

In a short sale, the servicer allows the homeowner to list and sell the mortgaged property for market value that is less than the total amount due on the first mortgage while waiving any possible deficiency (the advocate may need to ask for this). All other liens and closing costs must be negotiated within the short sale.

Homeowners and advocates must be careful to ensure that the short sale agreement includes release of the homeowner's personal liability of the mortgage note and not merely a release of the lien. It is very important that the client has a real estate attorney who is experienced in short sales. The real estate sales contract must be crafted properly to protect the client.

### **Requirements for Homeowners**

- The homeowner owes more than the home is worth.
- All fees, including the closing costs, are paid out of the proceeds of the sale.
- Obtain permission of the servicer to do a short sale.
- Provide a letter of authorization to permit the servicer to discuss the sale with a real estate broker and/or attorney.
- Provide a hardship letter detailing the circumstances leading to the short sale.
- Provide the listing agreement and MLS listing.
- Provide a fully-executed contract of sale.

### **Tip**

Most servicers offer a "cash for keys" program that will assist homeowners with their relocation costs in exchange for vacating the premises on an agreed-upon date and leaving it in a clean condition