

Short Sale Seller's "Homework Package"

"The sooner you prepare accurate, up-to-date, and documented information, the sooner a plan of action can be taken. I will be available to help you complete the enclosed questionnaire. Don't wait.... Start now! You'll be glad you did!"



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From the desk of...

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Introduction

To: Mr. & Mrs. Seller
Subject: Preparation for Short Sale Process

Many homeowners in financial difficulties have a common misconception that their lender wants to take back their property through foreclosure. This is not the case. In reality, the overwhelming majority of lenders are only interested in seeing that the payments are made each month as agreed in the original terms of the mortgage. Generally speaking, they only begin foreclosure when all else fails, and there seems to be no other alternative. It costs lenders a great deal to undertake a foreclosure. For example, a short sale is often much more preferable than a foreclosure proceeding. They would much rather find ways to help you when you are having financial difficulties, but their ability to help is reduced with each missed payment. Therefore, it is extremely important to address the crisis as soon as it occurs and to keep the lender informed at all times.

*The sooner you prepare accurate, up-to-date, and documented information,
the sooner a plan of action can be taken!*

There are both temporary and permanent loan relief options generally available to you. If a short sale is your preference, I can be of great assistance in helping you go through the process necessary to successfully sell your home and gain relief from the burden. However, our success will be very dependent on the information you provide. The more complete and thorough, the more helpful I can be in successfully assisting you with this process.

I have enclosed several documents which detail and assist you in providing all of the information we will need to have ready as soon as possible:

- Seller Homework Checklist – this details everything we need as soon as possible
- Lender(s) Information Worksheet
- Monthly Financial Statement Worksheet
- Statement of Information
- Seller Hardship Letter Worksheet

Thank you for giving me the opportunity to assist you through this difficult time. Working together we can help you eliminate this burden so you can move on and get a new start.

Sincerely,



Seller's Short Sale "Homework"

Here's what you're going to need ...

To successfully complete a short sale in as little time as possible, we need to be able to provide the lenders with a complete "Short Sale Package." **Though the package cannot be submitted until we have an accepted offer on your property, we must be ready to move forward quickly at that time.** The package includes many items, so it is very important that we prepare them as soon as possible, so that we'll be ready. Below is your "homework" which needs to be completed:

1. Documents to Gather and Have Ready as Soon as Possible:

- Tax Returns for the Last Two (2) Years
- Pay Stubs – Two (2) Most Current for Each Person on the Loans
- Bank Statements – Two (2) Most Recent Statements for All Accounts
- List of Other Significant Assets – Other Real Property, 401K Accounts, etc.
- Complete Information for All Loans on Property – Address, Account Numbers, Contact Information, Status of Payments, etc. (Worksheet Attached)
- Copy of Most Recent Payment Statement or Coupon for Each Loan

2. Monthly Financial Statement

The lenders will want to see that you are unable to make the payments on the loans. To demonstrate this, you will need to provide a monthly financial statement of your income and expenses.

Please complete the attached "Monthly Financial Statement Worksheet."

3. Statement of Information

The lenders will require a Preliminary Title Report from a title company so that they can determine if there are other liens on the property (taxes, debts, etc.) that might prevent the property from being successfully sold. In order to obtain a Preliminary Title Report, it is necessary that you complete the attached "Statement of Information,"

4. Hardship Letter

A very important part of the Short Sale Package to submit to the lenders is a hardship letter. This letter needs to clearly describe your current situation that causes you to request a short sale. It must be very compelling so that the lenders will understand and accept that you are in need of their consideration. It will also be important that you be able to substantiate your hardship claims with additional documentation.

Please complete the attached "Seller Hardship Worksheets."

Short Sale Pre-Listing Questionnaire

Note: It is **Very Important** that this information be as complete and accurate as possible.

Seller's Name: _____ Spouse: _____

Address: _____ City: _____ Zip: _____

Home Phone: _____ Cell: _____ Other: _____

Email: _____

Occupancy: __Owner __Tenant __Vacant Delinquent Payments # ____ NOD / NOT

Previously on Market? __Y __N When? _____ DOM ____ As Short Sale? __Y __N

Hardship Criteria:

Unemployment _____ Reduced Income _____

Divorce _____ Separation _____ Death of Spouse ____ Death of Family Member ____

Too Much Debt ____ Payment Increase ____ Business Failure ____ Job Relocation ____

Illness ____ Medical Bills ____ Military Service ____ Incarceration ____ Damage to Property ____

Other (Specify) _____

Minimum Substantiation that will be Required by the Lender(s):

2 Years Tax Returns ____ 2 Pay Stubs _____ 2 Bank Statements _____

Mortgage Information:

1st Lender: _____ Loan Type: Purchase Money? ____ Cash-out Refi? ____

Loan No: _____ Contact: _____ Phone: _____ Fax: _____

Address: _____

Approximate Loan Balance: _____ Arrears Amount: _____

Last Time Contacted Lender: _____ Outcome: _____

Other Info: _____

2nd Lender: _____ Loan Type: Purchase Money? ____ Cash-out Refi? ____

Loan No: _____ Contact: _____ Phone: _____ Fax: _____

Address: _____

Approximate Loan Balance: _____ Arrears Amount: _____

Last Time Contacted Lender: _____ Outcome: _____

Other Info: _____

3rd Lender: _____ Loan Type: Purchase Money? ___ Cash-out Refi? ___

Loan No: _____ Contact: _____ Phone: _____ Fax: _____

Address: _____

Approximate Loan Balance: _____ Arrears Amount: _____

Last Time Contacted Lender: _____ Outcome: _____

Other Info: _____

Other loans

Other Assets:

Other Real Estate Owned:

Address: _____ Value: _____ Amt Owed: _____

Address: _____ Value: _____ Amt Owed: _____

Address: _____ Value: _____ Amt Owed: _____

Stocks/Bonds (Current Approximate Value): _____

401K Plan (Current Approximate Value): _____

Bank Accounts (Approximate Balance): _____

Other Significant Assets (Approximate Value): _____

Other Factors:

1. To complete a short sale, it is very important that the Seller/Homeowner be prepared to cooperate closely in the preparation and completion of forms, letters, financial and other information required by the Lender(s). All of these forms will need to be completed promptly. Are you prepared to be available to do this?

2. It is also very important that you were accurate in the completion of the original loan applications and other documents completed when the loan was obtained. Often in the application for short sale, the Lender(s) may look at the original applications to determine what has changed in the borrower's ability to pay the debt. Do you have copies of these documents, and to the best of your knowledge, were you accurate in the information provided?

Monthly Financial Statement Worksheet

Name(s)				
Monthly Income	Wage Earner #1 (take home pay)	\$		
	Wage Earner #2 (take home pay)	\$		
	Wage Earner #3 (take home pay)	\$		
	Other:	\$		
	Total Monthly Income	→	→	\$
Monthly Housing Expenses	1st Mortgage	\$		
	2nd Mortgage	\$		
	Property Taxes	\$		
	Homeowner's Insurance	\$		
	Utilities (water/gas/electric/phone)	\$		
	Association Dues	\$		
	Total Monthly Housing Expenses	→	\$	
Monthly Living Expenses	Food	\$		
	Clothing (include laundry/cleaning)	\$		
	Transportation (gas, maintenance)	\$		
	Insurance (auto, life, medical)	\$		
	Daycare	\$		
	Medical expenses	\$		
	Total Living Expenses	→	\$	
Monthly Installment Debt	Car Loan #1	\$		
	Car Loan #2	\$		
	Child support/alimony	\$		
	Credit Card	\$		
	Credit Card	\$		
	Credit Card	\$		
	Other:	\$		
	Total Monthly Installments	→	\$	
	Total Monthly Expenses	→	→	\$
What's Left	Net Monthly Cash Flow (Income minus Expenses)	→	→	\$

**LANDWOOD TITLE
STATEMENT OF INFORMATION**

CONFIDENTIAL INFORMATION STATEMENT TO BE USED IN CONNECTION WITH ORDER NO:
COMPLETION OF THIS FORM WILL EXPEDITE YOUR ORDER AND WILL HELP PROTECT YOU.

THE STREET ADDRESS of the property in this transaction is:
IF NONE LEAVE BLANK
ADDRESS _____ CITY _____

IMPROVEMENTS: SINGLE RESIDENCE MULTIPLE RESIDENCE COMMERCIAL
OCCUPIED BY: OWNER LESSEE TENANTS
ANY PORTION OF NEW LOAN FUNDS TO BE USED FOR CONSTRUCTION YES NO

NAME			SPOUSES NAME		
FIRST	MIDDLE	LAST	FIRST	MIDDLE	LAST
BIRTHPLACE _____		BIRTH DATE _____	BIRTHPLACE _____		BIRTH DATE _____
I HAVE LIVED IN CALIFORNIA SINCE _____		SOCIAL SECURITY NUMBER _____	I HAVE LIVED IN CALIFORNIA SINCE _____		SOCIAL SECURITY NUMBER _____
DRIVER'S LICENSE NO. _____			DRIVER'S LICENSE NO. _____		
WIFE'S MAIDEN NAME _____					
WE WERE MARRIED ON _____			AT _____		

RESIDENCE(S) FOR LAST 10 YEARS

NUMBER AND STREET _____	CITY _____	FROM _____	TO _____
NUMBER AND STREET _____	CITY _____	FROM _____	TO _____
NUMBER AND STREET _____	CITY _____	FROM _____	TO _____
NUMBER AND STREET _____	CITY _____	FROM _____	TO _____

OCCUPATION(S) FOR LAST 10 YEARS

HUSBAND

PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS

WIFE

PRESENT OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS
PRIOR OCCUPATION	FIRM NAME	ADDRESS	NO. OF YEARS

FORMER MARRIAGES: IF NO FORMER MARRIAGES, WRITE "NONE" _____
NAME OF FORMER SPOUSE _____
IF DECEASED: DATE _____ WHERE _____

CURRENT LOAN ON PROPERTY
PAYMENTS ARE BEING MADE TO:
1. _____ 2. _____
3. _____

HOMEOWNERS ASSOCIATION _____ NUMBER () _____

DATE _____ SIGNATURE _____
HOME PHONE _____ BUSINESS PHONE _____

Sample Hardship Letters

Lender Name Lender Address Lender's fax number

Today's Date

RE: Hardship Letter – Short Sale for Property at _____ (address)

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 while continuing to seek 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 would 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. Enclosed with this letter are the other documents I believe you require to consider my plea. If you have any questions, or need anything further from me, please contact my agent or me personally.

Sincerely,

Home Owner Name
Address and Contact Information

Lender Name Lender Address Lender's fax number

Today's Date

RE: Hardship Letter – Short Sale for Property at _____ (address)

To whom it may concern:

I am writing this letter to explain what has happened in our lives that has brought us to this point. As you know, our accounts # _____ and # _____, for the property are far past due.

Although we've both faced difficult times and challenges in the past, the hardships we faced during the past year of were too much to bear. Due to various reasons, on (date) we decided to separate, our divorce was finalized on (date). Obviously it was never our intent to lose our home, but it did require both of our incomes to make the mortgage payment.

Our financial troubles were not limited to our mortgage, we were far behind on our credit cards and medical bills for my periodic check-ups following Cancer surgery and treatment a short time ago. Unable to meet our obligations, we have lost virtually everything.

My spouse was also pregnant during this stressful time and miscarried. And if this alone wasn't enough for one person to bear, she also had to cope with the passing of her mother in the same year. Due to the overwhelming stress, she went on disability.

Please help us. We just want to move on and start over. PLEASE accept this offer from our buyer. I know the offer is less than what we owe, but we are desperate. We've had enough of the court system, attorneys and legal battles to last a lifetime. We just desperately want this to end! We just sincerely need someone to give us a break. Please accept this offer.

Sincerely,

Home Owner Name
Address and Contact Information

John Baker
Tel: (951) 515-9862
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John@BlackHatRealtor.com

This is the cover letter that I will include with your buyer's offer. We need to get your property on the market and submit all the information on your property with the offer. Time is critical... Don't procrastinate... Get started, NOW!

Memorandum

Date: The date you and your buyer both sign the offer
To: (Your lender's name goes here)
Subject: Short Sale Approval Request
Re: (Insert Property Address)
Loan Number: (Insert Loan Number)

Enclosed please find the following documents regarding the above property for your consideration in a request for short pay approval:

1. Authorization to Release and Convey Information
2. Homeowner Hardship Letter
3. Two Years Tax Returns with W-2 Forms
4. Year-to-date Earnings (Recent Pay Stubs)
5. Bank Statements
6. Homeowner's Pro Forma Monthly Financial Statement
7. Comparative Market Analysis / Broker's Price Opinion
8. Accepted Offer – Subject to Your Approval
9. Buyer's Loan Approval
10. Estimated HUD-1 from Escrow
11. Preliminary Title Report for the Subject Property

As I am sure you already know that our market is extremely distressed, and therefore, I cannot emphasize enough the importance of obtaining approval quickly on this specific property. It has been my observation that when approval is delayed, the potential buyer becomes less motivated and begins to seek other properties that are not subject to delays in processing. Further, as property values decline, delays could mean that future offers will likely be for a much lesser amount.

Thank you for your immediate attention to this very urgent matter. Please let me know if you need any additional information.

Sincerely,

John Baker