



121 N. McCall Road
Englewood, FL 34223
info@communitytitleservices.com

Definition of a Short Sale - A short sale occurs when a property is sold and the lender agrees to accept a discount payoff, meaning the lender will release the lien that is secured to the property upon receipt of less money than is actually owed.

A. Not all lenders accept this option.

B. All lenders have varying requirements but typically if you cannot answer yes to all four of the following, the transaction most likely will not qualify for a short sale:

1. *The Home's Market Value has Dropped.*
Hard comparable sales must substantiate that the home is worth less than the unpaid balance due the lender.
2. *The Mortgage is in Default.*
The lender usually will not consider a short sale if the payments are current. As long as the lender is receiving timely payments, the lender typically is satisfied.
3. *You Have Fallen on Hard Times*
 - a. Unemployment
 - b. Divorce
 - c. Medical emergency / sudden illness
 - d. Bankruptcy
 - e. Death
4. *You Have No Assets*
The lender will probably want to see a copy of tax returns and/or financial statements. If the lender discovers assets, they may not grant the short sale because the lender may feel that you have the ability to pay the shortened difference.



121 N. McCall Road
Englewood, FL 34223
info@communitytitleservices.com

C. What to Expect

1. Complete and submit the Short Sale packet supplied by Community Title & Escrow together with all back-up documentation including bank statements, copies of medical bills, etc.
2. Community Title & Escrow will collate and submit the package to the lender. We will allow 7-10 days for the lender to initially process the package, then we will start making phone calls.
3. Typically we do not expect to receive an answer as to acceptance of the offer for at least 30 days. During that 30-day period we will be in constant contact with the lender(s).
4. Keep in mind, a short sale is dependent on a buyer making an offer to purchase. If you do not receive an offer, you will not qualify for a short sale. It is also dependent on the lender accepting the buyer's offer.

D. Other Issues to Keep in Mind.

1. A 1099 may be issued. Some situations are exempt from debt forgiveness according to the Mortgage Forgiveness Debt Relief Act of 2007. It is recommended that you speak with a tax professional to clarify how a short sale may affect your tax situation, if you have not already.
2. The lender may require you to sign a promissory note for all or part of the forgiven note, or reserve the right to enforce the balance due on the existing note. The lender may decide to pursue collection of the outstanding debt at a later time. Our goal is to negotiate this with the lender and have them completely discharge the entire debt with no future liability, if at all possible.
3. A short sale will show up on your credit report. Short sales affect credit ratings.



121 N. McCall Road
Englewood, FL 34223
info@communitytitleservices.com

E. How long does the process take?

1. It depends on how quickly you complete all the required information and how quickly you receive an offer.
2. Understand that until a buyer is found, there isn't much to do to approve a short sale. You can gather some of the preliminary information in advance to streamline the process.
3. You can expect the lender to make a counter offer. Remember, the lender has the final say and must approve the sale.
4. This process can take a week, a month, or several months. It is important for all parties to know that this can be a lengthy process and patience is a virtue.

For more information, contact Community Title by calling (941) 460-9100
or contact us via email titleagent@comcast.net.