

The Short Sale Guide for Sellers

Inside you'll discover how you can...
Avoid Foreclosure, Have Peace of Mind,
Sell Your Home For Less Than You Owe
the Bank, Save your Credit and Have
Your Lender Pay All the Fees and Owe
Absolutely Nothing!

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Arizona Short Sale Advisory- This advisory has been created by the Arizona Association of Realtors and it's a great resource of information.

Short Sale Addendum to the Listing Agreement-This addendum amends the standard listing agreement and discloses the terms of the short sale.

Short Sale Addendum to the Purchase Contract-This addendum amends the standard residential purchase contract with modified terms of the short sale.

Short Sale, Pros & Cons

Benefits of a Short Sale

- Retain some dignity in knowing that you sold your home and "defaulted responsibly".
- You won't suffer the social stigma of the "F" word: foreclosure.
- No mortgage payments to make, unless you choose to make them.
- You can meet the new owners.
- You will be eligible, under Fannie Mae guidelines, to buy another home in 2 years instead of 5 to 7 years in a foreclosure. If your credit report does not reflect a 60-day+ late pay, under Fannie Mae guidelines, you will be eligible to buy another home immediately.
- For many sellers, though, the chance to buy another home in two years is the real motivation to do a short sale. Good credit behavior can supplant bad credit after two years, even though the derogatory will remain.

Drawbacks to a Short Sale

- Waiting for the bank to respond to an offer is frustrating.
- The bank will want to examine personal records such as tax returns, bank accounts, assets and liabilities, in addition to asking for a hardship letter from you.
- Accommodating buyers will mean keeping your home in spotless condition for weeks until an offer is received and putting up with traffic through your home.
- There is no assurance the bank will accept a short sale offer.
- The derogatory credit will remain on your credit report for 7 years.

Short Sale vs. Foreclosure

A foreclosure will devastate your credit. Your credit score can be lowered by as much as 300-400 points (or more) and you'll be hounded day and night by your lender. Even worse, you'll have difficulty getting credit cards, auto loans or even renting a home or an apartment for the next 5-7 years. Your home will be repossessed by the bank and the bank will sell your home, either at auction, or more likely through a real estate agent, with a large sign out front that says "Bank Foreclosure".

They even charge you a hefty fee for the privilege of getting foreclosed on! This is financial suicide, and it is totally unnecessary because... **Your lender does not want to foreclose on your home.** It's true. They would much rather have you stay in your home and continue making your payments, or have you sell it and get it off their books, even if it requires them taking a financial loss. Remember, banks are in the lending business, not the real estate business.

The following table compares and contrasts between a Foreclosure and a Short Sale.

Foreclosure vs. Short Sale



Issue	Foreclosure	Successful Short Sale
Credit Impact	In a foreclosure, credit scores may drop between 250-400 points. Typically a Foreclosure will affect a credit file for 5 years and will be reported for 10 years.	In a Short Sale, only delinquent payments on mortgage accounts will negatively impact your credit. After the short sale, the creditor reports it as "paid as agreed," "paid as negotiated," or "settled." This usually drops your credit score as little as 50 points if all other payments are made on time. A Short Sale's effect on your credit can be as brief as 12-18 months.
Credit Reporting	A foreclosure will remain as a public record permanently and on your credit file for at least 10 years.	A Short Sale is not reported on your credit file. There is no specific reporting designation for a short sale. The account is typically reported as "paid in full, settled or negotiated."
Deficiency	<p>In All states, except Arizona and those where states where there is no deficiency, the bank has the right and will pursue the homeowner for deficiency judgment. In those states in which there is no deficiency, including Arizona, any 2nd mortgages are NOT covered by the non-deficiency statute.</p> <p>If the bank forecloses on your house and it doesn't sell at auction, it will go through an REO system that will result in a lower sales price and longer time to sell in a declining market. You deficiency, which is the NET amount difference between what you owe and what the house sold for, could be much higher exposing you to higher liability and tax ramifications. Remember, even in those states that NON-Deficiency Laws such as Arizona, 2nd Mortgages are NOT protected. Those creditors will pursue deficiency judgments for the entire balance owed plus costs and fees.</p>	<p>In a successful short sale with a Proven Short Sale Pro™ the negotiation doesn't stop at lien release. We ALWAYS go the extra mile and negotiate to relieve or to settle any deficiency, especially with 2nd mortgages. This will save your thousands and future stress and anxiety.</p> <p>In a Short Sale, the home is usually sold for market value. The creditor actually participates by determining the current market value by either an appraisal or a Broker Price Opinion (BPO). A short sale will almost always result in lower deficiency and with if we are negotiating your Short Sale, we will either work to relieve the entire deficient amount or negotiate the best case settlement of the deficient balance.</p>

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Issue	Foreclosure	Successful Short Sale
Future Fannie Mae Loan – Non-Primary Residence	For an investor with a foreclosure on your credit file will result in becoming ineligible for a FNMA backed mortgage for a period of 7 Years.	An investor that successfully closes on a short sale will be eligible for a new FNMA backed mortgage after only 2 Years.
Future Fannie Mae Loan – Primary Residence	A foreclosure on your credit report will result in becoming ineligible for a FNMA backed mortgage for a period of at least 5 years.	A successful short sale will allow the seller to become eligible for a new FNMA mortgage after only 2 years.
Future Loan with any type of Mortgage	In section VIII of the standard 1003 loan application, question C asks, “Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?” This will have drastic effects on your future interest rates and credit worthiness.	There is no such disclosure or question regarding a short sale.

Why you Need a Short Sale Pro?

There are two reasons why I think you’ll want to use me and my team to short sale your house. The first reason is that I know what I’m talking about. I’ve been a real estate professional in Arizona since 2002 and I don’t have to convince you that Arizona is ground zero for short sales. I’ve guided enough buyers, sellers, and “rookie” agents through the short sale process to, well, write about it. The second reason is that me and time take great pride in being persistent and tenacious negotiators. We are no fans of the banks and really go to battle for our sellers.

Short sales aren’t rocket science but they do require knowledge *ideally* born of experience, persistence, patience and several heaping tablespoons of top shelf finesse with a dash of clever with. While negotiating with banks is a conundrum in itself, getting a solid offer from a qualified buyer with the highest degree of desirability for your house to patiently wait for the lender’s approval, presents another unique challenge and let’s face it, without a rock solid offer you’ve got nothing to negotiate with the bank over anyhow. I’m going to help you get your house sold and your short sale proposal to the bank accepted! I know it sounds like a lot to ask you to have some faith, but call us now for a free, no obligation consultation and we’ll provide you with actual approval letters from your lender that we have obtained for past clients.

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It makes absolutely zero difference whether your lender is Indymac, Wells Fargo, Chase, Countrywide / Bank of America, CITI, Greentree, Seterus, Wachovia, First Franklin, Flagstar, GMAC, Greenpoint, Homecomings, HSBC, Irwin, Novastar, Option One, Aurora, Deutsche Bank.

We've successfully negotiated short sales with them all and each has a unique process and guidelines which must be met for them to approve the short sale. Playing an aggressive, active role in each bank's process is crucial to success. We have the systems and resources in place to consistently and continuously follow up on your file, and the persistence and tenacity to persuade your lender to accept and approve your best short sale settlement. You'll pay nothing. And in most cases, you'll owe nothing. You'll avoid having a foreclosure on your credit report and you'll be able to recover within 18-24 months, sometimes sooner, so you can take advantage of the low prices combined with low rates to buy you next home.

Over the past 5 years we have established inroads and special relationships deep within many of these lenders. We are intimately familiar with their specific rules and policies which give us the clear advantage and save our clients time, months, off of the short sale process. The shorter processing time period helps mitigate the impact on your credit file if you are not able to make mortgage payments.

WARNING: A Deed in Lieu of Foreclosure is Foreclosure. Your credit record will show Foreclosure.

WARNING: Bankruptcy will not stop a Foreclosure unless you can afford to begin making regular payments again, and can afford to pay extra each month to make up past due payments. Consult a real estate attorney (not a bankruptcy attorney) before you file for bankruptcy.

The Short Sale Timeline



Our Short Sale clients can expect their house to be priced aggressively and marketed to both investors and traditional buyers, which means they can expect lots of showings, several times a day in some cases. The goal is to get the highest and best offer in the shortest time possible. Prospective buyers and their agents are instructed to direct all questions regarding the short sale to us so as to not put any additional, unnecessary stress on our clients.



Paperwork

In addition to the listing agreement we require a few documents to be completed by our Short Sale clients and returned to us promptly. A simple financial statement to itemize your expenses and a short letter that explains your hardship plus a couple of forms that authorizes us to negotiate with your lenders is required. Our previous short sale clients have shared us that it took them between 2-3 hours to complete the paperwork.

The Offer(s):

It is our goal to get an offer on your property within the first month of listing. Often, we attract multiple offers. Once the offer (s) are received on your property, the Short Sale process begins and take anywhere from 6 weeks to 6 months. This timeline varies with each lender. To keep our clients updated and informed on the process of their short sale listing, we provide a log in to our back end system that is updated as events occur. Alternatively, you can always email update@myrealpros.com as well as calling us for an update. However, due to the high volume of calls from prospects, clients, agents, escrow offices and lenders, and since we are spending most of our time negotiating a successful transaction with your lender(s), it is almost impossible for us to respond to any call on the same day. In many cases we will return calls personally with-in 24 hours. Once the lender has been persuaded to accept the offer, then you will need to sign that offer so that we can open escrow and enter the final phase of the short sale process.



The Process:

The next milestone, once the lender has reviewed the Short Sale package, is the ordering of a BPO (Broker Price Opinion) by the lender. This is similar to an appraisal and once the lender receives their report, they usually make a final decision shortly thereafter. The BPO/Home Valuation help the lender(s) figure out what their net proceeds will be and how much of a loss they will be writing off. Your property will remain 'Active' on the MLS until the lender accepts the offer. So that we can attract back up offers incase the original buyer walk away, which happens due to the length of time it takes the lender(s) to approve the short sale. Please be patient throughout this process. At times you may feel things are going too slow, but remember this is not a regular transaction and can take longer to complete.

The Accepted Offer:

Once an offer has been approved by the lender, we will notify you that we are going to proceed and close the transaction. The lender may demand to close escrow anywhere from 10-30 days, so be prepared. Begin packing and arranging for your next residence. If the buyer does not close by the lender's deadline, the next highest bidder in line may be accepted.

It is important to note and keep in mind that if the buyer(s) cannot perform and close on time, the lender may decide to proceed with the foreclosure thus severing the opportunity for all parties involved to complete a successful transaction.

The Close of Escrow:

You, as the seller, will be instructed to sign seller documents at the escrow office. Please bring with you your I.D., all keys, garage door openers, and a good attitude. We will celebrate your new freedom from this financial burden and stress.

Your Financial Freedom:

Keep all of your copies of the documents pertaining to this sale in a safe and secure place. Call us with your new forwarding address so we can keep in touch with you throughout the year and offer you assistance in preparing yourself for future financial success. Try not to incur any new debt and try to keep low balances on any credit cards you may have. Maintain good consumer credit by not paying late on your currently active accounts.

Pay your rent by check or some other way that can be tracked to show evidence that you are paying on time. This will help you should you choose to purchase a new property in the future.

In Conclusion

We hope this information helps you to keep stress at a minimum during this process and as you prepare for the future. We understand that this decision may have been very difficult to come to. With that in mind, we just want to remind you that the whole purpose of this transaction is to position you, and your family, for a healthier financial future; one which allows for security and freedom.

Our professional Short Sale negotiators are aggressive and tenacious. We are looking forward to working with you toward a successful transaction! Please keep this document as reference so you can always know what to expect during the short sale process.



Tax Consequences of a Short Sale

Typically, the tax consequences will be less severe vs. letting the home go to foreclosure. If the home is sold at foreclosure auction, you will still receive a 1099-A for the amount the lender lost due to the sale. In a short sale, most lenders (except for those that are out of business and not worried about the O.T.S.), will ALWAYS give you a 1099-C for the amount they have lost due to the short sale, if they decide to not seek a deficiency judgment (in almost EVERY case they will opt to send you a 1099-C for the amount of the loss).

We always recommend that you consult with a CPA regarding taxes. Additionally, we recommend that you become familiar with IRS form 982 prior to deciding the pursuit of a short sale. Many situations are exempt from debt forgiveness according to the Mortgage Forgiveness Debt Relief Act of 2007, revised in 2009, however since I cannot legally provide you with any tax or legal advice you should speak to a tax accountant to determine the amount of short sale tax consequences, if any, and whether you can afford to pay those taxes, if any exist in your special situation. The following is an excerpt from the IRS's website regarding the tax consequences of cancelled debt.

The Mortgage Forgiveness Debt Relief Act and Debt Cancellation

Reviewed or Updated: January 24, 2012, (<http://www.irs.gov/individuals/article/0,,id=179414,00.html>)
IR-2008-17

If you owe a debt to someone else and they cancel or forgive that debt, the canceled amount may be taxable.

The Mortgage Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualifies for the relief.

This provision applies to debt forgiven in calendar years 2007 through 2012. Up to \$2 million of forgiven debt is eligible for this exclusion (\$1 million if married filing separately). The exclusion does not apply if the discharge is due to services performed for the lender or any other reason not directly related to a decline in the home's value or the taxpayer's financial condition.

More information, including detailed examples can be found in [Publication 4681](#), Canceled Debts, Foreclosures, Repossessions, and Abandonments. Also see IRS news release [IR-2008-17](#).

The following are the most commonly asked questions and answers about The Mortgage Forgiveness Debt Relief Act and debt cancellation:

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What is Cancellation of Debt?

If you borrow money from a commercial lender and the lender later cancels or forgives the debt, you may have to include the cancelled amount in income for tax purposes, depending on the circumstances. When you borrowed the money you were not required to include the loan proceeds in income because you had an obligation to repay the lender. When that obligation is subsequently forgiven, the amount you received as loan proceeds is normally reportable as income because you no longer have an obligation to repay the lender. The lender is usually required to report the amount of the canceled debt to you and the IRS on a Form 1099-C, Cancellation of Debt.

Here's a very simplified example. You borrow \$10,000 and default on the loan after paying back \$2,000. If the lender is unable to collect the remaining debt from you, there is a cancellation of debt of \$8,000, which generally is taxable income to you.

Is Cancellation of Debt income always taxable?

Not always. There are some exceptions. The most common situations when cancellation of debt income is not taxable involve:

- **Qualified principal residence indebtedness:** This is the exception created by the Mortgage Debt Relief Act of 2007 and applies to most homeowners.
- **Bankruptcy:** Debts discharged through bankruptcy are not considered taxable income.
- **Insolvency:** If you are insolvent when the debt is cancelled, some or all of the cancelled debt may not be taxable to you. You are insolvent when your total debts are more than the fair market value of your total assets.
- **Certain farm debts:** If you incurred the debt directly in operation of a farm, more than half your income from the prior three years was from farming, and the loan was owed to a person or agency regularly engaged in lending, your cancelled debt is generally not considered taxable income.
- **Non-recourse loans:** A non-recourse loan is a loan for which the lender's only remedy in case of default is to repossess the property being financed or used as collateral. That is, the lender cannot pursue you personally in case of default. Forgiveness of a non-recourse loan resulting from a foreclosure does not result in cancellation of debt income. However, it may result in other tax consequences.

These exceptions are discussed in detail in Publication 4681.

What is the Mortgage Forgiveness Debt Relief Act of 2007?

The Mortgage Forgiveness Debt Relief Act of 2007 was enacted on December 20, 2007 (see News Release IR-2008-17). Generally, the Act allows exclusion of income realized as a result of modification of the terms of the mortgage, or foreclosure on your principal residence.

What does exclusion of income mean?

Normally, debt that is forgiven or cancelled by a lender must be included as income on your tax return



and is taxable. But the Mortgage Forgiveness Debt Relief Act allows you to exclude certain cancelled debt on your principal residence from income. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualifies for the relief.

Does the Mortgage Forgiveness Debt Relief Act apply to all forgiven or cancelled debts?

No. The Act applies only to forgiven or cancelled debt used to buy, build or substantially improve your principal residence, or to refinance debt incurred for those purposes. In addition, the debt must be secured by the home. This is known as qualified principal residence indebtedness. The maximum amount you can treat as qualified principal residence indebtedness is \$2 million or \$1 million if married filing separately.

Does the Mortgage Forgiveness Debt Relief Act apply to debt incurred to refinance a home?

Debt used to refinance your home qualifies for this exclusion, but only to the extent that the principal balance of the old mortgage, immediately before the refinancing, would have qualified. For more information, including an example, see Publication 4681.

How long is this special relief in effect?

It applies to qualified principal residence indebtedness forgiven in calendar years 2007 through 2012.

Is there a limit on the amount of forgiven qualified principal residence indebtedness that can be excluded from income?

The maximum amount you can treat as qualified principal residence indebtedness is \$2 million (\$1 million if married filing separately for the tax year), at the time the loan was forgiven. If the balance was greater, see the instructions to Form 982 and the detailed example in Publication 4681.

If the forgiven debt is excluded from income, do I have to report it on my tax return?

Yes. The amount of debt forgiven must be reported on [Form 982](#) and this form must be attached to your tax return.

Do I have to complete the entire Form 982?

No. Form 982, *Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Adjustment)*, is used for other purposes in addition to reporting the exclusion of forgiveness of qualified principal residence indebtedness. If you are using the form only to report the exclusion of forgiveness of qualified principal residence indebtedness as the result of foreclosure on your principal residence, you only need to complete lines 1e and 2. If you kept ownership of your home and modification of the terms of your mortgage resulted in the forgiveness of qualified principal residence indebtedness, complete lines 1e, 2, and 10b. Attach the Form 982 to your tax return.

Where can I get this form?

If you use a computer to fill out your return, check your tax-preparation software. You can also download the form at IRS.gov, or call 1-800-829-3676. If you call to order, please allow 7-10 days for delivery.



How do I know or find out how much debt was forgiven?

Your lender should send a Form 1099-C, Cancellation of Debt, by February 2, 2009. The amount of debt forgiven or cancelled will be shown in box 2. If this debt is all qualified principal residence indebtedness, the amount shown in box 2 will generally be the amount that you enter on lines 2 and 10b, if applicable, on Form 982.

Can I exclude debt forgiven on my second home, credit card or car loans?

Not under this provision. Only cancelled debt used to buy, build or improve your principal residence or refinance debt incurred for those purposes qualifies for this exclusion. See Publication 4681 for further details.

If part of the forgiven debt doesn't qualify for exclusion from income under this provision, is it possible that it may qualify for exclusion under a different provision?

Yes. The forgiven debt may qualify under the insolvency exclusion. Normally, you are not required to include forgiven debts in income to the extent that you are insolvent. You are insolvent when your total liabilities exceed your total assets. The forgiven debt may also qualify for exclusion if the debt was discharged in a Title 11 bankruptcy proceeding or if the debt is qualified farm indebtedness or qualified real property business indebtedness. If you believe you qualify for any of these exceptions, see the instructions for Form 982. Publication 4681 discusses each of these exceptions and includes examples.

I lost money on the foreclosure of my home. Can I claim a loss on my tax return?

No. Losses from the sale or foreclosure of personal property are not deductible.

If I sold my home at a loss and the remaining loan is forgiven, does this constitute a cancellation of debt?

Yes. To the extent that a loan from a lender is not fully satisfied and a lender cancels the unsatisfied debt, you have cancellation of indebtedness income. If the amount forgiven or canceled is \$600 or more, the lender must generally issue Form 1099-C, Cancellation of Debt, showing the amount of debt canceled. However, you may be able to exclude part or all of this income if the debt was qualified principal residence indebtedness, you were insolvent immediately before the discharge, or if the debt was canceled in a title 11 bankruptcy case. An exclusion is also available for the cancellation of certain non-business debts of a qualified individual as a result of a disaster in a Midwestern disaster area. See Form 982 for details.

If the remaining balance owed on my mortgage loan that I was personally liable for was canceled after my foreclosure, may I still exclude the canceled debt from income under the qualified principal residence exclusion, even though I no longer own my residence?

Yes, as long as the canceled debt was qualified principal residence indebtedness. See Example 2 on page 13 of Publication 4681, Canceled Debts, Foreclosures, Repossessions, and Abandonments.

Will I receive notification of cancellation of debt from my lender?

Yes. Lenders are required to send Form 1099-C, Cancellation of Debt, when they cancel any debt of \$600 or more. The amount cancelled will be in box 2 of the form.



What if I disagree with the amount in box 2?

Contact your lender to work out any discrepancies and have the lender issue a corrected Form 1099-C.

How do I report the forgiveness of debt that is excluded from gross income?

(1) Check the appropriate box under line 1 on Form 982, *Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)* to indicate the type of discharge of indebtedness and enter the amount of the discharged debt excluded from gross income on line 2. Any remaining canceled debt must be included as income on your tax return.

(2) File Form 982 with your tax return.

My student loan was cancelled; will this result in taxable income?

In some cases, yes. Your student loan cancellation will not result in taxable income if you agreed to a loan provision requiring you to work in a certain profession for a specified period of time, and you fulfilled this obligation.

Are there other conditions I should know about to exclude the cancellation of student debt?

Yes, your student loan must have been made by:

(a) the federal government, or a state or local government or subdivision;

(b) a tax-exempt public benefit corporation which has control of a state, county or municipal hospital where the employees are considered public employees; or

(c) a school which has a program to encourage students to work in underserved occupations or areas, and has an agreement with one of the above to fund the program, under the direction of a governmental unit or a charitable or educational organization.

Can I exclude cancellation of credit card debt?

In some cases, yes. Non-business credit card debt cancellation can be excluded from income if the cancellation occurred in a title 11 bankruptcy case, or to the extent you were insolvent just before the cancellation. See the examples in Publication 4681.

How do I know if I was insolvent?

You are insolvent when your total debts exceed the total fair market value of all of your assets. Assets include everything you own, e.g., your car, house, condominium, furniture, life insurance policies, stocks, other investments, or your pension and other retirement accounts.

How should I report the information and items needed to prove insolvency?

Use Form 982, *Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)* to exclude canceled debt from income to the extent you were insolvent immediately before the cancellation. You were insolvent to the extent that your liabilities exceeded the fair market value of your assets immediately before the cancellation.



To claim this exclusion, you must attach Form 982 to your federal income tax return. Check box 1b on Form 982, and, on line 2, include the smaller of the amount of the debt canceled or the amount by which you were insolvent immediately prior to the cancellation. You must also reduce your tax attributes in Part II of Form 982.

My car was repossessed and I received a 1099-C; can I exclude this amount on my tax return?

Only if the cancellation happened in a title 11 bankruptcy case, or to the extent you were insolvent just before the cancellation. See Publication 4681 for examples.

Are there any publications I can read for more information?

Yes.

(1) [Publication 4681](#), Canceled Debts, Foreclosures, Repossessions, and Abandonments (for Individuals) is new and addresses in a single document the tax consequences of cancellation of debt issues.

(2) See the IRS news release [IR-2008-17](#) with additional questions and answers on IRS.gov

Whew! Okay, so that's just a small sample from FAQ section of the IRS website regarding cancelled debt and its tax consequences. I encourage you to go to the source and check it out for yourself

<http://www.irs.gov/individuals/article/0,,id=179414,00.html>

Again, you don't need to know all of this but you will need to contact a CPA or tax attorney for advice on the legal and/or tax ramifications of the short sale and how they might affect you. Finally CPAs and Attorneys are only as good as their enthusiasm for their job so it never hurts to get a second or even a third opinion. You'd be surprised at all of the CPAs and Attorney's out there who do not know the Mortgage Relief Act.

Deficiency Judgments

Pay very close attention to what I am about to tell you. Not reading this section can cost you thousands of dollars and not to mention unnecessary stress and anxiety! Homeowners can still be on the hook for the difference between what they "short-sell" their home for and what is actually owed the bank on the original note through what is called a "deficiency judgment." Deficiency judgments can be ticking time bombs that come back and blow up in your face years after you've short sold your home and moved on with your life thinking you've been released from all obligations. Imagine getting a phone call from a collection agency one night 3 years down the road and the caller informing you that you owe them \$65,000.00?

Just because your bank approved the short sale doesn't necessarily mean you've been released from any deficiency judgments or the jeopardy of future liability. The short sale approval is a totally separate issue from the release of future liability. You must insure your short sale agent has negotiated and received in writing a release from any and all deficiencies. We do!

Whether banks can and will pursue deficiency judgments depends on many factors, including what state

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the borrower lives in and whether or not there's a second mortgage or other liens. Arizona is a non-recourse state. Ignoring the possibility of a deficiency judgment can ruin you, especially if you have junior lien or 2nd. Be careful however because even in non-recourse states you may be subject to claims if your original purchase loan had ever been refinanced and cashed out. Lenders are often willing to release their right to seek a deficiency judgment however it must be negotiated. It is separate from the short sale approval. Don't assume. Be certain to insure that your short sale professional is able to secure in writing a release from future claims and/or negotiate an acceptable settlement.

Credit Impact of a Short Sale

If you have recently experienced a financial, medical or personal hardship and this has affected your ability to pay your mortgage you most likely have plenty on your mind. You may be feeling lost, not sure of what is the best path forward. Your next financial decisions could affect you for years to come. It is critical that you have solid, reliable information to devise a plan that will alleviate the stress now and in the future. Our Proven Short Sale Pros™ can guide you to the best solutions for you.

If you are facing foreclosure you should know the facts, the implications and what your options are. Being behind on your mortgage is stressful. If you can't see any way out of the hardship, then avoiding foreclosure should be on the top of your list to recover and re-establish your financial future. A short sale is a very respectable and responsible alternative that more and more homeowners are becoming eligible for in order to avoid the negative financial impact of a foreclosure.

A critical benefit of a successful Short Sale is the minimal impact it has on your credit. You can continue making your mortgage payments while we negotiate the short sale, thereby really minimizing the impact on your credit. Lender's even have special lending programs for homeowners going through a short sale, but continue to paying their mortgage on time.

I have, personally, negotiated a short sale for a client in Phoenix Arizona, whose credit score dropped by only 50 points. As compared to a 300 to 450 point credit score drop from a foreclosure. I have negotiated hundreds of short sales successfully and obtained lender approval. Furthermore, the impact of a short sale, even with missed mortgage payments, can be as brief as 18-24 months, where as a foreclosure will negatively impact your credit for at least 5 years or more.

In conclusion, the recovery period for a Short Sale is substantially shorter than a Foreclosure. Which means you can get back on track with your life and take advantage of the market and buy your next house much sooner.



At the end of this ebook I have included important documents that Arizona home owners considering a short sale should be familiar with:

- **Arizona Short Sale Advisory**- This advisory has been created by the Arizona Association of Realtors and it's a great resource of information.
- **Short Sale Addendum to the Listing Agreement**-This addendum amends the standard listing agreement and discloses the terms of the short sale.
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Please take a few minutes to read and review these important documents. It always reduces your anxiety and stress level if you know what to expect and there are no surprises.

The Short Sale Document Checklist

The supporting documents required to process a short sale is commonly referred to as a "Short Sale Package," This is a checklist of documents required to process your short sale and successfully obtain creditor approval. We require that you update us with current bank statements and paystubs as you receive them. Since time is of the essence in negotiating short sales, your promptness in returning these requested documents will greatly increase the likelihood of an approval.

- Alternatives to Foreclosure Disclaimer** (Disclaimer Provided)**
- Foreclosure Disclaimer & MARS Disclosure** (Disclaimer Provided)**
- Expectations and Timelines** (Acknowledgment Provided)**
- Short Sale Client Information Form ** (Form provided)**
- Bank Authorization & Release Form ** (Form Provided)**
- Exclusive Right to Sell Listing Agreement** (Agreement Provided)**
- Short Sale Listing Addendum ** (Addendum provided)**
- Real Estate Agency Disclosure ** (Disclosure Provided)**
- Short Sale Advisory ** (Advisory Provided)**
- Most Recent Mortgage Statement(s)****
- Hardship Letter –Signed and Dated (Sample provided)**
- Financial Statement – Signed and Dated (Form provided)**
- Copies of last 2 months Pay Stubs *or* letter of explanation**
- Copies of last 2 months Bank Statement *or* letter of explanation**
- Copies of last 2 Year Tax Returns *or* letter of explanation**
- IRS Form 4506 T (Form provided)**
- Seller's Property Disclosure Statement (SPDS) (Form Provided)**

****These items must be provided when we list your short sale.**



The remaining items must be provided when you accept an offer on your short sale listing. Items may vary depending on the lender.

The Hardship Letter

The **Hardship Letter** is an integral part of the short sale package and should be written by the seller and NOT their representative. It is used to explain to the lender the reasons for the borrower's need for a short sale. Reasons such as divorce, job loss, medical issues, etc. can and should be included. Don't give away too much detail. The hardship letter is a legal document with these specific requirements:

- A. What is your hardship,
- B. How did it happen?
- C. What is the resolution, "I want to short sale my house."
- D. Date,
- E. Borrower signatures.

Remember to state the following items in your hardship letter:

Hardships – What are your hardships (current and past). For example – unemployed, moving, car accident, medical problems (personal or family), Reduced Income, Divorce, Medical Bills, Too Much Debt, Death of my Spouse, Death of a family member, Payment Increase, Business Failure, Job Relocation, Illness, Excessive use of credit, Military Service, Incarceration

1. . Go into a little detail about each hardship. The following are the most important messages to get across to the Lender:
 - a. Why you will not be able to be current again on your loan.
 - b. We do not have enough income to make these payments.
 - c. We are leaving the property.
2. **Your Assets** – Explain that you have no assets with which to continue paying.
3. **Any signed exemptions of documents** – If you do not have bank statements, pay stubs or tax returns, you will need to explain the reason in more detail in your letter as to "why" you cannot provide those documents. (*i.e. I've been unemployed for 6 months and have not been able to find work*) Note- realize that if you don't have tax returns, then the bank will ask for Extension-Fillings. So, if you don't have Extension-Fillings either, explain why in this letter. (*i.e. "I haven't worked in over 2 years and so I haven't filed taxes nor extensions", or "I haven't filed my tax returns for the past 2 years and I failed to file extensions as well*).
4. **Bankruptcy** – You could also mention "I don't want to have to file bankruptcy".
5. **Short Sale** – State that you would like to Short Sale the property.

I'll provide some examples over the next few pages however your hardship letter must have your loan number and be signed and dated by all borrowers.

Hardship Letter Example #1



To Whom It May Concern:

*I have been unable to make my payments on my house, and I am now facing foreclosure. My inability to keep up with the monthly payments is the result of **(loss of job, illness, accident, death or disability of a wage earner – describe in detail what your hardship is)***

*In spite of my current financial difficulties, I expect that it will only get **(better /worse)**. I am not in a position to continue making my mortgage payments. This was not at all what I intended but I have come to the conclusion that short selling this property is my only option. Your help and consideration in this matter are very much appreciated.*

{Signature}* {Date}*

{Printed Name}*

Hardship Letter Example #2

To whom it may concern:

I purchased my home at _____ in _____. At that time I was employed by _____ and business was very good. My salary and the possibility of a promotion and raise made me sure that I could easily support my mortgage. Unfortunately, a downturn in the market caused my company to reduce its workforce and I was laid off.

After searching for a comparable job, I finally got a temporary position as an office assistant as I continuing seeking other work. I struggled for several months to make my mortgage payment, and was also hit with some medical payments that I did not expect (the COBRA payment was more than twice what I was paying when employed). I knew I would have to sell my home to protect my credit rating and possibly have enough cash left over for moving expenses and some savings. I put my home up for sale by owner in _____, but there were several problems that I did not have enough money to fix, such as the

broken fence in the back yard and some pretty severe leaks in the roof which indicated a new one was needed. Over the next three months I lowered the price three times but still had no takers. I am now working with a real estate agent and I believe she will be able to help me sell quickly.

I really love my house, but I know that I cannot afford it. I am a single parent, working as a temporary employee with few benefits and no savings. My financial situation cannot sustain a home mortgage of nearly \$2200 per month. I want to sell the home, avoid foreclosure and salvage my credit. I know that a foreclosure on my record will affect me for years to come. I would ask that you please assist me in avoiding this.



Please accept this offer as payment in full. My attorney has advised me to file bankruptcy, but I prefer to avoid further destruction of my credit. I just want to move on and start over. I deeply appreciate your help and understanding in this matter. If you have any questions, or need anything further from me, please contact my agent or me personally.

Sincerely,

{Signature}* {Date}*

{Printed Name}*

Hardship Letter Example #3

To Whom It May Concern:

I am writing this letter to explain the unfortunate set of circumstances that has caused us to become delinquent on our mortgage. We have done everything in our power to make ends meet. But unfortunately, we have fallen short and would like you to consider working with us to allow a short sale. We would really appreciate the opportunity to work with you on this matter.

The main reason that caused us to be late is (insert your reason here and be concise and to the point). With our income not being nearly enough, we had fallen further and further behind. It is our full intention to pay what we owe. However, it's now to the point where we cannot afford our current payments. We have exhausted all of our income and resources so we are turning to you for help. (State the approximate date and circumstances of your hardship and whether or not your situation is temporary or will be permanent.)

We feel that a loan modification (or short sale) would benefit us both. We would appreciate if you can work with us to lower the monthly payment so we can keep our home and also afford to make amends with your firm (or agree to a short sale).

We truly hope that you will consider working with us and we are looking forward to settling this so we all can move on.

Sincerely and Respectfully,

{Signature}* {Date}*

{Printed Name}*

Short Sale Eligibility



1. Has Your Home's Market Value Dropped?

Hard comparable sales will be used to substantiate that the home is worth less than the unpaid balance owed the lender. We will provide you at no charge a BPO to determine the current market value based on your lender's criteria.

2. Is Your Mortgage Currently In Default or Are You Certain It Soon Will Be?

It used to be that lenders would not consider a short sale if the payments were current, but not anymore. Realizing that other factors contribute to a potential default, many lenders are eager to head off future problems at the pass. *You do not have to be late on your payments but you must be able to convince them with your **hardship letter and financial net sheet** that you will soon become delinquent with your payments.* That means that at the end of the month after you subtract all of your expenses from your take home pay the result close to Zero or even negative, in the red.

3. Have You Fallen on Hard Times?

You have to write, sign and date letter of hardship that explains why you cannot pay the difference due upon sale, including why you will stop making the monthly payments. Obviously, these aren't real difficult questions for the majority of Arizonans to answer "yes!" to however let's be clear – not all situations merit a short sale and we will be the first to tell you if a alternate route is your best choice.

Situations that would NOT constitute a hardship from the banks perspective:

- 1. Making bad purchase decisions.** Blowing your paycheck on a home theater system with surround sound does not qualify as a hardship.
- 2. Not getting along with the neighbors.** Even if every home on your block has turned into a methamphetamine lab or a biker gang club house, that will not qualify as a hardship.
- 3. Buy and Dump.** The lender does not care if you have decided the home is no longer suitable for you or your family. Seriously - they don't. If you are going to buy another home, generally, it must be at least 50 miles away from your current house that you want to short sale. The only reason they'll accept under this "Buy and Dump" scenario is if you can show that the new house is closer to your work.
- 4. Pregnancy.** Increasing the size of your family or starting a family is not considered a hardship, until they become teenagers of course, at which point they will have more compassion but still not accept it as an excuse for shorting them thousands.

Bottom Line

If you think your lender cares about your situation or what they will view as self-inflicted pain to accept a short sale, think again. The bank is not attached to you or your house. For them it's an unemotional decision. At the end of the day, they'll decide to take accept the short sale if it nets them more money than going through the trouble of foreclosing on you. 99 out of 100 times your lender will net more money accepting the short sale offer on the table versus foreclosing. Of course you must be able to prove financial hardship!

Working with a Real Short Sale Pro



Let me be precise. I've intentionally created distinctions throughout this book between what I consider to be *typical real estate sales people* and true *real estate professionals* because it's critical for you to be able to make the right choice, the first time. Remember, you'll only get one shot at a successful short sale. So here's the problem. When short sale listings became a significant percentage of the available inventory of homes to be sold, *typical real estate sales people* with just enough knowledge to be dangerous instinctively began pitching themselves as *short sale experts*, which they clearly are not, and which is evidenced by the huge inventory of former short sale listings that have been foreclosed on. These agents contract out the negotiation of your short sale to an outside third party. They have to quality control and put you and themselves at the mercy of some third party processor that isn't accountable and often not even licensed.

Many of today's foreclosed upon homes are former short sale properties that never successfully closed escrow with the banks even though in many cases they received multiple offers; offers that went nowhere because the listing agents were typical real estate agents who were inexperienced, unskilled and unsuccessful in working with the banks or the buyers. It is almost an art form to market a short sale and then select the right buyer.

These agents represent the 90% plus who sell 1-4 homes per year according to the National Association of Realtors. Don't get me wrong though, many of these sales people are indeed experts. They are experts at convincing home owners to hire them!

Whether a surgeon, professional athlete or real estate professional, the skill an expert brings to a task is only gained through time and with vast amounts of experience. Tiger Woods makes golf look easy but seriously, how many times do you think he has practiced his swing? It boils down to experience and having done it successfully and having been there.

Selling 1-4 houses per year does not make for a Tiger Woods of real estate. A true real estate professional can sell homes in hot and cold markets. A true real estate professional not only knows what a BPO is, he or she has created boat loads of them. The learning and insights become unavoidable when you're consistently performing the same task.

In order to maximize the odds of a successful short sale, you need to find a real short sale pro. Obviously, it's imperative that your real estate expert know how to market your home effectively in the current tough market conditions we are all experiencing however, the 3 primary tasks that a true real estate professional performs are as follows:

1. **Educate** – This means to act as your consultant and advisor. They must ask the tough questions and then *listen deeply to understand* your particular situation so that they can provide the best advice.
2. **Negotiate** – When it comes to making their client money or saving their clients money, they take the task seriously and treat their client's money as if it were their own.
3. **Coordinate** – They must have the structure, systems and experience to coordinate the hundreds of transactional details including phone calls, emails, documents – everything. A mistake anywhere

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throughout the short sale process can cost you precious time and money.



So, how do you find this short sale pro? I told you I'd make it easy. **Simply call the local Arizona number at the end of this book and speak to me or one of my colleagues. There is never any obligation and we love to share our insights and extensive short sale experience with you. At minimum, you'll gain some peace of mind and valuable insight into how this could turn out for you.**

Determining Your House's Value

This is the point in the game where it's going to help having an experienced real estate expert on your team. You can log onto any number of websites such as Zillow.com or Realtor.com for a very rough estimate of your home's value however, a true real estate professional will understand the subtle as well as not so subtle nuances in your market place that can change your home's value – things like **pent-up demand** due to a lack of similar inventory or recently sold comparables that really aren't all that comparable and know how to adjust for the differences.

It's important that the valuation be precise, reliable and logical. Me and my team of short sale pros will create and provide a **B.P.O. (Broker Price Opinion)**. The B.P.O will show you the recent sold homes that are similar or comparable to yours as well as the competition, the active listings that are for sale in your neighborhood. It will also explain price adjustments. In a perfect world, they'd find exact model matches right next door or just across the street from your home however things usually (*read never*) go that easy and when they don't...

Your team of short sale pros will strive to show the bank comparables within a **2 mile radius** that were **built roughly the same time** and include **basically the same features** and are **approximately the same size** that have **sold within the past 6 months**. When this is not possible, they will need to begin making adjustments to distance, age, features, size etc. until they come up with the most logical comparables.

The BPO will incorporate and *explain* adjustments made to the value determination based on any number of possible scenarios including but not limited to property condition, area noise, views, neighborhood blight, proposed community changes, proximity to shopping, parks, schools, airports – anything that can affect value.

If and when your lender agrees to entertain the short offer you submit, they will send an appraiser out or hire a local real estate broker to provide a B.P.O. for them. Understandably, they want the highest and best offer or an offer that reflects fair market value based on their own BPO or appraisal.

We *always* seek the highest and best offer that we can obtain. The bank needs to feel their best interests are truly being represented since they are the ones taking the loss and paying all the costs and fees associated with the sale. Many "typical real estate agents" will make the often times fatal mistake of either under or over pricing the home and/or submit the very first offer they receive straight away to the bank.



How do you think the bank might look upon an offer that doesn't include a counter offer from your agent trying to nudge the potential buyers up a bit? I've seen this happen before and can tell you most assuredly that the bank will assume your agent isn't representing them aggressively and doesn't care.

Me and my team of short sale pros will demonstrate to the bank that we have done all we can possibly do to determine fair market value and obtain the best possible offer. Let me say one last thing about determining your home's value. *Your home is only worth what somebody is willing to pay you for it.* How do most interested home buyers determine what to offer? Hint: It's not your asking price. Your asking price plays only a small part in that it either attracts or repels offers.

If your asking price is too high because you're working with a typical real estate agent who either a) *didn't have a clue when suggesting the list price* or b) *allowed you to dictate the price based on your own emotional attachments and intuition because they were intimidated by you*, most buyers will simply ignore your home and it will stagnate on the market, becoming harder and less likely to sell with each passing day.

A home that's been on the market 90 days is harder to sell than a home that's been on the market 9 days. Why? First, buyers assume something must be wrong with it and second, if they are interested, they will assume you don't have any other offers and low-ball you.

A typical real estate agent doesn't know how to handle this self-inflicted chaos. They will either accept the low ball offer (which the bank will reject) or make a pathetic effort at counter offering the buyer up but at this point it's often times too late because you're now only attracting bottom feeders who either can't afford to increase their offer or are only looking for "deals" and all the while the clock keeps ticking.

Many short sales fail and become foreclosures because the bank got tired of waiting for your agent to "get real", that's why it's critical you work with a true real estate professional who understands all of this.

Listing Your House for Sale

Let's assume now you're qualified for a short sale and that you've found an expert to guide you safely through the process and that he or she has created a solid BPO and determined the "60-Day Sales Price", that is, the price that you can reasonably expect to obtain from more than one motivated and qualified buyer(s) within 60 days.

In this stage, putting your home up for sale as a short sale is no different than listing your home for sale as you would a traditional sale *except for the fact that you must advise interested buyers that any final sale is subject to lender approval.*

There's no ominous sign in the yard to indicate you're doing a short sale. In fact, there may not be any sign in the yard at all. Every market is different. Leave the marketing up to your expert.



A true real estate professional will want to "fly the plane" so to speak. When it comes to having a sign or not having a sign, whether or not you should allow agents to access your home when you're away, holding open houses or not holding open houses, a pro will gently insist you avoid coming up into the cockpit and trying to fly. Just like you, they don't want their time or resources wasted. You may or may not already know this but many traditional marketing techniques are great for promoting the agent but actually hinder the sales process. For example, I stopped creating and providing the "pull up and take-one property brochures" a long time ago after realizing *through experience* that they mostly only served to prevent potential buyers from calling to engage with me.

A flyer cannot sell the house as well I can over the phone and I'd rather a potential buyer actually see the home personally before making a decision one way or the other. Sometimes a picture on a flyer will falsely convince a potential buyer that the home is not for them even when it just might be exactly what they are looking for.

I stopped using them. The end result was more buyers calling the number on my sign to ask about the house. After describing all of the features and benefits of the home and community over the phone and removing their inaccurate assumptions and ideas, I'd invite them for a private tour and guess what, they'd come! Go figure.

Choosing the Very Best Offer

Offers come in all shapes and sizes and as they say, bigger is not always the best. Here's an example of what I'm talking about:

Subject property asking price based on detailed BPO and experienced agent's knowledge of market: \$329,000.00.

Time on market: 7 days.

Offers received: 3

Buyer #1: These folks got their offer in fast. They are frustrated after having already submitted offers on 4 other homes over the past 46 days and been rejected on each occasion. The *typical real estate agent* they are working with is also frustrated and would love to earn a commission check and move on to the next transaction. They are aggressive this time and come in over asking price.

Offer: \$335,000.00

Financing: FHA

Earnest Deposit: \$3,000.00

Close of escrow: 30 days.

Requested seller concessions: None



Buyer #2: This is the first offer they have written. They have a slightly more experienced typical real estate agent helping them who wrote up the contract and sent it over via fax. It included a meaningless pre-approval letter and nothing else except for the blank cover page with my fax # written across it.

Offer: \$329,000.00

Financing: Conventional 20% down.

Earnest Deposit: \$10,000.00

Close of escrow: 30 days

Requested seller concessions: \$3k credit toward closing costs.

Net offer: \$326,000.

Buyer #3: First time home buyers lucked out and got referred to an experienced real estate professional who has helped several colleagues at their place of employment find or sell a home. This is their first time looking and only their 3rd home visit but the place is perfect and the price is right. It's no accident they were able to avoid previewing 2 dozen homes before finding just the right one because their experienced real estate professional took the time and asked great questions up front and got a crystal clear picture of what "perfect" would look like for them.

Offer: \$325,000.00

Financing: Conventional 20% down.

Earnest Deposit: \$10,000.00

Close of escrow: 30 days.

Requested seller concessions: None

In the case of buyer #3 the agent also included a copy of the buyer's credit great credit report, as well as a letter from a bank indicating they had been *approved for conventional financing* for the appropriate price *contingent upon appraisal and property condition only*, as opposed to a basic pre-approval letter anyone with a pulse can obtain. They also included the sales comparables they used to arrive at their offer price. The offer was presented very neatly and professionally and included a cover letter indicating what the offer contained and shared some of the enthusiasm the buyers had for the home.

The experienced real estate professional recognizes the ideal candidate is buyer #3 immediately. The fact that they have a 20% down payment makes them stronger candidates than the FHA buyers and less likely to experience financing problems after the offer has been accepted. The way the offer was presented instilled confidence in the selling agent that the buyer's agent would be able to manage his or her side of the transaction effectively and probably be easier to work with than buyers #2, who don't appear as strong since they are seeking a cash credit to help with their closing costs.

You'd be amazed at the sloppy offers I've received from so called professionals. No cover page, missing pages, missing signatures, no approval letter, hand scribbled notes on fax covers that can't be comprehended. Do you know what I think when I see these? I think the agent either whipped it together in 3 minutes because they aren't really serious and have no faith in the offer and/or their clients ability to actually close escrow and so they don't want to invest much time on it or they are just plain lazy.



According to the National Association of Realtors (N.A.R.) the average real estate transaction generates 107 phone calls from the time the offer is received to the day the escrow closes. With a short sale, quadruple that. Having to rely upon a sloppy or lazy agent on the other side of the transaction while trying to get a short sale closed not only increases the work load with additional phone calls chasing documents and signatures but also increases the time it takes to close and the odds of outright failure.

Let me share with you another secret and save you a ton of trouble. *Many buyers submit multiple offers on several properties at the same time assuming it will increase their odds of success.* If you accept an offer from a buyer like this, what do you think will happen if they have another offer approved before you get an approval? What will happen is they will cancel their offer and leave you high and dry.

If you're fortunate, you've obtained a back-up purchase offer from another buyer but still, you'll be forced to re-submit the new offer and start the entire process all over again with the bank.

I'm going to tell you how I've evolved my practice to completely avoid this problem with a powerful and simple technique. I require the buyer with whom we've accepted an offer from to submit an earnest money deposit. This money gets deposited with the title company and either returned upon close of escrow or delivered to escrow and used as part of the buyers earnest money deposit once we have acceptance from the bank.

If they are not willing to provide a deposit, I am not willing to accept their offer and it's that simple. Of course some buyers will complain. Which ones? The ones you don't want; the type who will inevitably waste your time and ruin your chance of a smooth and successful short sale. Think of a buyers deposit system as a filter that keeps the junk out. A solid buyer who truly wants your house will be thrilled to provide a deposit because it will make them feel one-step closer to getting it.

Submitting Your Short Sale Package

It's time to talk to the bank. The very first communication we have with the bank is over the phone. We'll simply call the bank, explain who we are and what our role is and then ask where we need to send the "Authorization to Release Information Form" so that the bank will authorize a negotiator to speak with us regarding my clients loan information and the short sale proposal.

Once we obtain the proper contact information for the banks Loss Mitigation Dept. we will make contact and confirm where to send the short sale package. We will request an email address, fax number, and physical address to send the package to. Whenever possible, we submit 3 packages. We will overnight, fax and email all of the documents in one fell swoop including but not limited to:



- Cover Letter
- Hardship Letter
30 days of paystubs
- 60 days of bank account statements
- 2 years taxes
- Estimated Settlement sheet with breakdown of estimated closing costs.
- Listing contract
- Purchase offer including counter offer(s).
- Sales comparables (BPO).
- Authorization to Release Information.
- Preliminary title report.

Negotiating With the Bank

Contrary to popular opinion, short sales don't have to take months. The reasons they often take so long are numerous, but working with an experienced professional is guaranteed to speed things along.

The 5 Critical Questions: Answer them properly and get your short sale offer approved in 15 minutes.

1) What's the value?

2) What's the offer?

3) What's the 1st Getting?

4) What's the 2nd Getting?

5) Will we net more money if we approve this short sale or foreclose?

It's *almost* that simple however....

Your agent first needs to know how to quickly gain access *to* and establish a great relationship *with* the asset manager assigned to your account and as always, first impressions really are *everything*. Since you only get one shot at first impressions, how tight is your short sale package? I can assure you that the short sale packages my team submits are the exception and not the rule. Send a tight, clean package with an offer that can be supported by your BPO. I always require that the appraiser or broker the bank sends out to complete an independent home valuation contact me for access to the property. I meet them at the property and provide sales comparables and information about the neighborhood that supports the BPO I've already submitted with the original BPO to the bank. This is always appreciated, makes their job easier and slides their valuation in my direction – and in your favor!

Every communication we have with the bank is designed to make them want to work with us. We employ a cooperative negotiating tactic and not a contentious one.

Every time we call to check the status of our offer (*my rule is a minimum of 3 communications per week regardless of their requests*) I know that when the negotiator looks at our file, they will breathe a sigh of relief because unlike all the other files they are working, ours is clean and accurate and answers their **four critical questions** properly!

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What's the value?

What's the offer?

What's the 1st getting?

What's the 2nd getting? (2nd mortgage if applicable)

Will the bank net more money if they approve this short sale or foreclose?

Again, good answers to those questions are *all* that's required for the banks loss mitigation manager to sign off and accept your short sale. These answers must be supported by their B.P.O. (broker price pinion), preliminary title report and Final Settlement sheet.

The faster you can put the right answers, supported by the facts, into the hands of the decision maker at the bank, the quicker you can get an acceptance to your offer, a sold home and a credit report that's often improved with the removal of the mortgage debts. By working with an experienced real estate professional who understands the process for immediately delivering *the right package to the right person*, you can practically guarantee your success AND avoid *months* of unnecessary stress brought about by not knowing if you'll be able to successfully short sale your home and save your credit.

So, knowing what you now know - if you think a short sale makes the most sense for you and you'd like to take the next step in the process, just call 480-264-0555 x77 for FREE over the phone consultation. Put me and my team of short sale pros to work for you today...

We'll get to work creating a strong, accurate and thorough B.P.O. (broker price opinion) that will give us your homes 60-day sales price, a bullet-proof marketing plan and begin working with you to construct the perfect short sale package.

Perhaps you think your short sale would never get approved because you show too much income? Maybe your situation isn't yet desperate but could be in the future. Can you still get a short-offer approved? Whatever your situation, if you owe more than your property is worth and would like to sell it through a real estate short sale do this:

Call 480-264-0555 x77 and stay on the line after the brief recording to connect with me or a member of my team for a free consultation or email me at shortsalepro@myrealpros.com

I wish you the very best of success with your real estate future and hope to be able to serve you in the process!

Short Sale Seller Advisory

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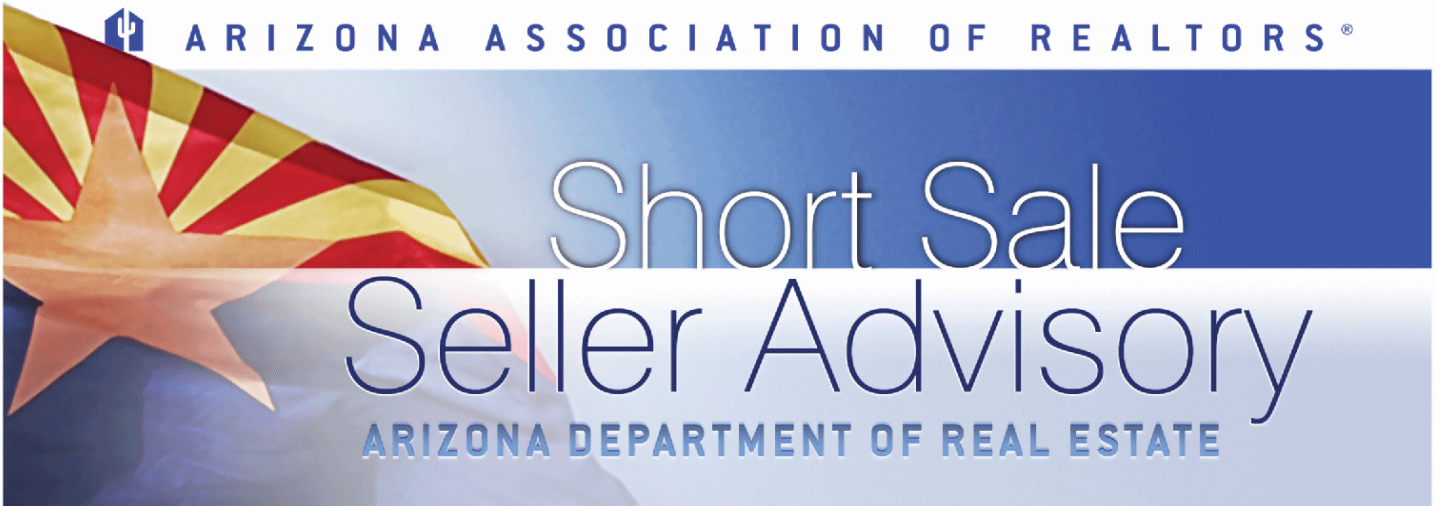
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7 Seller Acknowledgment





**The Short Sale Seller Advisory is a resource for Real Estate Consumers
Provided by the Arizona Association of REALTORS®**

A short sale is a real estate transaction in which the sales price is insufficient to pay the loan(s) encumbering the property in addition to the costs of sale and the seller is unable to pay the difference. A short sale involves numerous issues as well as legal and financial risks. This Advisory is designed to address some of these issues and risks, but does not purport to be comprehensive.

BEFORE PROCEEDING WITH A SHORT SALE

1 Understand a Lender's Options upon Loan Default

There are many types of loans that are secured by real property. These may be purchase loans, refinanced loans, home-equity loans, or one of the various other types of loans. The type of loan and type of property will determine what remedies a lender may have if the homeowner fails to make the agreed upon payments. The available remedies, the homeowner's overall current or potential future financial strength, the lender's cost in acquiring the loan and any shared-loss or similar agreement if the loan was acquired by purchase or merger, are some of the many factors that the lender may consider in deciding how to proceed when a loan is in default. For an overview of these issues, go to www.aaronline.com/AZR/Dec/09LoanDefaults.aspx

2 Be Aware of Predatory "Rescue" Scams & Short Sale Fraud

Homeowners worried about foreclosure may be susceptible to predatory "rescue" scams which may cost you money with no results, result in the loss of your home entirely, or involve you in a fraudulent scheme. For more information, go to www.efanniemae.com/utility/legal/antifraud.jsp or www.efanniemae.com/utility/legal/pdf/fraudnews/mortgagefraudnews0709.pdf

"Red Flags" of fraudulent schemes include:

- Guarantees to stop the foreclosure
- Large upfront fees
- Instructions not to contact the lender
- Transfer of title or lease of the property
- The proposed buyer is an LLC
- Requests that the homeowner execute a power of attorney
- The proposed buyer, at the buyer's sole expense, retains a third party to negotiate the short sale for the seller's benefit.



SELLER	SELLER



Short Sale Seller Advisory

BEFORE PROCEEDING WITH A SHORT SALE (CONTINUED)

3 Report suspected scams

- Financial Fraud Enforcement Task Force www.stopfraud.gov/
- HUD, in partnership with the Loan Modification Scam Prevention Network www.preventloanscams.org/
- Arizona Department of Financial Institutions at consumeraffairs@azdfi.gov
- Arizona Attorney General's Office <http://www.azag.gov/consumer/foreclosure/index.html#Complaint>
- NeighborWorks® at www.loanscamalert.org/default.aspx

4 Contact a Free HUD-Approved Housing Counselor or Contact Your Lender Directly

- Contact a HUD-approved housing counseling agency online at www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=AZ or call (800) 569-4287 or TDD (800) 877-8339 for advice on your options. For additional HUD resources: http://portal.hud.gov/portal/page/portal/HUD/topics/avoiding_foreclosure
- Contact the Neighborhood Assistance Corporation of America at: www.naca.com/refinance/refinanceTenStep.jsp
- Contact the lender directly. To find the lender's contact information, check the loan billing statement, or coupon book. Ask for the lender's home retention department, loss mitigation department, (or other department that handles negotiation of loans in default); explain the situation and find out if the lender is willing to discuss options.

5 Utilize Free Services Available to Arizona Residents

- **Contact the Arizona Foreclosure Helpline** at 1-877-448-1211 (toll-free) or visit www.housingaz.com/ShowPage.aspx?ID=248
- **Review the Arizona Foreclosure Prevention Task Force Workbook** www.dbtaz.org/flyers/2009.9.1.State.Task.Force.Wrkbk.pdf. *This book will help you evaluate your options and provide you with tools to take action. Additional resources are available at:*
www.azforeclosureprevention.org
- **Arizona Department of Housing** <http://www.azhousing.gov/>

6 Obtain Legal Advice

An attorney can advise you about your options and legal liability.

- To find out if you are eligible for free or low cost legal assistance, contact a legal aid organization in your county or one of the organizations listed at www.azbar.org/LawyersHelpingYou/freelegal.cfm or www.azlawhelp.org/housing.cfm
- Contact the Lawyer Referral Service in your county where you can consult with an attorney for a small fee for a half-hour consultation.
Maricopa County: www.maricopabar.org/displaycommon.cfm?an=16 (602) 257-4200.
Pima County: www.pimacountybar.org/web/lawyer-referral-service-lrs (520) 623-4625.
- Attorneys who are State Bar Real Estate Law Certified Specialists can be located at www.azbar.org/LegalResources/findspecialist.cfm.



Short Sale Seller Advisory

BEFORE PROCEEDING WITH A SHORT SALE (CONTINUED)

7 Obtain Tax Advice

- For Mortgage Forgiveness Debt Relief Act and Debt Cancellation tax information, go to www.irs.gov/individuals/article/o,,id=179414,00.html
- Attorneys who are State Bar Tax Law Certified Specialists can be located at www.azbar.org/LegalResources/findspecialist.cfm.

8 Be Aware of the Consequences of Committing "Waste"

Damaging the property or removing fixtures such as sinks, toilets, cabinets, air conditioners, and water heaters may result in liability to the lender for "waste." In other words, the lender may be able to sue you for damages if you have physically abused, damaged or destroyed any part of the property.

OPTIONS OTHER THAN SHORT SALE

CONSIDER ALL OPTIONS

**A SHORT SALE MAY NOT BE YOUR BEST COURSE OF ACTION.
CONSIDER ALL YOUR OPTIONS BEFORE MAKING A DECISION.**

1 Loan Workout

- **Reinstatement:**
Paying the total amount owed by a specific date in exchange for the lender agreeing not to foreclose.
- **Forbearance:**
An agreement to reduce or suspend payments for a short period of time.
- **Repayment Plan:**
An agreement to resume making monthly payments with a portion of the past due payments each month until they are caught up.
- **Claim Advance/Partial Claim:**
If the loan is insured, a homeowner may qualify for an interest-free loan from the mortgage guarantor to bring the account current.

2 Loan Modification

The lender may agree to change the terms of the original loan to make the payments more affordable. For example, missed payments can be added to the existing loan balance, the interest rate may be modified or the loan term extended. Loan modification resources include:

- **Making Homes Affordable:**
www.makinghomeaffordable.gov
- **National Foreclosure Mitigation Counseling Program:**
<http://findaforeclosurecounselor.org/network/home.asp>
- **Homeownership Preservation Foundation:**
www.995hope.org

1-888-995-HOPE™ Hotline



Short Sale Seller Advisory

OPTIONS OTHER THAN SHORT SALE (CONTINUED)

3 Refinance

If the lender will not agree to a loan workout or modification, the homeowner may be able to refinance the loan with another lender.

Learn more at www.makinghomeaffordable.gov/programs/lower-rates/Pages/short-refinance.aspx
And www.makinghomeaffordable.gov/programs/lower-rates/Pages/harp.aspx

4 Deed-in-Lieu of Foreclosure

The lender may allow a homeowner to "give back" the property. This option may not be available if there are other liens recorded against the property. Review the HUD requirements at www.hud.gov/offices/hsg/sfh/nsc/rep/dilfact.pdf

5 Work Out Sale

The lender may allow a specific amount of time for the home to be sold and the loan to be paid off. The lender may also allow a buyer to assume the loan to purchase the property even if the loan is non-assumable.

6 Bankruptcy

If you are considering bankruptcy as an option, consult with an attorney that specializes in bankruptcy cases: www.azbar.org/LegalResources/findspecialist.cfm

Access the Arizona Bankruptcy Court self help information by calling 866-553-0893 or visit www.azb.uscourts.gov/default.aspx?PID=78#866



7 Foreclosure

Allowing the lender to foreclose is another option. The counselors at the Arizona Foreclosure Help Line can explain the foreclosure process, call:

1-877-448-1211

Ultimately, only you and your attorney can decide if foreclosure is the best option for you. Attorneys who are State Bar Real Estate Law Certified Specialists can be located at:

www.azbar.org/LegalResources/findspecialist.cfm

Ask your attorney about the possibility of a deficiency lawsuit after foreclosure. Assuming all statutory requirements are met, the Arizona anti-deficiency statutes may limit the lender's remedy to foreclosure, even if the amount due to the lender exceeds the value of the property.

Also, seek professional tax advice about the consequences of a foreclosure and review the IRS information at www.irs.gov/individuals/article/o.,id=179414,00.html



Short Sale Seller Advisory

SHORT SALE CONSIDERATIONS

IF YOU DECIDE TO PURSUE A SHORT SALE,
CONSIDER TAKING THE FOLLOWING ACTIONS

1 Contact a Qualified Real Estate Professional

Interview several real estate professionals and ask about their experience in short sales, the number of short sale transactions that they have handled, and their education and training in short sales.

- Review the real estate professional's background and continuing education on the ADRE website at: <http://services.AZRE.gov/publicdatabase>
- Ask if the real estate professional has obtained a short sale certification, such as the Short Sales and Foreclosure Resource Certification ("SFR") www.realtorsfr.org/.
- Find a REALTOR® at www.aaronline.com/ConsumerAssistance/FindARealtor

2 Investigate Documentation and Eligibility

Documentation and eligibility criteria for short sales vary depending on specific lender and investor guidelines. Generally, you must prove that you are financially incapable of paying the loan and the lender is convinced that it will fare better by agreeing to a sale for less than the outstanding loan amount than foreclosing.

3 Determine the Amount Owed on the Property

All debt and costs must be factored in before determining whether a short sale is feasible. Consider the delinquent loan, home equity loan or other loans recorded against the property, past due homeowner's association fees, unpaid property taxes and the costs of a sale, such as closing costs, escrow fees and brokerage commissions. If you

have more than one loan on the property, be aware that a short sale will generally require the approval of all lenders.

4 Determine the Estimated Fair Market Value of the Property

You must prove to the lender that the home is worth less than the unpaid loan balance. Consult a real estate professional or an appraiser for assistance in estimating the value of the property.

5 Consult Legal Counsel

The importance of competent legal counsel to help you determine whether a short sale is the best option and to advise you during the short sale process cannot be over emphasized. See the legal resources listed on page 2 or visit www.azbar.org.

6 Understand that a Short Sale May not Discharge the Debt

Even if a lender agrees to a short sale, the lender, the VA, or the FHA may not agree to forgive the debt entirely and may require you to pay the difference as a personal obligation. This outstanding personal obligation could result in a subsequent collection action. For example, a lender may accept the short sale purchase price to "release the lien" on the property as opposed to agreeing to accept the purchase price as "full and final settlement of the debt" on the property. Therefore, be certain of the terms of any short sale before making a decision, consult an attorney regarding whether the lender is entitled to pursue a deficiency judgment and obtain any debt forgiveness agreements with the lender in writing.



Short Sale Seller Advisory

SHORT SALE CONSIDERATIONS (CONTINUED)

7 Obtain Tax Advice

A short sale in which the debt is forgiven is a relief of debt and may be treated as income for tax purposes. The Mortgage Forgiveness Debt Relief Act of 2007 created a limited exemption to allow homeowners to pay no taxes on debt forgiveness; however, only cancelled debt used to buy, build or improve a principal residence or refinance debt incurred for those purposes qualifies for this tax exemption. For more information on the tax consequences of debt relief seek professional tax advice and go to www.irs.gov/individuals/article/o,,id=179414,00.html

8 Be Aware of the Impact on Your Credit Score

The impact of a short sale on your credit score depends upon a variety of factors, including late or missed payments. A short sale may appear on your credit report as "pre-foreclosure redemption," "paid in full for less than full balance" or other similar term.

9 Understand That There May Be a Waiting Period Before You Can Buy another Home

Your ability to qualify for a loan to purchase another home after a short sale will likely be impacted by a short sale and there may be a waiting period before you can purchase another home.

10 Home Affordable Foreclosure Alternative (HAFA) Program

The HAFA program was designed to give homeowners different alternatives to a foreclosure, which include incentives for completing a short sale. For more information on the options available, visit the HAFA program website

www.makinghomeaffordable.gov/hafa.html

To find out which option you are eligible for go to www.makinghomeaffordable.gov/eligibility.html

To find out if your mortgage servicer participates in the HAFA program go to

www.makinghomeaffordable.gov/get-assistance/contact-mortgage/Pages/default.aspx

National Association of REALTORS® HAFA brochure:

www.realtor.org/wps/wcm/connect/3400520042baa210a512b5d4db88od7c/HAFA+Consumer+Brochure+6.3.10.pdf?MOD=AJPERES&CACHEID=3400520042baa210a512b5d4db88od7c

Guidelines and Forms:

www.makinghomeaffordable.gov/get-assistance/request-modification/Pages/default.aspx

Fannie Mae's HAFA program:

www.efanniemae.com/sf/servicing/hafa/index.jsp

11 Review the Arizona Association of REALTORS® (AAR) Short Sale Forms

AAR has developed a Short Sale Addendum to the Listing Agreement, www.aaronline.com/documents/SSAListing.pdf, and a

Short Sale Addendum to the Residential Resale Real Estate Purchase Contract www.aaronline.com/legal/forms/sample-pdfs/sample-short-sale-addendum.pdf to assist in a short sale transaction. Review these contract forms and any other forms you are asked to sign so that you thoroughly understand your rights and obligations.

For More Information, Visit:

The Arizona Department of Real Estate website:

www.azre.gov/

AAR's Consumer Foreclosure Assistance Links:

www.aaronline.com/documents/ForeclosureLinks.aspx



Short Sale Seller Advisory

SELLER ACKNOWLEDGEMENT

Seller acknowledges receipt of this Advisory and further acknowledges that there may be other issues of concern not listed herein. The information in this Advisory is provided with the understanding that it is not intended as legal or other professional services or advice. These materials have been prepared for general informational purposes only. The information and links contained herein may not be updated or revised for accuracy. If you have any additional questions or need advice, please contact your own lawyer.



Short Sale Seller Advisory

*A Resource for
Real Estate Consumers
Provided by the*



^ SELLER SIGNATURE DATE

^ SELLER SIGNATURE DATE



Short Sale Seller Advisory

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7 Seller Acknowledgment



SHORT SALE ADDENDUM TO LISTING CONTRACT

Document updated:
August 2010



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



- 1. Seller: _____
- 2. Broker: _____
- 3. Premises Address: _____
- 4. Date: _____

- 5. **Seller acknowledges that Broker is not qualified to provide financial, legal, or tax advice regarding a short sale transaction.**
- 6. **Therefore, the Seller is advised to obtain professional tax advice and consult independent legal counsel immediately regarding the tax implications and advisability of entering into a short sale agreement. Seller is advised to consult the Arizona Department of Real Estate Short Sale Seller Advisory provided by AAR at www.aaronline.com to assist Seller in exploring options other than a short sale and determining the advisability of entering into a short sale agreement.**

10. (SELLER'S INITIALS REQUIRED) _____ SELLER _____ SELLER

11. **SHORT-SALE DEFINED:** The term "short sale" is used to describe a sale in a situation where there is more debt owing against a property than the property's value. In a loan default situation, (pre-foreclosure) the creditor(s) may be willing to agree to allow the property to be sold for less than the loan amount and/or accept less than (or "short") the amount owed as payment in full. **Seller acknowledges that there may be disadvantages to a short sale.**

15. **CREDIT AND CREDITOR CONSIDERATIONS:** A short sale may adversely affect the Seller's credit score. Further, even if the creditor(s) agrees to a short sale, the creditor(s) may not agree to forgive the debt entirely, and may require the Seller to pay the difference as a personal obligation. If the loan is guaranteed by the FHA or VA, these entities may also require payment of the difference. **Seller is advised to be certain of the terms of any short sale before making a decision, and obtain any debt forgiveness agreement in writing.**

20. **TAX CONSIDERATIONS:** A short sale in which a portion of the debt is forgiven is considered a relief of debt and may be treated as income for tax purposes. A creditor who forgives a debt must submit a 1099 form to the IRS indicating the amount of the debt that has been forgiven.

23. **DETERMINING THE AMOUNT OWED:** Seller agrees to disclose all liens encumbering the Premises and to cooperate with Broker(s), escrow company, and creditor(s) to determine the amount of debt owed on the property, including but not limited to, purchase money loans, home equity loans, homeowner's association fees, property taxes and other tax liens.

26. **OBTAINING CREDITOR APPROVAL:** Obtaining creditor(s) approval of a short sale involves documentation similar to that required for the original loan application. The Seller must generally establish that the Seller is financially incapable of paying the loan(s). The Seller agrees to promptly submit to creditor(s) all requested documentation, including W-2 forms from employers, bank statements, tax returns, "hardship letter" (stating the reason the creditor(s) should consider granting a short sale) and other requested financial documents outlining income and debt. The Seller acknowledges that it may take weeks or months to obtain creditor(s) approval of a short sale. Seller(s) agrees to grant creditor(s) permission to communicate directly with Broker(s).

33. **OTHER OPTIONS:** Seller is advised to explore options with creditors other than a short sale, such as loan modification, revised repayment plan, refinance or entry into a lender(s) loan mitigation program, if available. Seller agrees to notify Broker if Seller decides to pursue other options.

36. ^ SELLER SIGNATURE _____ MO/DA/YR

37. ^ FIRM NAME (BROKER) _____ MO/DA/YR

For Broker Use Only:

Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____ MO/DA/YR

(Added February 2012)

Short Sale Addendum to Listing Contract • Updated: August 2010
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<input type="checkbox"/>	<input type="checkbox"/>
BROKER	BROKER

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SELLER	SELLER



SHORT SALE ADDENDUM TO THE RESIDENTIAL RESALE REAL ESTATE PURCHASE CONTRACT

Document updated:
February 2011



The pre-printed portion of this form has been drafted by the Arizona Association of REALTORS®. Any change in the pre-printed language of this form must be made in a prominent manner. No representations are made as to the legal validity, adequacy and/or effects of any provision, including tax consequences thereof. If you desire legal, tax or other professional advice, please consult your attorney, tax advisor or professional consultant.



- 1. Seller: _____
- 2. Buyer: _____
- 3. Premises Address: _____
- 4. Date: _____

5. The following additional terms and conditions are hereby included as part of the Contract between Seller and Buyer for the above referenced Premises. Delivery of all notices and documentation shall be deemed delivered and received when sent as required by Section 8m of the Contract.

8. CONTINGENT UPON ACCEPTABLE SHORT SALE AGREEMENT

9. Buyer and Seller acknowledge that there is more debt owing against the Premises than the purchase price. Therefore, this Contract is contingent upon an agreement between the Seller and Seller's creditor(s), acceptable to both, to sell the Premises for less than the loan amount(s) ("short sale"). Buyer and Seller acknowledge that it may take weeks or months to obtain creditor(s) approval of a short sale.

13. Nothing shall limit a Seller from accepting subsequent offers from subsequent buyer(s) and submitting the back-up contract(s) to Seller's creditor(s) for consideration. All parties understand and agree that Seller's creditor(s) may elect to allow the Seller to sell the Premises only to the holder of the Contract with terms and conditions most acceptable to creditor(s).

16. DOCUMENTATION TO CREDITOR(S)

17. Seller shall submit to creditor(s) a copy of this Contract, including this and other Addenda, and any other documentation required by the creditor(s) for approval of this sale within five (5) days after Contract acceptance. Seller agrees to diligently work to obtain short sale approval and will promptly provide the creditor(s) with all additional documentation required, including an appraisal, at Seller's expense, if required. Seller instructs creditor(s) to provide approval status updates to Broker(s) and Buyer upon request.

21. TERMS UPON ACCEPTABLE SHORT SALE AGREEMENT

22. **Agreement Notice:** If Seller and Seller's creditors enter into a short sale agreement, the Seller shall immediately deliver notice to Buyer ("Agreement Notice").

24. **Time Periods:** The date of Seller's delivery of the Short Sale Agreement Notice to Buyer shall be deemed the date of Contract acceptance for purposes of all applicable Contract time periods.

26. **Escrow and Earnest Money:** Buyer shall promptly open Escrow and deposit Earnest Money as described in the Contract upon receipt of Agreement Notice.

28. **Seller Warranties:** Buyer hereby waives Seller's warranties as set forth in Lines 166-168 of Section 5a of the Contract that all listed items shall be in working condition at the earlier of possession or COE. However, Seller warrants and shall maintain and repair the Premises so that, pursuant to lines 169-170 of the Contract, at the earlier of possession or COE, the Premises, including all heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter systems, cleaning systems, and heaters, if any), free-standing range/oven, built-in appliances and additional existing personal property included in the sale, will be in substantially the same condition as on the date of Contract acceptance and all personal property not included in the sale and all debris will be removed from the Premises.

35. **Close of Escrow:** Close of Escrow shall occur thirty (30) days or _____ days after delivery of Agreement Notice.

36. **Creditor Requirements:** Buyer and Seller agree to cooperate with Creditor(s) and sign additional Creditor disclosure(s) or execute additional addendum(a) required by Creditor(s) as a condition of approval of the short sale, provided that Buyer and Seller incur no additional cost or liability.

39. BUYER CANCELLATION

40. Buyer may unilaterally cancel this Contract by notice to Seller at any time before receipt of a short sale Agreement Notice from Seller.

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Short Sale Addendum to the Residential Resale Real Estate
Purchase Contract • Updated: February 2011

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SELLER	SELLER
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BUYER	BUYER
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41. **LEGAL AND TAX ADVICE**

42. Seller acknowledges that Broker is not qualified to provide financial, legal, or tax advice regarding a short sale transaction.
43. Therefore, the Seller is advised to obtain professional tax advice and consult independent legal counsel immediately
44. regarding the tax implications and advisability of entering into a short sale agreement.

45. (SELLER'S INITIALS REQUIRED) _____
SELLER SELLER

46. **UNFULFILLED CONTINGENCY**

47. In the event that Seller and Seller's creditor(s) are unable to reach a short sale agreement acceptable to both, at the sales price contained
48. herein, Seller shall promptly notify Buyer of same, and the Contract shall be deemed cancelled due to the unfulfilled short sale contin-
49. gency. If applicable, Buyer shall be entitled to a return of any Earnest Money.

50. **OTHER TERMS AND CONDITIONS**

- 51. _____
- 52. _____
- 53. _____
- 54. _____
- 55. _____
- 56. _____
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- 58. _____
- 59. _____
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- 72. _____
- 73. _____
- 74. _____

75. In the event that any provision contained in this Addendum conflicts in whole or in part with any terms contained in the Contract,
76. the provisions of this Addendum shall prevail and the conflicting terms are hereby considered deleted and expressly waived by
77. both Buyer and Seller.

78. _____ MO/DA/YR ^ BUYER'S SIGNATURE _____ MO/DA/YR

79. _____ MO/DA/YR ^ SELLER'S SIGNATURE _____ MO/DA/YR

For Broker Use Only:
Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
(Added February 2012) MO/DA/YR

SELLER SELLER

BUYER BUYER

