

SHORT SALE DOCUMENTS LIST

Required Documentation

All documents to be collected and included in the Short Sale Packet that is submitted to the lender.

From the Homeowner

- Authorization Form** – Should include the names of all on your team who may work with the file.
- Demand Letter** - Copy
- Current Mortgage Statement(s)** – Copy for each loan against the property.
- Hardship Letter** - Letter stating the reason (or hardship) causing your delinquency - (*Be sure to sign it!*)
 - *See “Sample Hardship Letter.”*
- Pay Stubs** - Last 2 months
 - If unemployed or on Social Security, obtain copies of stubs or a letter from the agency stating the amount and pay period. Direct deposit on bank statement is not sufficient evidence.
 - If self-employed, complete a “Profit & Loss Year to Date” statement. It can be handwritten.
- Bank Statements** - Last 2 months (all pages)
 - Actual statements required. Copies or printed versions not accepted.
- Federal Tax Returns** - Last 2 years (all pages)
 - Use Federal Form 4506-T to request official copy.
 - Must be signed.
 - Includes W-2s
 - State return not required.
- Recent Utility Bill** – copy is acceptable
- Lender’s Financial Statement Form** – Filled out completely
 - Download form from lender’s website
- If hardship is due to loss of job or medical expenses, the lender may require copies of unemployment checks and medical bills.

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Documents the Investor Should Take Responsibility For:

- Real Estate Purchase Contract - Copy**
- Listing Agreement – Copy**
- Current Mortgage Companies –**
 - Ask up-front who the mortgage company(s) are so websites can be checked for any specific forms needed or other requirements.
- Bankruptcy –**
 - Ask the homeowner if they have filed. When?
 - Ask if they would be willing to file if needed.
- Net Sheet or Settlement Statement (estimated HUD-1)**
 - An escrow officer will prepare this document showing the estimated closing costs, fees and anticipated net proceeds to the bank.
- Documentation Supporting Value Set By Realtor**
 - This is written after the initial submission of paperwork when the bank rejects value.
- Hold Harmless Form – Request this from the bank.**
 - States that the lien holder will not go after seller for losses derived from the short sale. Without this the bank can pursue a deficiency judgement against the owner.
 - A 1099 for tax purposes may still be issued.
- Detailed Scope of Work & Budget –**
 - Specify all work that needs to be done as well as ALL cost.
- Pre-qual letter for the buyer -**
- Other Documents - As required by the lender**
 - Check with the Lender for a list.

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SAMPLE HARDSHIP LETTER FORMAT

The Hardship Letter should be approximately 6 paragraphs, or 1.5 pages handwritten by the seller. Be as specific as possible explaining dates and dollar amounts. “Speak” (write) directly to the lender explaining your situation.

Describe the Hardship:

The first paragraph should focus on introducing the homeowner and the particular challenge. This will be the section that explains exactly what the hardship is.

Planned Response to the Hardship:

After describing the hardship, it’s time to go into more detail about what plans the homeowner has to resolve the situation. The second paragraph should focus on what the homeowner has done or is currently doing to resolve the hardship.

These steps need to be clear and honest. Ultimately, these actions alone will not be enough to resolve the situation, and the letter should support the idea that the homeowner needs the creditor’s help. ***Avoid holding back or minimizing the situation.***

What is the Goal of the Hardship Letter:

Short and to the point, this section tells the lender exactly what the homeowner needs and what the lender should consider.