



## THE SHORT SALE PROCESS

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The short sale process can vary, but it will generally work as follows:

- 1) The lender is contacted to discuss the possibility of a short sale and to determine the lender's process for completing the sale.
- 2) The seller issues a letter authorizing the release of personal information about the loan and the property to the buyer or escrow agency.
- 3) The lender will review a settlement statement, which will indicate the proposed selling price, remaining loan balances and itemize all expenses, including real estate commissions and other fees and expenses associated with the closing.
- 4) The seller will complete a "hardship letter," which will detail and explain all financial difficulties. Lenders will usually want to validate the seller's financial situation by looking at bank statements, investment accounts, along with examining paystubs and other financial records.
- 5) The lender will then look to the broker to provide a price opinion by examining the condition of the house and the market value of comparable properties.
- 6) The lender will then want to scrutinize the purchase agreement to determine if all amounts are reasonable and the real estate commission is acceptable.

Because of the documentation required, the short sale process can be lengthy. But if done correctly, it can work well for all parties involved. The lender avoids the uncertainty of the foreclosure process, the seller avoids a foreclosure on his or her credit report (along with potential bankruptcy), and the buyer hopefully got a good deal on a property.

Considering the complexity of the short sale process, you must be educated. If you are considering a short sale, make sure that you discuss your situation with a competent lawyer and accountant. The more educated you are on the process, the easier the transaction will be, and the better the impression you will make on the lender.

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