



"NSSMS" Works For You

© Copyrighted 2008 NSSMS

National Short Sale Mitigation Services

Pre-Foreclosure Mitigation ~ Foreclosure REO Negotiations ~ Real Estate Short Sale Specialist ~ Distressed Property Sales

Frequently Asked Questions

- What is a Short Sale?
- Is a Short Sale right for me?
- If I do a Short Sale, how much will I have to pay to sell my home?
- How do I get started on a Short Sale?
- How long does it take to complete a Short Sale?
- What tax liabilities will I have as a result of a Short Sale?
- What sort of hardship would my lender consider legitimate?
- I am current on my mortgage; will my lender consider a Short Sale?
- I have two loans; can I still do a Short Sale?
- My property is in rough shape and needs work; can I still do a Short Sale?
- I am concerned about my credit, how will a Short Sale affect my credit?
- Why would a mortgage company agree to accept a Short Sale?
- Can I simply deed my property to someone else and avoid the hassle?
- Do lenders approve all Short Sales?

What is a Short Sale? NSSMS WORKS FOR YOU!!!

A Short Sale is the sale of a home when sales proceeds do not fully pay off the existing loan(s) and lender(s) accepts a discounted payoff to fully satisfy the loan.

The best part, the existing lender usually 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 and possibly bankruptcy.

Is a Short Sale right for me? NSSMS WORKS FOR YOU!!!

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, 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 and your mitigator if at all possible.

If I do a Short Sale, how much will I have to pay to sell my home? NSSMS WORKS FOR YOU!!!

USUALLY NOTHING AT CLOSING!!! It's true; in most cases you will pay literally no sales costs if your lender approves the Short Sale. All commissions, title and escrow fees, and even most repair expenses are usually paid by the **Lender(s)** and/or **Buyers** as part of the Short Sale approval. NSSMS will collect a one time setup fee which is usually the amount of one note payment. Further, the following clause may be in the sales contract:

"Seller's Lender(s)/Lien Holders Must Approve Sales Contract In Full. If No Approval Then Sales Contract Is Null & Void". However, remember lenders approve Short Sales and accept the resulting loss in an effort to avoid bigger losses through foreclosure.

How do I get started on a Short Sale? NSSMS WORKS FOR YOU!!!

It's easy. If you would like to get pre-qualified for a Short Sale simply contact **NSSMS** for a free consultation at 713-515-4155 or www.NorthHoustonHomeBuyers.com.





"NSSMS" Works For You

© Copyrighted 2008 NSSMS

National Short Sale Mitigation Services

Pre-Foreclosure Mitigation ~ Foreclosure REO Negotiations ~ Real Estate Short Sale Specialist ~ Distressed Property Sales

How long does it take to complete a short sale? NSSMS WORKS FOR YOU!!!

Although response times vary from lender to lender, it can take two weeks or as long as a 4 months or more to receive an approval of a short sale from a lender. It will take around 30 days after the lender approval to close. This is why it is critical that buyers and their representative understand and accept that time frame before they make an offer. Patience is the key. **NSSMS** works diligently with any buyers representative to insure proper time frames are noted on any sales contract in an attempt to avoid contract expirations and other complications.

What tax liabilities will I have as a result of a short sale? NSSMS WORKS FOR YOU!!!

One often overlooked aspect of a short sale is that a Lender may seek a deficiency judgment for any difference in the amount of the loan balance plus expenses and the actual sales price of the home. Further, a Lender may elect to issue a form 1099 to the seller once the home is sold and the total loss to the lender is known. If a 1099 is issued by the Lender then the seller may be liable to pay income taxes on this amount. Currently, sellers who meet the IRS definition of insolvency (either bankruptcy or with debts exceeding assets) will not have to pay the taxes on the forgiven amount. However, during our Short Sale negotiations with the Lender we submit strong written and oral arguments and negotiate firmly on our clients behalf in order to convince the Lender to waive any deficiency judgment as well as show the loan "paid as agreed" on the credit bureaus.

What sort of hardship would my lender consider legitimate? NSSMS WORKS FOR YOU!!!

To some extent, that will depend upon the mortgage company considering the Short Sale request. Generally, so long as the hardship is real and the mortgage company believes the loan is likely to become and stay delinquent as a result, the Short Sale request will be processed by the Loss Mitigation Department. One of the keys to getting a Lender to accept a hardship is to submit a strong hardship letter. The hardship letter at least partially sets the tone for the file presented along with other proprietary documents and procedures as well.

Below you will find 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 or not marketable at or near market price.
- Job loss or significant income loss
- Divorce or split of domestic partners
- Adjustment in mortgage payment or unforeseen increase in living expenses

I am current on my mortgage, will my lender consider a Short Sale? NSSMS WORKS FOR YOU!!!

The answer is, maybe. Some lenders will accept a Short Sale file for approval on loans that are not delinquent. Other lenders will not accept the file until the loan is delinquent. **NSSMS** can work to find a buyer for your home and prepare a Short Sale file together and submit it for approval. **(Remember, you the seller usually pay no sales commissions. The Lendor(s) usually pay those if any to the realtors directly)**. That is the best way to determine if your lender will accept a file for approval on a loan that is current.

I have two loans; can I still do a Short Sale? NSSMS WORKS FOR YOU!!!

Yes. 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 your home is below the balance of the 1st mortgage, It is possible to get the two lenders to cooperate. In the end, neither lender wants to own another home through foreclosure.

My property is in rough shape and needs work; can I still do a Short Sale? NSSMS WORKS FOR YOU!!!

Absolutely. In fact, 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 goes up when they foreclose on a property that needs lots of work. 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. **NSSMS** has relationships with buyers and contractor's who can perform the needed updates and renovations at the appropriate time.

page 2 of 4



"NSSMS" Works For You

© Copyrighted 2008 NSSMS

National Short Sale Mitigation Services

Pre-Foreclosure Mitigation ~ Foreclosure REO Negotiations ~ Real Estate Short Sale Specialist ~ Distressed Property Sales

I am concerned about my credit, how will a Short Sale affect my credit? NSSMS WORKS FOR YOU!!!

The big key here is to avoid foreclosure. By nearly any measure, a foreclosure is the most damaging event your credit status can encounter - worse than bankruptcy. In the course of getting your short sale approved you may miss your mortgage payments, and these will show on your credit. It should be noted that **NSSMS** will effort to get your mortgage shown on your credit as "paid as agreed" and a full release of lien as well. We do not ask our clients to stop paying their mortgage payments. Most of our clients are delinquent on their payments when they contact us. By avoiding foreclosure and possibly bankruptcy, you will likely be able to resume borrowing (car loans, credit cards, consumer goods and such) relatively soon depending your situation.

Why would a mortgage company agree to accept a Short Sale? NSSMS WORKS FOR YOU!!!

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

Return on Investment – a Short Sale often has a better ROI to the lender than foreclosure. The national average cost of foreclosure to the lender is about \$60,000 or higher and could take up to 18 months with no guarantee they will recoup their money at an auction. The average savings a lender sees from a short sale property compared with a foreclosure property is around \$14,000.00 Not only does the lender receive this savings, they are also paid on the loan 6 months or so earlier than in the foreclosure process.

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 such as homes. 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 non-performing 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.

Can I simply deed my property to someone else and avoid the hassle? NSSMS WORKS FOR YOU!!!

Deeding your property to someone without paying off the loan can be risky. In the first place, the lender still considers you primarily responsible for payment on the loan. If loan payments do not get paid, or if the lender ultimately forecloses, this will show on your credit. A deed method called "Subject To" can be used to transfer your property to another buyer but be sure to protect yourself and do business with an ethical investor/buyer.

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. You may need to consult your Attorney and/or Accountant with any questions.

Do lenders approve all Short Sales? NSSMS WORKS FOR YOU!!!

In a word, no. However, from the presentation of the Short Sale package to the lender to working with the lenders Loss Mitigations Department, we effort to keep the file moving forward towards the best conclusion possible. Our single goal is to work towards keeping the home out of the foreclosure sale and get it sold. Thereby helping our clients avoid the nasty foreclosure on their credit for up to 10 years along with a lender possibly pursuing the seller for any deficiency judgments and all cost associated with the foreclosure as well. It is **Very Important** that you take the first step and get pre-qualified for a Short Sale. There is no charge for this, and it's easy. Just call **NSSMS** today or go to our website at www.NorthHoustonHomeBuyers.com to review your options and get started before it is too late.

page 3 of 4



"NSSMS" Works For You

National Short Sale Mitigation Services

Pre-Foreclosure Mitigation ~ Foreclosure REO Negotiations ~ Real Estate Short Sale Specialist ~ Distressed Property Sales

Confirmation & Receipt of Short Sale FAQ Please Sign & Return Fax This Confirmation

I hereby state that I have received the 3 page Frequently Ask Questions (FAQ) document from NSSMS. By signing below I confirm my receipt, review and understanding that this FAQ has been forwarded to me so that I may learn a better understanding of the Short Sale process. I also fully understand and agree that the FAQ provided to me does not in any way guarantee a specific outcome of the Short Sale process, but is rather an informational document to inform prospective Short Sale candidates of what may or may not transpire during the Short Sale process and thereafter.

Agreed: Owner / Seller

Date:

Agreed: Owner / Seller

Date:

All NSSMS Documents Used By Permission Only.

© Copyrighted 2008 NSSMS