Short sale

Provides you the option to sell your home for less than the amount owed on your mortgage

What you need to know

With a short sale, you may have the option to sell your home for less than the amount owed on your mortgage. By doing this, you may be released from your obligation to pay back your primary mortgage under its original terms. And as your mortgage servicer, Wells Fargo Home Mortgage may accept the proceeds of the sale as payment in full. A short sale can help you avoid a foreclosure sale and may be an option even if the foreclosure process has already begun.

How you could benefit

As the homeowner, you may be able to:

• Avoid a foreclosure sale — once a written, signed offer is received and approved by Wells Fargo Home Mortgage.
• Stay in your home until the new owner closes, giving you time to make other living arrangements.
• Pay no fees — all closing costs and real estate agent fees will be paid by Wells Fargo Home Mortgage.
• Begin your financial recovery more quickly.
• You may also be eligible to receive a relocation incentive, to be paid at the time your short sale is completed.

Important considerations in a short sale

If your mortgage qualifies for a short sale:

• We’ll work closely with you and your real estate agent. Together with your agent, we’ll determine the acceptable market value for your home, the list price, and amount of time you have to list and sell your home. We’ll stay in touch with you every step of the way.
• In most cases, the buyer of your home cannot be anyone you have a close relationship with, including family or friends.
• In some cases you may be required to pay a deficiency balance at or after closing. This is the dollar difference between the mortgage amount due and the sales proceeds when a property is sold for less than the amount still owed on the first mortgage. If this is the case, you’ll be informed before you commit to selling your property in a short sale.
• If you have any home equity loans, lines or second liens on your property, they’ll be considered separately from your first mortgage transaction. To ensure the short sale proceeds smoothly, it’s essential that you begin working with any other creditors immediately after being approved for a short sale.
• A short sale may have tax implications. Be sure to consult your tax advisor to see if the deficiency balance needs to be considered as income on your tax return.
• Be sure to speak with your legal advisor about all possible implications of a short sale, including the potential impact to your credit score.
• A short sale may be more complicated, and sometimes unworkable, if you have a home equity loan or other liens against your property.
• A short sale is reported to credit agencies by a lender as “paid in full for less than the full balance,” an agreed settlement short of full payment.

Fast facts

• Allows you to sell your home for less than what you owe
• May release your obligation to repay the mortgage balance
• Gives you an active role in the process
• Helps you avoid a foreclosure sale and move forward sooner
• May include a relocation incentive

You must call us to find out if you are eligible for a short sale.
Short sale process steps

The illustration below indicates the process steps for a typical short sale. Timing can vary, but typically takes longer than a traditional sale.

1. **Starting your short sale**
   - Talk to your home preservation specialist
     - Provide your home preservation specialist with your financial information, reason for hardship, and any additional documentation requested.
     - Complete a letter authorizing a third party (typically your real estate agent) to discuss information about your mortgage account.
     - Note: Be sure to fully complete all documents. Do not leave any sections blank, write in “n/a” if it does not apply.

2. **Work with your real estate agent**
   - Obtain and work closely with a real estate agent.
   - A completed listing agreement may be required.
   - Note: Some programs require you to list your home, others require you to list your home and get a contract within 120 days; otherwise you must start the short sale process over. Different programs have different requirements, talk to your home preservation specialist.

3. **List your home for sale**
   - Your real estate agent works directly with our processor and you to gather and submit required documents.

4. **Your real estate agent submits offer**
   - We review required documents per procedures and investor guidelines, and review the offer(s).
   - We work with you and your real estate agent to gather required documentation, including signed purchase contract, and the estimated net sheet.
   - We review required terms and request approval from your loan investor/mortgage insurance company. Ask your home preservation specialist if this applies to your situation.
   - Final decision made and if approved, we send approval letter and closing instructions to your real estate agent.
   - Note: If approval letter expires the short sale process may need to start over.

5. **Complete the process**
   - Timing depends on you and your buyer.
   - Closing date set, making sure all documents are received and approved by all parties involved.

6. **Settlement**
   - Funds are received by Wells Fargo.
   - Wells Fargo processes the payoff and closes out the transaction.
   - Notes:
     - Certain incentives may apply.
     - You may be released from the deficiency balance.*
     - Speak with your home preservation specialist to find out more.

Information as of September 2015.

*The deficiency balance is the amount that remains due when a property sells for less than the full loan amount. Please consult a tax advisor and/or lawyer regarding any taxable and/or legal consequences associated with the deficiency balance.

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