



The Nation's First GSE-Compliant E2E AOL-Based Fully Insured Loan Closing Platform

November 20, 2023

Sandra L. Thompson, Director
Federal Housing Finance Agency
400 7th Street
Washington D. C. 20024

Re: GSE-Authorized Alternatives to Title Insurance

Dear Director Thompson,

The purpose of this letter is to bring to your attention benefits of low-cost mortgage loan-closing alternatives to costly and often unnecessary title insurance, consistent with the FHFA's and GSE Seller Lending Guides, and most importantly, Fannie Mae's Equitable Housing Finance Program (EHFP).

As you well know, loan origination and closing costs are significant barriers to home ownership for minority and first-time home buyers. Unstable market conditions and high interest rates cause problems for minority and first-time home buyers to qualify for mortgage loans and to make timely payments. Today, four corporate conglomerates produce 90% of the nation's \$28 Billion annual revenue associated title insurance policies. According to SEC reports, the title insurance industry pays on average 2.7% in consumer claims. These facts suggest there is little correlation between cost and risk.

Fortunately, safe, reliable, and low-cost alternatives to title insurance, that benefit minority and first-time home buyers exist. As a former Fortune 500 senior executive of the title insurance industry, I founded a PropTech firm, the nation's first GSE-compliant, Fully Insured Loan Closing Platform, developed as an alternative to title insurance.

The firm's Fully Insured Loan Closing Platform utilizes contemporary Attorney Opinion Letters (AOLs) as a component of an end-to-end mortgage loan closing process. As platform operator, we serve minority and first-time home buyers, DEI-aware mortgage lenders, Realtors, and licensed real estate lawyers. The proprietary platform provides a safe, reliable alternative to title insurance, reducing borrower loan-closing costs 65%, and mortgage lender internal costs 50%.

Our Fully Insured Loan Closing Platform protects owners, borrowers, lenders and successors-of-interest for loan amount and life-of-loan, for one low flat fee, which is approximately one third the cost of traditional title insurance, endorsements, escrow services, add-ons, set-ups, and service fees. Platform mortgage loan closing functions are as follows:

1. *Insured Search*
2. *Insured Examination*
3. *Insured Proprietary Risk Scoring*
4. *Insured Curative Services*
5. *Insured Attorney Opinion Letter*
6. *Insured Document Preparation*
7. *Insured Traditional Escrow*
8. *Insured Date Down,*
9. *Insured eNotary*
10. *Insured eSign*
11. *Insured eRecording*
12. *Insured Loan Closing and*
13. *Insured Deed Monitoring*

Each component of the loan closing platform is insured; in addition to the platform operator's coverage for fraud, forgery, duty-to-defend, lien priority, gap, CPL, cyber; and excess/umbrella insurance providing an additional layer of insurance related to each loan transaction. Lenders have experienced zero "buy-backs" of mortgage loans in which AOLs were utilized by mortgage lenders.

The Fully Insured Loan Closing Platform is compliant to the GSE's Lender Selling Guides and as re-stated in Fannie Mae's Equitable Housing Finance program.

In fact, a stand-alone AOL was not designed to compete with a multitude of title insurance policies and the overwhelming number of endorsements. The Fully Insured Loan Closing Platform was indeed designed to borrowers and lenders a safe, reliable, low-cost alternative to title insurance.

Unfortunately, some industry voices have rushed to reach inconclusive conclusions about the Fully Insured Loan Closing Platform without evaluating a contemporary AOL-Based, Fully Insured Loan Closing Platform, or its underlying insurance coverages. Title insurance provided zero benefits to the nation during the great recession of 2008. The beneficiary to the 2008 recession was the title industry monopoly, being paid to foreclose on their customers, thereby generating new title insurance policies as a result of the subsequent sale-after-foreclosure.

Minority and first-time home buyers, borrowers, buyers, sellers, lenders, Realtors and entrepreneurs, desire that the title industry and its trade association cease and desist distributing disinformation and misinformation intended as an ill-conceived strategy to deny market competition and consumer choice.

The GSE's charters are fully appropriate to protect consumers with safe, reliable, and low-cost alternatives to title insurance. Qualified providers of alternatives to title insurance will continue to market the Fully Insured Loan Closing Platform to minority and first-time home buyers and their mortgage lenders. Yet, what is needed at this time, is greater clarity from agencies, such as yours to articulate the need for alternatives to antiquated title insurance policies. I would greatly welcome the opportunity to discuss this issue with you and/or your appropriate designee at your earliest convenience.

Very truly yours,



Theodore Sprink, Founder and Managing Director

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