



## **MAKING THE SHORT SALE PROCESS WORK FOR YOU**

Short sales (or “pre-foreclosure” sales) represent a large portion of today’s market, although recent data suggests the number is declining. Processing escrow transactions for these properties can be a difficult task, as no two transactions are completely alike. Understanding the short sale process, the necessary steps, and the commonly used terms will strengthen your knowledge and comfort level in this market niche.

A short sale occurs when a property is sold at a price lower than the amount the homeowner owes on the mortgage, and the homeowner's mortgage lender(s) agrees to the “short” payoff.

☆ **Preliminary Report** - This is the primary tool used to learn what is recorded against a specific property. The report helps to verify ownership; confirm the correct legal and property address; and identify mortgages, taxes, delinquencies, liens, and judgments against the property.

☆ **Letter of Authorization** - Securing this from the seller allows the lender to speak with you, your escrow officer and assistants about the short sale negotiation.

☆ **Preliminary Settlement Statement/HUD and/or Closing Disclosure** - This document, prepared by an escrow officer, shows the disposition of funds in the short sale escrow.

☆ **Approval Letters** - These documents spell out the conditions under which a lender will agree to the short sale. Lenders have sensitive timelines and conditions that are critical to the escrow process.

☆ **Expiration of Approval Letters and Other Escrow Timelines** - Generally, approval letters expire within 30-45 days. Tiago Title uses internal management guidelines to track specific short-sale timelines and close the sale before approval letters expire. Remember, short sale negotiations do not stop the foreclosure process.

☆ **Communicate, Communicate, Communicate** – The parties must constantly communicate with the lender as to the short sale’s acceptance status.

At **Tiago Title**, we provide a team of professionals well versed in the short sale process. We will ensure that the process is a smooth and easy one for you and your clients.

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