

# **The Homeowners Guide to Short Sales**



**ROAD TO  
RECOVERY**

**~The New Exit Strategy~**

# Short Sales – The New Exit Strategy.

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## **Chapter 1 – Introduction – The New Exit Strategy**

Daily we are hearing about the mortgage crisis, 100's of thousands of Americans losing their homes, unemployment is on a rise, adjustable rates are increasing the payment amount making mortgage payments too high. In stead of walking away, or letting the property foreclose or even claiming bankruptcy more sellers are turning to a *Short Sale*.

A Short Sale will give you a fresh start, release you from a bad debt, and let you sleep at night again. This book will cover areas of the most common questions sellers have about Short Sales. If your question is not answered or you would like a private consolation please call, 951-675-8795.

## **Chapter 2 – What is a Short Sale?**

A short sale happens when a lender will accept less then what is owed on the mortgage. The lender comes up 'short' of the funds needed to cover the total amount owed on the mortgage. Not all lenders will accept short sales or discounted payoffs, especially if it would make more financial sense to foreclose, but we are seeing more 'short sales' as it is more affordable for the banks then the legal cost of foreclose. Don't try to do a short sale yourself; you need an experienced agent working for you. Since a realtor is paid from the proceeds of the sale, let him do all the work.

## **Chapter 3 – Why do a short sale?**

A Short Sale is your best defense against foreclosure. It is less embarrassing than a sheriff knocking on your door to vacate the house or signs posted on the door. It helps the neighborhood, not having foreclosure signs all over. In fact in some areas a sign may not be needed at all to sell the house. Here are other reasons a short sale may be your best option.

- Doing a short sale will minimize the damage to your credit.
- With a short sale you and your realtor do have control over some items like; showing the house, which offer will be sent to the lender.
- You can stay in the house until the close of escrow.
- You don't have to pay the real estate agent to sell the house – all cost are taken out of the proceeds form the sale.
- A short sale will have less impact on your current or future employment. You could be denied employment with a failed back round check with a foreclosure. Security clearances can be denied.
- Some employers routinely do credit checks this could be grounds for dismissal.
- Many times you can negotiate with the lender to fully discharge the 'deficiency Judgment.'

#### **Chapter 4 – Qualifications for a short sale**

The lender will want to know why you need to do a short sale. The lender may require proof of your hardship. Some of the reasons for the hardships are:

- ~Loss of job or lower income
- ~Divorce, death, illness
- ~Owe more than what your house is worth.
- ~Do you have an adjustable loan? Is it about to reset? Won't be able to make the new payments?
- ~ Avoid or stop a foreclosure that is in or near default status.

#### **Chapter 5 – Second or investment properties**

Yes, you can do a short sale for a second home or an investment property. You will have to provide the same documents. Be sure you talk to your tax professional be sure of your tax liability.

## **Chapter 6 – What documents will the lender require?**

The lender will ask for proof of your financial condition in the form of tax returns, banks statements, paystubs, W-2's. Lenders will be running credit, and verifying asset statements, they want to make sure you haven't won the lottery or are trying to hide assets. If there are assets the lender may not grant the short sale or may ask for a contribution from the owner, many times you can get this paid for by the buyer. If you have some unusual activity it may require some explanation. See Appendix D for a checklist of the following:

- Hardship Letter
- Completed financial statement
- Documents proving hardship
- IRS tax returns for last two years
- Pay stubs for last two months
- Bank statements for past four months

The other documents submitted to the lender will reference the offer presented, they include:

- Listing agreement
- Purchase contract
- Preliminary Title Report
- Estimated Sellers Costs or Preliminary HUD-1
- Comps and market conditions

## **Chapter 7 – Will I have to make a contribution?**

The lender may ask for a contribution if you have assets. If you have other liens on the house (like a HELOC) they may require a contribution, whether or not you have assets. It's the lender's job to get as much as they can. Many times we can negotiate with the buyer to pay this. This strategy can be discussed with your realtor before your house even hits the market.

## **Chapter 8 – Third Party Authorization**

In order for your realtor to talk to your lender they must have permission from you. This will give them ability to negotiate on your behalf. This will take much of the stress off you, as your realtor will now be taking the calls. You may still receive letters and some calls as it may take a while for the Automatic computer systems to catch up. After a reasonable amount of time, if you still are receiving calls and letters, you may need to call the bank and ask to be put on the 'no call list.' See Appendix E.

## **Chapter 9 – The Hardship letter.**

The lender will want to know why you want to do a short sale. What are the reasons that have led to your current situation? This may be your only chance to communicate this to the lender. In your letter, outline the specific details of your hardship. Include dates, specific details of your situation. Some lenders will only accept a handwritten letter, but you may want to type it first. Always sign and date your letter. See sample letters in Appendix C.

Be sure to include the following information that is relevant to you:

- Do not have enough income to make mortgage payments.
- Have no assets
- Unemployment, reduction of income
- Job relocation
- Mortgage will reset and won't be able to make the higher payment
- Increase in expenses due to Medical problems (personal or family), disability, care of family member
- Separation or Divorce
- Death of spouse or family member
- Will not be able to be current again on your loan
- The value of the house has gone down
- Business failure
- Incarceration

## **Chapter 10 – Working with a realtor**

Our experienced short sale team works to facilitate the process. Having a highly professional and a courteous team will put you at ease that you are in good hands. We sit down and go over the whole process to be sure you understand every step. We keep you informed with up-dates and are always available to answer questions.

## **Chapter 11 – Who pays the realtor and other fees?**

All fees, commissions, escrow fees, taxes, HOA fees, are paid out of the proceeds from the sell of the house. The only time you have any out of pocket expenses is when the lender will require a contribution from you toward the loan.

## **Chapter 12 – The Lender’s Net**

The lender’s net is what the lender will receive after all cost is accounted for. It’s the bottom line for the lender. This is what they really care about – what are they going to get after the sale of the house. This will be found on the HUD-1 ~ ‘Department of Housing and Urban Development.’ If they want more – which they always do – they will fight for it. That is why a ‘negotiator’ is assigned to close the deal, to collect as much as they can. See Appendix B

## **Chapter 13 – Setting the Value of the house**

If you are selling the house for less than what is owed – then at what price do you sell it at. The lender will want the current market value for the property. This is done by your realtor using a Comparative Market Analysis (CMA). He will check the local sold homes to arrive at a fair market value for the property. Usually the bank will do its own valuation using a BPO (Broker Price Opinion).

## **Chapter 14 – Life of a Short Sale:**

Here is a general timeline of events in a short sale:

1. Seller signs a listing agreement with a real estate agent.
2. A buyer makes an offer. Depending on the market area this can take anywhere from 1 week or more.
3. Realtor collects all supporting documents. 5-10 days.
4. Offer is sent to the lender for approval, with all supporting documents. This can take anywhere from 30-90 days.
5. Lender accepts, or counters the offer. If the offer is countered it can take a few days to weeks to negotiate the final offer.
6. Escrow is open and follows the normal escrow flow. This is 10-45 days



## **Chapter 15 – What gets sent to the lender.**

This is called the 'Short Sale package' which is snail mailed, faxed, uploaded (via the internet) or e-mailed to the lender. Depending on the lender and their systems will determine how it is sent to them. Companies like B of A use a system called 'Equator' where realtors can log onto to upload all the documents. B of A also has a site just for the home owner to upload all of their documents, fill in the financial information, and any other items required from the lender. Others you have to fax, then they will scan into their systems. Here is a basic list that goes to the lender.

- Third Party Authorization
- Seller's financial information
- Hardship letter
- Listing agreement
- Purchase contract
- Preliminary Title Report
- Estimated Sellers Costs or Preliminary HUD-1
- Comps and market conditions

## **Chapter 16 – Who does the realtor deal with at the lender?**

Lenders have either a 'Short Sale' department or a 'loss mitigation' department. Many times your realtor will submit all the documents to one person who makes sure everything is there then it is sent on to a negotiator. Each bank may have different names for each of these people that it is sent to. They could be a negotiator, Loss Mitigation Specialist, Loss Mitigation Short Sale Negotiator, or any combination of them.

## **Chapter 17 – What happens when the lender takes too long?**

I have been told by banks that they wouldn't even look at a file for 4-6 months. I wait the first 30 thirty days, then it is time to Escalate. Most all lenders will have a department that handles files that are taking too long or have other problems. Lenders will not let you escalate until there is a reason to. They each have their time lines and polices and your realtor needs to follow then as much as possible. When a reasonable amount of time has passed and there is no movement on a file and your realtor is getting is the run around then he will need to 'escalate' get it to the next level of authority.

## **Chapter 18 – Lenders Approval letter**

The sale can't move ahead until the approval letter is received. It will state the conditions of the sale and the time allow to close. See Appendix E for some samples.

## **Chapter 19 – Excepting or rejecting the lenders approval letter**

If you don't like what the lender will require of you, possible funds from you, you can back out – but then the bank will foreclosure and they still may be able go after you for the difference from what the house sold at and the amount that was due to pay off the mortgage. It is better to settle this through a short sale.

## **Chapter 20 – Who Owns your Mortgage?**

One of the issues you may run into is; Who owns the mortgage? In the last several years loans have been bundled together as mortgage backed securities(MBS) and sold in big lots to other banks or investors on Wall Street. Most subscribe to systems called MERS (Mortgage Electronic Registration System) that keeps track of who owns the note, and who services the note. With many of the melt down of banks and these thrown into the pot that it is hard to unravel who owns the note. The loans are usually assigned to a servicer – like Country Wide was. Most servicers can sell the note but if it is out of the range of market value they may have to get the approval from the investor. This seems to be a bigger problem with second (Jr) liens. The servicer may not even know who owns the note, for them to deal with. To find out who owns your note try these sites:

MERS: <http://www.mers-servicerid.org/sis/>

FannieMae - <http://loanlookup.fanniemae.com/loanlookup/>

Freddie Mac - <https://ww3.freddiemac.com/corporate/>

## **Chapter 21 – Can the bank foreclosure on me while I am doing a short sale?**

Yes, they can. Many times the left hand does not know what the right hand is doing. Your realtor may be asking the lender weekly if there is a trustee sale date and they may be telling him no, but in fact there may be. If you are still living in the home if you receive mail from a lawyer that there is a sale date set, be sure to give copies to your realtor right away. He can call the lender and have it postponed or stopped. If you are not living in the home the realtor should be

checking your house from time to time to be sure it is secure, there will be a notice posted on the door. Be sure your lender has your correct mailing address, don't think that you can hide from them, when you change your address with your other bills it will then be changed on your credit reports.

## **Chapter 22 - Talk with your Tax professional or a lawyer.**

Please note that each circumstance is unique and may have different liabilities we encourage you to consult a tax or legal professional for specific tax or legal advice. We are professional Realtors and not qualified as professional tax or legal advisors. There are many factors that come into play whether or not a lender can go after you for the difference between what the lender sold the house for and what the loan amount was. Some differences are whether the loan was a purchase money loan, a recourse or non recourse loan. Lenders do sue people everyday, however, the debt is forgiven most often. Lenders will still send a 1099-C form for this difference, talk to your tax and legal professional about this and about insolvency, debt forgiveness, and your tax liability.

## **Chapter 23 – When a Short Sale Doesn't Work**

Not every short sale will be approved there will be a very small percentage that will be denied. One reason a lender may decline the short sale is due to the junior liens, or liens from other creditors. If there is mortgage insurance, the lender may receive more if they foreclose. But most the time if the bank will make even a few more

dollars doing a short sale then they will approve it. If you are denied, talk to your realtor about other options.

## **Chapter 24 – New Government guides & HAFTA**

A book can be written on the government programs, guidelines, and services. So I have included links that explain this better.

Making Home Affordable - <http://makinghomeaffordable.gov/>  
Money Matters form the FTC - <http://www.ftc.gov/moneymatters>

Appendix A – Expense Worksheet

# Preliminary Financial Statement

Name \_\_\_\_\_ Email Address: \_\_\_\_\_  
 Phone # \_\_\_\_\_  
 Date \_\_\_\_\_ Fax: \_\_\_\_\_

<b>MONTHLY TOTALS</b>
-----------------------

--

INCOME  
 EXPENSES - subtract this to get total  
**TOTAL CASH FLOW**

MONTHLY EXPENSES	Amount
<b>HOME</b>	
First Mortgage Payment	
Property Taxes	
Home Owner Association Fees	
Second Mortgage Payment	
<b>UTILITIES</b>	
Electricity	
Gas	
Water	
Sewer/Garbage	
Phone	
Cable/Internet	
Cell Phone/Pager	
<b>NECESSITIES</b>	
Groceries	
Household Supplies	
<b>TRANSPORTATION</b>	
Car Insurance	
Car Payment #1	
Car Payment #2	
Car Fuel	
Car Repair Allowance	
Mass Transit	
<b>INSURANCE</b>	
Medical/Dental	
Life/Disability	
Homeowner's Insurance	
<b>MONTHLY DEBTS</b>	
Credit Card #1	
Credit Card #2	
Credit Card #3	
Student Loans	
Personal Loans	
Other	
<b>CHILD CARE/EDUCATION</b>	
School Lunch	
Tuition/Books	
Child Support	
Daycare	
<b>MEDICAL EXPENSES</b>	
Pharmacy/Prescriptions	
Hospital/Clinic	
<b>ENTERTAINMENT</b>	
Dining Out	
Movies/Shows	
Hobbies	
<b>MISCELLANEOUS</b>	
Misc Expense #1	
Misc Expense #2	
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$0.00</b>

MONTHLY INCOME	Amount
<b>FIRST HOMEOWNER</b>	
Full-Time Job	
Part-Time Job	
Self-Employment	
Pension #1	
Pension #2	
Unemployment	
Disability	
Child Support	
Alimony	
Rental Income #1	
Rental Income #2	
Rental Income #3	
<b>SECOND HOMEOWNER</b>	
Full-Time Job	
Part-Time Job	
Self-Employment	
Pension #1	
Pension #2	
Unemployment	
Disability	
Child Support	
Alimony	
Rental Income #1	
Rental Income #2	
Rental Income #3	
<b>TOTAL INCOME</b>	<b>\$0.00</b>

NOTES:

A. SETTLEMENT STATEMENT U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
ESTIMATED HUD - APRIL 21, 2010 1:44P.M. bc			
B. Type of Loan			OMB No.
1. <input checked="" type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input type="checkbox"/> Conv. Unins.	6. File Number
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.		7. Loan Number
C. Note: THIS NOTE IS FURNISHED TO GIVE YOU A STATEMENT OF THE ACTUAL SETTLEMENT COSTS. AMOUNTS PAID TO ANY AND BY THE SETTLEMENT AGENT ARE SHOWN. ITEMS MARKED "(P.O.C.)" WERE PAID OUTSIDE OF THE CLOSING. THEY ARE SHOWN HERE FOR INFORMATION PURPOSES AND ARE NOT INCLUDED IN THE TOTALS.			Mortgage Insurance Number
D. Name and Address of Borrower		E. Name and Address of Seller	
F. Name and Address of Lender			
G. PROPERTY LOCATION		H. Settlement Agent	
79788 Ambassador Circle La Quinta, CA 92253		Escrow, Inc.	
		I. Settlement Date	June 4, 2010
J. SUMMARY OF BORROWER'S TRANSACTIONS		K. SUMMARY OF SELLER'S TRANSACTIONS	
100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract Sales Price		401. Contract sales price	190,000.00
102. Personal Property		402. Personal property	
103. Settl. Chrgs. to Borrower (line 1400)		403.	
104.		404.	
105.		405.	
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/Town Taxes		406. City/Town taxes	
107. County Taxes		407. Taxes at \$1960.98/semi-annually from 06/04/2010 to 07/01/2010	294.15
108. Assessments		408. Assessments	
109.		409. HOA at \$110.00/quarterly from 06/04/2010 to 07/01/2010	33.00
110.		410.	
111.		411.	
112.		412.	
120. Gross Amount Due From Borrower		420. Gross Amount Due to Seller	190,327.15
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT DUE TO SELLER	
201. Deposits or Earnest Money		501. Excess deposit (see instructions)	
202. Principal amount of new loan(s)		502. Settl. chrgs. to seller (line 1400)	25,079.02
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
204.		504. Bank United - Loan No.	165,248.13
205.		505.	
206.		506.	
207.		507.	
208.		508.	
209.		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/Town taxes		510. City/Town taxes	
211. County taxes		511. County taxes	
212. Assessments		512. Assessments	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. Total Paid By/For Borrower		520. Total Reductions in Amount Due Seller	190,327.15
300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT FROM/TO SELLER	
301. Gross Amounts due from Borrower (line 120)		601. Gross amount due to Seller (line 420)	190,327.15
302. Less amounts paid by/for Borrower (line 220)		602. Less reductions in amount due Seller (line 520)	190,327.15
303. CASH TO BORROWER		603. CASH FROM SELLER	

L. SETTLEMENT STATEMENT		
700. TOTAL SALES/BROKER'S COMMISSION	PAID FROM BORROWER'S FUNDS AT SETTLEMENT	PAID FROM SELLER'S FUNDS AT SETTLEMENT
Based on price \$190,000.00 @ 6.00%		
701. . \$5,700.00		
702. 1. \$5,700.00		
703. Commission paid at settlement		11,400.00
704.		
<b>800. ITEMS PAYABLE IN CONNECTION WITH LOAN</b>		
801. Loan origination fee		
802. Loan discount		
803. Appraisal fee		
804. Credit report		
805. Lender's inspection fee		
806. Mortgage insurance application fee		
807. Assumption fee		
808.		
809.		
810.		
811.		
<b>900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE</b>		
901. Interest		
902. Mortgage insurance		
903. Hazard insurance		
904. JCP-LGS Reports Natural Hazard Disclosures for Zone Disclosure Report		89.95
905.		
<b>1000. RESERVES DEPOSITED WITH LENDER</b>		
1001. Hazard insurance		
1002. Mortgage insurance		
1003. City property taxes		
1004. County property taxes		
1005. Annual assessments		
1006.		
1007.		
1008. Aggregate Reserves		
1009.		
<b>1100. ESCROW AND TITLE CHARGES</b>		
1101. Escrow Fee to Stone Creek Escrow, Inc.		2,000.00
1102. Abstract or title search		
1103. Title examination		
1104. Title insurance binder		
1105. Document preparation		
1106. Notary fees		
1107. Attorney's fees		
1108. Title Insurance to Fidelity National Title		813.00
1109. Lender's coverage		
1110. Owner's coverage \$185,000.00 @ \$813.00		
1111. Document Compliance Fee to Stone Creek Escrow, Inc.		210.00
1112.		
1113.		
<b>1200. GOVERNMENT RECORDING AND TRANSFER CHARGES</b>		
1201. Recording fees		
1202. City/County tax stamps		
1203. Documentary Transfer Tax to Fidelity National Title		209.00
1204.		
1205.		
<b>1300. ADDITIONAL SETTLEMENT CHARGES</b>		
1301. Survey		
1302. Pest inspection		
1303.		
1304.		
1305. Refundable Pad for Final Audit		300.00
1306. Processing Fee for Short Sale		1,900.00
1307. Additl. Items See Page #3		8,157.07
1400. TOTAL SETTLEMENT CHARGES (ENTER ON LINES 103 SECTION J AND 502 SECTION K)		25,079.02



PAYOFF BREAKDOWN(S)  
Payoff to Bank United - Loan No.  
TOTAL \$165,248.13  
Principal Balance

165,248.13

**ADDITIONAL SETTLEMENT CHARGES**

	<b>BORROWER</b>	<b>SELLER</b>
Delinquent Taxes - 2008 to Fidelity National Title		3,287.01
Taxes 1st 1/2 2009-10 w Penalty to Fidelity National Title		2,157.08
Current Taxes 2nd 1/2 2009-10 to Fidelity National Title		1,960.98
Transfer Fee to Property Management		250.00
Quarterly Dues for April 2010 to		110.00
Delinquent HOA Dues to		242.00
Document & Demand Fees to Property Management		150.00
Total to line 1307		8,157.07

# Check List of items needed for a short Sale

Each Lender and Realtor may have specific items they will need.  
Below we have tried to cover the most common ones requested.

Property Address: \_\_\_\_\_  
\_\_\_\_\_

	His	Hers
Full Names on Mortgage:		
Nick Names:		
Home Phone:		
Cell Phone:		
E-mail:		

Mailing address: \_\_\_\_\_  
\_\_\_\_\_

Name of Lender: \_\_\_\_\_ Loan # \_\_\_\_\_

Last Payment Made: \_\_\_\_\_ Loan Balance: \_\_\_\_\_

Name of Lender \_\_\_\_\_ Loan # \_\_\_\_\_

Last Payment Made: \_\_\_\_\_ Loan Balance: \_\_\_\_\_

Other Liens: \_\_\_\_\_ Loan # \_\_\_\_\_

Last Payment Made: \_\_\_\_\_ Loan Balance: \_\_\_\_\_

**Check list of required items.**

- \_\_\_\_\_ Hardship Letter
- \_\_\_\_\_ Expense Sheet
- \_\_\_\_\_ IRS tax returns for last two years
- \_\_\_\_\_ Last two pay stubs
- \_\_\_\_\_ Bank statements for past two months
- \_\_\_\_\_ Most current mortgage statements
- \_\_\_\_\_ Third Party authorization
- \_\_\_\_\_ Detailed repair estimate if repairs are needed.
- \_\_\_\_\_ Pending Bankruptcy paperwork

**Uncommon items:**

- Death certificate
- Divorce decree
- Incarceration decree
- Bankruptcy discharge letter
- Relief from stay - for creditors
- Proof of disability
- Insurance claims
- Police reports
- Court approvals
- Anything that may be useful

Breif Explanation of Hardship:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

# Bank & Financial Institution Authorization & Release Form

I hereby authorize \_\_\_\_\_ (*Realtor*) and  
\_\_\_\_\_ (*Escrow Company/Closing Agency*),  
to request, obtain and verify any and all mortgage loan information, including but not  
limited to, payoff, arrearage, and reinstatement amounts as well as financial history. The  
information obtained is to be used for the purpose of facilitating the resolution of the sell  
of the property below

Property Address: \_\_\_\_\_

Lender \_\_\_\_\_ Loan Number: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Lender \_\_\_\_\_ Loan Number: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Other Liens \_\_\_\_\_ Number: \_\_\_\_\_

Homeowners' Association: \_\_\_\_\_

\_\_\_\_\_  
Borrower Signature                      S.S. Number                      Date of Birth

\_\_\_\_\_  
Print Name                                      Date

\_\_\_\_\_  
Co-Borrower Signature                      S.S. Number                      Date of Birth

\_\_\_\_\_  
Print Name                                      Date

March 8, 2010

Re: BankUnited loan number: ..  
Borrower name: ..  
Property address: ..  
La Quinta, CA  
Buyer:

### Presale Approval Letter

Dear Sir or Madam:

Please allow this letter to serve as confirmation that **BankUnited** will accept the sales offer of **\$193,000.00** with a net proceeds sum of **\$167,000.00** in full satisfaction of the referenced mortgage secured by the property located at the above address. If there is an HOA paid at closing, we will need a copy of the invoice with the breakdown. Be advised that the seller shall net zero from this sale and may not be related in any way to the borrower (s). BankUnited will retain any excess escrow funds or overages. Please send the signed final HUD1 to the fax number listed below at the time the short sale has closed.

These funds must be received by the close of business day by BankUnited no later than **April 8, 2010**. Upon receipt of the wire and signed final HUD1, BankUnited will prepare the satisfaction of mortgage and discharge the loan. This satisfaction will take approximately 30 to 45 days after the short sale has closed.

Wiring Instructions:

**BankUnited ABA #:**                      **Loan # / Acct #:**                      **Customer name:**

Please remember to submit your FINAL HUD1 prior to closing for approval. Any changes to the sales price or the approved BankUnited net proceeds should be communicated to the Loss Mitigation Specialist approving this short sale. BankUnited also reserves the right to correct this approval letter prior to closing.

If you should have any questions or concerns on this approval, please submit your request in writing to the fax or email listed below.

Thank you,

..... Mitigation Specialist BankUnited  
.....

RE: Short Sale Settlement Offer & Acceptance  
Account Number:  
Property Address:  
HEMET CA

Dear

SunTrust Mortgage ("SunTrust") has accepted the short sale offer for the above referenced property in the amount of \$193,000.00 in exchange for releasing the lien securing your SunTrust mortgage loan upon closing the proposed short sale of referenced property. SunTrust is offering to settle your account upon the terms outlined in this letter (the "Offer Letter"). If any of the requirements contained in this Offer Letter are not met, the offer will be withdrawn and you will be required to pay the outstanding balance owing on your mortgage loan in full and as originally agreed.

As of the date of this letter, the payoff on your SunTrust account is \$368,816.77. SunTrust agrees that it will release the lien on the property securing the balance of your account upon:

1. Receipt by SunTrust of this Offer Letter no later than 30 days from the above date, signed by the borrower(s), evidencing agreement to its terms.
2. Receipt of *certified funds* of not less than \$172,154.58, representing the Net Proceeds (outlined below) payable to SunTrust prior to or at closing;
3. Receipt of the *final* HUD1 Settlement Statement, no later than forty-eight (48) hours prior to the actual closing date, evidencing that the borrower(s) will receive no proceeds from the sale. Please email to [andrea.henderson@suntrust.com](mailto:andrea.henderson@suntrust.com).
4. (If Applicable), Receipt of the signed original unsecured installment loan note in the principal amount of \$0.00, and all related closing documents (the "Note"), no later than 05/14/2010.

Outlined below is a detailed accounting of the proposed distribution of the sales proceeds, and Net Proceeds payable to SunTrust, which SunTrust has agreed are acceptable:

Actual Sales Price	\$193,000.00
Cash Contribution	\$0.00
Promissory Note	\$0.00
Realtor(s) Commission	( \$9,650.00 )
Seller Closing Costs – Not to Exceed	( \$8,195.42 )
Buyer Closing Costs – Not to Exceed	( \$0.00 )
Allowance to subordinate/superior liens(s) if applicable	( \$3,000.00 )
<b>Net Proceeds payable to SunTrust</b>	<b>\$172,154.58</b>

The terms contained in this Offer Letter are contingent upon the short sale of the property closing on or before May 14, 2010. If there are any modifications to the HUD1 or extensions of the closing date, SunTrust must approve any such changes in advance and in writing. If more than one extension of the closing date is requested, SunTrust reserves the right to demand that the amount of the Net Proceeds payable to SunTrust be increased.

Upon settlement of the short sale proceeds, the mortgage loan will be reported to the appropriate credit reporting agencies as "*Settled in Full for Amount Less than Owed.*" However, please note that prior credit and payment history related to this account cannot, by law, be changed. To the extent that there are amounts which remain due and owing on your SunTrust account after the sale of the property securing your mortgage loan which are not to be repaid under the terms of the short sale or by execution of the enclosed Note, if applicable, those amounts will be considered a part of the settlement and forgiven (i.e. taken as a charged off loss by SunTrust). There will be no further collection activities associated with any such 'forgiven' amount; however, please be aware that **Federal tax law requires that SunTrust file a 1099-C if the amount of debt forgiven exceeds \$600.00 and you should consult your tax advisor regarding any potential tax consequences.**

As previously indicated, approval of this short sale may be contingent upon your executing an unsecured Note for repayment of additional amounts remaining due on your SunTrust account. Upon execution you, the borrower(s), must repay all amounts due in accordance with the agreed upon terms of that Note. Your failure to pay that Note, as agreed, will not impact the legitimacy, enforceability or finality of this Short Sale in any way; however, as with any legally binding financial obligation, it may impact upon your credit and your failure to pay may result in SunTrust pursuing collection activities on any unpaid balance owing on this Note.

To expedite proper short sale processing, please ensure that the closing/settlement agent sends the Net Proceeds to SunTrust, in certified funds, along with the executed settlement statement to:

SunTrust Mortgage, Inc.  
Attention: Short Sale Processing  
1001 Semmes Ave. RVW-3054  
Richmond, VA 23224

If you prefer to send the funds via wire transfer please provide the following information to the institution initiating the wire transfer and email a copy of the executed settlement statement to the SunTrust settlement agent noted in item 3 on page 1.

- Wire should be directed to "SunTrust Bank, Richmond VA"
- Credit to: SunTrust Mortgage Account Number
- Attention Mortgage Investor Reporting
- ABA Routing Number
- Include Account Holder Name and full loan account number.

**FUNDS RECEIVED WITHOUT A COPY OF THE EXECUTED SETTLEMENT STATEMENT WILL BE RETURNED TO SENDER WITHIN 24 HOURS.**

Before signing below or executing any of the enclosed documents (if applicable), as with any document we urge you to carefully read same before signing and to seek the guidance of your legal, accounting and/or tax representative(s). We at SunTrust appreciate the opportunity to assist you with the sale of your property and look forward to continuing to work with you to get this resolved. If you have any questions or wish to discuss this matter further, please don't hesitate to contact me at the telephone number below.

Sincerely,

[Enclosure(s)]

Accepted by Borrower(s):

By: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

This communication is an attempt to collect a debt and any information you provide, whether written or verbal, will be used for that purpose. However, if your debt is discharged in bankruptcy or you are protected by the automatic stay in a bankruptcy proceeding, SunTrust recognizes that you may not be liable for this debt and this letter is not an attempt to collect a debt but is being sent for notice purposes only.