

Law Offices of

SYLVIA E. HELDRETH, P.A.

Certified Specialist – Real Estate Law
The State Board of Florida
Board of Legal Specialization

Wills • Trusts • Estate Planning
Probate Administration
Incorporations • LLC Formations
Condominium Law
Mortgages • Refinances
Title Insurance Closings

SHORT SALE RETAINER AGREEMENT

This Agreement is entered into by and between the **LAW OFFICES OF SYLVIA E. HELDRETH, P.A.**, called "Attorney" and _____, called

"Client".

Client hires **LAW OFFICES OF SYLVIA E. HELDRETH, P.A.** and any Attorneys, law clerks, paralegals, and legal assistants hired (as employees or independent contractors) now or in the future by the **LAW OFFICES OF SYLVIA E. HELDRETH, P.A.**, to do the following:

Assist Client in obtaining their lender's approval of a "short sale" payoff for the property located at _____; and upon lender's approval and having a "ready" buyer to complete the closing and issue owner's title insurance to the buyer.

What is a Short Sale?

A short sale is a transaction where the proceeds of the sale will not be sufficient to cover the amount owed to the lender and the total of all liens and closing costs. At least one lien holder will be asked to satisfy its lien for less than the amount owed. Most of the time the lender agrees to do this; but sometimes they will not agree. Attorney makes no assurances and cannot even make a prediction.

Lender Review Process

Client acknowledges that lender is not obligated to accept less than a full payoff or to effectuate a short sale. Every reply from the lender, if a reply is given at all, will take weeks. There will be no quick resolution of a short sale. Client acknowledges that Attorney is not liable for delays caused by lender or Client or any other person involved in the transaction. Most lenders will not consider a short sale unless the Borrower is in default on the loan. If Borrower defaults on the loan but is current on all other debts; this may also affect how the lender responds to the short sale request.

Accuracy, Truthfulness and Completeness of Information Submitted to Lender

Client is responsible to assure the accuracy, truthfulness and completeness of all documents and letters and other information given to Attorney or any other person to submit to lender or submitted directly by Client to lender. Attorney is not hired to tell Client what to submit or not submit to lender nor hired to determine the accuracy, truthfulness or completeness of the information, documents or letters provided by Client. Client is solely responsible for the

submission to lender and is completely aware that all information submitted to lender can be and will be used to collect the debt owed by Client. Client is advised that a lender will compare income and appraisal information given by you when the loan was made, to that submitted at the time a short sale is requested. Extreme differences will raise questions of fraud.

Tax Consequences

The difference between the amount actually owed to the lender and the lesser amount that the lender accepts in full payoff is called "forgiven debt". All Borrowers on the loan will receive a 1099 from the lender reporting the forgiven debt amount to the IRS. Whether or not a borrower receives a 1099 from the lender, all borrowers must report the forgiven debt as income. This may generate a tax obligation. Attorney does not give tax advice and does not know whether any exemption will apply to Client. Client has been advised to seek advice from a tax professional regarding Client's IRS filing and reporting obligations and any tax consequences of this transaction.

More Disclosures

1. Client's credit rating (and ability to buy another house) will be seriously affected.
2. Even if a lender satisfied a mortgage with less than full payment, the note may not be satisfied which means the lender retains its right to collect the remaining balance.
3. Client will not be allowed to walk away from a short sale with proceeds in any amount, and the property will probably sell for less than its full value.
4. An interested party or family member cannot be the purchaser and client cannot remain in the home after closing.
5. Attorney has no duty to defend a foreclosure of property unless Attorney specifically agrees in writing to represent Client for that purpose. In addition, an effort to agree about a real estate short sale will not slow or prevent, or have any affect on a foreclosure of Client's property unless lender agrees to slow down a foreclosure. It is Client's responsibility to monitor the foreclosure and inform Attorney when a sale date is set.
6. Bankruptcy will delay but probably not avoid foreclosure.
7. Client will probably be expected to declare the cause of inability to pay to be the existence of some unavoidable personal catastrophe, i.e. hardship letter.

8. The property must be sold "as is" or Client must make repairs.
9. Attorney does not provide tax advice nor bankruptcy advice nor asset protection advice.

Client's Agrees to do the Following:

1. Provide Attorney with the lender's company name, the loan number(s), the Loss Mitigation or Short Sale Department's phone number and any contact person's name, fax, e-mail and street address. Provide this information for all lenders on this property.
2. Provide Attorney with all documents, letters or other information required by lender's Loss Mitigation or Short Sale Department for review and consideration of a short sale. Client agrees to have all this available upon Client's acceptance of a buyer's offer. Following is a list of the documents commonly required, but Client is responsible to call their lender to see what their particular lender requires:
 - Hardship letter to explain why you are unable to pay
 - Proof of income (current within 30 days pay stubs)
 - Two most recent tax returns
 - Last two months bank statements (all pages)
3. Sign and provide Attorney with this agreement and the attached Third Party Authorization letter with all information completed.
4. Pay any fees and costs that lender requires for the processing of the short sale request. (Usually there are no upfront lender fees.)

Attorney Agrees to do the Following:

1. Perform the title search and examination.
2. Prepare a HUD-1 Settlement Statement.
3. Forward (via fax or email) the entire package required by lender for consideration of the short sale request.
4. Contact the lender to confirm receipt of the package and third party authorization letter.
5. Follow-up as needed to determine progress and status of lender's review and approval process until lender either approves or denies the short sale request.
6. Upon approval, inform all parties and prepare all closing documents and close the transaction in compliance with all lender requirements.

7. Monitor transaction until completion or cancellation, request updated approval letter if needed.
8. Keep Client informed of progress and confer with Client during any "negotiation" stage.

How Fees and Costs are Paid

The fees and costs applicable to this "Short Sale" will be collected from the proceeds of sale at the final closing of the sale. These include, but are not limited to:

\$850.00 closing fee, which includes all costs for loan handling/delivery; wire fees; search fee; file conversion fee. Owner's title insurance premium based on sales price will be charged separately and will also be paid out of the sale proceeds.

There may be other fees, if applicable, such as for delinquent taxes, foreigner sales, mailaways, 1031 exchanges etc., but these will be collected at closing.

Sometimes the lender requires the Borrower to bring cash to closing to pay taxes or other liens. Attorney will confer with Client if this is lender's requirement.

Why Such a Formal Agreement?

We regret that this retainer agreement must be so formal; but it is important for you to understand that you and we are entering into a professional business relationship. We feel it is important that you fully understand all of the terms of our relationship, as this understanding will give both you and us a firm foundation for our relationship.

Client swears or affirms that he or she has read, understands and agrees to this contract and has been given a copy of it.

Dated: _____

Client Signature: _____

Print Client Name: _____

Phone Number: _____/Email: _____

Social Security Number: _____

Dated: _____

Client Signature: _____

Print Client Name: _____

Phone Number: _____/Email: _____

Social Security Number: _____

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THIRD PARTY AUTHORIZATION

DATE: _____

FIRST LENDER: _____

LOAN NUMBER: _____

SECOND LENDER: _____

LOAN NUMBER: _____

BORROWER(S) _____

PROPERTY ADDRESS: _____

To Whom It May Concern:

I HEREBY AUTHORIZE LAW OFFICES OF SYLVIA E. HELDRETH, P.A. its officers and employees to obtain any information related to my payoff of the above referenced loan(s) and to discuss any and all matters on my behalf regarding, but not limited to, my payment history, current loan status, reduction of debt, value of property, as well as any and all other matters regarding consideration of short sale and/or reduced loan payoff on the referenced property.

Please furnish any and all pertinent information to them as they may require.

This authorization also extends to the above named real estate agent.

A photocopy of this authorization bearing the undersigned's signatures may be deemed the equivalent of the original.

Print Name: _____

Print Name: _____