

Understanding Your Short Sale

A Quick Reference Guide For The Short Sale Process

What is a Short Sale?

A short sale happens when a property is sold for less than what is owed. The lender holding the mortgage agrees to take less than the mortgage payoff amount.

Many folks are finding themselves in a situation whereby they are unable to afford their mortgage payments. In that instance, a short sale may be a good alternative to a foreclosure.

Reasons why people choose a Short Sale:

- ✓ Can be less damaging to one's credit than a foreclosure
- ✓ Stops collection calls from the mortgage company
- ✓ Can save the embarrassment of having a sheriff sign on the property
- ✓ No foreclosure notice printed in the newspaper
- ✓ Although a short sale may take two to three months or more, it is typically much quicker than a foreclosure.
- ✓ Being pro-active in resolving the matter is usually much less stressful than just letting a foreclosure happen

Frequently Asked Questions:

Question: I have been told that if I sell my house for less than what is owed, my mortgage company will issue me a 1099 for the difference, and I will have to pay taxes on that. Is that true?

Answer: In 2007, President George Bush issued the Taxpayers Debt Relief Act, which states that the homeowner will NOT owe the IRS taxes from a short sale 1099. (You will still receive the 1099 but with no federal tax implications.) This act is in effect until 2010 and will most likely be extended. Therefore, at this time, there is no federal tax liability associated with a short sale.

To obtain information regarding any state or local tax responsibility, please consult your accountant.

Question: Will I be responsible for paying the difference back to my mortgage company? (Will my mortgage company issue a deficiency judgment?)

Answer: Some mortgage companies will issue a deficiency judgment and expect the homeowner to pay back any amount that is owed to them after the sale; however, the amount is usually substantially less than the deficiency judgment that would be filed as a result of a foreclosure. It pays to do a short sale instead.

For legal advice on possible obligations after a short sale or foreclosure, please consult your attorney.



“We’ll help you weather the storm”

At our appointment, please bring with you the following items:

1. A hardship letter in your own handwriting (not typed) stating why you have fallen upon hard times and cannot make your mortgage payments.
2. Current pay stubs for one month; or a statement from you explaining that you are unemployed, or a reason why no pay stubs are available.
3. Last two months of bank statements from your bank
4. Last two years of tax returns; if no taxes were filed, then last two years of W2’s
5. Documentation of Debts: Any credit card bills, car payment book, etc. Any debts that you owe – please bring everything for us to copy.
6. Authorization to Release Information (use the form we provide)
7. Financial Statement (use the form we provide and fill it out to the best of your knowledge)
8. New Short Sale Submission Form (use the form we provide and fill it out to the best of your knowledge)

When we receive these things from you, we can start the short sale procedure.

Your Loss Mitigation Specialist and Short-Sale Knowledgeable Realtor together will:

- ✓ Create the photo tour of the property
- ✓ Prepare the lender-required listing paperwork
- ✓ Prepare a Broker’s Price Opinion (Market Analysis)
- ✓ Work with the buyer to obtain a Purchase Agreement
- ✓ Obtain contractor’s repair estimates, if necessary
- ✓ Package all documentation together to submit to lender to get short sale approval

Abba Loss Mitigation, LLC is a local Short Sale Mitigation Company with over 60 years combined experience in the Real Estate industry. We have a proven track record and enjoy a very high referral rate because of it.

YOU CAN PUT YOUR TRUST IN US!

Please call with any questions. We look forward to getting your home sold for you.

Sincerely,

Steve Jarkiewicz



“We’ll help you weather the storm”

Abba Loss Mitigation, LLC.

Your LOCAL “Short Sale” Professionals with ***PROVEN RESULTS!***

[Steve Jarkiewicz](#)

Loss Mitigation Specialist

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