



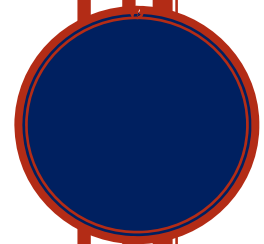
# SHORT SALES

## *Frequently Asked Questions*

This is a small sampling of the most basic questions we receive all of the time. There is a ton of information contained all over the internet but you must question and verify everything. We are attempting to give you enough information to help you move forward and take the next step by contacting us and asking for help...the knowledge we have is 100% available to you at anytime.

TN Loss Mitigation Services

5/1/2009



# SHORT SALES

## Frequently Asked Questions

### *I just received a letter about foreclosure. What do I do?*

Act quickly and contact the professionals at TN Loss Mitigation (TLM) to review your options. Foreclosure letters come in many forms and could represent different timelines for you.

### *Are you a law firm?*

NO. We are a team of licensed real estate professionals, financial professionals, loss mitigation professionals, and support staff that specializes in caring about and providing solutions to distressed homeowners. When seeking legal advice, however, you should *always* consult an attorney.

### *I'm afraid of foreclosure and what it will do for my credit. I can't sleep, I can't eat, I'm always nervous - can you help?*

In most cases, we can help. When you contact us, we are truly dedicated to personalized service and helping you find the best solution for your immediate needs. We are a group of humble, family-oriented people who understand what it's like to be in this situation.

### *I have started to get a lot of solicitations from people who say they can help. How did they get my information? Can any of them help me?*

Foreclosure is a public process. A notice is filed in court, usually by your lender's attorney. Once this happens, there are several companies and individuals who take your information and attempt to market their services to you. Your information will even be sold several hundred times.

Most of these offers are equity-driven. If you don't have a lot of equity left, or want to keep some of it yourself, then most solicitations won't work. Remember, anyone who contacts you is trying to make money. Ask how they will get paid and who will pay them. There are a LOT of scams out there. If it seems too good to be true, it usually IS too good to be true!

***So how do you make money? I'm sure you don't work for free.***

All of our fees come from lenders and real estate sales commissions. You will never be asked to pay for our services up front, although our fees are often seen on the Seller side of the HUD-1 at closing if we negotiate the sale of your home. The bank has to agree to our payments, but it is not something that comes directly out of your pocket before closing or at the closing table. If we can't help you, we don't get paid at all.

***If I agree to work with you, how long would it be before you could do anything?***

We can delay or completely stop the foreclosure process within 72 hours (with the lender's kind approval, of course). That will buy us enough time to negotiate a permanent solution before it's too late.

***Should I try and sell my house on my own?***

FSBO (For Sale By Owner) is always an option while you own the property. However, lenders will require that you list your home for sale with a REALTOR® who subscribes to MLS. (It is a proven fact that agents are the most effective method of selling property.) The Listing Agreement is often proof of your willingness to attempt to sell your home, which could secure you more time to sell from the lender.

***Why would my bank accept less money for my home?***

Lenders buy and sell money....they are NOT interested in buying and selling property. The costs of foreclosure, maintaining or having to fix a property may have been sitting vacant for months and months....is not in their best interest for liability purposes and it is crashing our economy in the form of costing them money to hold these properties which monies would be better put to use back into the financial market place in the forms of new loans, credit lines, auto lines, etc...

***How do they figure they save money on a Short Sale versus Foreclosure?***

A Mortgagee (the lender) establishes an estimated "cost of loss" if you default - most have an entire loss mitigation or loss prevention department that does nothing but evaluate the cost of foreclosure versus loan modification or short sale. Remember! They have to pay to maintain your property after they take it from you, and that includes taxes, insurance, property maintenance, and

other expenses. The Lender's "loss" can continue to grow long after you are gone. Even at an auction sale, the Lender expects to get much less than market rate because it is not an ideal way to sell property. The majority of the time...your lender buys the property back at the auction....still for less than what you owe them! Now they have to hire a real estate agent and list the property for sale, pay commissions, back taxes, HOA fees, lawn/property maintenance....and pray it sells fast. The longer they hold it...the more money they lose....and the less money they can lend to someone else because it's tied up in your foreclosed property.

A short sale "offer" on your home, carefully determined and strategically presented and negotiated by TLM, is actually a much better option for the Lender(s).

### *How does a short sale affect my credit?*

A short sale does adversely affect a person's credit report, though the short term perception and long term negative impact is less than a foreclosure. Short sales are a type of settlement. Depending upon other credit information it is typically possible to obtain another mortgage within 24 months a short sale. Check out <http://www.HUD.gov> and type in "Short Sales" and learn about what their requirements are for the short sale and when you want another loan.

After a short sale, your credit report should state the "settlement" and reflect a "zero" balance for that account. Sometimes, a lender may "forget" or "accidentally" NOT show a zero balance for that account. There are laws against them doing that....so you can take steps to make sure your credit report is "cleaned up" if the Lender fails to sale/settlement correctly.

Remember...versus a Short Sale....The actual Foreclosure Sale and subsequent judgment for the sale difference is what you MUST avoid. In that situation, your credit report would show the [sale](#) and in most cases, a large [judgment](#) against you for the lender's losses. In other words...imagine a big fat "FORECLOSURE" stamped on your forehead for the next 7 years.

### *Aren't there tax consequences if the lender forgives some of the debt?*

A wonderful thing happened on December 20, 2007. Former President Bush signed [H.R. 3648](#), the Mortgage Forgiveness Debt Relief Act of 2007, which eliminated all tax liabilities resulting from the short sale of a primary residence, with certain [limits](#). If your property is your primary residence, you may qualify to NOT BE TAXED ON ANY DEFICIENCY BALANCES! However, we *always* recommend that you consult a Certified Public Accountant before making any decisions regarding your personal situation.

***Can the Lender come after me for the difference between what I owed versus what is sells for with a Short Sale ?***

TLM negotiates for a full settlement of the debt. While it is frequent if not common for a lender to forgive the balance of the loan in question, it is unlikely that a lien holder that is not a mortgagee (2<sup>nd</sup> Lender, HELOC, Line of Credit) will forgive any of THEIR balance. But we are successful in negotiating payoff amounts with secondary lien holders, too! Every situation is unique to the property owner(s) and lien holder(s)! We have seen lenders requiring the property owner sign a "Promissory Note" or other instrument securing the Deficiency Amount. We have cases where lenders determined that owners had assets (IRA, other real estate, etc) but still agreed to the Short Sale providing the owner sign "a note" for the balance. Even in those situations....we can negotiate the deficiency amount down! It seems that only "real" sanity we've seen practiced by Lenders is there lack of persecution of the property owner(s) for that deficiency amount. Most times, the owners are either (a) in bankruptcy court already or (b) going to file for Chapter 7 bankruptcy which eliminates all debt once approved by the courts. The lenders may figure that pursuing the deficit will cost more money than writing it off as more "bad debt" and moving on. This can always change and it varies from Lender to Lender and on a Case by Case basis. For additional support on (from the government of all places no less!!), see the Mortgage Forgiveness Debt Relief Act of 2007 which addresses the deficiency on primary residences.

***They gave me a sale date. Do I still have time to do anything about this?***

In most cases, the lender will consider offers right up until the actual sale. Your TLM Team will very likely be able to take quick and decisive action that secures more time. However, you need to take action quickly, too, and fill out our secure, online questionnaire NOW. Better yet, call us for a free consultation.

***What does my lender need from me?***

Certain paperwork needs to be completed before negotiations can begin. TLM has assembled a comprehensive package of required documentation that will be emailed to you by the TLM Solutions agent assigned to represent you. Instead of convincing the lender that you are credit-worthy, your data should indicate your inability to pay. Types of data may include a personal hardship letter, recent tax returns, pay stubs, or bank statements.

***I have a second mortgage on my property. How will that get paid or go away?***

If we are negotiating a short sale, we negotiate with all lien holders on your property, including any IRS Tax Liens to get them to reduce (if not eliminate) the debt. Typically, when a lien holder sees that the property owner has filed (or is going to file) for Chapter 7 bankruptcy protection, they are willing to release the debt because they know it will be discharged in bankruptcy court.

If you are thinking about Obama's new loan modification or refinance program....remember!!!!.....Only the first mortgage may qualify for modification.

***I still own the property, but someone has changed the locks and mowed the lawn. What's going on?***

In all mortgage documents, the lien holder (your bank or mortgage company) has the right to make sure that the property is secure. The lender will occasionally send someone out to check on the property, just to make sure it is secured and being maintained. If it looks vacant or abandoned, they will send you a letter asking you to explain yourself. If you don't respond within a certain period of time, the lender will hire a management company to secure the property and maintain it.

Many times, this letter has simply been accidentally discarded as junk mail. If you still own the property and the locks have been changed, we should be able to get access through the management company.

***How long does the short sale process take?***

Unfortunately, this depends on your lender. We have found that smaller local lenders or "boutique" national lenders move much more quickly. We were able to buy and resell a property within 35 days with one small lender. With the larger national companies (Countrywide, Wells Fargo, Chase, etc.), the process can take anywhere from one week to four months.

In negotiating short sales, TLM has the edge over almost anyone else in this area. It takes our team about a third of the time that the typical real estate agent takes to close a deal!

***Is this legal?***

Yes, of course! At TLM, we do not condone illegal activity in any area of life. We are committed to integrity, ethical behavior, and full disclosure in every aspect of our communications with clients and within every transaction to all parties in writing.

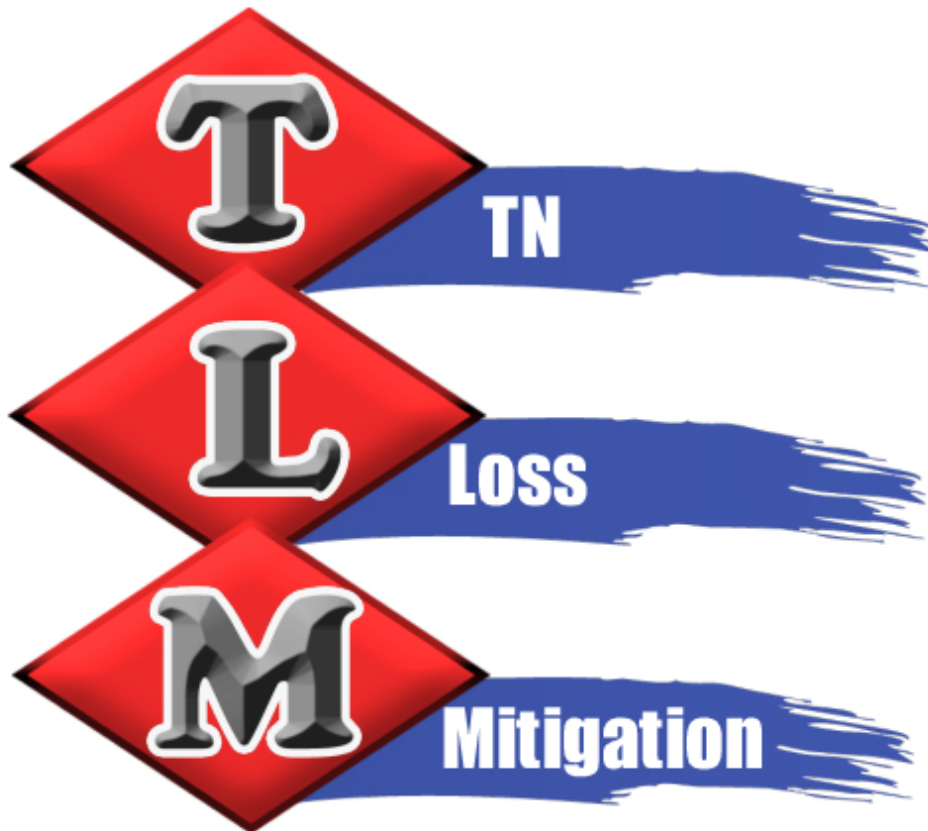
We always encourage people to talk to their accountants. Most attorneys still do not understand the short sale process and impact to your financial future....BUT AN ACCOUNTANT SURE DOES!! Start with an accountant...and if he feels you need to consult with an attorney...do so!! We encourage our clients to get educated!

**REMEMBER!** Before you sell on a short sale or go through a foreclosure, seek tax advice. Real Estate Agents, Title Companies, TLM LLC (its affiliates, subsidiaries and employees) cannot give you legal or tax advice!!!! Besides...the rules seem to change every day! Certified Public

Accountants live for those rules...they are TLM's first call....and they should be yours. In fact, attorneys are now slowly starting to get educated about short sales too! For more information, contact a Certified Public Accountant, your attorney or check the IRS Web site.

<http://www.irs.gov>

**DO YOU THINK YOU QUALIFY? NEED MORE HELP? HAVE YOU RECEIVED AN AUCTION NOTICE? CONTACT US FOR ADDITIONAL INFORMATION 615.417.8300**



[www.StopForeclosureOptions.com](http://www.StopForeclosureOptions.com)