

Short Sale Short Payoffs Update:



Title Requirements for Closing a Short Sale Transaction in Regards to HUD-1 and Approval Letters

Paying Off One Lender

- **APPROVAL LETTER FROM LENDER** - In most cases, the seller's Lender states specifically in their Approval Letter that an Estimated HUD-1 must be submitted for approval 24-48 hours prior to closing.
- **COPY OF HUD-1 APPROVAL FROM LENDER** on all files is required when the Lender's Approval Letter specifically requires approval of the HUD-1.

Paying Off More than One Loan

- If both loans are the **SAME LENDER**: Two approval letters or one approval letter referencing both loan numbers.
- If loans are with **DIFFERENT LENDERS**: Two Approval Letters are required.
- If both **APPROVAL LETTERS REQUIRE THE HUD-1** approval, copies of both HUD-1 approvals on both loans are needed.

Pay careful attention to the terms included in the short pay approval letter.

If the APPROVAL LETTER IS EXPIRED, there needs to be an extension.

As an example:

- If the Approval Letter states that the **FUNDS NEED TO BE RECEIVED BY 2/13/2009** and the buyer's lender is funding on 2/13/2009; but the sellers loans cannot be paid off till 2/14/2008 then an extension of the approval letter will be required.
- If the Approval Letter states that the **FILE NEEDS TO CLOSE BY 2/13/2009** and buyer's loan is funding on 2/13/2009 and recording on 2/13/2009 then an extension is not needed.
- Seller cannot receive any proceeds from the sale.

