



## **Frequently Asked Questions about Short Sales:**

### **What is the definition of a Short Sale?**

A short sale occurs when a lender agrees to accept less than they are owed for an outstanding loan.

### **When should a seller decide to do a Short Sale?**

The short sale process should begin as soon as a seller realizes they are no longer going to be able to afford the mortgage payments. The sooner this process begins the higher the likelihood for approval because the lender will be taking less of a loss.

### **How long is the Short Sale Process?**

Time is of the essence when one has defaulted on their mortgage payments. The time to process a short sale varies depending on the lender. There are too many variables involved to be able to give a specific time frame. Typically the process will take anywhere from 30-90 days.

### **Can the mortgagor still stay in the house?**

Short sales are meant to forestall a foreclosure. The mortgagor can stay in the house through the short sale process.

### **Will the seller get any money from the sale?**

No. The lenders specifically state that the seller cannot receive any proceeds from the sale.

### **What happens if the short sale is denied?**

The house will likely go to foreclosure. A short sale is something that is tried after the seller has exhausted other options, but has not been given an NOD (notice of default).

### **Will there be tax consequences for the seller?**

Possibly. The seller should consult with a tax advisor as to whether or not a successful short sale will result in any taxes owed. There may be tax ramifications associated with saving a home from foreclosure auction, including but not limited to, the issuance of an IRS tax form 1099 for any shortfall of the mortgage debt.