

[Payoff Improperly Rejected by Lender]

[DATE]

VIA U.S. MAIL AND FAX (_____)

[Name]

[Company]

[Address 1]

[Address 2]

Re: URGENT
Our Policy No.:
Your Loan No.:
Borrower:

Dear _____:

This is in response to your claim that the funds submitted in the above referenced matter were insufficient. _____ Title Company, on behalf of its insureds, relied on your demand and made the payoff accordingly.

Under California Civil Code Section 2943, you are obligated to provide a written demand and we are entitled to rely on it. Section 2943(d)(3) and California case law are very clear that a lender who provides an erroneous payoff demand must reconvey its deed of trust and pursue any remaining debt against the borrower as an unsecured obligation. See *Cathay Bank v. Fidelity National Title Insurance Company* (1996) 46 Cal.App.4th 266 and *Freedom Financial Thrift & Loan v. Golden Pacific Bank* (1993) 20 Cal.App.4th 1305.

Furthermore, in *Pintor v. Ong* (1989) 211 Cal.App.3d 837, a lender was held liable for the homeowners' emotional distress damages for failing to reconvey a deed of trust.

_____ We are re-sending the payoff and we expect you to apply it to the loan. Even if you do not agree that this constitutes a full payoff, you are instructed to apply the payment toward the amount you claim to be owed under the loan.

OR

_____ We will await further instructions on when and where to send the amount of your original demand. Since we have already tendered the proper payoff amount, under California Civil Code Section 1504, you are not entitled to charge further interest.

Since you have not reconveyed your deed of trust, you have created a cloud on title and exposed your company to liability. THIS IS A VERY SERIOUS MATTER WHICH YOU SHOULD IMMEDIATELY REFER TO YOUR LEGAL DEPARTMENT.

Please ask your attorney to contact me immediately.

Sincerely,