



The Life Cycle of a Short Sale – from the Seller's point of view

- A. Document Collection- Complete Short Sale Application Provided by your Realtor
 - 1. Hardship letter, authorization
 - 2. Financials: tax returns, paystubs, bank statements, 1099s, etc.
 - 3. List of monthly expenses
 - 4. Copies of mortgage/hoa statements
 - 5. Consult with legal counsel, tax advisor and credit counselor

- B. Sign Listing Agreement to sell your house
 - 1. List at fair market value, put on MLS, Property Nut, Visual Shows, etc...
 - 2. Receive offer(s) and negotiate terms with one willing to open escrow on your house.

- C. Submit Short Sale Packet to Lender
 - 1. Include all seller documentation from section I.
 - 2. Include executed offer on home including the estimated HUD settlement statement from the Title Company.
 - 3. Comparable Market Analysis is also included to show market value of home.

- D. Verify receipt of short sale application/package by Lender(s) which can take 3-30 days for anything to show up in the lender's system.

- E. BPO is Ordered
 - 1. Broker's Price Opinion, ordered by the lender- mini appraisal to determine value for lender to be sure that the offer submitted is in line with value of home.
 - 2. Sometimes it's a drive-by, sometimes it's interior and we'll need to make arrangements for them to gain access to your home.
 - 3. Can take 7-30 days for this to be completed and to show up in your lender's "system".

- F. Negotiator Assigned (Sometimes E & F are in opposite order, depends on the particular Lender)
 - 1. Can take 15-60 days for negotiator to review your file depending on their volume.
 - 2. Checks for completeness of file and valuation being in line for Investor of loan.
 - 3. Makes a recommendation to Investor – or counters Buyer's offer.

- G. Investor Approval
 - 1. Reviews file and recommendation from negotiator and approves or denies short sale
 - 2. Can take 15-30 days to sign off on approval - If Fannie Mae/Freddie Mac backed loans: 30 days
 - 3. If approved, an approval letter is sent to Realtor with the terms and conditions of the approval:
 - 4. Realtor commission is often cut, the lender will not pay certain fees, must close in 30 days, etc.
 - 5. Could include promissory note or contribution by seller, etc.
 - 6. Will state how loan will be reported for credit, tax and deficiency rights.

- H. CLOSING OCCURS- Road to Recovery begins!

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