

## For More Information

For more information about credit counseling and default resolution, contact these HUD-approved agencies:

**Consumer Credit Counseling Service of Southern Nevada**  
2560 S. Jones Blvd.  
Las Vegas, NV 89146  
Phone: (702) 364-0344  
Web: [www.cccsnevada.org](http://www.cccsnevada.org)

**Homeownership Preservation Foundation**  
Homeowner's HOPE™ Program  
Phone: (888) 995-HOPE (4673)  
Web: [www.995hope.com](http://www.995hope.com)

**Women's Development Center**  
4020 Pecos McLeod  
Las Vegas, NV 89121  
Phone: (702) 796-7770  
Web: [www.wdclv.org](http://www.wdclv.org)



## What about foreclosure?

If you are behind on your mortgage payments, a lender may proceed to foreclose upon the house, either in court or through a "power of sale" clause in your loan agreement. The lender will record a Notice of Default and Election to Sell. Once that happens, Nevada law requires a three month waiting period which includes a right of redemption during which you may bring the loan payments current. If the lender moves forward with selling the home, Nevada law requires that a Notice of Trustee Sale be recorded at least 20 days before the sale. If the foreclosure sale occurs before the short sale is approved and closed, you will lose your rights, title and interest in the home. If you receive a Notice of Default while the property is listed, you should notify your agent and seek legal counsel, credit counseling or other assistance in understanding your rights and obligations.



This brochure provides general information and is not intended to provide advice on any specific question or transaction. Please check with your real estate agent and broker to determine their business practices and procedures. Parties to any real estate transaction should seek competent legal and/or tax counsel to determine the legal, credit and tax consequences of buying or selling a home.

*Produced in conjunction with the Greater Las Vegas Association of REALTORS®. © 2008, GLVAR*

# What SELLERS Need to Know about Short Sales



## Frequently Asked Questions

### What is a short sale?

A short sale occurs when you owe more than the fair market value of the home, face a demonstrable financial hardship, and need your lender's approval to close escrow. If you have more than one loan on the property, such as a first mortgage and a home equity loan, each lender will have to approve the transaction.

### Why must my lender(s) approve the transaction?

A mortgage loan, home equity loan, and other secured loans are all liens against the property; in order for title to the property to pass to the buyer, those liens must be satisfied. Therefore, getting your lender(s) to accept less than it is owed is a critical step in a short sale. For your lender(s) to accept a short sale—and therefore less than what's owed on the loan(s)—you must demonstrate a financial hardship and inability to pay back the full amount of the loan(s). In a sense, this is like “reverse qualifying” for your loan(s).



### What will I have to do to get short

#### sale approval?

Depending on the lender(s)'s requirements, you will need to provide a hardship letter detailing why you are unable to pay the difference between the fair market value of the home and the loan amount(s). You may have to provide bank statements, tax returns, financial statements and other documents to prove that you do not have the ability to pay off the loan. You will have to sign an authorization letter, allowing the lender(s) to speak directly with your real estate agent to facilitate the approval process.

### What happens after my agent

#### receives an offer?

The offer will be presented to you, and if you want to accept the offer, your agent may draft a counter-offer or addendum containing “contingency” language. That is, you are willing to accept the offer, but the deal will not be final until your lender(s) approves of the transaction. Then, your agent will submit the signed contract, including any counter-offers and addenda, to the lender(s) along with other documents that the lender(s) may require.

### How long will the process take?

It depends on the lender's workload and requirements. Sellers and buyers must be prepared to wait at least two to three months for the seller's lender (s) to approve the transaction. Remember that after the lender(s) approves the transaction, other contingencies may have to be met (home inspections, buyer's loan qualifications) before the transaction actually closes. Your lender(s)'s approval is only one piece of the puzzle.

### Why does it take so long?

Lenders are flooded with short sale requests. Multiply that by the amount of paperwork required to process and approve a short sale and you have a backlog. No one, including the Brokers and Agents

### Will the house stay on the

#### market?

If the property is listed in the Multiple Listing Service (MLS), it will be placed in “Contingent” status, meaning that a purchase agreement has been executed, but the deal is awaiting short sale approval. As a practical matter, listings that are in contingent status come up in property searches, and it is possible that another buyer will see the house and make an offer. Your agent will be required by Nevada law to present other offers to you.

### If my lender(s) agrees to the short sale, do I still owe the difference?

It depends on the lender. You may receive a deficiency judgment for the difference between the amount of the sale and the amount of your loan(s), which you will still owe. The lender may forgive the debt, and the IRS may treat that as income. There may be consequences on your credit report and credit score. You should seek professional advice from an attorney, certified public accountant or other professional as to the credit, legal and tax consequences of a short sale.