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UNDERWRITING BULLETIN

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It has become industry acceptable practice to search/examine back to the last full-value sale with institutional first-money transaction and ignore previous deeds of trust (except creditline deeds of trust). The market situation has changed significantly with the advent of the Short Sale. In these sales, the existing lender agrees to take less than what is due on the note(s) rather than what is due under the terms of the note(s).

Unfortunately, sometimes there is a post-closing dispute concerning the monies paid, or other conditions of the short-sale demand letter. Wires are being returned to the closing agent and a dialog ensues between the agent and the lender. Most times, agreements are finalized and the deed(s) of trust are reconveyed.

There have been circumstances where the short-paid lender will not accept the tendered payment and will not reconvey, thus creating a major title claim.

Effective immediately, do not ignore deeds of trust that should have been paid through a short sale transaction unless and until there is a verifiable reconveyance on the record.

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.