



## What is a Short Sale?

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A “Short Sale” or “negotiated settlement” or “short pay” occurs when the lender agrees to accept less than the amount owed to pay off on the loan as an alternative to FORECLOSURE. If the property is worth less than the amount owed on the loan then you’re upside down. Even if the Lender Forecloses and takes the property back at Foreclosure, this known as an REO or (Real Estate Owned by the Lender) the lender knows they’re going to take a loss. Often we can convince the Lender they will do better if they take less than what is owed NOW than taking the property back at the Foreclosure Sale and then trying to re-sell the property later as an REO that is listed with a Real Estate Agent.

### How long will the Short Sale Take?

The short sale negotiations with the lender are a lengthy process. Depending on the market and number of foreclosures taking place it may take several weeks or more but more likely to take several months for the lender to approve the Short Sale. Most lenders have bureaucracy, insurers and investors to present the Short Sale to for approval. YOUR PATIENCE during this time is important since this could be a long process.

### My House is going to Foreclosure, do I have enough time?

This depends, just starting a Short Sale WILL NOT stop the foreclosure. However often we can convince the Lender to STOP the FORECLOSURE to let us attempt to negotiate the Short Sale all though there is no guarantees, it surely doesn’t hurt to try.

### Can I STAY in my House - What are my options?

You own the house until the home goes to Auction at the Court House Steps or until the home is sold or until the lender approves the Short Sale. So, yes you can stay in your house. The purpose of doing a Short Sale is to get the property sold. It’s easier to sell the house if it’s vacant, but on the other hand staying in the home may help you save money so when it is time to move you have money saved. You should be looking for another place to live so when it’s time to move you know where you’re going.

### How do I know this will work for me?

You really don’t. We cannot, have not, and will not make any promises to you that this will work for you. Once you missed your payments or fell behind on your payments the lender has the right to collect what is owed and pursue Foreclosure on the property. Lenders are willing to look at a short sale because they really don’t want the property back, they are not in the business to own homes, and they are in the business of providing loans. Since the lenders are willing to look at doing short sales then why not present them with a package to review. We are very good at presenting alternatives to the lender and presenting our case that the lender often wants to accept our offer because we’ve provided solutions to resolve the Foreclosure rather than the lender pursue Foreclosure and taking the home back at the auction or trying to sell the property at a later time as an REO. We make no PROMISES on whether the lender will accept a Short Sale; you have more to gain to try then not to try.

### **Will I receive any money from the sale?**

The answer is NO. When the lender grants a Short Sale part of the requirement is that the homeowner will NOT get any proceeds from the sale of the property. The lender is taking a loss on the loan with doing a Short Sale therefore they will not allow you to receive any money.

### **What happens if the Short Sale doesn't work?**

Your home or property most likely will go to Foreclosure at the court house, it will be sold to another party or the lender may take it back and resell it as an REO with a REO Real Estate Agent hired by the lender.

### **What is a "Release"?**

This is when the lender agrees to release its security interest against the property with accepting less than the total amount owed on the note. The release is what we seek when we pursue the lender to accept a Short Sale. Receiving the *release* since it was not paid off in full. The advantage of getting a release shows the lender has accepted the Short Sale allowing the home or property to be sold by avoiding a foreclosure. The disadvantage is the remaining debt on the home or property is called the *deficiency* and the lender could pursue a deficiency judgment for this remaining unpaid balance trying to make you liable for the unpaid balance.

### **The Reality -**

Laws may be in effect to protect you and even if there were no laws passed it's not likely the lender will pursue the deficiency judgment against you because of your hardship and being insolvent, unless you have other significant assets. If you have a 2<sup>nd</sup> on your home or property the 2<sup>nd</sup> most likely will try to pursue a deficiency judgment, again even if they do, your already insolvent and there is no way they can collect on it. With our process of doing a Short Sale we request the lender to waive pursuing a deficiency against the homeowner. If you don't try a Short Sale with us the home or property goes to FORECLOSURE, you will end up having a deficiency anyway. Therefore the benefit of allowing us to do the short sales is to let us negotiate with the lender by getting them to agree to waive the deficiency.

### **What is a Satisfaction?**

This is when the lender has agreed to accept less than what's owed as complete and total satisfaction of the note and release its lien against the property. The advantage is your note and obligation to the Lender is satisfied for less than what you owe. When the property is sold the debt is paid off completely. The disadvantage is you may have some tax consequences such as a 1099 issued by the lender as earned income because the lender is making money you owe disappear. There may be some laws intact to protect you from the lender and if there are no current laws in tact to protect you then you should discuss this with your tax advisor. Often in our negotiations we are successful in obtaining a satisfaction; sometimes all we can get is a release.



**How can you help?**

The lender will require reviewing a financial package and other specific documents such as; 2 months banks statements, 2 months pay stubs, 2 years tax returns the first 2 pages, assets and liabilities and other information required for the lender to review. To be successful with submitting a complete package to the lender I will need your cooperation with gathering all of the REQUIRED documents that are outlined for you. Not having a complete package will delay the process or the lender will deny our offer. We will need all the required documents with in 3 to 5 days from the day you're given a short sale package to complete or when you receive the short sale package. Please provide us with as much detail info as possible. The more documents you provide, the more facts you provide and letters the better our success will be with the lender. We will build a case to present the lender. It's up to you to provide us the info to build that case for you.

Acknowledged this \_\_\_\_\_ day of \_\_\_\_\_, 2009

Borrower:

Co-Borrower:

Print Name x \_\_\_\_\_  
x \_\_\_\_\_

Print Name

Signature x \_\_\_\_\_  
x \_\_\_\_\_

Signature

Buyer Print Name x \_\_\_\_\_

Buyer's Signature x \_\_\_\_\_