mistake."



What you can do

- Our advocacy efforts are making a difference, but there's more work to be done.
- You can help by telling your Representative and Senators to request they ask the FHFA to halt this reported pilot.
- You can renew or join the Title Action Network at alta.org/tan

THANK YOU



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