

Dear Stewart Partners,

With the holiday season upon us, we hope that you are looking forward to celebrating with family and friends. Remember to stay vigilant while you are keeping the retailers happy with online shopping, it's a perfect opportunity for cybercriminals to take advantage.

This week's update serves as a follow up on two topics previously covered. We previously alerted you to our bulletin regarding MV Realty liens, and now lawsuits have been filed by several states' attorney generals against MV Realty for unfair, deceptive and unconscionable practices. Also, we previously alerted you to Fannie Mae's willingness to accept attorney opinion letters in lieu of a title insurance policy and we include an update today outlining the risk to consumers.



AG v. MV Realty

The attorney generals of several states, including Massachusetts, Florida, and Pennsylvania, have now filed suit against MV Realty alleging unfair and deceptive practices. As you may recall, MV Realty's "Homeowner Benefit Program" offers to provide homeowners upfront cash payments, anywhere between \$300 and \$5,000 in return for an exclusive right to list the home for sale, regardless of whether they have any plans to sell their home. In order to obtain the cash payment, the homeowner must sign an agreement entitled the "Homeowner Benefit Agreement" (HBA) that requires the homeowner to give MV Realty the exclusive right to list their home and entitles them to a commission. Homeowners are informed that there is no obligation to return the cash until they sell their home, but what some homeowners don't realize when they sign the HBA is that they could have a 40-year obligation to MV Realty resulting in a lien on their property which can potentially prevent a homeowner from being able to refinance or obtain a reverse mortgage.

The HBA also includes a provision that if the homeowner lists the property for sale with another real estate agent, the home is foreclosed or they cancel, MV Realty gets an early termination fee of 3% of the fair market value of the property. If the homeowner dies, the HBA requires a homeowner's heirs assume the HBA within 10 days of death or pay the early termination fee.

As a reminder, if your title exam discloses a mortgage to MV Realty or a similar entity, we require a release or discharge by the MV Realty entity named as mortgagee in order to insure. You can view our Underwriting Bulletin here: <https://www.virtualunderwriter.com/en/bulletins/2022-8/sls2022007.html>



Attorney Opinion letters

As previously discussed, Fannie Mae updated its Selling Guide earlier this year to now accept written attorney opinion letters in lieu of a title insurance policy "in limited circumstances."

ALTA continues its efforts to explain the risks associated with these alternative products. ALTA believes it is misguided for lenders to offer title insurance alternatives that provide less coverage and introduce more risk to lenders and consumers.

See ALTA's summary outlining the risks of alternative title products:

<https://www.alta.org/media/PDF/advocacy/alternative-products-and-lender-risks.pdf>

Alternative products may look appealing in the short-term, however, homeowners could pay significantly more in the long run by sacrificing legal defense obligations afforded by title insurance.

Lastly, ALTA would like to highlight the great work title professionals do every day, so if you have a story you would like to share about the benefits of title insurance, ALTA is asking that you send an email to communications@alta.org.



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