**Because to Sue and Michele….**
**Your Future Matters!**

# Short Sale
# Frequently Asked Questions

### *What is a Short Sale?*

A Short Sale is the sale of a home when sales proceeds do not fully pay off the existing loan(s) and lender(s) accepts a discounted payoff to fully satisfy the loan.

The best part, the existing lender pays virtually all sales costs, including commissions, escrow and title fees and repair costs. You get your home sold, the loan(s) paid off and you avoid foreclosure.

### *Is a Short Sale right for me?*

Mortgage lenders are increasingly willing to work with borrowers faced with a financial hardship to accept a discounted payoff on a mortgage. If you are faced with a hardship that makes it likely you will be unable to meet your obligation on your mortgage, your lender would prefer to settle the matter with you as opposed to taking the property through foreclosure.

As you consider the option of pursuing a Short Sale, remember your lender is looking to limit any potential loss on your loan. By completing a Short Sale, your lender has arrived at a solution that is, for them, much better than a foreclosure.

Bottom line, your lender wants to work with you.

### *If I do a Short Sale, how much will I have to pay to sell my home?*

Nothing. It's true, in most cases you will pay literally no sales costs if your lender approves the Short Sale. All commissions, title and escrow fees, and even most repair expenses are paid by the lender as part of the Short Sale approval. We will include the *following clause in the contract.

"Seller's agreement to sell is subject to approval by existing lender of a Short Sale at no cost to Seller. Seller shall not be required to deposit funds to close escrow."

Remember, lenders approve Short Sales and accept the resulting loss in an effort to avoid bigger losses through foreclosure.

### *How do I get started on a Short Sale?*

It's easy. If you would like to get prequalified for a Short Sale, we can do it online.

If you would prefer to discuss it on the phone, or set an appointment call 800-780-5560. There is no charge to you to get started. It is as simple as contacting us and we will get to work. If you later decide you don't want to do a short sale, that is okay too.

### *Can I simply deed my property to someone else and avoid the hassle?*

Deeding your property to someone without paying off the loan is nearly always a bad idea. In the first place, the lender still considers you primarily responsible for payment on the loan. If loan payments do not get paid, or if the lender ultimately forecloses, this will show on your credit.

Secondly, when you deed your property to someone else, you give up control of the property. Along with the deed goes the ability to control the property.

Do not deed your property to someone without paying off the loan unless you have consulted with an attorney.

### *What sort of hardship would my lender consider legitimate?*

To some extent, that will depend upon the mortgage company considering the Short Sale request. Generally, so long as the hardship is real and the mortgage company believes the loan is likely to become delinquent as a result, the Short Sale request will be processed by the Loss Mitigation Department. A big key to getting Loss Mitigation to accept a hardship is to submit a strong hardship letter. The hardship letter sets the tone for the entire file.

Below you will find a list of “hardships” that are common and frequently accepted by mortgage lenders.

- Family illness or injury
- Illness or injury in the extended family – particularly if it forces relocation
- Job relocation when the property is equity deficient
- Job loss or significant income loss
- Divorce or split of domestic partners
- Adjustment in mortgage payment or unforeseen increase in living expenses

### *I am current on my mortgage, will my lender consider a Short Sale*

The answer is, maybe. Some lenders will accept a Short Sale file for approval on loans that are not delinquent. Other lenders will not accept the file until the loan is delinquent. We can put your Short Sale file together within a couple days and submit it for approval. (Remember, there is no charge for this). That is the best way to determine if your lender will accept a file for approval on a loan that is current.

### *Why would a mortgage company agree to accept a Short Sale?*

There are actually several reasons why a mortgage company would approve a Short Sale payoff, including the following;

Legal Concerns – Mortgage lenders have come under legal pressure to work with borrowers to equitably resolve situations where borrowers are unable to meet their mortgage obligation, particularly when the borrower makes an effort to arrive at a compromise solution.

Wall Street is Watching – Mortgage lenders rely heavily on their ability to package and sell bundles of loans on the secondary mortgage market. They need to sell these bundles of loans in order to put the funds back to work by loaning the money again and collect loan fees along the way. If mortgages perform poorly after they are sold it could impact the lender's ability to sell their loans on the secondary market. A successful Short Sale gets the loan payoff resolved quickly.

Asset Management Expenses- If a lender acquires a property through foreclosure, the property will be managed until it is repaired and resold. It is expensive to manage real property assets - homes – spread throughout the region, the state and possibly even the nation. Keeping properties maintained, keeping utilities on, making repairs and the administrative costs attached to these activities are all costs the lender would prefer to avoid. A successful Short Sale eliminates most of these costs

Reserve Requirement- Delinquent and non-performing loans place another burden on mortgage lenders. For all delinquent and non-performing loans lenders must set aside funds in reserve to deal with potential losses. These funds cannot be put to work generating new loan fees until the bad loans are resolved. A successful Short Sale lets the lender put more money to work.

### *Do lenders approve all Short Sales?*

In a word, no. That is why it is critical to work with someone that has extensive experience at getting Short Sales approved.

From the presentation of the Short Sale package to the lender to working with the lenders Loss Mitigations Department, we know how to keep the file moving towards approval.

The first step is to get pre-qualified for a Short Sale. There is no charge for this, and it’s easy.

Just **Click** or Call 916-771-4177

### *I have two loans, can I still do a Short Sale?*

Yes. We can work with both lenders (many times the same lender hold the 1st and the 2nd loans) to put together a Short Sale transaction. Even if the value of your home is below the balance of the 1st mortgage, we can normally get the two lenders to cooperate.

In the end, neither lender wants to own another home through foreclosure.

### *My property is in rough shape and needs work, can I still do a Short Sale?*

Absolutely. In fact, lenders are more motivated to do a Short Sale on a property that needs work than on a property that doesn't. The lender knows the risk of loss goes up when they foreclose on a property that needs lots of work.

Aside from expense of completing the work, lenders are simply not set up to get the work done. They are in the loan business, not the fix- it business.

### *I am concerned about my credit, how will a Short Sale affect my credit?*

The big key here is to avoid foreclosure. By nearly any measure, a foreclosure is the most damaging event your credit status can encounter - worse than bankruptcy. In the course of getting your short sale approved you may miss your mortgage payments, and these will show on your credit.

By avoiding foreclosure, you will likely be able to resume normal borrowing (car loans, credit cards, consumer goods and such) relatively quickly

### *My income problem was temporary. Do I need to sell my home?*

You may be able to keep your home. You need to convince your mortgage company of two things:

The problem that caused the mortgage payment disruption was beyond your control – illness, injury, temporary disability or forced job change are a few examples

You are now solidly in a position to stay current on your mortgage payments and make some progress towards making up the delinquent amount.

We can help. Get our Free Guide:

Getting lender approval on a Forbearance or Loan Modification Agreement

### *What is a Forbearance Agreement?*

A Forbearance Agreement is a written agreement with your mortgage company in which you arrange to keep your home. The agreement will normally include two primary elements:

The borrower's promise to remain current on the mortgage going forward

Some plan for making up the delinquent interest and other charges. It may mean making additional payments to the mortgage company or the delinquent amount could be added to the loan to be paid later.

We hope this information has been helpful to you.  Remember to always check with your financial consultant before making any financial decisions.  By the way, if you know of someone who would appreciate our services, please call or e-mail us with their name and number and we will be happy to help them.  Or, please feel free to give them our names and phone numbers or e-mail, and they can contact us.  Serving Moorpark, Thousand Oaks, Simi Valley, Newbury Park, and parts of the San Fernando Valley.

Warmest Regards,

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