



January 16, 2026

FHA Commissioner Frank Cassidy
Office of Housing / Federal Housing Administration
US Department of Housing and Urban Development
451 7th Street S.W.
Washington, DC 20410

Re: Use of Independent Third-Party Providers in Connection with Claims Without Conveyance of Title (CWCOT)

Dear Commissioner Cassidy:

The Housing Policy Council¹ (“HPC”) appreciates the opportunity to comment on the Federal Housing Administration’s December 2025 draft Mortgage Letter clarifying the use of independent third-party providers in the Claims Without Conveyance of Title (CWCOT) program. We commend your decision to post the Draft Handbook to the Drafting Table; this iterative approach and partnership with market participants is truly a best practice that contributes to more efficient and effective policy making.

HPC supports the proposed clarification and believes it to be consistent with the policy’s original purpose. As HUD notes in the draft, the existing administrative guidance narrows the pool of eligible foreclosure auction service providers, thereby limiting competition in an already concentrated market. The proposed change, by focusing the restriction on affiliates or subsidiaries of the Mortgage Holder, preserves core conflict-of-interest protections while removing barriers that do not meaningfully advance program integrity. We are hopeful that this clarification will encourage new entrants, an outcome that would benefit all market participants.

It is our estimation that FHA’s approach to remove an unnecessary regulatory barrier and motivate market-based competition will generate operational efficiencies and drive down costs. This, in turn, should entice Mortgage Holders to direct their subservice providers to consider all CWCOT providers, spurring competition that will motivate companies to pursue additional technology and performance investments. Ultimately, these changes should reduce the severity of losses to the insurance fund.

¹ The Housing Policy Council is a trade association comprised of the leading national mortgage lenders and servicers; mortgage, hazard, and title insurers; and technology and data companies. Our interest is in the safety and soundness of the housing finance system, the equitable and consistent regulatory treatment of all market participants, and the promotion of lending practices that create sustainable homeownership opportunities in support of vibrant communities and long-term wealth-building for families. For more information, visit www.housingpolicycouncil.org.

To further clarify the draft policy, we request that FHA establish a single definition for the term “Affiliate,” which is defined inconsistently across the full array of FHA’s guidance. The variation in the use of this term leads to differing industry interpretations. HPC recommends that FHA adopt the definition of “Affiliate” that is used in The Truth in Lending Act, Home Ownership and Equity Protection Act, and the TILA-RESPA Integrated Disclosure Rule, as any company that controls, is controlled by, or is under common control with another company, as set forth in the Bank Holding Company Act of 1956.²

We thank you in advance for consideration of our recommendations and respectfully request that the FHA leadership team continue to engage with the industry and other stakeholders as you develop policy. Should you have any immediate questions regarding this set of recommendations, please do not hesitate to contact us.

Yours truly,

A handwritten signature in black ink that reads "Edward J. DeMarco". The signature is written in a cursive, slightly slanted style.

Edward J. DeMarco
President
Housing Policy Council

² See (12 U.S.C. 1841 *et seq.*); 12 CFR § 1026.32(b)(5), § 1026.43 and Comment § 1026.19(e)-1.