Short Sale Myths

Know The Facts…
Get The Help You Need!

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Introduction

Short Sale Myths

Know The Truth

There are 5 Short Sale myths you must be aware of before making a decision to begin the foreclosure process.

- In this e-book we outline each myth... allowing you to know truth from fiction.

Myth 1

You Must Be Behind On Your Mortgage

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You Must Be Behind On Your Mortgage

No Longer Always The Case!

Most lenders are doing whatever they can to help homeowners facing possible foreclosure. This is certainly the case when it comes to the Short Sale solution.

Can You Prove These 4 Issues?

If you can prove these four issues to your lender, they may approve you for a short sale before you are actually falling behind on your mortgage.

1. Current hardship.
2. Current monthly cash shortage
3. Pending cash shortage within 90 days
4. Pending insolvency within 180 days

Does You Lender Adhere To These 4 Issues?

- Simply contact your lender and ask.

Myth 2

Short Sales Are Very Difficult To Get Approved

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Short Sales Are Very Difficult To Get Approved

No Longer Always The Case!

When short sales first started lenders were not prepared for the quantity of clients requesting short sale approval. This resulted in great difficulty for the short sale approval process.

However now virtually all lenders are well equipped to handle a short sale and to grant relatively quick approval. (in as little as 15 to 60 days.)

Myth 3

Lenders Purposely Delay Short Sales

Myth 3

Lenders Purposely Delay Short Sales

Understand Why May Help

Short sales are very popular and due to this there can be delays in the approval process.

- Lenders are not delaying short sale approval just to receive some financial benefit from the government.

Wait times have decreased drastically as lenders are well equipped to handle a short sale and to grant relatively quick approval. (in as little as 15 to 60 days.)

Myth 4

Lenders Purposely Shy Away From Short Sale Properties

Myth 4

Lenders Purposely Shy Away From Short Sale Properties

Simply Not The Case

Short sales are very popular with buyers and investors.

- Lenders know the importance price has in terms of a quick sale.
- For this reason alone lenders embrace short sales over foreclosure as they lose less money.

You will be pleasantly surprised at the level of cooperation, and service, your lender will provide to you during this difficult situation.

Myth 5

You May Not Have Enough Time To Be Approved For A Short Sale

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You May Not Have Enough Time To Be Approved For A Short Sale

Simply Not The Case

Lenders are doing everything they can to give you the time needed to resolve your mortgage troubles.

- You lender can ‘hold off’ the foreclosure process with as little as a phone call from you.

Simply explain to your lender your situation and express interest in receiving short sale approval.

Additional Information

Tax Consequences

Additional Information

Possible Tax Consequences of a Foreclosure

Please Consult An Expert

Your real estate agent is NOT an expert when it comes to the tax consequences of a short sale. For this reason you must consult an accountant or seek legal advice to fully understand all tax considerations.

The Mortgage Forgiveness Debt Relief Act of 2007

The US government has updated tax laws with respect to foreclosures. Here is a brief summary of the December 11, 2007 update.

- The Mortgage Forgiveness Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their principal residence. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualify for this relief.

- This provision applies to debt forgiven in calendar years 2007 through 2012. Up to $2 million of forgiven debt is eligible for this exclusion ($1 million if married filing separately). The exclusion doesn't apply if the discharge is due to services performed for the lender or any other reason not directly related to a decline in the home's value or the taxpayer's financial condition.

Recommendation

We urge you to consult with a legal advisor and/or accountant with respect to the tax implications of a short sale and foreclosure.

Appendix

Summary & Recommendations

Chapter 5

Summary & Recommendations

Seek Additional Help

1. About Your Finances

- Have you given thought to credit counseling?
- Have you sought advice from your bank?
- Have you a contacted your accountant?

2. About Your Legal Options

- Have you contacted an attorney?
- If so, did you discuss other legal ways to maintain your home?

3. About Your Home

- Have you contacted a real estate professional?
- If so, have they provided you with an opinion of value for your home?

Consider Contacting An Agent

The real estate professional providing this informative
E-book can assist you during this difficult process.

At the very least you ought to request a CMA
to discover the value of your home in today's market.

Such service is free and without obligation.