

The Top 12 Most Important Questions to Ask About Short Sales! (How to Sell Your Home, Pay Nothing, Owe Nothing, Save Your Credit and Walk Away!)

Congratulations! You've taken the first step to regain control of your financial future.

If you, or if someone you know, owes more on a home than it is worth, we're here to help. We are not attorneys, nor are we tax advisors; we are real estate advocates who can help you get the information you need to make an informed decision on what to do, and to help you exit a bad situation before it becomes much, much worse.

We have helped plenty of homeowners, just like you, save their credit and regain their financial footing. The most important part, though, is to ACT NOW. If you delay, the assistance we can provide becomes limited more and more each day...

- 1. Get informed.** You've heard of short sales, but what is a short sale and how does it work? The pages you hold in your hand were written especially for homeowners just like you. While everyone's situation is different, "The Top 12 Most Important Questions to Ask About Short Sales! (How to Sell Your Home, Pay Nothing, Owe Nothing, Save Your Credit and Walk Away!)" will give you an overview on short sales, how they work, and how to make a short sale work best for you.

By the way, we also have another Special Report you can download on our website called "Legal Thoughts without Legal Cost: An Attorney's Opinion on How a Foreclosure, a Bankruptcy or a Short Sale Will Effect Your Credit." While it will not replace an actual legal consultation, it was written by the Legal Team at the California Association of REALTORS® to help homeowners just like you get more information about the long-term effects of their situation.

- 2. Get Prequalified.** Take the most important next step you can take, and speak with Lifestyle Real Estate Services to be "Pre-Qualified" for a short sale. We can help you explore all of your options, and all your information is kept in strict client-confidence. You can click "Contact Us" on our website or, for faster service, call 925.230.8375.

No one could have anticipated the recent drop in home values, the economic downturn, and how it would affect you and your family. Together, we can change your financial future and (most importantly) help you regain your peace of mind. We look forward to hearing from you.

1. What is a Short Sale?

A Short Sale is the sale of a home when the proceeds do not fully payoff the existing loan(s) and the lender(s) accept(s) a discounted payoff to fully satisfy their lien(s). The existing lender typically pays virtually all sales costs, including commissions, escrow and title fees and repair costs. You get your home sold, the loan(s) paid off and you avoid foreclosure.

2. Is a Short Sale right for me?

Mortgage lenders are increasingly willing to work with borrowers faced with a financial hardship to accept a discounted payoff on a mortgage. If you are faced with a hardship that makes it likely you will be unable to meet your obligation on your mortgage, chances are that your lender would prefer to settle the matter with you as opposed to taking the property through foreclosure.

As you consider the option of pursuing a Short Sale, remember your lender is looking to limit any potential loss on your loan. By completing a Short Sale, your lender has arrived at a solution that is, for them, much better than a foreclosure. Bottom line, your lender wants to work with you.

3. In a Short Sale, how much will I have to pay to sell my home?

It may be nothing. In most cases borrowers pay no sales costs if the lender approves the Short Sale. All commissions, title and escrow fees, and even most repair expenses may be paid by the lender as part of the Short Sale approval. Remember, lenders approve Short Sales and accept the resulting loss in an effort to avoid bigger losses through foreclosure.



Actual client email:
"So you're telling me that Sam and I are getting out of this thing for \$798? Wow. Seriously I am speechless. You deserve a Realtor medal or something."
-- Jeff Z.

4. This all sounds too good to be true. Why would a mortgage company agree to accept a Short Sale?

There are actually several reasons why a mortgage company would approve a Short Sale payoff, including the following:

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- **Legal Concerns.** Mortgage lenders have come under legal pressure to work with borrowers to equitably resolve situations where borrowers are unable to meet their mortgage obligation, particularly when the borrower makes an effort to arrive at a compromise solution.
- **Wall Street is Watching.** Mortgage lenders rely heavily on their ability to package and sell bundles of loans on the secondary mortgage market. They need to sell these bundles of loans in order to put the funds back to work by loaning the money again and collect loan fees along the way. If mortgages perform poorly after they are sold it could impact the lender's ability to sell their loans on the secondary market. A successful Short Sale gets the loan payoff resolved quickly.
- **Asset Management Expenses.** If a lender acquires a property through foreclosure, the property will be managed until it is repaired and resold. It is expensive to manage real property assets (homes) spread throughout the region, the state and possibly even the nation. Keeping properties maintained, keeping utilities on, making repairs and the administrative costs attached to these activities are all costs the lender would prefer to avoid. A successful Short Sale eliminates most of these costs.
- **Reserve Requirement.** Delinquent and non-performing loans place another burden on mortgage lenders. For all delinquent and nonperforming loans lenders must set aside funds in reserve to deal with potential losses. These funds cannot be put to work generating new loan fees until the bad loans are resolved. A successful Short Sale lets the lender put more money to work.

5. Can I deed my property to someone else and avoid the hassle?

Deeding your property to someone without paying off the loan is a bad idea.

In the first place, the lender still considers you primarily responsible for payment on the loan. If loan payments are not made on time, or if the lender ultimately forecloses, your credit may be affected.

Secondly, when you deed your property to someone else, you give up control of the property. Along with the deed goes the ability to control the property.



SCAM ALERT!

Not everyone can be trusted! Do not deed your property to someone without paying off the loan unless you have consulted with an attorney.

Secondly, when you transfer the title of your home to someone else you give up control of the property and, unless that person decides to be nice to you, you can't get it back. Most loans are "non-transferrable," meaning they have to be paid off in a transfer and the new owner has to qualify for the loan themselves (this information is buried in your loan paperwork which you signed when you bought your house). If you don't have title to your home, your lender will not be able to work with you on a loan modification or a short sale, and will be likely be forced to foreclose.

6. Will my lender consider a Short Sale if I am current on my mortgage?

The answer is... maybe. Some lenders will accept a Short Sale file for approval on loans that are not delinquent; others will not. The best way to find out whether your lender will accept a short sale file for approval on a loan that is current is by authorizing Lifestyle Real Estate Services to speak with your lender on your behalf. Together, we can find out what is required to submit a short sale file to your lender.

7. Do lenders approve all Short Sales?

Unfortunately, no. That is not to say that a denied homeowner's Short Sale shouldn't have been approved, but so many real estate brokers lack the knowledge, tools and persistence to complete the negotiation, and the lender is forced to foreclose. Frankly, that's why it is critical to work with real estate representatives who have extensive experience at getting Short Sales approved.

The most prevalent reason short sales don't work, however, is because distressed homeowners wait too long to start the process, they miss too many payments, and their lender forecloses before they have a fair shot at doing a successful short sale. Don't let this happen to you! If you are behind on your payments, it's important to **START NOW** exploring your options.

From the presentation of the Short Sale package to your lender to working with your lender's Loss Mitigations Department, Lifestyle Real Estate Services knows how to keep your Short Sale moving toward approval. We will help you understand your options, and will work with your lender to get you back on track.



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8. What sort of hardship would my lender consider legitimate?

To some extent, that will depend upon the mortgage company considering the Short Sale request. Generally, we found that so long as the hardship is real and the mortgage company believes the loan is likely to become delinquent as a result, the Short Sale request will be processed by the Loss Mitigation Department. A big key to getting Loss Mitigation to accept a hardship is to submit a strong hardship letter. The hardship letter sets the tone for the entire file. To get you started, we'll provide you sample hardship letters that other clients, just like you, have written that got their lender's attention and got their hardship approved.

Here is a list of "hardships" that are common and frequently accepted by mortgage lenders:

- Family illness or injury
- Illness or injury in the extended family - particularly if it forces relocation
- Job relocation when the property is equity deficient
- Job loss or significant income loss
- Divorce or split of domestic partners
- Adjustment in mortgage payment on or unforeseen increase in living expenses

9. I have two loans: can I still do a Short Sale?

We can work with both lenders (many times the same lender holds the 1st and the 2nd loans) to put together a Short Sale transaction. Even if the value of the home is below the balance of the 1st mortgage, we can normally get the two lenders to cooperate. In the end, neither lender wants to own another home through foreclosure.

10. My property needs work. Can I still do a Short Sale?

Absolutely! In fact, we have found that lenders are more motivated to do a Short Sale on a property that needs work than on a property that doesn't. The lender knows the risk of loss increases dramatically when they foreclose on a property with deferred maintenance issues. Aside from expense of completing the work, lenders are simply not set up to get the work done. They are in the loan business, not the fix-it business.

11. I had perfect credit before all of this happened. How will a Short Sale affect my credit?

In the course of getting your short sale approved you may miss your mortgage payments, and these will show on your credit. But once the short sale is approved by your tender, you can avoid foreclosure. By avoiding foreclosure, you will likely be able to resume normal borrowing (car loans, credit cards, consumer goods and such) relatively quickly.

Even better, go back to our website and download the additional Special Report called "Legal Thoughts without Legal Cost: An Attorney's Opinion on How a Foreclosure, a Bankruptcy or a Short Sale Will Effect Your Credit." While it does not replace an actual consultation, it will give you some good information so have an idea about what to expect.

12. How do I get started on a Short Sale?

Get Prequalified. Lifestyle Real Estate Services can do an initial consultation over the phone, or in person, so you can be "Pre-Qualified" for a short sale. We can help you explore all of your options, and all your information is kept in strict client-confidence. We can even speak with your lender on your behalf and, up to the point you sign a potential buyer's offer on your home, if you later decide you don't want to do a short sale you're under no obligation. You can click "Get in Touch!" on our website or, for faster service, call 925.230.8375.

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Lifestyle Real Estate Services: The Anti-Broker.



I hope this information has helped you prepare for your next transition in life. Even if you do not plan on becoming a client of Lifestyle Real Estate Services, please feel free to use us as a resource. We love to share, and we can help you get the most out of your real estate investment. In today's market, every little bit of information helps and we would enjoy the opportunity to connect with you. Give us a call today!

*Roger A. Clark
Broker • President*

Lifestyle Real Estate Services stands out as a different kind of company in a sea of companies that work the same way now as brokerages did 30 years ago. While the main efforts of most name-brand companies focus on recruiting salespeople who sell homes (hint: they can make money by keeping a portion of each agent's commissions), Lifestyle is focused on marketing properties — plain and simple. Our goal is to make your home stand out and to capture the attention of homebuyers. Homebuyers are inspired by our fantastic photography, professional-quality brochures and websites, and the “lifestyle” they will find in owning a property like yours.

You can think of us as an “ad agency” for homes. We find that emotional hook that connects with home buyers, and we draw them in. And we get results. Our listings sell in less time, for more money, and our clients love us. So much, in fact, that a greater portion of our business comes from referrals and past clients than comes from our lead-generation efforts.

lifestyle
REAL ESTATE SERVICES

4101 Dublin Boulevard
Suite #F-506
Dublin, CA 94568
925.230.8375
hello@lifestyleres.com