



Help for America's Homeowners

3090 S. Durango Dr. #100 Las Vegas, NV 89117 - Office: 702.212.2288 Fax: 888.772.8838

What is a Short Sale?

A Short Sale is used to describe the sale of a home in which the homeowner owes the bank more than the home is worth. The bank agrees to allow the home to be sold for less than what is owed.

Would I qualify for a Short Sale?

Yes. Contrary to popular belief, it is not difficult to qualify for a Short Sale. A good Short Sale candidate has no equity in their home. They are not able to sell their home and pay off all of the outstanding loans/debt that are secured against their property.

If you owe more against your home than it is currently worth and want or need to sell it but can't or won't bring cash to closing to make up the difference between what you owe and what your home is worth, then you are a prime candidate.

What groups of people do you specifically work with?

We successfully close on Short Sales for the following groups of people...

1. You are behind on your mortgage payment and are unable to keep up with all of your monthly obligations. Some of the reasons for falling behind on your mortgage payment may include sudden change in monthly household income, loss of job, divorce, and more.
2. You are NOT behind on your monthly mortgage payment but know that you will soon be unable to keep up with all of your monthly obligations and therefore in the near future will not be able to afford to keep your home.
3. You are NOT behind on your monthly mortgage payment but need or want to move. Reasons could include a job transfer, a health reason, retirement, and more.
4. You are NOT behind on your monthly mortgage payment and have come to the decision that staying in your home is not a good "business decision" or "financial decision."





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Do you work with all banks?

Yes, we work with all banks. Unlike some agents and investors, we do not “selectively choose” which banks we work with and which banks we won’t.

How long does it take to complete a Short Sale?

This simple answer is that it takes approximately 5-7 months to complete a Short Sale from initial contact with you as the customer to closing.

There are several stages that are involved with the Short Sale process...

1. The first stage requires working with you as the homeowner to get all of the required documentation that your bank will require us to send them – we refer to this as completing the Short Sale Package. This stage shouldn’t take longer than a couple of days but this stage lies solely in your hands
2. The second stage involves us preparing the listing paperwork and scheduling an appointment with you to see your home and prepare your home to be listed for sale. This stage only takes a few days as well.
3. The third stage entails us aggressively marketing your home for sale and producing a willing, ready, able, and committed buyer. This stage can take as little as a few days or as long as a few months. On average we receive offers on our listings within 15 days.
4. The fourth stage is the actual presentation of the offer to your bank. This is where our expertise and experience in negotiating Short Sales takes place. The actual negotiation/approval process can take as little as 30-45 days or as much as 90+ days. On average most Short Sales take between 60-90 days from the date the offer is presented to the lender to the date of the Short Sale approval. In most cases, 75-90 phone calls, emails, and faxes back and forth between the lender and our team are required. The process would not typically be described as “fast” on the banks side of things, but with the right team working on your behalf, you can be at rest knowing that everything is being handled diligently and with much care.
5. The fifth and last stage to the Short Sale process is the period of time between Short Sale approval from the bank and the buyer closing on the home. We prepare all of the buyers that we work with to be ready to close in as quickly as 3 weeks from the time of Short Sale approval. Often buyer’s will even close in as little as 10-14 days. If you are still living in the home at time of Short Sale approval, it is imperative that you move out within 2 weeks from Short Sale approval.

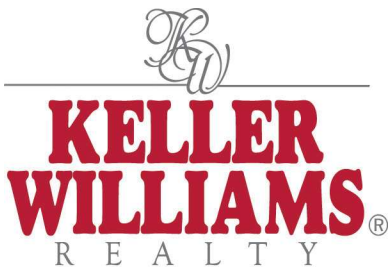
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Are there any tax ramifications to a Short Sale?

There may be tax ramifications to a Short Sale but this is a very "loaded" question. You may have heard, "Don't do a short sale because you will get a 1099 and have to pay taxes on the difference between what you owed on your home and what you sold it for or the amount the bank wrote off." This may be true, but this is not the whole story...

If you borrow money from a lender and the lender later cancels or forgives the debt, you may have to include the cancelled amount in income for tax purposes, depending on the circumstances. When you borrowed the money you were not required to include the loan proceeds in income because you had an obligation to repay the lender. When that obligation is subsequently forgiven, the amount you received as loan proceeds is normally reportable as income because you no longer have an obligation to repay the lender. The lender is usually required to report the amount of the canceled debt to you and the IRS on a Form 1099-C, Cancellation of Debt.

The thing that most people don't know or don't tell you is that with a Foreclosure, you will also get a 1099. In the case of a Foreclosure the 1099 is called a "1099-A." So what's the difference between a 1099-C and a 1099-A? The 'C' stands for "Cancellation of Debt" and the 'A' stands for "Acquisition or Abandonment of Secured Property". The differences are much more than you get the 'C' with a Short Sale and the 'A' with a Foreclosure. It is important to know that while there are many differences, the tax consequences for the 'C' and the 'A' are the same. You may not even be required to pay taxes on the 'income' as shown on the 1099-C, but don't just assume that you won't have to pay. While we are very good at successfully closing Short Sales, we are not tax experts.

Before making your final decision, first consult a CPA or Tax Preparer .

The Mortgage Debt Relief Act of 2007 provides relief to many, many homeowners. For more information on the Mortgage Debt Relief Act, how it works, who it applies to, and more, please read more directly from the IRS website www.irs.gov.

One more thing you should know is that in approximately 99% of the cases, the amount of the loss at Foreclosure is greater than that of a Short Sale. If you are going to receive a 1099 in either case, it is in your best interest to do a short sale instead of allowing your property to be sold for less at Foreclosure or as an REO (Real Estate Owned or Bank Owned Property). Now that you know this, don't allow rumors and incorrect information to influence an important decision in your life. Losing your home to Foreclosure is always the last resort and you should seriously look at all of your options before letting your home go to Foreclosure.

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Are there any credit consequences to a Short Sale?

This question is asked very frequently and has many different variables involved. The first thing to keep in mind is that the moment you go 30+ days behind on your mortgage payment, your bank has the right to report to all of the credit bureau's that you are 30 days behind on your payments. When a late payment is reported to the three major credit bureaus, it does have a direct affect on your credit. After going through a Short Sale or a Foreclosure, most people have multiple 30, 60, and 90+ day late payments reporting on their credit report.

When the actual Short Sale is completed, most banks will report to your credit report that your account was "paid in full for less than the full amount." Your credit report may also be marked as "settled." It is important to keep in mind that each lender has a different way of reporting that a Short Sale was done, but this is the most common language that is seen. If your home were to go to Foreclosure you would most often see the bank report "Foreclosure" on your credit report.

It is difficult to gauge how much of a credit scoring affect a Short Sale has vs. a Foreclosure. Credit experts will agree that neither a Short Sale nor a Foreclosure is favorable to your credit or credit score, however, the impact of a Foreclosure is much worse. We strongly advise you to work with a Credit and Credit Scoring Expert for more specifics on this topic, and ways in which to improve your credit after the Short Sale is complete.

Recently, many of our clients were able to Short Sale their homes without ever missing a payment, therefore, they do not have any late payments reporting to their credit. When there are no late payments on your mortgage, your credit score is generally not affected. It is possible to maintain a high credit score by completing a Short Sale without missing payments on your mortgage and other bills. Please be aware though, that your lender will still report that a Short Sale was done so while you may not see your credit score drop if you continue to make payments through the completion of the Short Sale, you'll still likely have your account marked as "paid in full for less than the full amount" and/or "settled."

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This Realtor I know said Short Sales rarely close and banks don't approve very many of them. Is this true?

It is true that you may have heard this from one or more Realtors – we certainly have – however, it is not accurate. Most Realtors are not educated on how to successfully close a Short Sale, in fact the national average for closed Short Sales by Realtors is between 20-50%.

I'm behind on my payments, how long until the bank forecloses on my home?

Most notes (the “I Owe You” document that you signed with the bank when you first qualified for your loan) give the bank the right to file the “foreclosure notice” or the “notice of default” as soon as you are 30 days behind on your mortgage. While the bank has the right to file the “foreclosure notice” or set the trustee sale date (the date your home will be foreclosed on) as little as 30 days after you miss your mortgage payment, they often will not do so until you are 90 days or more behind on your payments. The bank has the sole discretion on when they want to file the sale date and all banks make this decision differently and within different time parameters. Recently many banks have elected to hold a foreclosure moratorium (suspension or freeze of filing foreclosure notices) therefore greatly affecting at what stage they file the “foreclosure notice.”

When the official “foreclosure notice” is filed (whether it is filed after you miss 1 mortgage payment or 3 mortgage payments), there is a 91 day period of time between the filing and the actual “foreclosure sale” or “trustee sale.”

It is important to know that if you are working on a Short Sale, it does not mean that the lender will put a “stop” on the foreclosure process. Most lenders will continue with foreclosure proceedings even if a Short Sale is being reviewed or worked on. Our team consistently gets foreclosure sale dates postponed/delayed when we are in the Short Sale process.

When should we begin working on the Short Sale together?

Ideally we would like to begin working on your Short Sale as soon as possible! If you recognize that you are unable to keep up with your payments and will be falling 30+ days behind please contact us immediately. The important thing for you to know and keep in mind is that the sooner we begin working with you on the short sale process, the more you increase your chance of a successful closing. Don't wait any longer.

