

Attorney's Opinion Letter for Inter Vivos Revocable Trusts

FNMA and most of our investors allow title to be taken in the name of a living revocable trust. Some of our investors are now starting to require an attorney's opinion letter stating that the trust meets FNMA and state guidelines. Given the increased complexity of these documents, we will now require an attorney's opinion letter on ALL loans that wish to take title in the name of a living trust revocable trust.

The letter should address the following points:

1. The trust was validly created and is duly existing under applicable law;
2. The trust is revocable;
3. The borrower is the settler of the trust and the beneficiary of the trust;
4. The trust assets may be used for collateral for a loan;
5. The trustee is duly qualified under applicable law to serve as trustee, the trustee is the borrower, and the trustee is fully authorized under the trust documents and applicable law to pledge or otherwise encumber the trust assets; and the settler of the trust.

A complete copy of the trust agreement must also be obtained for the file.