
ATTORNEY TITLE OPINION LETTERS IN A GSE WORLD

2022 Mortgage Lending Institute

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April 6, 2022 – FNMA Update to Selling Guide



Attorney title opinion letter: allowing for the use of an attorney title opinion letter in lieu of a title insurance policy for certain transactions

Certain transactions?

What and why in the world?

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Selling Guide Announcement – SEL – 2022-03

A lender selling a loan to FNMA must provide “a lender’s title insurance policy or, in limited circumstances, an attorney title opinion letter.”

7 Requirements for an attorney title opinion letter:

4 typical and to be expected:

attorney must be licensed to practice law in jurisdiction where the property is located

attorney must be insured against malpractice in rendering opinions in an amount commonly prevailing in the jurisdiction

opinion must be addressed to the lender and all successors and assigns

letter must list all other liens and state that they are subordinate

SEL 2022-03

3 requirements not so typical

attorney title opinion letters must be commonly accepted in the area where the subject property is located

letter must provide gap coverage

letter must state that the title condition of the property is “acceptable” and the mortgage constitutes a lien of the required priority on a fee simple estate in the property

AND see B7-2-06, Attorney Title Opinion Letter Requirements

B7-2-06, Attorney Title Opinion Letter Requirements (04/06/2022)

Introduction

This topic contains information on the following:

- [Attorney Title Opinion Letter Requirements](#)
- [Ineligible Transactions](#)
- [Special Feature Code](#)

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B7-2-06, Attorney Title Opinion Letter Requirements (04/06/2022)

Attorney Title Opinion Letter Requirements

Lenders are authorized to use an attorney title opinion letter in lieu of a title insurance policy if all of the conditions in the following table are satisfied.

✓	The attorney title opinion letter must...
	be addressed to the lender and all successors in interest of the lender.
	provide the following statement: We [I] agree to indemnify you and your successors in interest in the [mortgage] [deed of trust] opined hereto, to the full extent of all losses attributable to a breach of our [my] duty to exercise reasonable care and skill in the examination of the title and giving of this opinion.
	provide the gap coverage for the period of time between the loan closing and the recordation of the mortgage.

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Also available as part of the eCourse

[Answer Bar: The Ins and Outs of Commercial Real Estate Loans and Title Insurance](#)

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"Attorney Title Opinion Letters in a GSE World"