

# Short Selling Your Home

## Just the FAQs

(Frequently Asked Questions)



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### Now that I am behind is someone going to show up and kick me out?

Absolutely not! Even if the home does foreclose, you should have a minimum of 30 days after the auction to make an orderly transition. Most foreclosures take 7 months or more to complete. Currently, there is legislation under consideration that will extend this period to 10 months. Banks are already working on their short sale processes anticipating the successful passage of this bill.

### Do I have to pay the agent fees?

No, these fees come out of the final net proceeds to the lender. No proceeds, including closing costs, should come out of your pocket.

### I am "upside down" more than \$100,000, can you help?

Definitely! Lenders make their final decisions based on hardship and the offer price versus the market value, not the overall amount owed.

### Can I submit for a loan modification at the same time?

No, the lender will only process the most recent submission of either type. A new submission of either type will cause the old one to be dropped from consideration. However, if a loan modification is a viable option, we would like to see you retain your home!

### Can I stop the harassing calls?

Yes! We have a form letter that will help, citing the appropriate civil code to protect your rights.

### Will listing my house for short sale stop the foreclosure?

No, the banks will appear to be schizophrenic on this topic. The collections department will still call and send letters intending to scare any money out of you they can to minimize the loss. In the meantime, the loss mitigation department will be working with you to complete the sale. These departments operate completely independently of each other and do not talk to each other.

### Can the auction be postponed to allow the sale to complete?

If all of the paperwork is in the hands of the bank including an offer and they recognize that fact, in most cases they will choose to delay the sale in order to properly consider the short sale submission.

### When is it too late to start a short sale?

If the auction date is set, then it is probably too late to get an offer and have all of the appropriate paperwork submitted in time to delay the foreclosure. It takes most banks 3-14 days to assign any submitted paperwork to the appropriate account. This does not include the time it would take to market the property, obtain an offer, negotiate the deal, and package it up properly for the bank.

### Do I have to pay my property tax bill?

Let us review your case, but most often the answer is "no." We have always been successful at having this bill paid through net proceeds of the sale.

### Do I have to pay my HOA bill?

Absolutely! Many HOA agencies are filing liens and including fees the banks will not approve and they are refusing to remove these fees even for a short sale. If the HOA debt goes to collection it will likely cause a stalemate with the bank and the property will foreclose.

### I have heard about a 1099, will I get one?

This is quite possible. The government considers any write-down in debt as taxable income and it is reported on a 1099, including short sales and foreclosures. Most of the time, conducting a short sale instead of allowing foreclosure does not change your exposure to a 1099, but it does allow you to limit the loss. In many cases where the owner lives in the home, this can be eliminated, however we suggest all individuals considering a short sale consult a Certified Public Accountant.

*Passion, Performance, Professionalism*

### Making Home Affordable

The Obama Administration recently announced the Making Home Affordable Program, designed to assist up to nine million American families refinance or modify their loans to a monthly mortgage payment that is more affordable. Due to the overwhelming interest in the plan, homeowners are increasingly becoming the target of scammers trying to take advantage of families with false promises and steep fees to provide foreclosure assistance. With President Obama's plan, a homeowner **NEVER** has to pay to participate in the program. If you wish to obtain counseling assistance, HUD urges you to contact a local HUD-approved housing counseling agency to ensure they are receiving legitimate information.



### HUD Counseling Agencies

HUD counseling agencies are designed to provide advice to consumers on:

- Buying a home
- Renting a home
- Loan defaults
- Foreclosures
- Credit Issues
- Reverse mortgages

**The U.S. Federal Trade Commission** works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. If you feel you have been a victim of a foreclosure scam, to file a complaint or to get free information on consumer issues, contact: [www.ftc.gov](http://www.ftc.gov) or 877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261

### Where to Turn

#### **Making Home Affordable**

[www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

#### **HUD Approved Counselor**

[www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm)

#### **HUD**

[www.hud.gov](http://www.hud.gov)

#### **HUD Housing Counseling**

800-569-4287

#### **Hope Now**

888-995-4673



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## Consumer Alert — Mortgage Foreclosure Scams

### DON'T GET "LOCKED OUT" OF YOUR HOME BY A BANKRUPTCY SCAM OPERATOR

Are you having trouble making your home mortgage payments? Are you facing foreclosure on your home? Get all the facts before you pay someone to help you work out your mortgage problems.

"Bankruptcy foreclosure scams" target people whose home mortgages are in trouble. Scam operators advertise over the Internet and in local publications, distribute flyers, or contact people whose homes are listed in the foreclosure notices. Sometimes they direct their appeals to specific religious or ethnic groups.

These scam operators may promise to take care of your problems with your mortgage lender or to obtain refinancing for you. Sometimes they also ask you to pay your mortgage payments directly to the scam operator. They may even ask you to hand over your property deed to the operator, and then make payments to the operator in order to stay in your home.

But instead of contacting your lender or refinancing your loan, the scam operator pockets all the money you paid, and then files a bankruptcy case in your name -- sometimes without your knowledge.

A bankruptcy filing often stops a home foreclosure, but only temporarily. If a bankruptcy is filed in your name but you don't participate in the case, the judge will dismiss the case and the foreclosure proceedings will continue.

If this happens, you will lose the money you paid to the scam operator -- AND YOU COULD LOSE YOUR HOME. You will also have a bankruptcy listed on your credit record for years afterward.

Proceed with care if an individual or company:

- Calls itself a "mortgage consultant," "foreclosure service," or similar name.
- Contacts or advertises to people whose homes are listed for foreclosure.
- Collects a fee before it provides services to you.
- Tells you to make your home mortgage payments directly to the individual or company.
- Tells you to transfer your property deed or title to the individual or company.

If you can't pay your mortgage, call your mortgage lender or contact a lawyer for help. Your state or local bar association may be able to help you find low-cost legal help.

If you think an individual or company is running a mortgage foreclosure scam, contact the local office of the United States Trustee. The United States Trustee is a Justice Department official who monitors the bankruptcy system. Look for your local United States Trustee's telephone number in your telephone directory or on our web site at [www.usdoj.gov/ust/eo/ust\\_org/office\\_locator.htm](http://www.usdoj.gov/ust/eo/ust_org/office_locator.htm).

#### Press Contact:

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