

Short Sale Documents Required by Banks and Investors

Bank Statements: Banks will require the previous two months bank statements for all accounts. All pages must be submitted, even if the last page is blank. The documents must be a bank statement, it cannot be a transaction list printed out online. The statement can be retrieved as a PDF online, but must be a copy of your statement. The banks will require that these documents remain current during the negotiation of your short sale.

Income Verification: Banks require the last 30 days of pay stubs or other income verification. If on Social Security, the banks will require your most recent benefit award letter. If unemployed, the banks will require information on your unemployment benefits or a letter stating that you do not receive any income of any type and why.

Listing Agreement: This is the contract that you sign with your Real Estate Agent that allows them to sell the property. This agreement must be signed and dated, list the full property address, and not be expired. Banks will not approve any commission to a Real Estate Agent to exceed 6%.

Purchase Agreement: This is the contact to purchase the property between you and the potential buyer. This document must be fully executed with actual signatures (not electronic). It is important to review any special terms that the buyer is requesting in the sales contract that may conflict with a short sale approval, such as excessive seller concessions, home warranties, or an unrealistic expectation to close (example: within 30 days of the sales contract).

Tax Returns: Banks require the last two years of filed income taxes. If you do not file a tax return, the bank will require a letter stating that you do not file tax returns and why you do not or have not filed. Additionally, the bank will require a form 4506-T to be executed, which a form is allowing the bank to obtain copies of your tax transcript.

Hardship Letter: Banks require a signed hardship letter dated within the last 60 days that details the reason that you are looking to short sale your property. The letter should be short in length but provide detailed information regarding your hardship. Landmark will be happy to review your letter or assist you in doing so prior to submission.

HUD-1 Statement: This is the settlement statement that reflects all of the information regarding the purchase. Landmark Legal through its title partner completes this document on your behalf based on the information contained in the sales contract.

Uniform Borrower Assistance Form: This form details your monthly expenses and income as well as any assets that you may have. This form or a variation of it is required on each short sale. The generally accepted form is the Form 710; however some banks have a proprietary form required in addition to the standard form.

Third Party Authorization: This form is used to allow Landmark Legal discuss your account and the short sale with your lender. We have a **general form** that is used; however, a select number of lenders have a proprietary form that is required.

Banks will often request updated documentation as the forms are time sensitive. It is extremely important that all forms are updated as quickly as possible as any delays in returning requested documentation may result in delays of approval or closure of the short sale file, which will require the process to start over.