

*All parties involved in a Foreclosure or Short Sale transaction should seek counsel of a Tax Attorney and/or Real Estate Attorney in regards to their contemplated purchase.

Foreclosure Timeline...

California Non-Judicial Foreclosure:

- A) Notice of Default is recorded
 - Contact is still the owner of the property.
 - Still time to list the property and close escrow in many cases.
- B) 3 months after the NOD – Sale date may be posted
 - Sale date is set, time is running out.
 - If escrow cannot close before sale date then the lender or lender's trustee should be contacted and a postponement of sale should be requested.
 - A postponement could be granted, although a copy of the purchase contract and/or escrow instructions may need to be provided to the trustee.
- C) 21 Days after sale posting the sale may be held
 - The loan may be reinstated up to 5 days before the trustee sale date (there can be exceptions).
 - If the property is not sold at auction, the bank or beneficiary foreclosing now owns the property.



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Points to Consider:

1. Seller usually can receive NO MONEY!
2. Understand Potential Tax Hazard – Seller could be taxed (1099) on the loan that is being forgiven by the Bank (may possibly be negotiated.)
3. Protect Credit Rating After Short sale is Finalized – Make sure it shows "Paid as Agreed" or "Satisfied". This usually can be negotiated.
 - a. Make sure the agreement above is written on the Contract.

What You Will Need...

Suggested Contents for a Short Sale Package:

1. Authorization Letter - Gives permission to talk to lender
2. Hardship Letter – Tells real story of why the property needs to be sold
3. Supporting Documents: ex. Divorce Papers, Tax Returns, etc.
4. Listing Agreement (Very Important)
 - a. Be sure I's are dotted and T's are crossed
 - b. Make sure dates are correct and complete all initials and signatures
5. BPO (Broker Price Opinion) – similar to a CMA (Comparative Market Analysis)
 - a. Market Trend Analysis, Time on Market, Months Inventory & Rising Falling Trend.
6. Copy of Purchase Agreement and Addendums
7. Repair Estimates if any
8. Copy of Estimated Net Sheet (HUD #1)
 - a. With Lender, Escrow, Broker Commission/Fees, etc.
9. Sellers Current Financial Profile - obtain these as soon as possible (Freddie Mac form #1126 'Borrower's Financial Information' is useful)
 - a. Pay Check Stubs
 - b. Recent Bank Statements
 - c. Disability Benefits
 - d. Unemployment Benefits
10. Explanation of your Request for a Short Sale.

Courtesy of...



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