

**Short Sale Checklist: Additional Information for Prospective Sellers
in a Possible Short Sale Transaction
(For use in conjunction with Seller Agency Checklist)**

During the Initial Contact with the Prospective Seller

Note: This form should be used to acquire additional information prior to signing the seller representation contract. Make sure to inform the seller that for the period of this interview any information given by the seller when answering these questions will be kept confidential by the interviewing agent.

Sample Questions for Prospective Seller

Additional Information Related to the Property

1. Has the property been previously listed for sale with another company? If so, when and how long was it on the market?
2. Are there loans/liens outstanding that are secured by the property (mortgages)? What is the total principal balance of the mortgages and liens?
 - First mortgage amount and name of lender/lien holder?
 - Second mortgage amount and name of lender/lien holder?
 - Any other liens or indebtedness?
3. Are the payments of all outstanding loans on the property current?
4. If no, how many payments are in arrears?
5. Have you spoken with anyone at the lender/lien holder's office?
 - If so, to whom?
 - What department was he/she in and/or what was this person's job title?
 - Would you sign an authorization form permitting me to talk to this person or anyone at the lender/lien holder's office(s) related to loans secured by this property?
6. Have your monthly payments increased in the past year or are they scheduled to increase in the next 12 months? What are your monthly payments?
7. Has any person or entity done an appraisal or any other valuation on this property recently? If so, what was the fair market value?
8. Is there any legal action pending related to this property of which you are aware? If so, what type and when was it filed? (i.e. foreclosure proceeding)
 - Have you spoken with your attorney about this issue?
 - Have you spoken with anyone at the lending institution about this?
 - Would you permit me to visit with these people related to your situation and the possible sale of the property?
9. Are the real property taxes current with regard to the property?
 - If not, how far in arrears are they?

Discussion of Comparative Market Analysis Results and "Net Sheet"

1. Based on information collected above and the agent's evaluation of the property's possible value in the existing market place, the agent should prepare and review a possible "Net Sheet." This will show the value related to the outstanding loans, liens and expenses of a possible sale and will help the parties evaluate whether it makes sense to list the property at this time.
2. If the Net Sheet shows a shortfall then the agent should discuss the prospects of trying to go forward with a "short sale." Explain generally what that means, and caution the prospective seller to consult with seller's attorney.

Items to Discuss with Prospective Seller

1. Are you (and your spouse if applicable) presently employed?
2. Would you be willing to provide copies of tax returns to the lender?
3. Do you have an attorney with whom you do business? If so, what is his/her name?
4. Are there any circumstances that have caused or are causing financial hardship?
 - Employment issues
 - Medical issues
 - Marital issues
 - Other
5. It would be helpful to talk to seller's attorney regarding any special language that might be needed in an ultimate purchase contract and for advice related to any pending litigation and related procedures. You might also discuss the possibility that lender will not forgive the entire debt in a short sale and may ask seller to pay on the remaining deficiency.
6. Sellers should expect time delays in short sale situations.
7. Sellers might also expect that the pool of prospective buyers may be smaller than for properties not subject to short sales, and that these buyers may also be investors looking for "good deals."
8. Stress the importance of honesty and constant communication.
9. You might discuss a prospective time line and make some decisions up front as to how long you will try to market the property for sale.

Agent acknowledges review of these items with seller this _____ day of _____, 200____.

Signed _____
Agent

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This information was prepared by legal counsel for the Illinois Association of REALTORS®. Check with your broker's office policies and procedures with regard to short sale transactions; direct your clients to their attorney for specific contract language and advice they will need; and, you and your sponsoring broker should obtain legal advice when necessary.