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# Stewart Bulletin

SLS2009005

**Date:** March 23, 2009  
**To:** All Issuing Offices  
**RE:** Short Sales

Dear Associates:

Approvals and/or instructions given by a lender for a "short sale" may include unacceptable instructions that make the transaction uninsurable. The following are examples of unacceptable conditions:

- "There are to be no transfers of property within 30 days of the closing of this transaction. Escrow instructions must contain a clause that if such a transaction takes place then the title/escrow company must notify Lender."  
 Problem: A title company closing a short sale would not know if the property was transferred again within 30 days after the short sale.
- "If the property was acquired by any means of fraud, Lender reserves the right to pursue any and all actions available to it to offset its losses. If it is determined that Seller(s) and/or Buyer(s) participated in any way to the fraud, this short sale will be void, and the Note and Security Instrument will remain in full force and effect."  
 Problem: This condition may make the short sale voidable.
- "Lender requires full disclosure which includes all details of the transaction on both the Seller and Buyer side of the HUD1. If Lender finds full disclosure was not made at the time of the approval, the approval becomes null and void."  
 Problem: This condition may make the short sale voidable.

Read short sale approvals and instructions meticulously. Do not sign or accept instructions that contain any of the above, or similar, provisions if you are issuing a Stewart Title policy, unless the instructions are revised to remove the objectionable provisions.

If you have questions relating to this bulletin, please contact Stewart Legal Services or your local underwriting personnel.

For on-line viewing of this and other bulletins, please log onto [www.vuwriter.com](http://www.vuwriter.com).

**THIS BULLETIN IS FURNISHED TO INFORM YOU OF CURRENT DEVELOPMENTS. AS A REMINDER, YOU ARE CHARGED WITH KNOWLEDGE OF ALL CONTENT ON VIRTUAL UNDERWRITER AS IT EXISTS FROM TIME TO TIME AND ANY OTHER INSTRUCTIONS. OUR UNDERWRITING AGREEMENTS DO NOT AUTHORIZE OUR ISSUING AGENTS TO ENGAGE IN SETTLEMENTS OR CLOSINGS ON BEHALF OF STEWART TITLE GUARANTY COMPANY. THIS BULLETIN IS NOT INTENDED TO DIRECT YOUR ESCROW OR SETTLEMENT PRACTICES OR TO CHANGE PROVISIONS OF APPLICABLE UNDERWRITING AGREEMENTS. CONFIDENTIAL, PROPRIETARY, OR NONPUBLIC PERSONAL INFORMATION SHOULD NEVER BE SECURED, SHARED, OR DISSEMINATED EXCEPT AS ALLOWED BY LAW. IF APPLICABLE STATE LAW OR REGULATION IMPOSES ADDITIONAL REQUIREMENTS, YOU SHOULD CONTINUE TO COMPLY WITH THOSE REQUIREMENTS.**

**References**

**Bulletins Replaced:** None.

**Related Bulletins:** [CA000024](#) Distressed Homeowner/Short Sale Transactions  
[FL2008002](#) Short Sale Transactions  
[GA2008001](#) Short Sale Transactions  
[SLS2008005](#) Short Sale Transactions

**Underwriting Manual:** None.

**Exceptions Manual:** None.

**Forms:** None.