

Short Sale FAQ

- **How much do you charge to help me with my Short Sale? Nothing.** Our fees are paid by the bank.
- **I'm not late on my mortgage yet, when can I get started?** Now. You don't have to be late on your mortgage to start the short sale process. If you can see you are headed for trouble, it is time to talk to us about listing the property.
- **I what's the first step?** Contact us. We will discuss the process, the timelines, and any item of consideration. You will not be pressured into listing your house, we will not work with clients that are not ready to take on the short sale process.
- **I've missed 3 or more payments, it is too late?** No. The bank has to adhere to guidelines for foreclosure and these guidelines take time. It is best to get started as soon as possible, but you still have time to get a short sale done.
- **The house is listed, now what?** This period of time is trying. There is nothing to do until you have an offer, but there are things that can be done to help get an offer on the table. We are experts at getting the property presented and priced right.
- **We have an offer, now what?** The sale has to be approved by the bank(s). Submitting the offer and supporting information timely and correctly is important. We work with many banks and have experience with tough negotiation. We will take care of communicating with the bank(s), you have to make sure you are ready for the approval. We will coach you through your responsibilities so the transaction closes smoothly once we have the bank approval(s).
- **How long does it take the bank to approve the sale?** That varies greatly depending on which bank holds the note. Some banks respond very quickly, others require 45 to 90 days to give an approval.
- **The bank has approved the sale, now what?** We start escrow just as if it was a regular sale. The title company address title issues and provides pay-offs, the buyer's lender secures a loan, and you prepare to convey the property to the new owner.
- **What is the bank does not approve the offer?** The bank will counter the buyer on terms or price. The buyer can accept or reject the counter. If they accept, you go to escrow. If they reject, the bank can be negotiated with somewhat, or the property goes back on the market.
- **Will the buyer wait 30-90 for an approval?** We have a system in place to keep the buyer involved and informed. This helps them be patient with the process and keeps them interested in the property.
- **Will a Short Sale affect my credit?** Yes, unfortunately there is credit consequence for not paying, late paying or short paying your mortgage. We will work with you to mitigate as much of the credit affects as possible, but there will be some negative affect.
- **How much will my credit be hurt?** This varies based on the bank and the terms of your loan. There are some standard estimates which we will go over as we discuss the process with you and look at your individual circumstances.
- **Is it possible to Short Sale with minor credit damage?** Sometimes.
- **If my spouse is not on the mortgage will his/her credit be hurt?** Not usually, but there are issues that we will need to discuss with you.
- **When can I buy a home again?** You will likely to able to buy a home in about 2 years. Loan guidelines right now require just 2 years after a Short Sale for the purchase of a primary home. This is not likely to change very soon, but the sooner you start the clock the more likely that timeline will apply to you.

Short Sale Process and Requirements

There are several steps involved in the short sale of your home. The process can be divided into three separate phases which are: 1) listing and sale, 2) bank approval, and 3) escrow. Here are the steps in each of these phases and the seller's related responsibilities:

Listing and sale phase

Step one – list the house for sale

- 1) To initiate the listing, documents need to be signed including:
 - a) The listing agreement that outlines the terms of the sale
 - b) A short sale addendum that gives important information about short sale requirements and disclosure
 - c) State and brokerage required supporting documentation
- 2) Once listed the property is placed on the MLS and advertised online
- 3) Lockbox is placed for ready access to buyers
- 4) Sign is installed

Seller is responsible for maintaining the property and staying current with the Homeowners Association

Step two – the offer

- 1) Offer is sent to listing agent, who reviews it for completeness and prepares an addendum to protect seller if needed
- 2) Offer is accepted, countered, or rejected
- 3) Executed contract is sent to buyer's agent and property is placed in contingent Status, because there is an executed contract. Any additional offers are placed in back-up position.

Bank Approval

The offer and short sale packet are compiled. The short sale packet for each bank is different but all require these items:

- 1) Authorization to speak to realtor
- 2) Hardship letter - (can be hand written) explaining your circumstances and why you can no longer afford the payments on the property – decreased income, increased expenses, requirement to move, etc. Must be dated and signed by all borrowers
- 3) Last 2 months bank statements
- 4) Most recent pay stubs - one month worth
- 5) Last 2 years tax returns
- 6) Financial statement that shows income and expenses

These items should be provided at the time of listing and updated as each new cycle occurs.

In addition the contract, an estimate of proceeds from the Title Company, and market information is provided by the listing agent.

The packet is processed into the borrower's (home seller's) account at the bank. It can take some time for the bank to get everything inputted. As soon as the packet is inputted into the account, the bank starts a review of the borrower's hardship and an evaluation of the property.

This review can take anywhere from 2 weeks to more than 90 days. In some cases weeks, or even months can go by with little or no activity. During this time the bank is verifying and compiling the information. When the analysis is done and all the information is compiled it is submitted to the underlying investor or insurance company to approve the sale.

Escrow

As soon as approval is given by all lien holders the transaction goes into active escrow, just like any standard purchase would.

The escrow period is initiated when the buyer deposits earnest money with the title company. As soon as this is done the contingency period starts.

The contingency period is the time allotted for:

- The Homeowners Association packet to be provided to the buyer for review. The HOA docs have to be provided in 5 days then the buyer has 5 days to review.
- Inspections - The buyer usually has 10 days to have an inspection and review the report.
- Loan acquisition - The loan will take 20-45 days, but as soon as the buyer's loan docs are in, the sale can be completed.

The seller's responsibilities during a short sale escrow are:

Maintain the property

Provide utilities at the property for showing, inspections, and walk-through

Pay for and provide the HOA docs to the buyer

Pay for the demand statement from the HOA (required by law, paid through escrow)

All other costs associated with the short sale are covered by the bank including brokerage fees for the realtors, title company fees, escrow fees, HOA and tax transfer, and frequently all or some of the buyer's closing costs.

Sometimes the bank will require the borrower (seller) to pay for some costs, prorations, or even a promissory note to offset their costs or loss. If the bank is requesting the seller pay anything it is clearly itemized in the settlement agreement and can sometimes be negotiated.

In order for the short sale to be completed all lien holders have to approve the sale and release the seller. All terms of the settlement are disclosed and the agreements will state the short sale settles the account.



R E A L T Y

Southern Nevada

2900 Horizon Ridge Pkwy, Henderson, NV 89052

Short Sale Listing Addendum

The potential sellers of the property being listed have contacted and/or otherwise been referred to this listing agent to represent them in a possible sale of their property. Listing Agent may have been referred by seller's own bank or mortgage Company.

This disclosure is to inform the potential sellers that the listing real estate agent **cannot provide either legal or tax advice** regarding this possible short sale.

The listing agent and their respective company hereby urge seller to consult with a real estate and/or tax attorney before entering into a contract to possibly initiate a short sale their property.

There are tax consequences and possible deficient judgments which can follow a short sale and real estate agent has no knowledge or expertise in this area. Seller(s) are further advised, in the event property does not sell and close, it may be foreclosed upon by bank.

You are urged to seek competent legal advice regarding the different possible effects of a short sale on you and your credit.

Listing Agent: _____

Seller

date

Seller

date

Seller's responsibility in the Short Sale

- 1) Provide current financials, and updated financials throughout the process
- 2) Keep current with the HOA
- 3) Maintain the property – it must convey to the buyer in the same condition it was sold. (If there is deterioration or damage the buyer can cancel – even after months of waiting for bank approval.)
- 4) Keep all utilities on and paid current
- 5) Respond timely to requests for signatures
- 6) Financial responsibilities during listing and approval:
 - a. HOA dues
 - b. Utilities
 - c. Property maintenance
 - d. Taxes
 - e. Insurance
- 7) Financial responsibilities after short sale approval:
 - a. Purchase HOA demand (approx \$100 - \$250)
 - b. Purchase HOA resale packet (\$200 - \$350)
 - c. Provide utilities, if not on
 - d. Settle any past due amounts to utilities, HOA, etc. if not maintained

I have read and understand I have responsibilities in the Short Sale process that include some financial requirements.



SHORT SALE DISCLOSURE STATEMENT

Property Address: _____

Seller(s): _____

Listing Agent: _____

A short sale is one method of avoiding foreclosure. In agreeing to attempt a short sale the seller acknowledges the following:

_____ **The only way to void foreclosure is by making the mortgage payment according to the terms of the mortgage agreement.**

_____ If the Short Sale is not successful and the mortgage is delinquent, the property will be taken by the bank through foreclosure.

_____ There may be additional consequences beyond foreclosure including tax and deficiency obligations.

_____ At no time has the listing agent or his/her staff, agents, or broker advised the seller to stop making mortgage payments.

_____ Since a real estate agent cannot give legal or financial advice, the seller is aware they should seek legal counsel and speak with a tax consultant.

_____ The seller has not been advised to vacate the property.

_____ The seller is aware they are responsible for maintaining the property from the date of listing until close of escrow. Seller is to keep utilities and all services including trash, sewer, water active. If property has a pool, by regulation, it must be professionally serviced or drained.

_____ If the property is in an HOA Community the seller is responsible for keeping current on all dues. Upon short sale acceptance, by law, the seller must pay for and provide the HOA transfer demand and buyer's resale packet.

_____ Seller is aware there are three crucial factors to a successful short sale, lack of any one increases the likelihood of foreclosure:

1. Seller cooperation and prompt response to requests from the agent and the bank
2. Getting an offer by pricing at market value and making the property readily available to show during listing period
3. Property condition, it must be maintained and kept free of delinquencies and liens

_____ **Seller understands and agrees that the listing agent, his/her staff, agents, and broker are working toward a successful short sale of the property, but cannot guarantee this effort will come to a desirable conclusion. If the mortgage payments are not made the property can be lost to foreclosure.**

Signature

Date

Signature

Date

SELLER MUST BE COMPLIANT WITH THE HOA

- The property can be forced into foreclosure due to HOA delinquency.
- It is the seller's responsibility to keep the HOA from placing a lien on the property.
- You must pay all dues and fines, and stay compliant with the HOA CC&Rs.
- You must negotiate any collections or liens on the property prior to short sale negotiation.

I have read and understand I have responsibilities in the Short Sale process that include HOA compliance.

The listing will not be placed in active status until all items are received.

These items are required by the bank to process the short sale:

- ☐ Hardship letter explaining your change in circumstances since you bought the property (lower income / increased expenses).
- ☐ Proof of income – one month worth
- ☐ Last 2 bank statements
- ☐ Last 2 years tax returns
- ☐ The attached financial statement completed as much as possible
- ☐ The attached bank authorization(s) signed
- ☐ Copy of last mortgage statement(s)

To Bank: _____

Re: Acct Number _____

Re: Acct Number _____

Property Address:

To Whom It May Concern:

Please be advised that I have listed my house for sale and, because of the current market conditions in Las Vegas, it will be a Short Sale.

I/We, _____, authorize the above mentioned bank to release any and all information about my account to the parties indicated below. I understand that information released by the bank may include, but is not limited to, my loan amount, payment transactions, pay-off amount, and/or copies of my loan documents. I understand the bank will not be responsible for claims, liabilities or damages base on this authorization.

Third party information:

Leah Wolfe-Gonzales

Keller Williams Realty Southern NV

2900 Horizon Ridge Parkway #101

Henderson, NV 89052

p. 702-419-3354

f. 702-777-9823

e. leah@gonzalesteam.com

Ernest J Gonzales

Keller Williams Realty Southern NV

2900 Horizon Ridge Parkway #101

Henderson, NV 89052

p. 702-419-3410

f. 702-777-2963

e. ernie@gonzalesteam.com

This authorization is good for one year from the date signed. If I wish to terminate this agreement I understand I must do so in writing.

Sincerely,

Date: _____

Date: _____

BORROWER(S) FINANCIAL STATEMENT

Loan #:							
Borrower Name:							
Mailing Address:							
Employer:				Position:			
Employer Address:				Employer Phone:			
Daytime Phone:				Evening Phone:			
Email Address:							
Number of Dependents at this address:							
Co-Borrower Name:							
Mailing Address:							
Employer:				Position:			
Employer Address:				Employer Phone:			
Daytime Phone:				Evening Phone:			
Email Address:							
ASSETS/LIABILITIES				MONTHLY INCOME DATA			
DESCRIPTION	Estimated Value	Amount Owed	Net Value	DESCRIPTION	Borrower	Co-Bor	Total
Primary Residence				Gross Pay:			
Other Real Estate				Overtime:			
Automobile:				Commissions:			
Automobile:				Bonus:			
Checking Account:				Child Support/Alimony:			
Savings Account:				Rental Income:			
IRA/Keough Accts:				Other Income (Specify):			
401 (k) Acct:							
Stocks/Bonds/CD's:				(Please use "monthly" income for the amounts above. If unable to determine, please indicate the frequency of the income, e.g. weekly, bi-weekly, semi-monthly)			
Boats:							
Collections/Art/Etc:							
Personal Items:							
ACKNOWLEDGEMENT and AUTHORIZATION							
ACKNOWLEDGEMENT							
I/We obtained a Mortgage loan secured by the above referenced property. I/We have described my/our current							
financial condition with this Financial Statement form and I/We certify that all information presented herein, as well as							
all attachments are true, accurate, and correct to the best of my/our knowledge. I/We understand that submission of this							
information in no way obligates my Lender, Mortgage Servicer, Investor or Insurer to provide assistance to me/us.							
AUTHORIZATION							
By signing this Financial Statement, I/we hereby authorize my/our lender, Mortgage Servicer, Insurer and their							
respective agents to order a credit report and verify any and all employment and account information.							
Borrower Signature		Date		Co-Borrower Signature		Date	

Authorization To Release Information

I, _____ give my permission for any and all information to be released to the Real Estate Agent(s) Leah Wolfe-Gonzales, Ernest Gonzales and Barbara Tedder in regards to any mortgage(s), lien(s), and/or judgment(s) regarding my property.

Borrower's Name _____ Date _____

Borrower's Signature _____ Date _____

Co-Borrower's Name _____

Co-Borrower's Signature _____

Property Address _____

Phone _____ Cell Phone _____

Borrower's SS# _____ Co-Borrower's SS# _____

1st Mortgage _____

Address _____

Loan# _____ Phone# _____ Fax# _____

2nd Mortgage _____

Address _____

Loan# _____ Phone# _____ Fax# _____

Loan Number: _____

MONTHLY EXPENDITURES

DESCRIPTION	MONTHLY DUE	BALANCE DUE	DELINQUENT Y / N ?
<u>Household Expenses:</u>			
Mortgage Payment			
Other Morgages			
Alimony / Child Support			
Child Care			
Electric / Gas / Heat			
Water / Sewage			
Telephone / Internet			
Food for Household			
School / Work Lunches			
Clothing / Dry Cleaning			
Cable TV / Satellite			
Total Household Expenses	\$ -		
<u>Credit Card Expenses:</u>			
VISA			
MASTER CARD			
DEPT STORE CREDIT			
Other Credit Cards			
Total Credit Card Expenses	\$ -		
<u>Auto Expenses:</u>			
Auto Loan #1			
Auto Loan #2			
Auto Insurance			
Gasoline			
Auto Repairs			
Parking			
Total Auto Expenses	\$ -		
<u>Personal Loans:</u>			
Personal Loan #1			
Personal Loan #2			
Total Personal Loans	\$ -		
<u>Ins./Medical Expenses:</u>			
Health Insurance			
Life Insurance			
Doctors / Dentists			
Prescriptions			
Medical bills			
Total Ins/Medical Expenses	\$ -		
<u>Miscellaneous Expenses:</u>			
Charity / Donations			
Union Dues / Club Dues			
Entertainment			
Sports / Hobbies			
Vacations			
MISC. Expense #1			
MISC. Expense #2			
MISC. Expense #3			
Total Misc Expenses	\$ -		
TOTAL EXPENSES	\$ -		

***Please note: DO NOT list bills in the MONTHLY DUE column if they are a "one-time" debt.

If you have more expense items to add to this form, please attach them on an additional sheet by type of expense. MEX.20093011