



Are you or a loved one stressed out and wondering how you can continue to make those mortgage payments?

If so, this is for you. Perhaps you already missed a payment, or more than one. You are not alone. Individuals in all walks of life have recently found themselves in this stressful situation, from the ultra-wealthy on down to the rest of us. This is one of life's most challenging events, but if you can keep a clear head **there is be a way out.**

I owe more than my home is worth and I can't make the payment. How do I know if I qualify for a short sale?

If you can't make your payment and your total debts are greater than your assets you may qualify for a short sale. However if you have other assets to cover the mortgage, you might not fit the requirements. Your mortgage lender will make a final decision after receiving the "Short Sale package" from your Realtor.

Will a short sale affect my credit score?

Yes, since it shows that you were unable to pay a mortgage according to the agreement you signed. It might take around 3 years to re-establish good credit. It will generally have far less negative effect on your credit than a foreclosure or a bankruptcy, which are last-resort measures if you cannot do a short sale. Check with your tax specialist or financial planner to be sure of the impact on you personally.



If I pay mortgage insurance and default on my loan, why wouldn't that cover the deficiency amount?

Guess what - the mortgage insurance protects the lender, not you, the borrower!

How do I get my lender to approve of my Short Sale? I called and they didn't return my calls.

This is not unusual. You need to notify your lender of your problem, but the approval process does not begin until after you receive an offer. **You need to contact your Realtor ASAP.** There are steps that I can help you take right now to speed up the process. I know how to approach the lender and I know what they need to make it happen.

I just missed a payment and I know I will miss more. Is there time to do a short sale so that I can avoid foreclosure? The foreclosure process can take up to a year. Generally speaking, a well-priced short sale by an educated short sale Realtor will sell within about 4-5 months provided the seller and lender cooperate. Complications can and do arise which can delay things, as always.

Will I still have to pay property taxes if I do a short sale?

Property taxes will always have to be paid as part of any accepted short sale. Whether it's you or the lender depends on their policies and the specific agreement you reach while negotiating the short sale.



My home needs repairs and upgrading. Am I expected to take care of these items out-of-pocket before selling?

Short Sales are "As-Is" sales. In exchange for a low price, buyers will be asked to perform their own repairs after the purchase, and may also be expected to cover the cost of termite inspections, surveys, and association documents to name a few, which would otherwise be paid for by the seller. Bottom line: don't spend your scarce funds, but any do-it-yourself painting, clean up and organization to make your property look better will help in the long run.

Do I have to pay income taxes as a result of the short sale?

This was once true. Very recently the tax law was modified and this may no longer be the case for some people. Always consult your Tax Attorney, CPA, or EA to find out what applies.

Who pays the real estate commissions and other selling expenses?

When a short sale is approved, your mortgage lender will add the real estate commissions along with all the other usual closing costs to the amount they will have to pay to close the sale.

Do I have to miss a payment to do a Short Sale?

No. Late in 2008 most major lenders started accepting short sale offers from sellers who have never missed a payment if they see a future hardship. New legislation is pending that could make things easier- only time will tell.

I want to do a short sale but I also have a 2nd mortgage. Does this make me ineligible?

No. Both of your lenders will need to be satisfied in some way to complete the short sale. After your first lender is paid off or settled by the sale, then payment terms with the second lender must be handled. Many short sales do involve 1st and 2nd mortgage holders and will naturally take a bit more time and effort.



Why would my bank agree to accept less than they are owed?

It's not because they want to make nice. Foreclosing on a homeowner is costly, time consuming, and they end up owning a property they don't want - and then having to hire someone to sell it. It is cheaper for them to accept a loss up front in most cases.

A Short Sale Can Help You:

- Avoid Foreclosure
- Minimize Damage to Your Credit
- Prevent Filing for Bankruptcy
- Stop Public Notices
- Stay In Your Home Until It's Sold
- No Payments (Save Your Money) Until It's Sold

Who can I find to help me with through this?

Your starting point is an experienced Realtor who understands Short Sales and is willing to put in the extra time. If you really need to sell, find someone who will work tirelessly to help you through these difficult times. But if there is way for you to keep your home, and you want to, I always recommend exploring that first.



As a full-time Realtor and Owner of Town & Country Homes at Keller Williams, I have helped many homeowners make tough decisions like yours. I take a personal interest in giving my clients the best available information. If you have any questions or would like to talk about your situation please contact me.

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