



Frequently Asked Questions

Why would my Lender want to allow a short sale to help me?

The reason is simple; a short sale often has a better return on investment to the lender than a foreclosure. Not only may the lender receive a cost savings when pursuing a short sale instead of foreclosure, the Lender is also paid on the loan earlier than in the foreclosure process. This allows them to collect and cash out earlier than they would in a foreclosure. Plus, lenders spend a great deal of money with attorneys to complete the foreclosure process. Lenders created the short sale process as a foreclosure alternative for those reasons. Some incentives to perform a short sale on your property are in place to motivate you to participate.

When should I start my short sale?

It is best to begin a short sale when you realize you can no longer afford the mortgage, so that your property can be marketed properly and you can receive a high offer. The earlier you start, the higher our likelihood of success. Contact us to see if you have enough time.

How long does it take for you to complete a short sale once we fill out the paperwork?

Typical transactions are completed within three months, but may take longer. If you have a foreclosure sale date approaching we will attempt to complete it sooner.

What is Deed in Lieu?

A Deed in Lieu of foreclosure is when the property is deeded back to the lender with the approval of the borrower prior to foreclosure. (This process may still leave a negative impact on the borrower's credit.)

Why should a lien holder accept less than the outstanding debt?

After the lender does an appraisal on the property and discovers that the value is less than the payoff, the lender will decide if it is worth further legal actions and cost. A business decision is made to either continue foreclosure action or accept the short sale offer.

What is a HUD 1 closing statement?

A form used at closing that gives an account of the funds received and paid at closing, including the escrow deposits for taxes, hazard insurance, and mortgage insurance.

What is a Deed?

The legal document conveying title to a real property.

What is a Deed of Trust?

A deed of trust is an instrument used in many states in place of a mortgage. Property is transferred to a trustee by the borrower (trustor), in favor of the lender (beneficiary) and re-conveyed upon payment in full. Not applicable in Florida. We utilize mortgages in Florida.

What is Depreciation?

A loss of value in a real property brought about by age, physical deterioration, functional or economic obsolescence.

What is Loss Mitigation?

Loss Mitigation is a process to avoid foreclosure; the lender tries to help a borrower who has been unable to make loan payments and is in danger of defaulting on his or her loan.

What is a Loan Modification?

A mortgage modification is a loss mitigation option that allows a borrower to refinance and/or extend the term of the mortgage loan, and hopefully, reduce the monthly payments.

What is a Forbearance Plan?

A forbearance plan is a loss mitigation option where the lender arranges a revised repayment plan for the borrower that may include a temporary reduction or suspension of monthly loan payments.

What is a Short Sale?

A short sale is a negotiated settlement. This is when the lender agrees to accept less than the amount owed as a payoff on a loan.

What is an offer on a property?

An offer is an indication by a potential buyer of a willingness to purchase a home at a specific price; generally put forth in writing.



Frequently Asked Questions

How long is the short sale process?

Depending on the mortgage company and loss mitigator, a short sale process can take between 2-5 months.

What is the difference between a satisfaction of a lien and a release?

A satisfaction is a total release from the debt owed. A release is when the lender releases the lien from the property to allow the home to be sold. (The borrower may still be required to repay the balance of the debt.)

How do a foreclosure and a short sale show up on my credit?

Foreclosures show up as FORECLOSURE, and may stay on your record for seven years. Anytime you apply for a new loan or have your credit run, the foreclosure will show up and is usually a required disclosure you must make on most credit and job applications. A short sale is listed as SETTLED DEBT, and maybe less harmful to your credit score. Please consult a credit company for more information.

What liability do I have when doing a short sale?

In a short sale, it is possible the bank could issue a 1099 form for the difference in what you sell your property for and what you owed. This means the IRS could consider the difference as income, and you could be taxed on that income. The bank might also ask you to pay a portion of the difference back in the form of an unsecured note, which is similar to an I.O.U. It is a negotiation, and we attempt to have the bank consider the debt settled with a satisfaction of mortgage.

In a foreclosure your house is sold at an auction, which typically causes the difference of the total amount you owe and the foreclosure sale price to be much greater. This means you have a higher potential tax liability. Additionally, the bank may pursue a Deficiency Judgment against you.

Although there are no guarantees, a successful short sale could eliminate a deficiency judgment, minimize your tax liability, and keep the foreclosure off your credit.

IRS Publication 908 addresses the issue of tax liability for debt cancellation. In some cases, where the seller is insolvent, the 1099 penalty can be avoided all together. For more information on deficiency judgments and the tax liability you may face based on your current situation, submit your information to one of our analysts for a free consultation, and as always consult your attorney/tax advisor.

What is a deficiency judgment?

A Deficiency Judgment can arise when the bank sells the house at a foreclosure auction. The bank can sell the house at auction for any amount less than the total amount owing or accepts a short sale of the debt plus fees. A deficiency judgment can arise if the bank sells the house for less than the mortgage debt. The lender can hold you responsible for the unpaid portion of the loan. For instance, if you owe \$100,000 to the mortgage servicer and they receive proceeds after the auction of \$55,000, the remaining difference of the \$45,000 can be moved into a judgment against you. This will also appear on your credit report along with the foreclosure. The lender may be allowed to take further legal action such as garnishing wages to pursue payment based on the laws of your state.

Some lenders will choose the deficiency judgment while others may pursue a path to write off the loan. If they choose to write off the loan, the lender may issue a 1099 form, which may require you to pay taxes on the deficiency.

Do I need to give you power of attorney?

No, you need to provide NASSA, LLC with a written authorization that will allow our representatives to discuss the terms of your loan with your Lender. Without this document, the Federal privacy laws will not permit your Lender to speak with us.

Does NASSA, LLC ever take title to my property? No.