

Short Sale Guide for real estate professionals



SunTrust Mortgage, Inc. (STM) is dedicated to careful counseling and responsible lending, and we view foreclosure as the last resort for customers experiencing financial difficulty. Foreclosures hurt everyone involved — homeowners, lenders, communities, and the economy as a whole. Our goal is to help our customers be successful homeowners through responsible lending. One of the options available for assistance may include the Short Sale.

What Is A Short Sale?

A Short Sale is a workout option that allows the homeowner (mortgagor) to sell the home for less than the total amount owed on the mortgage. Upon final approval, a Short Sale can help mortgagors avoid foreclosure action. Although there will still be an impact to the mortgagor's credit history, the effect could be less than if the foreclosure had occurred. The mortgagor's credit report will be noted as follows: "Settled for amount less than owed."

How to Get Started (Short Sale Package requirements)

1. The homeowner must call the SunTrust Mortgage Short Sale Phone Team at 800.443.1032, Option 3. The Short Sale Phone Team reviews the mortgagor's financial information and completes short sale counseling.
2. The mortgagor and his/her real estate agent then assemble a Short Sale Package that contains:

from the mortgagor:

- last two (2) years tax returns
- two (2) most recent bank statements
- third party authorization form (to speak with real estate agent, attorney or other 3rd party)
- completed financial form

- two (2) most recent pay stubs

from the real estate agent:

- Arm's Length Transaction document
- HUD-1
- fully-executed listing agreement
- fully-executed purchase contract

3. The mortgagor (or designated third party) faxes his/her information to (telephone number). The real estate agent faxes the complete Short Sale Package to 804.675.7399, Attn: Setup.

Documents Required To Begin an Application

from the mortgagor:

- Fully executed listing agreement
- Fully executed purchase contract
- Signed and dated financial worksheet listing all monthly expenses
- Signed and dated hardship letter (an explanation of why the homeowner is unable to pay the mortgage)
- Letter authorizing the real estate agent access to information on the account (must be dated and include the last 4 digits of the mortgagor's Social Security Number and signature, the full account number and the complete property address)

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Short Sale Approval Process

1. Once all documentation is received (please refer to “Short Sale Package” requirements), the short sale team completes a property valuation (appraisal or BPO per investor requirements).
2. The short sale file is then assigned to a negotiator on the short sale team who will review the file including the documentation and the offer.
3. If there is any missing documentation or request for more information, the short sale negotiator will contact the designated third party or the mortgagor.
4. Once all of the required documentation and information is received and in order (refer to “Short Sale Package” requirements), the short sale negotiator recommends approval to the investor and/or insurer. If the short sale offer is acceptable, the negotiator drafts and sends an approval letter to the borrower(s) and/or the designated third party. The short sale negotiator then works closely with the real estate agent, title company and the mortgagor to establish a final settlement date. The short sale approval is good for up to 45 days.

Additional Information

- Short sale approval is good for up to 45 days. If closing does not occur within 45 days, the entire Short Sale Package may need to be resubmitted with updated information, or the approval process may need to start over.

- The real state agent or STM mortgagor/designated third party should direct their inquiries 1.800.443.1032, Option 3. The Loss Mitigation Team will answer their questions regarding the status of the account. The call will be forwarded to the short sale negotiator as appropriate.
- Real estate agents are generally allowed 5% to 6% commission based on investor rules. If dual agency applies, maximum commission is 5%. Some investors operate on a reduced commission structure and the actual commission schedule can be confirmed during the introduction call.
- The short sale must be an “arm’s-length” transaction. The property may not be sold to anyone the seller has a close personal or business relationship with, including family, friends or neighbors.
- During the discussion with the short sale negotiator, the following will be addressed:
 - Commissions
 - Fees and costs
 - Pricing of the property
 - Timeline
 - Borrower Contribution
- In some cases investors and/or Private Mortgage Insurance (PMI) companies require mortgagors to make a cash contribution 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.

Event	Timeline (Business Days)	Total Process (Business Days)
<ul style="list-style-type: none"> • Complete short sale application received. <p><i>Note: Incomplete application will delay review/approval process.</i></p>	3	3
<ul style="list-style-type: none"> • Property Evaluation completed (appraisal or BPO per investor requirement.) 	10-17	20
<ul style="list-style-type: none"> • Short sale application assigned to Loss Mitigation Negotiator. 	1	21
<ul style="list-style-type: none"> • Short sale Negotiator completes initial review of short sale application. • Short sale Negotiator completes “Introduction Call” to real estate agent and homeowner. 	5	26
<p>Additional Steps:</p> <ul style="list-style-type: none"> • Mortgage insurer approval. • Investor approval. • Additional liens negotiated by real estate agent. • A completed net sheet/HUD-1 (our payoff is not necessary). • Fully executed purchase contract with all pages initiated by buyer(s) and seller(s). • Buyer pre-qualification letter or proof of funds if cash offer. 	10	36
<p>All items above are complete.</p> <ul style="list-style-type: none"> • Short Sale Application decision. • Short Sale Decision letters issued to appropriate parties. 	2	38