



1410 N. Westshore Boulevard, Suite 800  
Tampa, FL 33607-4547  
(813)228-0555 / (800)342-5957  
(813)228-0301 (Fax)  
www.oldrepublictitle.com  
Home Office: Minneapolis, Minnesota 55401-2499

## BULLETIN

To: All Old Republic National Title Agents and Offices  
From: Underwriting Department  
Re: Short Sale Affidavit / Freddie Mac  
Date: November 29, 2011

We have received numerous calls over the last several months regarding the provisions of the Short Sale Affidavit Freddie Mac has required closing agents to sign. The affidavit mandated unreasonable assurances by the closing agent as to the nature of the transaction in an effort to combat fraud. Justifiably, the indemnification provisions were particularly troublesome to many of you. This was a national problem, one that was addressed by the American Land Title Association on behalf of the entire industry.

Freddie Mac finally amended its seller/servicing guidelines after several months of input by ALTA senior staff. There are significant improvements from a closing agent's perspective.

1. The old affidavit required an affirmative statement that the transaction was at "arms length." This was extremely burdensome and beyond the knowledge of most closing agents to sign under penalties of perjury. The phrase "to the best of each signatory's knowledge and belief" has now been added, so the closing agent is no longer required to indemnify for knowledge known only to the seller and buyer.
2. The previous affidavit prohibited the short seller or purchaser from receiving any funds or commissions from the sale of the encumbered property. The guidelines now provide that "the Borrower may receive a payment if it is offered by the Servicer, approved by Freddie Mac and reflected on the HUD-1 Settlement Statement."
3. The new guidelines added a provision which states that "All amounts to be paid to any party, including holders of other liens on the Mortgaged Premises, in connection with the short payoff transaction have been disclosed to and approved by the Servicer and will be reflected on the HUD-1 Settlement Statement."

\*\* This Bulletin should become a permanent part of your records to assist in your compliance with the requirements contained herein. \*\*

Please **provide a copy of this Bulletin to your staff** so they can read it and become aware of its contents.

**REMEMBER:** All ORT Alerts, Bulletins, Notices and our Newsletter can be found on our web site, [www.ortfl.com](http://www.ortfl.com).

Our Alerts and Bulletins are issued via fax and email, but you should check our web site frequently to make sure you have copies of everything issued.

Please call your Underwriting Department if you have any questions.

Make no mistake, the closing agent will continue to be responsible for losses occasioned by negligent or intentional misrepresentation. Don't ignore the obvious and seek independent counsel if you are uncomfortable making the representations on the affidavit.

Note also that the affidavit going forward will require the name of the Servicer, the Servicer loan number for the subject Mortgage, the mailing address of the property and the date the sales contract was ratified by the parties. The affidavit may not be subsumed within any other document, but must be "distinct from other closing or pre-closing documents . . ."

Note that these new alterations to Freddie Mac's seller/servicing guidelines do not officially take effect until January 1, 2012. We hope and trust that you will find lenience and early implementation.