



December 6, 2023

The Honorable Sandra Thompson
Director, Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

Dear Director Thompson:

The Community Home Lenders of America (CHLA)¹ writes to express our support for use of Attorney Opinion Letters (AOLs) in conjunction with Enterprise mortgage loans, subject to reasonable standards.

With skyrocketing mortgage rates, homeownership affordability has become extremely challenging, particularly for minorities and other underserved borrowers. In this environment, it is critical for the mortgage industry, the Enterprises, and FHFA to explore areas where it is possible to responsibly reduce costs associated with mortgage loans.

One such area is the obligation under the Enterprises' selling guides to deliver clear title, and the customary use of title insurance. A recurrent complaint about the provision of title insurance has been the lack of competition for this product and its very high cost to the consumer compared to claims paid.

One alternative to title insurance is an "Attorney Opinion Letter." In April 2022, Fannie Mae issued Selling Guide Announcement SEL-2022-03, which permits an Attorney Opinion Letter in lieu of a lender's title insurance policy "in limited circumstances."

Under this Selling Guide announcement, use of an Attorney Opinion Letter is subject to a number of requirements - that the attorney issuing the letter must be licensed to practice law in the state and must be insured against malpractice, that such use must be commonly accepted in the area where the subject property is located, that it must provide gap coverage for the duration between the loan closing and recordation of the mortgage, and that it meet certain lien requirements.

CHLA appreciates that it is important to have these types of requirements in order to ensure that clear title is delivered in conjunction with the use of an Attorney Opinion letter. We believe scrutiny of the reputation and experience of the attorney is a particularly important area of focus.

However, because CHLA believes use of an Attorney Opinion Letter holds great promise in reducing mortgage loan title costs, CHLA strongly encourages FHFA to make the potential use of this option a priority, and to dedicate the necessary staff resources to address any issues of concern.

Sincerely,

COMMUNITY HOME LENDERS OF AMERICA

CC: Ms. Priscilla Almvodar, CEO, Fannie Mae
Mr. Michael J. Devito, CEO, Freddie Mae

¹ CHLA is the only national trade association that exclusively represents independent mortgage bankers (IMBs). CHLA members are small and mid-sized, community-based IMBs, whose sole business is originating and servicing residential mortgage loans.