

FANNIE MAE AUTHORIZES ALTERNATIVES TO TITLE INSURANCE



By Theodore Sprink, Managing Director, iTitleTransfer, LLC
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This content was originally addressed to the authors of several leading real estate and lending magazines, who broke the Fannie Mae news over this past weekend, that alternatives to title insurance, which include legal opinions, are acceptable alternatives to title insurance in originating and closing SFR purchase and sale transactions. iTitleTransfer's Trademarked, Copyrighted and Patent protected ownership-transfer process meets the definition of Fannie Mae "alternatives".

Fannie Mae provides liquidity to the single-family market by purchasing and guaranteeing mortgage loans made by lenders and issuing debt securities and mortgage-backed securities that attract global investors to finance U.S. housing. Fannie Mae policies generally dictate the procedures of mortgage lenders.

Scottsdale-based iTitleTransfer, LLC provides a fully integrated origination-to-closing "SFR Ownership Transfer Process" that provides a safe, reliable a low-cost settlement ALTERNATIVE to title insurance...while providing CONSUMER CHOICE...and which includes transfer alternatives that satisfy the Legal Opinion option, established as acceptable by Fannie Mae.

Fannie Mae's decision, published in the National Mortgage News on April 7, 2022 is quite simple: Legal Opinions can replace title insurance. Title insurance is a \$25 Billion revenue per year monopoly controlled by four title insurance corporate conglomerates, which pay only 3-5% in claims. Fannie Mae's recent survey of 208 banks confirmed that the majority of bankers believe title insurance is too expensive and often unnecessary.

In other words: There is little correlation in title insurance between price and risk.

With a massive brick and mortar proliferation of 10,000-15,000 title company offices, 4,500 affiliated title agencies and 200,000 title insurance employees, title insurance is a dinosaur ripe for disruption by experienced experts such as the executive team of PropTech firm iTitleTransfer, and hundreds of blockchain technology startups, intent on challenging and changing the abusive power of the title insurance monopoly, which denies consumer choice and overcharges customers.

Equally telling are recent statements by the CEO of the title industry-financed trade association, The American Land & Title Association, in which it is stated that 75% of \$25 Billion in revenue is disbursed to employees. The ALTA has also published statements that traditional SFR search and examination functions reveal that 75% of residential properties are deemed "clean title", which renders title insurance unnecessary.

Fannie Mae's various publications, including their 1,240 page Sellers and Lenders Guide makes these factors abundantly clear.

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