

## SHORT SALE PACKAGE CHECKLIST



**Sales Contract or Deed:** An interest in the property is needed. A Sales Contract executed by the "Buyer", the Seller, and the Realtor, if any, with terms as we may require is preferable as we will not have to lay out any funds while we are working on the short sale. A deed may be needed if we are in competition with another Investor or circumstances dictate taking possession of the property immediately.



**Short Sale Offer Letter or Proposal Letter:** This is the introductory letter that you send along with your package outlining the deal and proposed transaction to the lender. Each lender would receive their own proposal. The proposal should encompass all of the reasons why the bank should entertain and subsequently accept your short sale proposal.



**Coordinate and Influence the BPO:** In our business we have learned how critical it is that we "influence" the BPO. The lender will hire an appraiser or unfortunately sometimes a realtor to go to the house and determine the value of that property. Make sure ***you are the contact person*** who meets them at the house and lets them in. More importantly, make sure ***you have with you some low comparables*** ("comps"). ***It's your job to influence the lender's value towards the lowest comparables possible.***



**HUD Statement Draft:** The HUD-1 Net Sheet shows how the money is to be dispersed at closing. The lender looks for immediately recognizable and usually unacceptable red flags, such as: excessive commissions in this transaction, any cash going to seller...etc. Make sure you understand how the HUD is supposed to be prepared.



**The Financial Statement** (of the borrower/seller): Most lenders have their own paperwork. If so, get this from the lender. They may insist on having it sent to the borrower directly. If the Borrower / Homeowner have left town and no financial statement is forthcoming, then make sure it is stated in the package and can be verified.



**Hardship Letter:** My favorite part of the proposal...the Hardship Letter should explain how the seller got into financial trouble and must convey the basic message that the seller can't make payments AND does not foresee any way in the foreseeable future that they will ever again be able to make any payments. In this step of the short sale process, the "worse" the situation seems for the seller, the "better" it tends to work for us!



**Paycheck Stubs:** This is often required. Hopefully the Seller is unemployed or indisposed or some other calamity and then we can tell the Lender that they do not have any paystubs!



**Bank Statements:** See above...this is also not often required. Many times if these are hard to get, I'll would tell the Lender that the Borrower was bouncing checks and stuff and the bank closed the account and their credit is so poor no other bank wouldn't open an account for them.



**Broker Listing Agreement:** This is being required more and more. If it is not listed it must be listed as the bank wants to know there has at minimum been an offer to sell this.



**Credit Report:** We do not need to but I would like it...if the credit report shows that the Seller is not paying anybody and is a candidate for bankruptcy, this could make the bank move faster as well.



**Authorization to Release:** The initial document we need. If we do not get this signed we can not speak to the bank at all.



**Photos & Repair Estimate:** If the property is in need of repairs this will also influence the bank as well. In supplying the repair estimate we will support the estimate with pictures and we need to use general contractor estimates & repair prices that the normal homeowner would pay for these items...not necessarily our costs.



**Executed and filled in Bill of Sale (if necessary):** If we are going to give the Seller any cash...we have to use this form. A Seller **CAN NOT RECEIVE** any of the proceeds resulting from a short sale. And the HUD has to reflect this. So that means we buy some books from him or better yet hire the Seller as a consultant on the property or buy something like a piece of art from him..whatever it is it can not be tied to the disbursement at the closing.



**Copies of any other Liens on the Property (IRS / City / State):** if we find any violations or liens or anything it really helps us beat up on the bank. The bank does not want to take back properties...especially those with problems with liens and violations.



**Buyer's Approval from lender/proof of funds if cash deal:** sometimes the bank wants to know the Buyer has the funds to close. Makes their acceptance process move much quicker. Since usually all short sale deals are CASH...no financing...they want to know that the Buyer can close and has a track record...both of which we want our buyer to have.