



*Because to Sue and Michele....  
Your Future Matters!*

## *Short Sale Documents*

### *What documentation will a lender typically require?*

Lenders will typically require a distressed borrower to furnish a variety of documents, which could include the following: (this is not guaranteed to be a complete list and it is compliments of a compilation of other posts)

- Written explanation (and proof) of the hardship the borrower is experiencing; **Letter of Hardship**
- **Copy of the purchase contract signed by both the buyer and seller (borrower);**
- Estimated net/closing statement certified by an escrow officer acceptable to the lender (**HUD statement**);
- Completed and signed IRS Form 4506, "Request for Copy of Tax Form;" (if you cannot provide the copy yourself) \*\* in consideration of time, you should try to provide this. They usually want **previous two years tax returns**
- **Employment paycheck stubs for the past two months;**
- **Past three months' bank statements.**
- **Professional report on any repairs needed to show why deduction was made (HOT)!** However, the lender will not require this information!!!
- Copy of the TDS; (Transfer Disclosure )
- Proof of the buyer's ability to purchase the property, i.e., a completed loan application, pre-approval by another lender, or evidence of cash on hand (bank statement);
- Copy of the certified escrow instructions;
- Preliminary title report;
- Completed and signed personal financial worksheet;
- Profit and loss statement (if the borrower is self-employed);
- CMA information

### **Details of example:**

Amount owned on the mortgage: \$190,000 (which is the original price of the property)

Amount for foreclosure fees etc, have long dropped from the numbers!

This example offer was for \$185,000 with a \$5,000 credit back to the buyer and with Seller paying 0 at close.

This is a condo with HOA dues and the property taxes were not paid.

Closing date request: 21 days after lender approval

Other requests from Seller: Request in writing that lender forgive debt not covered in this agreement and that lender does not report negative information on seller's credit history (good luck on this!) But put it in there, if it flies you have something in writing.

\*\*\*Commission asked for was 6% but the lender countered it to 5%. 5% is the highest one I have heard about and is considered the standard, but it is wise to ask for 6% at the offset. (Let them think you think you are going to get the 6%).

In this example, both liens were owned by the same lender (makes it so much easier) if separate, then you would need to do a workout like this one for both lenders.

### Approval Work Sheet Between Lender and Seller

	<b>Buyer's Original Offer</b>	<b>Bank Counter #1 Offer</b>	<b>Seller Counter #2 Offer</b>
Sales Price	185,000.00	185,000.00	185,000.00
Commission - ***	11,100.00	9,250.00	9,250.00
Title charges	1,059.00	1,059.00	1,097.00
HOA Prorations	-104.00	-104.00	
Sellers closing costs	5,000.00	5,000.00	5,000.00
County Taxes	257.59	257.59	257.59
1st lien payoff	0.00	0.00	0.00
2nd lien payoff	37,785.00	1,000.00	1,000.00
HOA Due/Property/transfer	457.00	457.00	457.00
Termite/Repairs	430.00	430.00	430.00
RE Taxes through 4/30/07			<b>1,691.00</b>
Home Warranty - 1 yr			<b>355.00</b>
Escrow fees (seller portion 1/2)			349.50
County Transfer Taxes (seller/1.10 per 1,000)			446.49
Natural Hazard Report			99.99
Total closing Costs	56,298.09	17,663.09	<b>20,433.57</b>
Money from Seller at closing	0.00	0.00	0.00
Sale Proceeds	126,701.91	167,336.91	<b>164,566.43</b>
Side note from Customer	0.00	0.00	

Once this comes back signed, the lender will send you other papers that are sent to escrow (these are the instructions on how to pay the proceeds and to verify the closing date).

We hope this information has been helpful to you. Remember, always check with your financial consultant before making any decisions. By the way, if you know of someone who would appreciate our services, please call or e-mail us with their name and number and we will be happy to help them. Or, please feel free to give them our names and phone numbers or e-mail, and they can contact us. Serving Moorpark, Thousand Oaks, Simi Valley, Newbury Park, and parts of the San Fernando Valley.

Warmest Regards,

*Sue and Michele, Realtors*  
Troop Real Estate

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