

SHORT SALE FREQUENTLY ASKED QUESTIONS

WHAT IS A SHORT SALE? A short sale is when a mortgage lender agrees to accept less than the amount that is owed on the current mortgage. The mortgage company then releases its lien against the property to allow the property to be sold.

WILL A SHORT SALE STOP A FORECLOSURE? No, however it is possible the lender could postpone the sale date, pending review of a short sale submission. Postponement of the foreclosure sale date is within the sole discretion of the lender.

WILL MY CREDIT BE IMPAIRED? Yes, short sales are reported to the credit bureaus and will likely result in a reduced credit score. Requests can be made to the lender to report the short sale transaction in such a fashion as to minimize the negative impact on your credit report. Of course, it is possible that other remedies (such as foreclosure) that a lender may elect in the event that you default on your mortgage may have a more substantial, negative impact on your credit score.

WILL THERE BE TAX CONSEQUENCES? There may be important federal and state tax consequences associated with a short sale. For more information visit: <http://www.irs.gov/irs/article/0,,id=179073,00.html>. Please consult with an accountant or other tax professional to help you with this issue if you have further questions as to whether a short sale transaction will have tax implications for you.

WILL I OWE ANYTHING AFTER A SHORT SALE? Possibly; in negotiating a short sale we will request that your lender waive any deficiency for unsatisfied debt that will remain after your property sale. Waiving a deficiency is completely within the lender's discretion and we cannot guarantee what position your lender will take or that we will be able to successfully negotiate a complete release of liability on your behalf.

WHAT HAPPENS IF I DECLARE BANKRUPTCY? Once bankruptcy is filed there is an automatic stay that halts collection activity against you. If you declare bankruptcy while we are assisting you with a short sale we will continue the process once the bankruptcy is dismissed or discharged, the bankruptcy trustee abandons its interest in the property or the bankruptcy court issues an order allowing the sale of the property.

DOES A SHORT SALE TAKE LONGER THAN A TRADITIONAL SALE? Yes, the transaction may take anywhere from thirty days to over a year to complete. Patience of all parties to the transaction is absolutely necessary.

WHAT HAPPENS IF THE SHORT SALE IS NOT SUCCESSFUL? If the short sale is not successful, the lender has the ability to proceed with the foreclosure of the property if you fail to resolve any existing delinquencies in payment and make all payments on the loan as they become due.

SHOULD I STOP PAYING MY MORTGAGE? You should inquire with your lender as to what the necessary steps are for engaging in a short sale of your property. We cannot, and will not, recommend you stop making your mortgage payments.

ARE THERE ANY ALTERNATIVES TO SHORT SALE? Yes, loan modification, deed in lieu of foreclosure, forbearance or repayment agreement, bankruptcy, or other options