

# Markve and Zweifel, PLLC

Attorneys at Law

## STEP BY STEP PROCEDURES IN THE SHORT SALE APPROVAL PROCESS

There are common misconceptions in the real estate community as to how quickly a file should and can move through the short sale approval process. Please understand that it doesn't matter how good the offer is and whether it be cash or financed, all lenders still have procedures in place that need to be followed and the time that takes depends on the specific lender's procedures as well as their work load/volume. Standard procedures for short sale approval process:

1. **Purchase agreement executed** – Listing agent and selling agent negotiate terms under which buyer and seller will agree, also based on typical short sale lender approvable guidelines. All signatures are received.
2. **Purchase agreement forwarded to Markve & Zweifel law firm** – to begin short sale negotiation process. Law firm takes 3-5 business days to obtain all title reports, assessment searches, etc. necessary for file to be submitted to seller's lender.
3. **Law firm forwards short sale to lender** – Attorney's legal assistant at the law firm provides weekly updates to listing agent as to the progress of the short sale negotiations. Listing agent provides weekly progress updates to the selling agent.
4. **Set-Ups (3-5 days)** – The file is received at the lender, imaged into their systems under the proper loan number, then scheduled to be assigned.
5. **Processor assigned** – The processor will have the file for 2-4 weeks during which time there are valuations being ordered and the documents are being looked over to make sure nothing is missing and the file is complete. The Valuations are not limited to only the BPO/Appraisal – There are 6-8 reports ordered during this time including: Investor values, Hazard Insurance, Payoff Quotes, Mortgage Insurance Verification, credit reports, etc... Once the processor receives all of these reports back they package the file and send it to be assigned to a negotiator.

6. **Negotiator is assigned** – The negotiator also has the file from anywhere between 2-4 weeks. The negotiator reviews seller financials, hardship or lack thereof, and determines terms under which this seller would be acceptable for short sale. Once the negotiator determines seller eligibility, he/she will then review the buyer's offer in comparison with the Valuations to determine if the buyer's offer meets the investor requirements. If the offer is acceptable and meets the Investors and Mortgage Insurance Company's guidelines, the Negotiator will submit the file to the Mortgage Insurer (If applicable) and/or Investor for final review and decision. If the negotiator finds the buyer's offer does not meet the Investor's guidelines, the negotiator will counter the offer and send the counter offer to our office. At that time the legal assistant will refer the counter offer back to the listing agent for negotiations with the buyer. If buyer accepts the lender's counter offer, the negotiator then submits the file to the MI company and/or investor for final approval.
7. **Mortgage Insurer** – An acceptable offer is first submitted to the MI CO if the loan has Mortgage Insurance. There are many different MI Companies, they all have different guidelines and different time frames which is why no short sale is ever the same. Time frames typically vary from 10-30 days with MI depending on which company it is. Once the MI approves the short sale, the file is sent back to the negotiator & submitted to the Investor for final review and decision. Please note that both the MI Co & Investor may request/require a cash contribution or promissory note at closing in order to approve the short sale. If so, negotiations then continue with the seller and/or buyer regarding those settlements. If those settlements are required and/or agreed to by all parties, the MI company approves and the file is transferred to the investor.
8. **Investor** – The file is submitted to the Investor for final review and decision. Their process takes typically one to two weeks. Once the Investor approves the short sale, the file is sent back to the negotiator for the approval letter to be drafted. When the file is with the investor, it is out of our hands and there is nothing either we or the servicer's negotiator can do to escalate or speed up their process. The investor reviews the files in the order in which they are received.
9. **Negotiator** – Drafts approval, forwards the approval to the law firm, and sends file internally at the lender to have a closing officer is assigned.
10. **MZ LAW** – Once the law firm receives the lender's offer for approval, the attorney reviews the approval letter and has a final consultation with the seller. When seller has chosen to move forward, law firm sends out the approval letter to all parties to prepare for closing.
11. **Closing** – File sent to title company for closing. Most short sale approval letters require closing within 30 days.

For the short sale to be successful, it is **imperative** that all parties to the transaction, (sellers, buyers, loan officers, and Realtors) are knowledgeable in the process so expectations are reasonable and premature cancellations are avoided. If buyer's offer is at fair market value, short sale will be approvable over 90% of the time.