

Steps To Avoid Delays & Problems In Closing Short Sale Transactions

1. Sellers and Buyers should confirm that all completed and signed escrow paperwork and any additional forms are in escrow before close.
2. Agents should notify escrow of any changes to the contract; more than likely a revised short sale approval letter will be necessary. Short Pay lender must approve all credits or changes to the contract.
3. Once you receive the Lender's short pay letter, make sure escrow has been provided with it as soon as possible. It will be required by title at the time of closing.
4. Buyers should have their loan paperwork in place and be in a position to execute loan documents well before the close of escrow.
5. Buyer's Mortgage Broker/Lender should be in position to fund the loan with a 2-3 day pad for any last minute funding conditions that may arise, so that short pay approval does not expire.
6. Buyers must have their fire insurance ready. Make sure that the escrow officer has all of the information to contact the Buyer's insurance provider in order to prevent delays. If it is a condominium, Buyer should ask the Mortgage Broker/Lender if HO-6 insurance is needed; most lenders require this as a condition of funding the loan.
7. Buyers must have their closing funds available as good funds and be prepared to wire into escrow 72 hours before the close of escrow. ([Click here to view our flyer on "Good Funds"](#))
8. If the Seller's have transferred title to the property into their trust but they borrowed as individuals, please find out if the short pay Lenders may require them to transfer out of trust and sell as individuals. This requires an additional deed and causes extra time and fees that will need to be reported to the Short Pay Lender via the HUD.
9. Typically money can not be released prior to the close of escrow.
10. Escrow cannot give legal or tax advice. It is advisable that you have your client consult outside assistance.

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