



Homeowners Have Options!! Use a Short Sale to Stop Foreclosure.

Did you Know 1 in Every 4 people in South Florida owe more than their home is worth?

Are you one of the many home owners falling behind on your mortgage and are facing the possibility of Foreclosure? Do you owe more than your home is worth? Are you worried about saving your credit?

Then let's look into your best option of having our team of attorney's help you by negotiating a Short Sale with your Bank.

The Law Offices of Steven Serle, PA and your Listing Agent have partnered together to help you get through this difficult time.



Law Offices of Steven Serle, PA
Attorney at Law

Ellen Dorfman: Short Sale Negotiator 561-912-3507 Direct 561-912-3590 Fax

Why Do A Short Sale?

There are several reasons Why Doing a Short Sale is your Best Option.

1. The Primary reason for doing a short sale is to avoid foreclosure
2. Make a smart financial decision by reducing the debt you owe.
3. Reduce the negative impact on your credit.
4. Increase the ability to qualify for a new loan.
5. Be able to Move on with your life!!

Congratulations on Making a Smart Financial Decision and Choosing to Short Sale Your Home!!

Our Team of Attorneys are Experienced in Negotiating Short Sales and have helped 100's of people just like yourself.

It is so important to have an experienced staff in dealing with negotiators, and knows every facet of the short sale process.

We Look Forward to Working with you!!!



What is a Short Sale?

A short sale is the process by which a homeowner can sell a house for less money than he actually owes on the mortgage(s). This is done by the buyer or investor providing proper documentation to the mortgage lenders to convince them to reduce the mortgage balance to allow the sale. The mortgage lender (or bank) actually takes a loss (or write-off) on the mortgage because the value of the home has fallen below the mortgage balance AND the homeowner is in a poor financial condition that will not allow him to continue to pay on time.

If the bank approves the discount on the mortgage, the home can be sold for a lower price without the seller having to come up with cash to cover the shortfall, and the mortgage is satisfied and the foreclosure process stops.

What type of situation is the short sale best for?

Most short sales are done on properties in which the owner is “upside down”. foreclosure. This means they typically have negative equity or no equity in the home. In other words, the total balance owed on the mortgages is equal to or greater than the price at which the house can be sold. This situation is growing increasingly common due to the easy availability of 100% mortgages (no money down) as well as the recent decline in prices. This is particularly prevalent in the South Florida area, which has a large glut of homes for sale.

In addition, the homeowner must have some type of financial hardship that is preventing him from paying the mortgage. This is commonly job loss, medical bills, disability, or some other hardship.

How does a homeowner benefit from a short sale?

First and foremost, it relieves the stress of being in foreclosure or the worry about possibly going into foreclosure and being hounded by the mortgage lender; and it allows homeowners to get rid of their big mortgage payment and move on with their lives. If you have stopped making the payments on your mortgage, a short sale allows you to stop the foreclosure and get a fresh start. In my experience, this is the primary benefit to homeowners. They are tremendously thankful to just relieve the burden that their home and mortgage have become.

A short sale also prevents additional damage to your credit. Having some late payments and a foreclosure filed has already done damage to your credit. However, a completed foreclosure will do much more damage and lower your credit score tremendously. Obviously, if you have to declare bankruptcy, that is a huge black mark on your credit. A short sale results in the mortgage actually being paid off, which reflects positively compared to a foreclosure.

Why would a bank or mortgage lender want to do a short sale?

A common saying is that banks are in the business of lending money and do not want to own real estate. When a bank takes a property back via foreclosure, it is a long and expensive process and often results in holding the property in their inventory as a non-performing asset. Banks have a limit to the amount of non-performing assets they want to hold. Once this limit is exceeded, they have a strong incentive to get rid of the properties at discount prices.

For a lender, doing a short sale avoids many of the costs associated with the foreclosure process. Attorney fees, delays from borrower bankruptcy, damage to the property, costs associated with resale, property tax, insurance, etc. all must be paid by the bank during a foreclosure. In a short sale scenario, the lender is able to cut its losses by getting rid of the property faster.

Will a short sale “save my house”?

In the sense that you will be able to continue to live in the house, unfortunately the honest answer is no. A short sale is only done involving a legitimate sale of the home from the foreclosed owner to another unrelated party.

Will a short sale “save my credit”?

The short answer is yes and no, a short sale can save you from the worst credit disasters.

By defaulting on mortgage payments or having a foreclosure filed against your property, you have already done damage to your credit. Your credit score has declined and those negatives will stay on your credit report for some time. However, it will get much worse if you allow the foreclosure to continue and do not try to short sale the property.

Once a foreclosed property is sold at auction, your credit score is further reduced and when the foreclosure is completed via eviction and repossession of the home, your credit will be even further damaged. If you can complete the short sale BEFORE either of these takes place, then you can prevent that further damage to your credit. In addition, when the short sale is completed, it shows up on your credit as a “Paid” mortgage and a canceled foreclosure, which shows future creditors that you **did** take care of your obligations.

If your situation eventually winds up in bankruptcy, then that is the worst item that could appear on your credit report and it will remain there for years and cause numerous difficulties in getting future credit. A short sale can help avoid this, but the key is not to wait.

What other options might I have at this point?

When faced with a foreclosure, some things you may be able to do are:

1. Sell your home through the normal channels
2. Bring your mortgage current by making the missed payments and paying the penalties
3. Refinance your mortgage with another lender
4. Foreclosure Defense
5. File for bankruptcy

If you can do any of the first 4, then you probably should! Those are usually the best solutions for a homeowner in foreclosure.

However, if your situation is such that your house cannot be sold for the amount owed, and you have no money to bring the payments current, and you have no equity to qualify for a refinance, then you should consider a short sale before considering option #5.

Again, I encourage you to educate yourself as much as possible about your situation and seek advice from any attorney, CPA, or Real Estate Agent you have access to about your choices. I do caution you against paying for the advice of so-called “foreclosure work-out specialists” or other such advisers unless it is by personal recommendation.

What do I do about my back property taxes when I do a short sale?

Just as in a normal home sale, property taxes are the responsibility of the homeowner until the date the sale is closed. Then they become the responsibility of the buyer or investor.

If your property taxes have not been paid this will affect the negotiations between the buyer and the bank, so you must inform us or any buyer of those taxes owed.

Can I short sale my own house?

No, this would be illegal. A short sale must be an “arms length” transaction. You cannot short sale your own house nor can close members of your family or friends do one for you either.

In a short sale, the lender is agreeing to discount the mortgage amount due to legitimate hardships; but not so that the homeowner can make a profit. No money from a short sale transaction can be paid to the homeowner (seller). Lenders will not approve any short sale in which they suspect the foreclosed homeowner will profit.

My house is already listed for sale on the MLS but isn't selling; can I do a short sale?

Yes, you can and it is relatively common. Some lenders even require that a house be listed for sale before approving a short sale in order to show that a discount is necessary.

Are short sales guaranteed to work?

No. All the criteria MUST be met for a bank to even consider a short sale. It is not easy to convince a bank that the market value of the home is lower than what they are owed. They do not like to take a loss on a loan.

Then the bank must be convinced to discount the mortgage enough to make it viable for an investor to make a profit for his work and risk. The discount must cover all repair costs, closing costs, broker commissions, taxes and still allow for a profit for the investor.

What if a bank doesn't accept the short sale?

Again, if the bank doesn't accept the short sale offer, there is no transaction and the home is still owned by the homeowner and the foreclosure process continues.

How long does a short sale take, I need to get out now!

A short sale takes approximately 60 to 90 days to complete and sometimes longer. This is very important. This complicated process takes time so to have the option of a short sale, you must act soon. If you wait until 1 week before eviction, no one can help you do a short sale. It is simply impossible. DO NOT WAIT.

What paperwork do I have to do to complete a short sale and what is the exact process?

There is some paperwork to do at the beginning that we can assist you with but most is handled by us:

1. The homeowner must fill out a Borrowers Authorization form for each mortgage allowing us to speak with the lenders about the short sale.
2. You will be asked to write a letter detailing the financial hardship that caused you to fall behind on your mortgage. Any other proof of your financial hardships such as bank statements, medical bills, pay stubs, termination letters, etc. should also be included. After we have prepared and sent the entire short sale package to the lender, the lender will arrange a BPO, which is similar to an appraisal, to determine the value of the property. This can take a few weeks.
4. Based on the BPO, the bank will negotiate with us on the details of the short sale and after several weeks, they will either approve or deny the final offer.
5. If approved, a date will be selected to close the transaction just like any other real estate transaction.

Why do I have to sign a Borrower's Authorization?

In order to both determine if your lender will consider a short sale and then to actually negotiate the short sale, we need to be able to speak to your lender about the mortgage. The lender will only speak to people you have authorized them to speak with.

By signing a Borrower's Authorization, you give the lender permission to speak to us about your loan. That is all it does, but it is necessary. An authorization must be filled out for each mortgage.

Short Sale Processing Schedule

At time of Listing hand in:

Listing Agreement Date _____

Short Sale Information Sheet Date _____

Tax Returns (2 Years) Date _____

Borrower's Authorization Date _____

Hardship Letter Date _____

Financial Statement Date _____

At time of Contract Hand In:

Legible Executed Contract Date _____

Bank Statements Date _____
(3 most recent All Accounts including retirement accounts)

Estoppel Letter Date _____
Association Statement of Account showing all Fees including Legal Fees.
If not able to do so then we will do it for the Estoppel Fee Association
Charges. Must be Upfront)

Paycheck Stubs Date _____

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AUTHORIZATION

Date:

Lender:

Property Address:

Loan#

SS#:
(last 4 #'s)

I/We, _____, give Ellen Dorfman or anyone else employed by Steven Serle, P.A, permission to discuss my mortgage and any information regarding my listing, including but not limited to: short sale, foreclosure & bankruptcy status, marketing, offers, and closing expenses.

Please work closely with them on the Mortgage Work Out of our property. Thank you.

Signature

Date

Signature

Date

PERSONAL FINANCIAL STATEMENT

Date Prepared: _____ Loan Number: _____

Borrower's Name: _____
 Borrower's Employer: _____
 Co-Borrower's Name: _____
 Co-Borrower's Employer: _____
 Daytime Phone Number: _____
 Evening Phone Number: _____
 Number of Dependents: _____
 Property Address: _____ Mailing Address (if different) _____

MONTHLY INCOME:

Borrower's monthly NET income: \$ _____
 Co-Borrower's monthly NET income: \$ _____
 Other Income: **Please circle below** \$ _____
 (Child support, Alimony, Rental, Other _____)

DOWN PAYMENT TOWARDS DELINQUENCY \$ _____

MONTHLY EXPENSES:

<u>Monthly Payment</u>	<u>Balance Owed</u>	<u>Monthly Payment:</u>
Mortgage Payment: \$ _____	2 nd Mortgage: _____	\$ _____
Child Care: \$ _____	Other Mortgages: \$ _____	\$ _____
Alimony/Child Support: \$ _____	Rent Paid: \$ _____	\$ _____
Telephone: \$ _____	Doctor Bills: \$ _____	\$ _____
Cell Phone/Pager: \$ _____	Hospital Bills: \$ _____	\$ _____
Gas/Oil: \$ _____	Auto Loan Pmt: \$ _____	\$ _____
Electricity: \$ _____	Auto Loan Pmt: \$ _____	\$ _____
Trash/Sewer: \$ _____	*Homeowner Ins: \$ _____	\$ _____
Food: \$ _____	*Property Taxes: \$ _____	\$ _____
Water: \$ _____		
Auto Insurance: \$ _____		
Transportation/Gasoline: \$ _____	*If not included in Mortgage Payment	
Life Insurance: \$ _____		
Cable/Satellite: \$ _____		
Clothing: \$ _____		
Prescriptions: \$ _____		

OTHER MONTHLY EXPENSES (Example: Credit Cards, Department Store Cards, IRS Lien):

<u>Paid To:</u>	<u>Balance:</u>	<u>Monthly Payment:</u>
1. _____	\$ _____	\$ _____
2. _____	\$ _____	\$ _____
3. _____	\$ _____	\$ _____
4. _____	\$ _____	\$ _____
5. _____	\$ _____	\$ _____

If more space is necessary, please continue list on reverse side.

 Borrower _____ Date _____

 Borrower _____ Date _____



Law Offices of Steven Serle, PA
Attorney at Law

Specializing In:

- Short Sale Negotiation
- Foreclosure Defense
- Probate, Estates, Wills & Trust
- Real Estate Litigation
- Real Estate Closings

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