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MEMORANDUM Ref #2009-03.13

TO : ALL AGENTS

FROM: Craig R. Lynd (Counsel for KEL Title Insurance Group, Inc.)

DATE: 03/13/2009

RE : COUNTRYWIDE'S NEW SHORT SALE APPROVAL LETTER

Please beware, we have just been alerted to the fact that Countrywide has a new form of short sale approval letter, in which it now attempts to retain the right to invalidate a transaction for events which may have occurred at the loan's inception or in our transaction. In the demand used by Countrywide, this condition was found in paragraph 16 and read as follows:

"If the property was acquired by any means of fraud, [lender's name] reserves the right to pursue any and all actions available to it to pursue any and all actions available to it to offset its losses. If it is determined that Sellers and/or Buyers 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."

Title insurance cannot be issued to either the buyer or the buyer's lender free and clear of the Countrywide loan if Countrywide can assert after close of escrow that money is still due. There is no workaround to this provision. If you receive a Countrywide approval letter with this condition, advise Countrywide that the condition must be removed, in writing, or we cannot close.

This is yet another reminder that all short sale approval letters have conditions for the lender's agreement to take a short pay off to be effective. Do not assume that Countrywide is the only lender that has started to bury these kinds of provisions in their approval letters. **If there is ANY provision which purports to allow the lender the right to refuse a reconveyance after close of escrow, do not close your escrow without legal department approval.**

PLEASE USE CAUTION, CAUTION, CAUTION