

# SHORT SALE FLOWCHART

## Definition of a Short Sale:

A sale of real estate in which the sale proceeds fall short of the balance owed on the property's loan. It often occurs when a borrower cannot pay the mortgage loan on their property, but the lender decides that selling the property at a moderate loss is better than pressing the current debtor. Both parties consent to the short sale process, because it allows them to avoid foreclosure, which involves hefty fees for the bank and poorer credit report outcomes for the borrower.

## Listing the property

The seller chooses a real estate professional who is experienced in the short sale process and that will guide them through the process. The real estate agent will also encourage the seller to meet with a CPA, Financial Planner, & Lawyer. The expertise of these professionals are imperative so that you have a better understanding of your options.

## Qualifying for a Short Sale Program

In order for a homeowner to qualify for a short sale the following must be true:

- Homeowner does not necessarily need to be late on their payments
- Homeowner has little to no equity in their property
- Homeowner has legitimate hardship as defined by their bank
- Homeowner is at risk of imminent default (not necessarily delinquent)

## Defining a Hardship by Majority of Lenders

- Significant cut in pay
- Temporary or permanent loss of job
- Divorce
- Illness or death in family
- Increase in property taxes
- Natural Disaster
- Increase in payment due to interest rate adjustment
- Relocation

## PRE-SHORT SALE APPROVAL

LISTING TAKEN/HARDSHIP LETTER/  
AUTHORIZATIONS OBTAINED

SHORT SALE PACKAGE REQUESTED  
FROM LENDER

INITIAL REQUIREMENTS FROM LENDER

OFFER ACCEPTED - NEGOTIATING PROCESS  
BEGINS WITH LENDER  
BANK MAY COUNTER

FINAL REQUIREMENTS SENT TO SELLER'S  
LENDER WITH HUD

## APPROVAL

UPON SELLER'S LENDER APPROVAL  
SETTLEMENT AMOUNT OBTAINED  
SHORT SALE OR RELEASE OF LIEN  
DISCLOSED BY LENDER  
FAST TRACK TO CLOSE  
INSPECTIONS COMPLETE  
CONTINGENCIES REMOVED

## CLOSING

DOCS SIGNED BY ALL PARTIES.  
MONIES DEPOSITED BY BUYERS AND/OR  
SELLERS.  
ESCROW CLOSES IN COMPLIANCE WITH  
LENDER INSTRUCTIONS AND APPROVAL  
LETTER(S).  
SHORT SALE LENDER(S) ARE PAID THE  
AMOUNT THEY APPROVED IN APPROVAL  
LETTER.