

What is a Short Sale / Pre-Foreclosure?

A short sale has to be proven (documented) as a tangible hardship. However, it does not require the seller to be behind on their payments or in foreclosure. As Michelle what may qualify as a personal or financial hardship.

Michelle will need to have a couple of items from you (Amendment to Listing Agreement, Authorization Letter for communicating with your Mortgage Company, and your Authorization to Release and Advertise Certain Information). I have attached them for you.

When you receive your packet, you will need to provide with that packet a Hardship Letter, written and signed by you, the Seller. This is a disclosure letter from you explaining the circumstances which lead to the hardship. This letter needs to be very detailed and backed up with documentation. At the end of this letter you might say something like:

“I want your help. I want to do the right thing...etc.” This is the heart of the packet so your disclosure is honest, detailed and from the heart! It is very important!

You will need two years Income Tax Returns (first 2 pages of the last 2 years - not 25 pages, should suffice), pay stubs and bank statements.

When you list your home for a Short Sale, I must do a market analysis and try to list it according to what comparables have sold. We should not inflate the price for negotiation room! Even though you send in the packet to get the “ball rolling” it is really not complete until we have an offer (Earnest Money Contract) sent to them as well. That is why we need to price this to sell as mentioned above. There are special provisions that must be given to this offer and we will go through those when the time comes.

Who Wins in a Short Sale?

- ✓ The SELLER wins by selling their home prior to losing it at the foreclosure auction.
- ✓ The BUYER wins by obtaining a property at good value.
- ✓ The LENDER winds by not having to continue with the foreclosure process and take the property back.
- ✓ The listing and selling AGENTS win by obtaining commissions paid by the lending institution(s) for a job well done.

Lastly, be sure and talk to your CPA about the tax ramifications. There may be ways around this capital gain (the loss given to you by the lender).

If you have any questions, please contact Michelle Storms: 972-841-7358
agent@michellestorms.com