

Short sale guide

Your guide to the Wells Fargo Short Sale Process

Together we'll go far



The Wells Fargo Short Sale Process

We're pleased to have the opportunity to work with you on potential short sale properties. If you're not familiar with a short sale, it's when the lender agrees to release the property lien for less than the amount that is owed. By working together, we'll help customers through our short sale process.

Use this guide as your reference. As a listing agent, you'll find the information, tips, tools and resources you'll need to work through our short sale process.

Short sale process improvements

We welcome your feedback and are continuously working to improve the short sale process to better serve you and our customers. Because the short sale process is a settlement of debt, it is more complex than a regular purchase transaction; however, to simplify and streamline as much as possible we have:

- Established a team of Short Sale Field Managers to provide local assistance to real estate agents in distressed markets.
- Adopted new Equator® technology to automate the process and provide direct portal access to real estate agents.
- Developed training and educational tools for real estate agents, providing steps for successful transactions.
- Continued efforts to streamline the amount of documentation required to complete a transaction.



Getting to know our process

The process begins when the homeowner meets with a Wells Fargo home preservation specialist and finds out his/her eligibility for a short sale. The home preservation specialist provides the homeowner with contact information for up to three local listing agents. At that point, the homeowner chooses to reach out directly to the agent(s).

As the listing agent, this is where you get started:

- Initiate the short sale via the Equator system — sign on at **www.equator.com**.
 - Collect the homeowner's/seller's full mortgage account number, last four digits of the primary borrower's Social Security number, and the property zip code.
 - Confirm that the homeowner has a mortgage serviced by either Wells Fargo or America's Servicing Company.
 - Select the "Initiate Short Sale" link to begin the process.

Note: If the loan is not eligible to be processed through Equator, the listing agent must start the process by calling the Wells Fargo short sale team at **1-866-903-1053**.

Documents can be submitted via fax to **1-866-969-0103**.

- Set the listing price
 - Work with the homeowner to set the listing price at an accurate market value.
 - The listing price is required and must be submitted as part of the listing agreement.



Helpful tip: To save time, get Wells Fargo involved early in the process. Initiate the short sale as soon as the listing contract is signed.

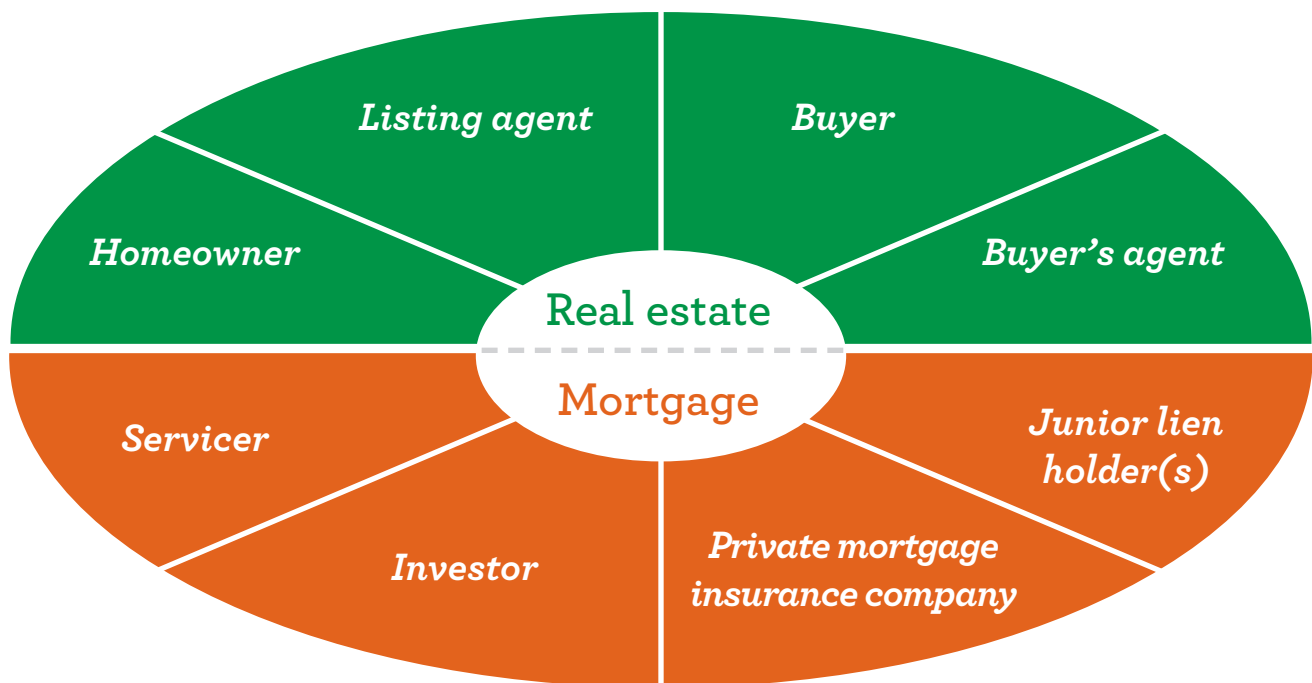
Getting to know our process (continued)

An overview of our process

There are many more participants involved in the short sale process than on a typical real estate transaction.

All parties must be aligned before the home can be sold, and the decision to accept an offer ultimately rests with the investor, not the mortgage servicer.

Participants involved in approving a short sale



The decision to accept an offer rests with the investor.



Helpful tip: Keep in mind – foreclosure proceedings continue while the homeowner pursues a short sale. And an offer must be received at least 30 days before the foreclosure sale date.

So, it's very important that the homeowner and listing agent complete requested tasks as quickly as possible.

Getting to know our process (continued)

After a homeowner chooses you as the listing agent and you initiate the short sale, we'll work with you and the homeowner. Together, we'll complete the five phases of our process illustrated in the chart below.

Wells Fargo short sale process — the phases, timeline, and tasks

Phases and timeline (in business days)	Listing agent tasks	Wells Fargo tasks	Total process (in business days)
Set up <ul style="list-style-type: none"> • 1 day 	<ul style="list-style-type: none"> • Initiate short sale process • Submit complete short sale application package, which includes a signed listing agreement 	<ul style="list-style-type: none"> • Check eligibility for the government's Home Affordable Foreclosure Alternatives (HAFA) program • Order property valuation 	1 day
Processing <ul style="list-style-type: none"> • Up to 146 days • Dependent on receipt of offer and required documents from the agent, seller and buyer. 	<ul style="list-style-type: none"> • Work with and help the homeowner gather requested documents and contact junior lien holders • Submit all requested documents 	<ul style="list-style-type: none"> • Review investor and mortgage insurance (MI) company requirements • Request and obtain all required documents 	147 days
Negotiation <ul style="list-style-type: none"> • 18 days • Dependent on required approvals from investor and/or MI company. 	<ul style="list-style-type: none"> • Submit highest and best offer • Provide fully executed purchase contract • Submit estimated net sheet or HUD-1 settlement statement • Work with Wells Fargo and the homeowner on offer negotiations 	<ul style="list-style-type: none"> • Review and analyze offer when submitted • Verify the HUD-1 settlement statement is correct. Facilitate offer negotiation with investor, if necessary. • Request investor, junior lien, and MI approvals (timeline varies based on the investor) • If approved, send approval letter and closing instructions to listing agent 	165 days
Closing <ul style="list-style-type: none"> • 40 days • Dependent on Title Company. 	<ul style="list-style-type: none"> • Work with Wells Fargo, the homeowner, the buyer's agent, and the buyer to facilitate the closing 	<ul style="list-style-type: none"> • Confirm closing date, verify all documents, and confirm all approvals obtained • Obtain estimated final HUD-1 settlement statement • Issue closing package and get documents signed 	205 days
Settlement <ul style="list-style-type: none"> • 2 days 	<ul style="list-style-type: none"> • Coordinate the home transfer with the homeowner, buyer, and buyer's agent • Collect real estate agent commission 	<ul style="list-style-type: none"> • Verify wire amount and confirm all steps completed • Process the payoff and close out the foreclosure system 	207 days

Homeowners/sellers with a second lien

If there is a second lien on the property, the listing agent or homeowner must negotiate directly with and receive approval from the junior lien holder, including Wells Fargo second/home equity loans.



Understanding the documents required

Before reviewing the documents needed for the short sale process, keep the following important points in mind:

About the types of documents:

- The specific documents required for the homeowner/seller will be determined by the Wells Fargo home preservation specialist, since the documents required differ by the investor on the mortgage.
- Not all investors use the same name for like documents.
- For some documents — like the third-party authorization form, listing agreement, and offer agreement/contract — listing agents may use their own documents.

What's required for fully executed documents:

- All documents must be fully executed — completed, signed and dated by all required parties.
- Ensure that all document pages and required signatures are included.
- If parts of a document are not applicable — strike a line through those sections, or print “n/a” on that section of the document.
- If a document is not properly executed — the process will be delayed, as we'll be required to send another request for the completed document to be resubmitted.
- If a fully executed document (completed, signed and dated by all required parties) is not received by the due date, files may be removed from Equator.

About submitting documents:

- All documents must be uploaded to the Equator system, or fax the complete short sale package to 1-866-969-0103, Attention: Setup.



Helpful tip: *Missing or incomplete documentation is the #1 reason why short sales fall out of the process.*

Understanding the documents required (continued)

About the list of required documents below:

- The information provided here is for Wells Fargo first liens only.
- Documents required for a short sale vary by investor, mortgage insurance (MI) company, type of offer, and other factors.
- This list of documents required is for a typical short sale, and does not indicate all documents that may be required to complete a short sale.
- Providing the required documents does not guarantee the approval of a short sale.

Documents required from the listing agent

- 1. Complete short sale application** — incomplete applications will delay the process
- 2. Fully executed, current listing agreement** — completed, signed and dated by the homeowner/seller and listing agent
- 3. Fully executed Wells Fargo listing addendum** — signed and dated by the homeowner and listing agent
- 4. Fully executed purchase contract** — signed and dated by the homeowner/seller, listing agent, buyer, and the purchase agent.
Important note: In instances when the purchase contract has an expiration date, ensure that it has not expired and that it will not expire prior to closing. If the contract has expired or will expire prior to closing, an addendum extending the closing will be required.
- 5. Estimated HUD-1 settlement statement** — complete with all associated liens and costs
 - Include the short payoff amount on line 504 of the HUD-1
 - Some items may not be permitted per investor and/or mortgage insurance (MI) guidelines, including short sale processing fees, home warranty, pest inspection, home inspection, natural hazard disclosures and repairs
 - Most investors limit seller-paid closing costs to a maximum of 3% of the purchase price

Documents required from the homeowner/seller

- 1. Financial worksheet** — including all monthly expenses; signed and dated within the last 60 days
- 2. Hardship letter** — explaining why the homeowner is unable to pay the mortgage; signed and dated within the last 60 days
- 3. Letter authorizing the listing agent to access information on the homeowner's account** — must be dated and include the following information from the homeowner:
 - Last four digits of his/her Social Security number
 - Signature
 - Full mortgage account number
 - Property address
- 4. Other documents supporting the hardship, as well as financial documentation required by the lender**
- 5. Last two years of tax returns** — signed and dated by the homeowner
- 6. Pay stubs for the last 30 days**
- 7. Bank statements for the last 30 days**



Highlighting more helpful tips

About the process:

Because pursuing a short sale may not stop foreclosure proceedings, it's very important that the listing agent and homeowner complete requested tasks as quickly as possible.

- Complete, sign and submit the authorization letter from the homeowner without delay — this third-party authorization form will allow you to communicate with us on behalf of your customer.
- Submit all pages of required documentation in a timely manner to keep the process moving forward.
- Set the proper expectations. Due to the complex nature of a short sale, make sure your customers are aware that the process does not follow that of a typical real estate transaction.
- A short sale must be an arms-length transaction. This means that family, friends, neighbors, or anyone with a close personal or business relationship to the homeowner would not be eligible to buy the home.

About the homeowner/seller and buyer:

- If the homeowner/seller has a real estate license, he/she cannot earn a commission by listing his/her own property.
- The homeowner/seller may not have any agreements to receive a portion of the commission or sales price after closing.
- The seller must not have any expectation that he/she will be able to buy or rent the home back after the closing.
- Any buyer of the property must agree that he/she will not sell the home within 90 calendar days of the date it is sold in the short sale.

About the offer and timing:

- Wells Fargo will only review one offer at a time on a short sale.
- The listing agent should submit the highest and best offer to Wells Fargo.
- Wells Fargo will acknowledge receipt of the offer and provide information on next steps within 48 hours.
- Wells Fargo presents the short sale to the investor, but ultimately the decision to accept an offer rests with the investor. The timeline for offer review and acceptance or counter offer varies by investor.

About how commissions are paid:

- A commission rate of 5 – 6% for real estate agents is generally allowed. However, this may vary based on investor guidelines.
- Commission fees are confirmed during the negotiation process and are paid by Wells Fargo Home Mortgage at settlement.
- Wells Fargo is not responsible for any fees from associated third-party negotiators who work on behalf of the real estate agent.



Submit all pages of required documentation in a timely manner to keep the process moving forward.

Information and assistance

Getting more information

For more information about Wells Fargo short sales and working with us, go to wellsfargo.com/shortsaleagent

At this website, you can access the following documents:

- Short Sale Affidavit
- Homeowner Assistance Form
(Form 710 for Fannie Mae and Freddie Mac)
- Third-party Authorization
- IRS 4506T Request for Transcript of Tax Return

Getting the assistance you need

We're here to help you — every step of the way.

For help with the Wells Fargo short sale process or status

Call: **1-866-903-1053**

Speak to a representative on the Wells Fargo short sale team

Monday – Friday: 7:00 a.m. – 10:00 p.m.

Saturday: 8:00 a.m. – 5:00 p.m.

Central Time

To initiate a short sale

Go to: www.equator.com

And sign onto the Equator system

For Equator support

Call: **310-469-9167**

Or email: agenthelp@equator.com

Louis Candell

Home Mortgage Consultant
Wells Fargo Military Certified

Phone: 800-987-6786

Fax: 866-943-4570

<http://louiscandell.com>

louis.candell@wellsfargo.com

NMLS ID 442652

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