

Tips for Efficient Short Sales

A guide for real estate professionals

October 2015

Tips to avoid delays

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Get educated about Bank of America short sales

Experience shows that agents who are educated and experienced with short sales have greater success.

To save time and avoid delays with the short sale evaluation, ensure that the homeowner has explored all available home retention options prior to beginning the short sale process.

Please advise the homeowner to contact their Customer Relationship Manager (CRM) by calling **800.669.6650**.

There are two ways in which the short sale record can be opened:

1. A short sale record can be opened if the home retention evaluation indicates the customer does not meet eligibility requirements to retain the property but has been deemed eligible to participate in a short sale program. Customers interested in proceeding with the short sale evaluation must call their CRM at 800.669.6650 to initiate the file. The same homeowner documents collected during the home retention evaluation will be kept and available in the evaluation of the short sale. A letter will be provided to the homeowner showing the short sale program for which they may qualify.
2. A short sale record will be opened if the customer chooses to move directly to a short sale evaluation and not be evaluated for a loan modification at this time. Customers should contact their Customer Relationship Manager who will explain opportunities for home retention as well as the Borrower Election/Opt Out Form.

Next steps:

- Real estate professional initiates short sale in Equator and assists the customer in uploading the required documentation.
- A letter will be sent to the customer advising of all missing required documents.

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Set expectations: short sale realities

Help sellers and buyers understand that a short sale is a complex and highly specialized type of real estate transaction.

Cash vs. financing

- Cash buyers are not given preferential treatment.
- Investors are concerned about the loss, not the source of the proceeds.

Bankruptcy

- If the homeowner filed for bankruptcy:
 - Bankruptcy Attorney authorization is required before engaging in negotiations with the borrower.
 - Bankruptcy Court approval is required to approve the sale.
 - Depending on local jurisdiction, this may cause long delays. **Note:** Not required for Discharged Bankruptcy.

Lengthy process

- The wide array of parties, policies, negotiations and other factors involved in a short sale make it a time-consuming procedure.
- The homeowner and the buyer should be committed to completing the short sale process.
- Keep the buyer informed throughout the process

Service release

- Release of servicing is a normal part of the loan servicing industry. Agents should make homeowners aware of this risk when considering a short sale.
 - During the short sale process, loan servicing may be transferred to a different loan servicer. Servicing refers to collecting principal, interest, and escrow payments, if any, as well as sending monthly or annual statements, tracking account balances, and handling other aspects of the loan. We may assign, sell, or transfer the servicing of a loan at any point while the loan is outstanding. Your client will be given advance notice before a transfer occurs. Depending on the status of the short sale when the servicing of a loan is transferred, the new servicer may not be required to accept the terms and conditions of a short sale. The new servicer may not be able to review or work the short sale until the information is on their servicing platform.
 - The agent and homeowner will need to work with the new servicer to determine if the short sale may continue or what options are available to the homeowner.

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Determine the loan's investor and/or insurer

It is important to know who the investor or insurer is on the loan. FHA, USDA (Rural) and VA insured mortgages have different requirements and the homeowner should contact the bank before beginning the short sale process.

[Tip 1](#)[Tip 2](#)

Ask the homeowner

To ensure a short sale is initiated correctly, ask the homeowner the following questions:

- Do you have any subordinate liens on the property? (i.e., mechanic's liens, 2nd mortgages/HELOCs, other liens)
- If subordinate liens, who do you send your payments to?
- Is the loan an FHA, VA or USDA insured loan?

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Review statements

Statements will confirm where payments are sent, but may not tell you who the investor is on the loan.

- Ask the homeowner to maintain a current copy of the statements and any notification from the mortgage company(s).
- Provide a storage receptacle so the homeowner can easily collect the documents.
- Pick up the documents monthly or as requested to keep the short sale moving forward.

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Investor considerations

- **VA, FHA and USDA short sales** must be initiated by the homeowner's Customer Relationship Manager (CRM). If no CRM is assigned, the homeowner may call 800.669.6650 to discuss their options. If the homeowner does not have an assigned CRM, the homeowner should call 800.669.6650 to discuss their options for the short sale process.
- If the file has mortgage insurance, the mortgage insurer will also need to approve the short sale.
- If there is an outside or multiple outside subordinate liens, those lien holders must agree to release their lien as part of the short sale.

Documentation requirements with an offer

Documents must be uploaded as requested throughout the process for the short sale to continue.

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Supply the documents required for initiation	Upload homeowner-specific documentation	Review documents before uploading them
<p>To begin the short sale evaluation when you have an offer, the following documents will be needed:</p> <ul style="list-style-type: none"> • Signed Purchase Contract – with the Buyer’s Acknowledgment and Disclosure Form* • Bank of America Short Sale Purchase Contract Addendum & Real Estate Licensee Certification* • Initial Closing Disclosure • Bank of America Third-Party Authorization Form* <p>Note: The Borrower Election Form is required at initiation for homeowners who are coming directly to short sale without being evaluated for modification options first.</p> <p>* Forms available on the Short Sale Agent Resource Center at bankofamerica.com/shortsaleagent</p>	<ul style="list-style-type: none"> • HAFAs documents are an exception and should be uploaded to the Equator Library under the Property File section as one combined .pdf file. • Reminder: Keep homeowner financials updated. <ul style="list-style-type: none"> – Generally, pay stubs expire after 90 days. • Upload only requested documents to keep from exceeding the file size limit. • Upload documents in black and white to reduce the file size. <p>Note: Documents that are collected during the home retention evaluation will also be available for the short sale evaluation. If the homeowner has not been considered for home retention, we will provide you with a list of required documents. Remember to include the RMA and a current utility bill.</p>	<ul style="list-style-type: none"> • Documents should be readable, 100% complete and in .pdf format. • Ensure documents are signed and initialed by all relevant parties. • Be especially careful to avoid the most common document errors that will delay the short sale process: <ul style="list-style-type: none"> – Incomplete or illegible documents – Mismatched buyer/seller names

Documentation requirements with an offer, continued

Limited Liability Company (LLC) or Corporation documents and Multiple Listing Service (MLS) requirements.

Limited Liability Company (LLC) or Corporation

If the buyer is an LLC

The following documentation must be provided to the short sale specialist:

- Fully executed Articles of Incorporation/Organization and Operation Agreement (contains Members Agreement which lists Officers and their ownership interest in the company)
- Proof of funds in the LLC's name
- Proof of the buyer's connection to the LLC

If the buyer is a Corporation

The following documentation must be provided to the short sale specialist:

- Copy of Articles of Incorporation
- List of Shareholders and Officers
- Proof of funds in the Corporation's name
- Proof of buyer's connection to the Corporation

All properties must be listed on the Multiple Listing Service (MLS)

Multiple Listing Service Requirements:

- The property must have been listed prior to the acceptance of an offer.
- The listing requirement demonstrates that the property was listed on the open market and the offer received represents an open market transaction.
- List the property on the MLS and include all basic property detail.

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Get outside liens released as soon as possible

The homeowner and the listing agent are responsible for identifying all outside liens and obtaining their release.

Bank of America liens

There is a separate process for releasing a home equity loan/line of credit from Bank of America.

- Send a message to your short sale specialist about contacting Bank of America Home Equity.

or

- Call the Customer Service number on the homeowner's monthly statement.

Non-Bank of America liens

Bank of America does not run a title search to identify other liens, such as:

- Homeowners association fees and taxes
- Seconds, such as:
 - Home equity line of credit or loan
 - Medical
 - Child support
 - Mechanic's liens
 - Judgments

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Begin discussion early

- Begin discussions with outside lien holders as soon as possible.
- Resolve outside liens early in the process to prevent possible delays.

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Complete assigned tasks quickly

Some tasks can delay or even halt the short sale process until they have been completed.

Complete tasks to avoid delays

- Check your messages often and complete assigned tasks as quickly as possible.
- Completing tasks as soon as they are assigned will help keep your short sale moving.
- It's essential that you communicate with your short sale specialist using Equator messaging.

Promptly upload all required homeowner documents

- Your short sale specialist will tell you which homeowner documents are required.
- The short sale process cannot move forward until all required documents have been uploaded.

Tell homeowner to respond to HAFA Alert

- If it is determined that the homeowner may be eligible for the HAFA program, the short sale process cannot move forward until the homeowner is contacted.
- If requested, direct the homeowner to respond immediately to any HAFA action alerts by calling their Customer Relationship Manager at [800.669.6650](tel:800.669.6650).

Respond to counter offers by the deadline

- Respond to counter offers via Equator before they expire, which is three days.
 - Please reference Tip No. 9
- Check messages and communicate with your short sale specialist frequently during the entire short sale process.

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Work to sell property at fair market value

Because this is debt settlement, investors hope to recoup as much of their investment as possible. Unreasonably low offers are more likely to be rejected.

Submit the highest and best offer

- Submit your **highest and best** short sale offer the first time.
 - This makes it more likely that the short sale specialist will validate the offer and present it to the investor for approval.
- Remember each time you submit an offer, all supporting documents must reflect the current offer details.

Valuations

Valuations can expire and must be valid through closing.

- Some investors may require an updated valuation every 90-120 days.

Note: A valuation report will be provided for any value that is used as part of the short sale evaluation. Property value is one of many factors used when reviewing a short sale offer.

Requesting a reconsideration

- If the buyer's valuation differs significantly from the valuation we obtained, we may reconsider the value.
- To request reconsideration, send a message to your short sale specialist, who will submit the request to the valuation company/investor.
- Your supporting documentation must include either:
 - A. An independent appraisal (dated within 60 days) *or*
 - B. Full agent MLS sheets for three comparable sales (providing all characteristics) and three comparable active listings.
 - Comps should be:
 - Recent equal or better indicators of subject value
 - Similar in characteristic to the subject property
 - In the proximate vicinity of the subject property
 - MLS sheets must accompany CMA-type reports.
- Reassessment is not guaranteed and adds considerable time (about three weeks) to the short sale process.

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Fully execute offers before you submit them

Submit fully executed purchase offers with all appropriate addendums signed by both the buyer and the homeowner.

Meet the five-day deadline to submit your offer

- Submit short sale offer ***within five calendar days*** or the system may decline the offer.

Submit accurate and complete information

- Properly transfer information to the Offer Worksheet in Equator.
 - All fees and relevant fields on the Offer Worksheet make up the final offer submitted to the investor for approval.
 - If the information isn't accurately entered, the process may be delayed.
- Provide the necessary buyer information for arm's-length and fraud checks.
 - This includes name, first five digits of Social Security number, date of birth.
- Ensure the homeowner fully discloses:
 - Actual hardship
 - Financial condition
 - Home occupancy status

Negotiate external third-party fees

- Negotiate third-party fees before submitting the Closing Disclosure.
- Accurately prorate taxes and insurance.
- These closing fees must typically be paid by the buyer with some exceptions:
 - Document preparation
 - Homeowners Association fees, liens, judgments
 - Reconveyance fees
 - Recording fees, notary fees and surveys
 - Repairs and home warranties
 - Sub-escrow fees and short payoff processing fees
 - UPS/FedEx and wire fees
 - Real estate administration fees

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Agree on counter offers before accepting them

Your short sale specialist may counter offer in order to arrive at an offer that's more likely to receive investor approval.

Understand the Offer Analysis phase

- In the **Offer Analysis** phase, your short sale specialist may counter the offer you submitted in order to prepare an offer for investor review.
 - Ensure all parties agree on counter offer before accepting.
 - Upload the Purchase Contract Addendum reflecting the new sales price.
- Settling on an offer to present to the investor for review does **not** constitute **final** approval.
 - Once the offer has been submitted to them, investors may also counter the offer as part of their approval contingency.
- You will be notified via an Equator message when your offer is submitted to the investor(s).

Respond before counter offers expire

- Always note the expiration date of the offer and respond accordingly.
 - Agents must respond to offers within three calendar days.
 - Communicate with your short sale specialist to avoid any issues.

Adjust the closing date

- Remember to adjust the closing date as needed during any counter offers.

Upload offer documents

- Counter offers should be approved by all parties and the contract should be updated with new terms, including the closing date, prior to acceptance.
- All supporting documentation must also reflect the agreed-upon terms.
- If the purchase price has changed, upload an addendum to the purchase contract.

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Know when and how to submit a backup offer

Unforeseen changes may occur during a short sale that would prompt you to submit a backup offer to replace the original offer.

When to submit a backup offer

- The original buyer is no longer interested in the property, but you have a backup offer ready to submit from a different buyer.

or

- The original offer was declined as insufficient, and you have a backup offer that can be submitted

Submit a backup offer

- You must complete these **tasks within five calendar days:**
 - Submit short sale offer.
 - Upload initiation documents.
- The short sale can proceed without repeating the initiation steps.
- You will continue working with the same short sale specialist.

If a backup offer is necessary

- Contact your short sale specialist immediately.
 - Let the specialist know if you have a backup offer to submit. The specialist will trigger tasks that will allow you to submit the backup offer.
- Be aware that any backup offer – regardless of how similar it may be to the previous offer – **will require analysis and investor approval**, which adds time to the short sale process.

If there is no backup offer

- You should return to marketing the property and submit a new offer when you receive one.
- If you secure a new offer, contact the short sale specialist for next steps.

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For detailed information, see [How and When to Submit a Short Sale Backup Offer](#)

Watch for common causes of delays

Once a file is in closing, any changes to items agreed upon in the offer worksheet and approval letter must be addressed immediately. After the short sale has closed, all final certified documents must be submitted within 48 hours. Confirm with Closer SME about wire requirements at closing. Contact your short sale specialist as soon as possible if any of the following events occur:

A change in buyer

- The short sale approval is buyer-specific. If there is a change of buyer, notify your short sale specialist to discuss your next steps.

There's a revised closing date

- If there's a delay in closing the buyer's loan, an extension may be requested, however it is not guaranteed.

Homeowner files bankruptcy

- The bankruptcy court must approve the short sale.
- Depending on local jurisdiction, this may cause long delays in the process.

Changes after the approval letter is issued

- Any changes to the transaction after the approval letter has been issued may delay the process even further, depending on the number of additional reapprovals that are required.

The buyer walks

- See Tip No. 10

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Let's work together

By working together, we can make the short sale process more understandable and efficient, and help your clients have a better experience.

Additional resources

For real estate professionals

[Agent Resource Center](#)

For homeowners

[Home Loan Assistance](#)


Customer Relationship Manager: **800.669.6650**

The screenshot shows the Bank of America Agent Resource Center website. At the top, there are navigation tabs for Market Updates, Home Buying, Strategic Alliances, Neighborhood Lending, Short Sale, and REO. The main heading is "Short Sale Overview". Below this, a large banner features the text "Helping you. Helping Homeowners." and "We're committed to assisting homeowners and improving the short sale experience for both homeowners and real estate professionals." To the right of the text is an image of a woman in a business suit holding a document, with a man and another woman in the background. Below the banner, there is a "SHARE" button and a "Have a question?" section with a "Message your specialist" link and a "Call Short Sale Customer Care 866.880.1232 Hours" link. At the bottom, there is an "Education and resources" section with a link to "Short sale process" and a brief description: "Get tips and guides for executing a short sale and using Equator, the Bank of America short sale processing".

The screenshot shows a document titled "Home Transition Guide". The text reads: "If you have tried all home retention options without success and need to leave your home due to financial hardship, this guide is for you. It can help you and your family make a plan for refinancing your finances." It continues: "The guide was developed in partnership with United Way and other community organizations to offer resources and services that may be helpful to you and your family as you transition to new housing." It provides a link: "To identify the local services in your area, visit [bankofamerica.com/communityresources](#) and enter your ZIP code — results can be printed or emailed." It concludes: "Although many of the websites and national organizations mentioned in this guide offer free or low-cost services, in many cases, these organizations are supported through charitable funding. Please be aware that capacity and services could be limited." At the bottom, there are logos for United Way and Bank of America, with the text "Community resource information provided by United Way."



During the short sale process, loan servicing may be transferred to a different loan servicer. Servicing refers to collecting principal, interest, and escrow payments, if any, as well as sending monthly or annual statements, tracking account balances, and handling other aspects of the loan. We may assign, sell, or transfer the servicing of a loan at any point while the loan is outstanding. Your client will be given advance notice before a transfer occurs. Depending on the status of the short sale when the servicing of a loan is transferred, the new servicer may not be required to accept the terms and conditions of a short sale.

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