



www.LACityShortSales.com / www.Call4ShortSale.com

HOMEOWNER WELCOME PACKAGE

Welcome to LA City Short Sales! We understand that this can be a challenging and stressful time in your life and our goal is to make the short sale process as easy as possible on you. Through this process we will partner with you to work with your lender(s) to find a way to help you complete a successful short sale. You may have many questions during the process, and we will be there to help you in any way we can. Our team has assembled a list of the most frequently asked questions we receive. If you don't see the answer to your question below, feel free to email or call one of our team members so that they can do their best to answer them for you. We look forward to working with you!

Short Sale Frequently Asked Questions

1. What is a short sale?

A short sale is the process by which homeowners can sell their home for less money than they actually owe on the mortgage(s). This is done by providing your lender(s) with all of the necessary documents that they request to prove that you are in a state of hardship. Our team will be with you step by step to help you.

2. How does the bank determine an acceptable price?

Every bank has a specific method of deciding how much they'll accept on a short sale. It is primarily based on the current market value of the property.

3. What situations are best to qualify for a short sale?

Most short sales are accomplished when homeowners find themselves in situations where they owe more on their house than it is worth. They also are having some sort of financial hardship that is making their mortgage payment unaffordable. This can be a number of things including loss of employment, death, illness, making less income than before, divorce, etc.



4. How does a homeowner benefit from a short sale?

A short sale can relieve the stress of pending foreclosure. It allows the homeowner to move on with their lives and start fresh without their large mortgage payment. This is usually considered the primary benefit to the homeowner.

5. Can an Investor short sell an investment property?

Yes. Any type of property that is overleveraged may be considered for a short sale. Be sure to consult a knowledgeable tax professional to see what your tax consequences may be.

6. I am facing foreclosure. Is a short sale possible for me?

Each situation is different and must be evaluated individually. The most important thing to do when you are in foreclosure is to know what your options are. Be sure to speak to someone on the LA City Short Sale team to make sure they are aware of your foreclosure.

7. What if my mortgage is an FHA, HUD, VA, or USDA mortgage?

You may still be able to complete a short sale. Each of these investors has specific guidelines to follow. Our short sale experts can discuss what options you have with these investors.

8. What options other than a short sale might I have?

- a. You could bring delinquent payments current.
- b. You could attempt a loan modification with your lender.
- c. You could discuss bankruptcy options with an attorney
- d. You could discuss a Deed in Lieu of foreclosure with your lender

A short sale is arguably one of the best options for you if you have decided that you no longer wish to keep the property.



9. Why is having a hardship so important?

Financial hardship is one of the most important aspects of a short sale because the lenders want to see the reason that you are not able to pay them. It is no secret that bad things sometimes happen to good people, and a short sale may be a great option for those people. If you have simply made a poor investment and have not had a negative change in your financial picture, then a short sale may not get accepted by your lender.

10. What do I do about my back property taxes when I do a short sale?

Just as in a normal home sale, the property taxes are the responsibility of the homeowner until the date the sale is closed. Oftentimes, the lender will pay the delinquent taxes to allow the sale to proceed. This is never a guarantee.

11. Do you handle homes in my area?

Although we focus our efforts in California, our team has helped homeowners in almost every state.

12. My home is already listed on the MLS but didn't sell. Can I still do a short sale?

Yes. In many cases the property may have been listed too high. Our short sale experts are well versed with understanding the banks threshold for an acceptance price, as well as pricing the home in order to generate offers in a timely fashion.

13. Who pays the real estate commissions on a short sale?

In almost all cases, the lender will pay the real estate commissions.

14. How long does a short sale take?

This answer will vary depending on the lender(s). Some short sales can take as little as a couple weeks to be approved. Others can take over 4 months to be approved. Our team can discuss this with you further.



15. What is a Borrower's Authorization and why do I have to sign one?

The Borrower's Authorization allows our team to work with your lender on your behalf. This is not the same as a Power of Attorney. A Borrower's Authorization merely allows us to ask questions about your account and work on the short sale file with your lender.

16. What are the tax consequences of a short sale?

We always advise to seek a knowledgeable tax advisor for this. There are many ways to avoid some if not all of the tax implications of a short sale that they can present to you.

17. Do I have to miss my mortgage payments to qualify for a short sale?

We can not advise you on missing mortgage payments. We have successfully completed short sales for clients that have never missed a payment. Speak to a member of our team to discuss your situation further.

18. My house needs a lot of work, will the lender pay for this?

Generally, the lender will want the property to be sold "As Is". When a buyer is considering a property, they should factor in the repairs before submitting their offer.

19. Other people are on the deed with me, but they don't want to short sell. Can I still do a short sale?

No. All parties listed on the deed or mortgage must sign the short sale purchase agreement. There are no exceptions to this.

20. I have other liens (i.e. Home Equity, mechanics, IRS, court judgments) on my house; can I still do a short sale?

Yes. It is very important to disclose all liens to us before we begin negotiation with your lender(s). We have successfully negotiated many different types of liens.

21. I know of someone that wants to buy my home. What do I need to do?

Inform our team as soon as possible so we can see what options the potential buyer has.



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Document Checklist

During the process we will need to collect a set of documents from you that are probably very similar to what you gathered when you applied for your loan in the first place. The main documents that we will need in this process are:

1. Tax Returns for the previous 2 years
2. 2 most recent Pay Stubs (YTD Profit and Loss if Self Employed)
3. 2 most recent Bank Statements (ALL PAGES)
4. Hardship Letter
5. Mortgage Statement for all liens
6. Any foreclosure documents you have received.
7. Letter of Authorization for all lien holders (Included in Welcome Package)
8. Property Profile (Included in Welcome Package)
9. Borrower Financial Information Sheet (Included in Welcome Package)

Your lenders will often want us to supply the most recent information possible. Because of this, **please send us updated pay stubs and bank statements as you receive them each month.**

If you have any questions about the documents we need for your file, feel free to call or email the LA City Short Sale Team.



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Sample Hardship Letter

(This is a sample hardship letter. Please use this only as a guide and tailor it to your situation.)

(Date)

(Lender Name)

(Loan Number: XXXXXXXX)

RE: Hardship Letter - Short Sale for (your address)

Dear Creditor:

Since last (month), I am experiencing financial difficulties due to (layoff, medical problem, etc). After having my current financial situation carefully analyzed, I have concluded that it is no longer possible to comply with the original terms of the agreement. I have no choice but ask you for your help on avoiding the foreclosure of my family's home.

Due to the dropping of home prices that have affect the entire country in the last year, I currently owe more on my mortgage than my home is actually worth. Please consider allowing me into your Short Sale Program so that we can lower the price and sell the house quickly before it goes into foreclosure. This will allow me to settle my financial obligation to you and have a chance to get back on my feet, without having to file for bankruptcy.

Please understand that financial hardships can occur and many times it's not a choice. I deeply appreciate your help in this matter. If you have any questions, or need anything further from me, you can contact me at (your phone # with area code.)

I am enclosing my (bank statements, late notices on your car, last year's tax returns, last 6 months of Profit and Loss statement (if self employed), last 2 pay stubs for all working borrowers (including L&I and unemployment benefit.) Authorization to disclose personal information and anything else you can find that will show full proof of the hardship)

I, (your name), state that the information provided above is true and correct to the best of my knowledge.

Sincerely,

Signature

(Home Owner Name)



PROPERTY PROFILE

BORROWER		CO-BORROWER	
BORROWER'S NAME		CO-BORROWER'S NAME	
SOCIAL SECURITY NUMBER	DATE OF BIRTH	SOCIAL SECURITY NUMBER	DATE OF BIRTH
HOME PHONE NUMBER WITH AREA CODE		HOME PHONE NUMBER WITH AREA CODE	
ALTERNATE PHONE NUMBER		ALTERNATE PHONE NUMBER	
EMAIL ADDRESS		EMAIL ADDRESS	
MAILING ADDRESS			
PROPERTY ADDRESS			
Number of Dependents:	Do you occupy the property? Yes <input type="checkbox"/> No <input type="checkbox"/>	Is it a Rental? Yes <input type="checkbox"/> No <input type="checkbox"/>	Rental Income: \$ _____
Is the property listed for sale? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please provide a copy of the listing agreement.		Agents name: Agents phone:	
Have you contacted a credit-counseling agency for help? Yes <input type="checkbox"/> No <input type="checkbox"/>		Counselors Name: Counselors Phone:	
Do you pay Real Estate Taxes outside of your mortgage? Yes <input type="checkbox"/> No <input type="checkbox"/>			Are the taxes current? Yes <input type="checkbox"/> No <input type="checkbox"/>
Have you filed bankruptcy? Yes <input type="checkbox"/> No <input type="checkbox"/>	If yes, Chapter 7 <input type="checkbox"/> Chapter 13 <input type="checkbox"/>	Filing Date:	
Has your bankruptcy been discharged? Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, please provide a copy of the discharge paper.			
LOAN INFORMATION			
First Lender: _____ Loan Number: _____ Date Loan Originated: _____			
First Loan Balance: \$ _____ First Loan Payment: _____ Number of Months Late: _____			
Second Lender: _____ Loan Number: _____ Date Loan Originated: _____			
Second Loan Balance: \$ _____ Second Loan Payment: _____ Number of Months Late: _____			
Third Lender: _____ Loan Number: _____ Date Loan Originated: _____			
Third Loan Balance: \$ _____ Third Loan Payment: _____ Number of Months Late: _____			
Have you recieved a Notice of Default? _____ Is a foreclosure date set? _____ If so, when? _____			
<i>Please provide a detailed explanation of the hardship on a separate sheet of paper.</i>			
If there are additional Liens/Mortgages or Judgments on this property, please name the person, company, or firm and their respective telephone numbers.			
	\$		
Lien Holder's Name	Balance	Telephone Number	
_____	\$ _____	_____	
Lien Holder's Name	Balance	Telephone Number	
_____	_____	_____	
Borrower's Signature	Date	Co-Borrower's Signature	Date
_____	_____	_____	_____



BORROWER FINANCIAL INFORMATION

EMPLOYMENT			
EMPLOYER- BORROWER	HOW LONG?	EMPLOYER - CO-BORROWER	HOW LONG?
Monthly Income - Borrower		Monthly Income - Co-Borrower	
Wages	\$	Wages	\$
Unemployment Income	\$	Unemployment Income	\$
Child Support / Alimony	\$	Child Support / Alimony	\$
Disability Income	\$	Disability Income	\$
Rents Received	\$	Rents Received	\$
Other	\$	Other	\$
Less : Federal and State Tax, FICA	\$	Less : Federal and State Tax, FICA	\$
Less: Other Deductions (401K, etc.)	\$	Less: Other Deductions (401K, etc.)	\$
* * * * * ALL INCOME NEEDS TO BE DOCUMENTED * * * * *			
Total	\$	Total	\$
Monthly Expenses		Assets	
Other Mortgages / Liens	\$	Type	Estimated Value
Auto Loan(s)	\$	Checking Account(s)	\$
Auto Expenses / Insurance	\$	Saving / Money Market	\$
Credit Cards / Installment Loan(s)	\$	Stocks / Bonds / CDs	\$
Health Insurance	\$	IRA / Keogh Accounts	\$
Medical	\$	401k / ESPO Accounts	\$
Child Care / Support / Alimony	\$	Home	\$
Food / Spending Money	\$	Other Real Estate	# \$
Water / Sewer / Utilities / Phone	\$	Cars	# \$
Other	\$	Other	\$
Total	\$	Total	\$

The information herein is a true, accurate, and complete statement of my financial status. I acknowledge and understand that my lender may review this information and use it to determine if a workout solution is available to me.

Submitted this _____ day of _____, 201__

By _____
Signature of Borrower

By _____
Signature of Co-Borrower

Please be sure to fill out this form completely.



LETTER OF AUTHORIZATION

First Lender: _____ Loan Number: _____

Second Lender: _____ Loan Number: _____

Third Lender: _____ Loan Number: _____

Property Address: _____

Authorized Representatives: _____

I/We hereby authorize you to release to LA City Short Sales or its agents any and all information that they may require about my loan(s) for the above referenced property. "Agents" shall include all real estate agents, attorneys, and their assistants.

Submitted this _____ day of _____, 201__

By _____	_____	_____
Printed Name of Borrower	Signature of Borrower	Social Security Number

By _____	_____	_____
Printed Name of Borrower	Signature of Borrower	Social Security Number

THIS AUTHORIZATION WILL EXPIRE ONE YEAR FROM DATE SIGNED