

INSTRUCTIONS FOR SUBMITTING SHORT SALE OFFERS

Please read the information below when making an offer.

You would need to present the following documents:

1. Purchase and Sale Agreement (F-20) (instructions below) and all addendums
2. Copy of Earnest Money Check
3. Letter of Approval or Proof of Funds
4. Instructions to Closing Attorney (F-32) (instructions below):

===== **INSTRUCTIONS FOR F-20** =====

1. The **earnest money** should be for at least **\$1,000** for **financed deals** or **10% of purchase price for cash deals** and held by listing broker, Re/Max Alliance and shall be paid in certified funds or money order at the Binding Agreement.

2. You must use the seller's closing attorney. As a result Paragraph 7 of the F-20 should state the closing attorney to be **“O’Kelley & Sorohan - Duluth.”** This attorney works our short sale files in preparing the HUD, communicating with the lender, etc.

3. If your client wants to do an inspection and the seller has already moved out of the property, there is the possibility that the utilities will be turned off. Please remember that the seller is in a financial hardship and may not be able to have the utilities turned on for your client’s inspection. If the utilities are off, the buyer would have to turn the utilities on at his/her own expense. The buyer must call the utility companies and have a "temporary turn on for home inspection". The utility companies do this all the time and no paperwork is required.

4. Property will be **Sold As Is**; the seller is in a financial hardship and has no funds to make repairs. Your client may select the option for "Due Diligence" instead of the “As Is” option. The bank understands the buyer's need to evaluate the property but they expect your client to realize that this is a **"time sensitive"** transaction so they may only give you a 7 day Due Diligence period from binding agreement date but no repairs will be performed.

5. Since Short Sales are time sensitive and different lenders have different requirements outside the seller and broker's control, we request you include the following **Special Stipulations**:

****(Copy and paste the two paragraphs below in the Special Stipulation box)****

- 1. Buyer acknowledges that the sale of the Property will not generate sufficient cash to pay off the mortgages on the Property and the other obligations of Seller with respect to this purchase and sale transaction. This Agreement is therefore contingent upon Sellers mortgage lender(s) agreeing to: (1) take a reduced pay off on its mortgage(s) in an amount sufficient such that the purchase price of the Property pays off the reduced amount of the mortgage(s), any other liens, judgments and other encumbrances on the Property, the real estate commission(s) owing to the Broker(s) and the other expenses of sale for which Seller is obligated under this Agreement without Seller having to pay any additional sums; and (2) release Seller from any claim, cause of action, suit or judgment for the amount of the reduction in the payoff on said mortgage(s). In the event, the mortgage lender(s) do not agree to such reductions at least 7 days prior to closing, either Seller or Buyer may terminate this Agreement without penalty upon notice to the other party.**
- 2. Due to the time sensitiveness of Short Sale transactions, all parties agree that the listing of the property will continue to be in a “pending approval” status until the Sellers lender delivers an “Approval Letter”. All offers received, while this contract is being negotiated, will be presented to the seller and will become back-up offers. The highest and best of the**

backup offers will be sent to the seller's lender, only if a satisfactory negotiation is not reached between all the parties in the prior contract.

3. All parties agree buyer has 7 days due diligence period. However, all parties acknowledge and agree the property is sold in "as-is" condition. The Binding Agreement Date, as described in paragraph 18.H. of the Purchase and Sale Agreement shall remain in full force and effect.
4. All parties agree the closing date shall be on or before *(enter close date here)*, or by date set forth in approval letter issued by seller's lender.
5. All parties agree buyer shall deliver earnest money in certified funds or cashier's check to listing broker within 24 hours of binding agreement.
6. All parties agree that seller is in a financial hardship and may not be able to maintain utilities for buyer's due diligence period. Buyer may connect utilities in buyer's name and at buyer's expense.
7. Buyer shall be pre-qualified with Fidelity Bank Mortgage, Amy Buynoski, 678-249-7457. Buyer shall not be required to use Fidelity Bank Mortgage as a condition of this sale, but shall provide a pre-qualification letter to the seller within 48 hours of Binding Agreement Date. If Buyer fails to provide a pre-qualification letter to the seller within 48 hours of the Binding Agreement Date, Seller may terminate this agreement at no fault to Seller.

6. With this offer, as with all offers, you must submit, a **copy of the earnest money** and a **letter of loan approval**. (A "letter of approval" or "commitment letter" means that the bank has verified all documents and that the purchaser has been fully approved ... contingent, of course, on title and appraisal). If only a pre-qualification letter (NOT A FULL APPROVAL/COMMITMENT LETTER) is submitted, then your client also needs to be pre-approved by one of our approved lenders.

===== INSTRUCTIONS FOR F-32 =====

7. Special stipulation to be used in the **Instructions to closing attorney**.

****(Copy and paste the paragraph below in the Broker's Agreement)****

Listing broker is requesting seller's lender to pay a brokers commission of 6%(six percent) of purchase price, 3% to Listing broker and 3% to Selling broker, however, commission paid to brokers is contingent upon the Lender's approval and shall split equally, 50%(fifty percent) between Selling broker & Listing broker.

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Time to close!

The process of a **Short Sale** could take several weeks or months from the time an offer is submitted until the lender's bank delivers the 'approval letter'. If another offer had previously been submitted and the process had begun but the bank either declined the offer or the buyer withdrew their offer, the **process may only take a few days. Please make sure your client knows the time it may take to close.**

If you need more information, kindly contact The Smith Team @
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