



TransUnion Title Insurance
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UNDERWRITING BULLETIN

Bulletin No.: CA09-007 – amended

Short Sale Reminder.

Subsequent transfer provisions:

Some short-sale lenders that are being paid in the transaction you are closing may include in their demand a condition which you cannot accept concerning subsequent transfers of the property within a time frame after closing. You have no way of complying with a requirement of this sort.

It may read something like: “There are to be no transfers of this property within XX days of the closing of this transaction.”

If this sort of condition is there, it must be removed prior to close.

In the case of a Bank of America 30 day sale restriction, you may accept an affidavit from the buyer that they are bound by the restriction and agree to comply and hold harmless. An exception should be taken in the Owners Policy, but not the Lenders Policy.

See attached affidavit sample.

Fraud protection:

Some of these short-sold lenders may try to include language which attempts to protect themselves against fraud. If there is language which states that if the seller and/or buyer have defrauded the lender in some way, the lender reserves the right to reimpose their lien.

Again, this is a matter out of your control. Such provision(s) must be removed prior to closing. The lender must give us a demand letter that has provisions for compliance with which you can comply.

The only way you can close with provisions such as these is to continue to take exception to the short-sold deed of trust and whatever restraint on alienation they lay out. It is unlikely that a new Lender/Buyer would be willing to accept such an exception, but it is possible. If the new Lender/Buyer agrees, you must obtain approval from them in writing and submit to Underwriting as an extraordinary risk.

The bottom line is that you must be in a position where you can insist on a recorded reconveyance because you fully complied with the terms of their demand.

Escrow No. _____

Title Order No. _____

Intentional disregard of the matters contained in this Bulletin may cause any loss sustained under the terms of a policy to be allocated entirely to the Agent.

Buyers Acknowledgement and Affidavit Regarding Restriction on Sale.

The undersigned buyer agrees and acknowledges that the closing of this transaction is contingent on the payment of a "Short Sale" demand by the existing lender.

As a contingency of the existing lender agreeing to accept less money than is due on the existing loan secured by the property that buyer is purchasing, the existing lender is imposing a restriction on the conveyance of the property as follows:

The property may not be sold or conveyed for thirty days after close of escrow.

The following exception will appear in the Owners Policy of Title Insurance:

"The fact that the property may not be sold or conveyed for thirty days after the date of this Policy."

The Undersigned Buyer agrees not to sell or convey the property for thirty days from the closing date of this transaction and hereby releases and indemnifies the Escrow and Title companies from any responsibility for compliance with the above restriction.

Buyer(s):
