

# REALTOR® short sale overview



## What is a short sale?

A short sale is a work out program that allows the customer to sell the home for less than total amount owed. Upon final approval, a short sale may help homeowners avoid further collection activity or foreclosure action.

## How to get started

- The REALTOR® accesses Equator® at [www.equator.com](http://www.equator.com) and chooses the *Initiate Short Sale* link to begin the process.
- For login support, contact Equator at [agenthelp@equator.com](mailto:agenthelp@equator.com) or 310-469-9167.

## Documents required to begin an application

All documents should be uploaded directly on the Equator website in PDF format. Please make sure that all documents are properly executed.

### From the REALTOR®

- Fully executed listing agreement
- Fully executed contract

### From the homeowner

- Financial worksheet listing all monthly expenses signed and dated within the last 60 days.
- Hardship letter (why he/she is unable to pay the mortgage) signed and dated within the last 60 days.
- Letter authorizing the REALTOR® to access information on the borrower's account. It must be dated and include the last four digits of the borrower's Social Security Number, his/her signature, the full account number and the property address.

## Additional information

- Short sale approval is good for 30-45 days, depending on the investor. If closing does not occur within that time period, the entire short sale package may need to be resubmitted with updated information, or the approval process may need to start over.
- REALTOR® or homeowner inquiries should be directed to the processor assigned to the file, whose information will be communicated during the introduction call.
- REALTORS® are generally allowed a 5% to 6% commission rate, however, that may vary based on investor guidelines. Dual-agency relationships could also impact the commission structure. Commission fees will be confirmed during the negotiation process.
- The seller cannot list the property with or sell to anyone that the seller is related to or has a close personal or business relationship with. In legal language, it must be an "arm's length transaction."
- If the seller has a real estate license, the homeowner cannot earn a commission by listing his/her own property. The seller may not have any agreements to receive a portion of the commission or the sales price after closing.
- Any buyer of the property must agree to not sell the home within 90 calendar days of the date it is sold.
- The seller may not have any expectation that the seller will be able to buy or rent the house back after the closing.
- In order to reduce the 45-day response time, the liquidation team strongly recommends that the homeowner and/or REALTOR® provide the required documentation as soon as the listing contract is signed. This significantly reduces the short sale decision time on a submitted offer.
- In some cases, investors and/or PMI companies require the mortgagors to provide a payment or sign an unsecured note for some or all of the difference between the net proceeds from the sale and the total amount due. This is communicated as part of the response on a short sale offer.

Together we'll go far



This is our estimated timeline based on business days and assuming all documents are submitted in completed form and in a timely manner.

Event	Timeline (Business days)	Total process (Business days)
<ul style="list-style-type: none"> <li>• Complete short sale application received</li> <li>• Short sale application activated</li> <li>• Complete application assigned to a processor</li> <li>• Incomplete application will delay process</li> </ul>	2	2
<ul style="list-style-type: none"> <li>• Processor initial review</li> <li>• Introduction call to REALTOR® and homeowner</li> </ul>	5	7
<ul style="list-style-type: none"> <li>• Property evaluation completed (appraisal or interior BPO per investor requirement)</li> </ul>	15	22
<ul style="list-style-type: none"> <li>• Negotiation</li> <li>• Mortgage insurer approval</li> <li>• Investor approval</li> <li>• Additional liens negotiated by REALTOR®</li> <li>• A completed net sheet/HUD (our payoff is not necessary)</li> <li>• Fully executed purchase contract with all pages initialed by buyers(s) and seller(s)</li> <li>• Buyer pre-qualification letter or proof of funds if cash offer</li> </ul>	20	42
<ul style="list-style-type: none"> <li>• Closing Settlement</li> <li>• Application decision</li> <li>• Decision letters issued</li> </ul>	3	45

Timeline events may overlap and occur simultaneously



**Contact information:**

**For questions about the short sale process,**  
Call the Loss Mitigation Team at 1-866-903-1053

**For technical support:**

Visit the Equator REALTOR website: [www.equator.com](http://www.equator.com)  
email: [agenthelp@equator.com](mailto:agenthelp@equator.com)  
Phone: 310-469-9167

# Glossary of frequently used terms:

## **Borrower status**

- *Closing* – process of initiating closing, escrow, and funds wiring; contingent upon the lender/servicer's acceptance of the terms put forth by the borrower/agent
- *Document collection* – process of gathering and storing the relevant documentation for the borrower/homeowner's assessment for short sale eligibility
- *Document verification* – process of ensuring the borrower/homeowner has provided the correct forms and that the forms contain the information needed to determine short sale eligibility
- *FHA eligibility check* – process of verifying the documentation provided by the borrower for an FHA loan
- *Marketing* – process of advertising or listing a property for an offer
- *Negotiate* – process of arranging the sale of the short sale property through means set forth by lender/servicer
- *Sold* – completion of the sale of the property at which point the property is no longer marketed or listed; contingent upon the acceptance of all aspects of the lender/servicer's closing processes
- *Submit offer* – process of placing a sales offer on the short sale property

## **Agent status**

- *Accept assignment* – process of notifying an agent to be assigned a property; upon the initiation of a short sale, the borrower (if not initiated by the agent) will assign the property to his/her agent of choice; this status includes the agent accepting the assignment
- *Closing* – process initiating closing, escrow, and funds wiring; contingent upon the lender/servicer's acceptance of the terms put forth by the borrower/agent
- *Document collection* – process of gathering and storing the relevant documentation for the borrower/homeowner's assessment for short sale eligibility
- *Document verification* – process of ensuring the borrower/homeowner has provided the correct forms and that the forms contain the information needed to determine short sale eligibility
- *FHA eligibility check* – verification of the documentation provided by the borrower for an FHA loan
- *Marketing* – process of advertising or listing a property for short sale initiation via the agent, borrower/homeowner or lender/servicer
- *Negotiate* – process of arranging the sale of the short sale property through means set forth by lender/servicer
- *Sold* – completion of the sale of the property at which point the property is no longer marketed or listed; contingent upon the acceptance of all aspects of the lender/servicer's closing processes
- *Submit offer* – process of placing a sales offer on a choice short sale property

## Tasks

- *Accept assignment* – allows the agent to accept or reject the assignment for the short sale of the property
- *Borrower contact information* – captures all pertinent contact information about contacting the borrower regarding the short sale property
- *Financial information* – captures all relevant financial information about the borrower/homeowner's current financial situation
- *Hardship reasons* – captures the rationale behind the financial discomfort undergone by the borrower
- *Select agent* – allows the borrower/homeowner or lender/servicer to select a real estate agent, if any, for the short sale of the property

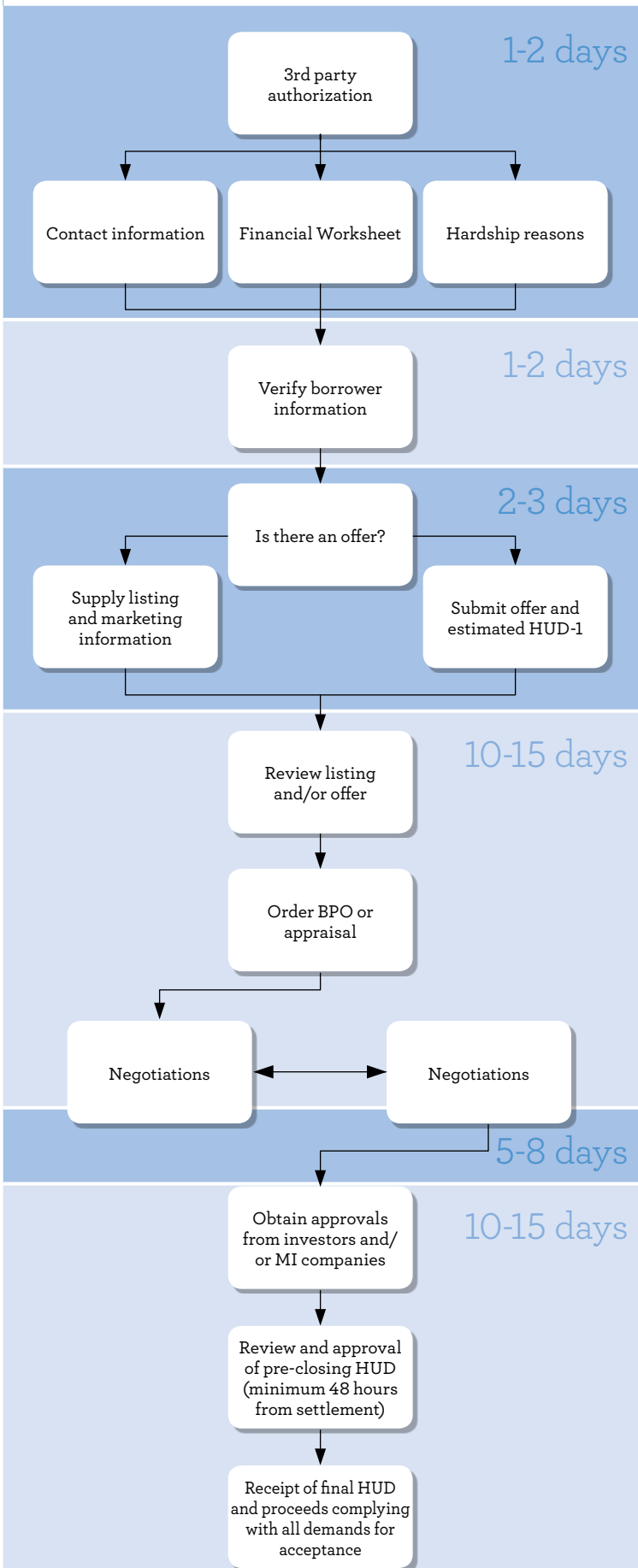
## Financial information sections

Financial worksheet – all pertinent financial information to be provided to the lender/servicer through bank statements, financial income statements, family expenses, home expenses, work expenses, and those financial reasons listed

- *Assets* – liquid money that the borrower/homeowner can demonstrate as available financial resources (i.e., bank statements, financial income statements, rental income, etc.)
- *Contributions* – monthly church/charity contributions and other monthly contribution expenses as applicable to the borrower/homeowner
- *Debt - auto* – any outstanding debt that the borrower/homeowner owes for their automobile (monthly payment)
- *Debt - credit cards* – any outstanding debt that the borrower/homeowner owes for the credit cards they own (monthly payment)
- *Debt - mortgage/liens* – any outstanding debt that the borrower/homeowner owes for the mortgages or liens on his/her given property or others he/she owns
- *Family expenses* – monthly expenses for: auto maintenance, food, medical/dental, alimony paid, child support paid, child care, entertainment, tuition school expenses, and other family expenses as applicable to the borrower
- *Financial summary* – the borrower/homeowner's summary of all expenses and financial income/liquid financial resources available
- *Home expenses* – monthly home-related expenses including HOA dues, taxes, home repairs, and other home expenses as applicable to the borrower/homeowner
- *Insurance* – monthly insurance-related expenses including auto, health, life, and any other insurance expenses as applicable to the borrower/homeowner
- *Monthly income information* – monthly income from: employment (up to two borrowers), rental income, alimony income, child support income, and other monthly income as applicable to the borrower
- *Utilities* – monthly utilities including cable TV, electricity, natural gas, phone/internet, sewer/water, and other utility expenses applicable to the borrower/homeowner
- *Work expenses* – monthly work-related expenses including dry cleaning, parking, union dues, and other work expenses as applicable to the borrower/homeowner

## Quick reference short sale workflow

LEGEND: ■ Agent tasks ■ Lender tasks



## Documents required\*:

1. Valid and current Listing Agreement — completed signed and dated by the borrower and the listing agent
2. Purchase Contract — signed by the borrower, the listing agent, the buyer and the purchase agent.
3. Financial Worksheet — signed and dated by the borrower within the last 60 days
4. Hardship Letter — signed and dated by the borrower within the last 60 days
5. Other documents supporting the hardship required by the lender
6. Last two years of tax returns — signed and dated by the borrower
7. Last two most recent pay stubs
8. Last two most recent bank statements
9. Other financial documents required by the lender
10. Marketing Materials for Listing the Property
11. Valid and current offer or Purchase Agreement — completed, signed and dated by the borrower, the buyer, the listing agent and the purchase agent
12. Estimated HUD-1 — completed with all associated liens and costs
  - Please show the short payoff amount to Wells Fargo Home Mortgage on line 504 of the HUD
  - Please be advised some items may not be allowable per investor and/or MI guidelines including short sale processing fees, home warranty, pest inspection, home inspection, natural hazard disclosures and repairs
  - Most investors limit seller paid closing costs to a maximum of 3% of the purchase price
  - If there is a second lien on the property you must negotiate directly with and receive approval from the junior lienholder including Wells Fargo second or home equity loans

All documents should be uploaded on Equator.

\*Note: This information is for Wells Fargo first liens only. Documents required for short sale vary by investor, MI company, type of offer, etc. The list above is representative of a typical short sale and does not indicate all documents that may be required to complete a short sale. Providing the required documents does not guarantee the approval of a short sale.



### Contact information

Loss Mitigation phone team: 1-866-903-1053

Equator REALTOR® website: [www.equator.com](http://www.equator.com)

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