

# FIDELITY NATIONAL DROPS NATIONWIDE INDEMNITY REQUIREMENT

This whole title insurance thing is getting confusing.

Fidelity National Financial Inc., the largest U.S. title insurer, canceled a requirement for lenders to guarantee proper foreclosure procedures amid “heightened review” processes by banks.

The company won’t require an indemnity agreement before insuring individual foreclosed properties, according to a memorandum to employees yesterday. It will continue the arrangement with Bank of America Corp., the largest U.S. lender.

Fidelity National reversed course from a requirement put in place a week ago after institutions took steps to police foreclosure paperwork, according to the memo. Failure of other insurers to follow its lead also put the Jacksonville, Florida- based company at a competitive disadvantage, said Peter Sadowski, executive vice president and chief legal officer.

“Although competition was a factor, we wouldn’t take undue risk for competitive reasons,” Sadowski said in an interview. “We feel comfortable with the new process.”

But what I take it to mean is that, at least partly because other title insurers weren’t requiring Fannie and Freddie to indemnify their foreclosure sales, Fidelity National dropped the requirement that they (and other lenders) do so,

too. But it's not clear if, in lieu of this indemnity, Fidelity is going to require the lenders to actually prove they have standing to foreclose.

Whatever the case, Fidelity National seems to be saying that a risk that was there just week ago, no longer exists.