

Title

FREQUENTLY ASKED ^ QUESTIONS

November 2011

We are being asked to insure a transaction where the present owner will be selling at a Short Sale and the Short Sale buyer will be immediately selling the property to someone else. Is there anything special we need to consider?

Yes, Old Republic's policy is that we will generally not insure "flips" whether they are part of a short sale transaction or otherwise; although we may be willing to do so on a case-by-case basis.

It is easiest to start with what Old Republic is clearly not willing to insure:

- Any transaction where the record owner is selling at short sale and the short sale buyer is then going to immediately sell the property at a profit. We may be willing to insure this type of transaction where the mortgagee(s) accepting the "short payoff" and the short sale seller have received full disclosure of all of the terms of the second transaction and indicated in writing their unconditional willingness to complete the first transaction with full knowledge of the second transaction. Where such an acknowledgement is available, the approval of a member of our underwriting staff must be obtained prior to insuring the transaction.
- Any transaction where the seller is selling at short sale and the short sale buyer is under contract to sell the property for a profit at a future date. Once again, we may be willing to insure this type of transaction where the parties have received full disclosure of all of the terms of the second transaction and indicated in writing their unconditional willingness to complete the first transaction. Where such an acknowledgement is available, the approval of a member of our underwriting staff must be obtained prior to insuring the transaction. We may be more willing to insure in this case if the short sale buyer is going to be putting sweat and financial equity in to the property before closing the second transaction, however you must still receive proof of disclosure to all parties and written acceptance by them as well as obtaining prior approval from a member of our underwriting staff.
- Any transaction where the seller acquired title within the last 6 months and is now selling for a profit – unless you obtain prior approval from a member of our underwriting staff.

The foregoing are general guidelines. In the final analysis any “flip” transaction must have the approval from a member of our underwriting staff prior to insuring whether it is part of a short sale or not.

As a reminder, when confronted with any short sale, extreme caution must be exercised and each and every condition of the short sale must be strictly complied with. If that is not possible, we are not interested in insuring the short sale. Typically, short sale instructions/conditions include a requirement that any intended sale by the short sale buyer be disclosed (in some cases, the parties are called upon to certify that there is no such subsequent transaction intended or planned). **There is no way around this except to disclose the specifics of the transaction and obtain approval.**

As always, feel free to address any questions to a member of our underwriting staff.

