



NATIONAL UNDERWRITING BULLETIN

FROM: Underwriting Department

DATE: January 21, 2013

**TO: All Policy Issuing Agents of WFG Title Insurance Company and
WFG National Title Insurance Company**

BULLETIN No.: NATIONAL – 01212013

SUBJECT: Short Sale Deed Restrictions

Last year the Federal Housing Finance Agency (FHFA) directed Freddie Mac and Fannie Mae to implement policies to streamline the short sale process. Those guidelines became effective November 1, 2012.

The new guidelines permit a homeowner with a Fannie Mae or Freddie Mac mortgage to sell their home in a short sale, even if they are current on their mortgage, if they have an eligible hardship. This will enable mortgage servicers to expedite processing a short sale for borrowers with certain hardships.

Additionally, Freddie Mac and Fannie Mae have implemented consistent deed restrictions which will appear on the face of the deed:

“Grantee herein is prohibited from conveying captioned property for any sales price for a period of 30 days from the date of this deed. After this 30 day period, Grantee is further prohibited from conveying the property for a sales price greater than \$ [insert 120% of short sale price] until 90 days from the date of this deed. These restrictions shall run with the land and are not personal to the Grantee.”

When you see this deed restriction, you must raise the following exception to title that cannot be waived from the policy until the necessary time frame has expired.

“Deed restriction, prohibiting certain subsequent resale transactions for up to 90 days, contained in the deed made by _____ to _____, dated _____.”

Do not insure any transaction within 90 days after the short sale deed was recorded without written approval from WFG underwriting counsel. When requesting such approval, please furnish WFG Underwriting a copy of your commitment.

Freddie Mac Bulletin No. 2012-16 can be found at:

<http://www.freddiemac.com/sell/guide/bulletins/pdf/bll1216.pdf>

Fannie Mae Servicing Guide Announcement SVC-2012-19 can be found at:

<https://www.fanniemae.com/content/announcement/svc1219.pdf>

Other lenders are adopting similar requirements, but the language of the deed restriction and the time periods may vary. Every deed in a short sale transaction should be reviewed very carefully, and the exception above must be inserted if such a restriction exists. A specific exception should appear in schedule B for any restriction in a deed in lieu or a short sale deed. If necessary, the time period should be adjusted to match the time period in the actual restriction. Please contact WFG underwriting counsel if you have any questions or concerns.

NOTE: This Bulletin is intended for use by title issuing offices, title insurance agents and approved attorneys of WFG National Title Insurance Company and any reliance by any other person or entity is unauthorized. This bulletin is intended solely for the purpose of underwriting policies of WFG National Title Insurance Company.