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**SHORT SALE INFORMATION PACKET**

**Eligibility:**

* Property is your current principal residence, OR the property has been vacant or rented out for less than 12 months, and you have not bought another principal residence during that time
* The amount you owe on your first mortgage for your property is equal to or less than:
  + $729,750 for 1 unit
  + $934,200 for 2 units
  + $1,129,250 for 3 units
  + $1,403,400 for 4 units
* You owe more on your home then it’s worth
* Your current mortgage was taken out on or before January 1, 2009
* You are experiencing a hardship (such as a job loss, divorce, or medical emergency) and are unable to afford your current home loan
* Payment of first mortgage (including principal, interest, taxes, insurance and homeowner’s association dues, if applicable) more than 31% of your current gross income?

**FAQ:**

***What is a Short Sale***?

* A short sale is when a borrower and lender come to a consensus that selling the property at a loss is better than having the property go through the foreclosure process.

***Common ‘hardships’ that lenders frequently accept:***

* Decrease in Income
* Loss of Employment
* Personal or Family illness or injury
* Illness or injury of an extended family member – particularly if it forces relocation
* Deployment or Relocation for work or educational purposes
* Divorce or split of domestic partners
* Loss of Business
* Adjustment in mortgage payments or unforeseen increase in living expenses

***Does a Short Sale affect my credit***?

* Short Sales will have a negative effect on your credit however, by completing this transaction you may qualify for future credit sooner than if you allow your home to go through the foreclosure process.

***If I filed for Bankruptcy can I still be considered for a Short Sale?***

* Yes – talk with a bankruptcy attorney regarding the process of selling your property during Bankruptcy.

***If I am current on my mortgage can I partake in a Short Sale?***

* Maybe, some lenders will except a Short Sale if the loan is not delinquent but the others will not accept a Short Sale until the loan is delinquent.

***How long does a Short Sale usually take?***

* Short Sales usually take about 90 to 120 days – this is from the day you accept the contract to the day the property closes.

***Why would a lender want to do a Short Sale instead of a Foreclosure?***

* A Foreclosure can take up to 9 months and it is very costly to the lender. The lender is not receiving payments during this time and they must spend money to take over the property and reselling the property is costly. Lenders usually risk losing more money if the property goes to auction because of the fees associated with going to auction so a Short Sale would yield a higher profit for the lender.

***Who pays the deficiency, the difference in money that the lender is taking on the Short Sale and the money that I still owe the lender?***

* Lenders can forgive the deficiency.
* Lenders can make a promissory note. A promissory note is a document that is signed that says you will pay back the deficiency over an extended period of time.
* A 1099 Tax Form can be filled out which taxes the borrower on the deficiency because it is seen as capital gain to the borrower.
* Lenders can ask for cash contribution to the deficiency and then the borrower is free of the duty to pay the remaining deficiency. This cash contribution can range anywhere from $200 to $5000.

**Most Bank Requirements:**

* Authorization to Release Information Form
* Hardship Letter
* Financial Worksheet
* Listing Agreement
* Copies of Tax Returns (last 2 years)
* Copies of All Bank Statements (last 2 months for all borrowers)
* Copies of Pay Stubs (last 2 pay periods for all borrowers)
* HUD Form 90035 Information/ Disclosure Form (FHA Only)
* Request for Approval of Short Sale, RASS or Alternative RASS Form (Only for Conventional Short Sales that are not backed by Fannie/Freddie and Lender in participating MHA Program)
* Purchase Contract
* Estimated HUD-1 (if there is a Purchase Contract)
* Buyer Pre-Approval Letter (if there is a Purchase Contract)
* CMA – Comparative Market Analysis

Bank of America Requirements:

* Bank of America Short Sale Package
* Bank Statements
* Tax Returns
* W2s
* Payroll Stubs
* Third Party Authorization
* Hardship Letter

Chase Bank : -- Checklist and Form online

* If a Wage Earner
  + 2 Most recent Pay Stubs (for each borrower)
  + Length of service with Current Employer – Borrower and Co Borrower
  + Most Recent 1 month complete Bank Statement
* If Self Employed
  + P & L Statement / Audited or reviewed YTD Income Statement (must provide)
  + Most recent 2 years’ Tax Returns Completed(personal and business, signed with all pages) or 1099s or most recent 2 years filed and proof of extension
  + Last 4 months complete Business and Personal Bank Statement (must provide all pages. IF a business account is not used, provide a written statement stating a business account is not used)
* Most recent statement supporting assets listed on page 2 of the Request for Consideration of Short Sale Form (must provide all pages of statements)
* Most recent Completed Tax Return (all pages signed) or most recent filed and proof of extension (signed with all pages)
* Proof of occupancy (if owner occupied) – a recent utility bill in your name at property address
* If loan is Non-Escrowed:
  + A copy of the most recent property tax bill(s) with a copy of the cancelled check for all applicable taxes (County, City, School, etc.)
  + Copy of the current insurance declaration page for all applicable coverage types (must show premium amount for homeowner’s flood, and wind)
  + Proof of payment of Homeowner’s Association fees (if applicable)
* If Non-Owner Occupied:
  + Rental Income with copies of Rental Agreement if a tenant resides in the property
  + Amount of Principal, Interest, Taxes, Insurance, and Home Owner Dues for Primary Residence
  + Primary Residence Address
* Authorization to Provide and Release Information – Allows Realtor or designee to discuss account with Chase – be sure to sign this form
* Completed Request for Consideration of Short Sale Form(enclosed in packet online) – Sign and date this form
* Completed 4506-T – Request for Transcript of Tax Return (enclosed in packet online) – Sign and date this form