



Short Sale Outline

- Short sale is more difficult when:
 - Seller has not experienced hardship or junior lien holder will not recover anything
 - Seller is upside down, but current on loan with no plans of missing payments
 - If seller is in chapter 7 or 13 bankruptcy – not all cases
 - If original loan was cash-out or recently closed
 - Clouded title with outstanding liens and judgments
 - Exception - IRS may allow because their liens won't go away , they'll have the borrower sign a document transferring the lien
 - If seller is less than 30-60 days from foreclosure
- Hardship package
 - Describe reason for hardship:
 - Medical crisis, bills, etc.
 - Job loss of borrower, spouse or others who help with household expenses
 - Business change, loss, etc.
 - Marital status such as divorce, separation, etc.
 - Family situation involving dependents (health issues, increased expenses, etc.)
 - Tell the client's story as to why they are unable to make payments and use specific dates, dollar amounts and supporting documentation if possible
 - How much money you lost and when, how much income you used to make vs. what you make now, etc.
 - Goal is to illustrate how borrower is insolvent, close to insolvent, or why they are otherwise unable to make payments
 - Expenses greater than income
 - Liabilities greater than assets
- Questions to ask real estate and bankruptcy lawyers in your state
 - Are there anti-deficiency statutes in our state and if so, how do they work?
 - Under what conditions can a lender pursue the borrower for the remaining mortgage balance? Purchase mortgage? Refinance mortgage? Cash-out mortgage? Non-owner occupied mortgage? Second home mortgage? Primary residence mortgage?
 - How long can the deficiency judgment remain in effect? Is it renewable? For how long?
 - To what property can the deficiency judgment be attached?
 - What is the foreclosure process and timeline in our state? Notice of default? Notice of sale? Redemption period? Judicial vs. non-judicial process?

- What exactly is the effect of a chapter 7 bankruptcy on the foreclosure process in our state? What is the effect of a chapter 7 bankruptcy on deficiency judgments or unpaid mortgage balances?
- What exactly is the effect of a chapter 13 bankruptcy on the foreclosure process in our state? What is the effect of a chapter 13 bankruptcy on deficiency judgments or unpaid mortgage balances?
- How can I identify a good candidate for bankruptcy? How can I identify a poor candidate for bankruptcy?