

CHARLES J. BLOCK
Attorney At Law

1233 Haddonfield-Berlin Road, Suite 4
Voorhees, NJ 08043 (856) 753-1893

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GETTING STARTED

We understand that you are going through a very difficult time and we want to give you our personal assurance that we will do everything possible to help you avoid foreclosure and close your transaction. Our short sale solutions program is designed to get your mortgage lender to accept a lesser payment amount than they are owed. Essentially, the mortgage lender will accept a reduced amount instead of incurring the cost and time of going through the foreclosure process. It has been our experience that each mortgage lender has their own equation to determine what they are willing to accept as a settlement.

Many people ask, "How long does the process take?" The answer depends on two things: 1) How quickly you get your paper work back to us, 2) How fast the mortgage lender will review your case. We have seen some cases take just a few weeks where others have taken several months. However, if you have a bona fide Contract of Sale for your property and your paper work is fully completed, the mortgage lender will review your transaction much quicker.

Enclosed herein is our client information packet. This packet must be completed and signed by you as quickly as possible. If you have any questions about the forms in the packet, please feel free to contact us. Once you have completed and signed your documents, please return them as soon as possible. We cannot begin your file until we receive the packet back from you.

Any delay in sending the packet back to us will cause a delay in obtaining a short sale payoff and will delay your closing.

Again, thank you for using the law office of Charles J. Block as we look forward to assisting you through the short sale process.

HOW THE SHORT SALE PROCESS WORKS

1. I collect all of the information from you, as outlined hereafter. I also need a copy of the listing agreement that you signed with your Realtor. Most of the time, your Realtor will provide that to me.
2. When you get a Buyer, your Realtor will prepare a contract for you and the Buyer to sign. Your Realtor will give me a copy of the contract and a letter from the Buyer's mortgage company, stating that the Buyer is pre-approved for the mortgage. That means that the mortgage company has done a preliminary review of the Buyer's finances, and it appears that the Buyer is qualified. The pre-approval letter does not obligate the mortgage lender to issue a final approval. That is done only after the Buyer provides complete documentation and information to the lender.
3. Once you have a fully-signed contract, your file will be assigned to one of my short sale specialists, so that you have a point of contact for regular updates. Of course, you can contact me by phone or email for any legal questions that you have, but my short sale specialist will be your primary contact throughout this process.
4. All of your documents have to be faxed or emailed to the mortgage company. It usually takes 2 or 3 days to get into their system.
5. Depending upon the mortgage company, it takes anywhere from one to four weeks for the company to assign a "negotiator" to the file. Once a negotiator is assigned, the negotiator looks at the file and makes a preliminary determination in regard to: (a) is there a legitimate hardship that warrants a short sale? and (b) is the Buyer's offer reasonable? If the answer to both of those questions is "yes," then the negotiator will take the next step and order a BPO (Broker's Price Opinion letter) in order to determine the fair market value of the property.
6. It usually takes about two weeks for the negotiator to get the results of the BPO after it is ordered. About two to four weeks after that, the negotiator will let us know if the short sale has been accepted or rejected. If the short sale is rejected, the negotiator will often come back to us with a counteroffer to present it to the Buyer. If the Buyer accepts the counteroffer, then we have a deal.
7. There are certain circumstances in which it takes longer to obtain a decision. For example, if the mortgage company does not finance its own mortgages and uses outside investors, the investor has to approve the short sale after the mortgage company approves it. Another example is if you are paying PMI (Private Mortgage Insurance) with your mortgage. If so, then the PMI company has to approve the short sale after the mortgage company does. If it is a Fannie Mae loan, Fannie Mae has to approve it. These additional approvals sometimes take an additional 30 to 45 days.

8. Please note that you do not have to pay me a fee for my services, as I negotiate with the mortgage company to allow my fee to come out of their proceeds at the time of closing. If, for any reason, your transaction does not close, you do not owe me a fee.

WHAT HAPPENS AFTER YOUR HOME IS SOLD

People who are selling their homes in a short sale are often concerned about what happens to the balance owed on the mortgage after the short sale is completed. In many cases, we are able to negotiate a complete release of liability. That means that once the closing takes place, you do not owe the mortgage company anything else and your account is considered settled. However, there are some cases where the mortgage company wants you to “contribute” to the short sale. For example, if you have PMI (Private Mortgage Insurance), it is quite common for a PMI company to require that you either bring some cash to the table or sign a Promissory Note for a portion of the proceeds. The amount of the cash contribution or Note is negotiable, and is often just a fraction of what you owe. Also, it is common for the PMI company to charge no interest on those Notes. If you have more than one mortgage on the property, the second mortgage company sometimes asks for a similar contribution.

Sometimes, we get approval letter that state, “*We do not waive our rights to collect the deficiency*”. What that means is that the mortgage company can try to collect the deficiency from you at a later date. The “deficiency” is the difference between what you owe the mortgage company and what the mortgage company receives from the closing proceeds. In that case, the mortgage company has the option to have their collections department contact you to try to make arrangements to pay the deficiency, or they may actually sue you for the balance. However, our clients have rarely experienced this kind of outcome.

If you have any further questions or seek additional information please do not hesitate to contact me or my staff.

Thank You,

CHARLES J. BLOCK

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SELLER CHECKLIST

Property Address: _____

Client Name: _____ Phone: _____ Fax: _____

Client Name: _____ Phone: _____ Fax: _____

Please collect all information listed on this form. Return this form and all paperwork to
Fax (856) 783-7961.

COLLECT FROM ALL PERSONS ON TITLE:

- Complete the attached Seller's Information Statement (*Schedule A*)
- Personal Financial Statement (*Schedule B*)
- Monthly Budget (*Schedule C*)
- Monthly Income (*Schedule D*)
- Complete and sign attached Authorization to Release Mortgage Information. Make sure you include all information about each mortgage on the property; include your social security number where indicated. Without this authorization, the mortgage company will not communicate with me. (*Schedule E*)
- Submit a "Hardship Letter." This should explain how you fell into financial difficulty (illness, disability, divorce, over-mortgaging the property, burdensome type of mortgage, loss of employment, etc.). Provide as much detail as possible about each of the hardships that contributed to your situation. This is the one letter that the mortgage company will review from a "human" perspective. (*Schedule F*)
- Letter of Engagement (*Schedule G*)
- Deficiencies List with Photos of all damages (*Schedule H*)
- Authorization to Process Short Sale and Hold Harmless Agreement (*Schedule I*)
- Copy of recent mortgage statement for all lenders
- FHA Authorization (if applicable)

- Copy of any delinquency notices, notice of trustee's sale, notice of default and any other documents that you have received, or will receive from the lender
- Past two (2) year's tax returns (include W-2 forms) - If the seller(s) do not have any of these items, a signed and dated letter briefly explaining why must be included.
- Past two month's bank statements (savings and checking)
- Last six (6) month's Profit and Loss (if self-employed)
- two (2) most recent pay stubs
- Provide details about any other liens against the property, such as tax liens and judgments against you.

Name of Person Submitting Information: _____

Homeowner Name: _____

SCHEDULE A
SELLER'S INFORMATION STATEMENT

1. Please provide the following information:

Phone (*home cell work other*): _____

Phone (*home cell work other*): _____

Phone (*home cell work other*): _____

Phone (*home cell work other*): _____

E-mail address: _____

Alternate e-mail: _____

Date of Birth: _____

Driver's license #: _____

2. Name of Seller(s) as it appears on Deed: _____

3. Is this Seller's primary residence? Yes No If no, please provide
current mailing address: _____

4. Seller's forwarding address: _____

5. You may be eligible for a partial exemption from the New Jersey Real Estate Transfer Tax if you meet ALL of the following qualifications:

a. One owner is 62 years old or over and there are no joint owners other than a spouse of other qualified owner;

b. The premises is a one or two family house; and

c. The premises is occupied by owner at the time of closing.

If you think you qualify for this exemption, please complete the following:

Name: _____

Date of birth: _____

6. Marital history:
Date of marriage: _____
Wife's maiden name: _____
Previous marriages: Please provide a copy of Final Judgment of Divorce or Death Certificate, if applicable.
7. Please provide Homeowner's Association information, if applicable:
Name of Association: _____
Management Company: _____
Contact person: _____
Telephone number: _____
8. Are you a U.S. citizen? ___ Yes ___ No
Is your spouse a U.S. citizen? ___ Yes ___ No
9. Have you ever filed a Petition in Bankruptcy? ___ Yes ___ No
If so, please provide me with the following:
1. Copy of the Bankruptcy Petition.
2. Copy of the Bankruptcy Order for Discharge.
3. Copy of the Order Removing Judicial Liens.
- PLEASE NOTE:** If your Bankruptcy attorney did not file a Motion to Remove Judicial Liens, then you should contact him or her immediately and have that done. Otherwise, prior judgments against you will appear on the title report and may prevent or delay your closing.
10. Are you selling this property as the Executor of an Estate? ___ Yes ___ No
If so, please provide me with the following:
1. Copy of property owner's Death Certificate.
2. Copy of the "Short Certificate" issued by the County Surrogate's Office naming you Executor or Administrator.
3. Copy of NJ Inheritance Tax Waiver or proof that NJ Inheritance Tax has been paid. If you have questions regarding Inheritance Tax, please contact the NJ Inheritance Tax Bureau at 609-292-5033 or www.state.nj.us/treasury.taxation.

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SCHEDULE B
PERSONAL FINANCIAL STATEMENT

Name(s): _____

Property address: _____

Assets

Do you have a checking account? ___ Yes ___ No	
If yes, what is your balance?	\$
Do you have a savings account? ___ Yes ___ No	
If yes, what is your balance?	\$
What is the value of your primary residence?	\$
Do you have any other properties? ___ Yes ___ No	
If yes, what is the value of your other residences?	\$
Value of automobile(s)	\$
Value of retirement plan/401K	\$
Cash value of life insurance	\$
Value of investments: stocks, bonds, mutual funds	\$
Value of furniture, jewelry, computers, tools	\$

Liabilities

Balance on Mortgage - primary residence	\$
Balance on second Mortgage - primary residence	\$
Balance on Mortgage - other residences	\$
Balance on auto loan(s)	\$
Balance on loans against insurance policy	\$
Total balance on all credit cards	\$
Loans to you from your family members	\$
Balance on personal loans	\$
Balance on any taxes owed	\$
Balance on student loans	\$
Balance on collection accounts	\$
Balance on medical/dental bills	\$
Balance on back alimony or child support owed	\$

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SCHEDULE C
MONTHLY BUDGET

Item	Amount Paid Monthly	Item	Amount Paid Monthly
Rent/Room & Board	\$	Auto Insurance (avg. monthly cost)	\$
1 st Mortgage payment	\$	Gasoline	\$
2 nd Mortgage payment/Equity line	\$	Vehicle Maintenance/Oil	\$
Real Estate Taxes/Local taxes	\$	Public Transportation	\$
Association/Condo fees	\$	Tolls/Parking	\$
Homeowner's/Renter's Insurance	\$	Alimony/Child support	\$
Home Security System	\$	Child care/Babysitter/Daycare	\$
Routine home maintenance	\$	School tuition/Fees/Books	\$
Utilities - Gas	\$	Student loans	\$
Utilities - Electricity	\$	Books/Magazines/Newspapers	\$
Utilities - Fuel/Oil/Propane	\$	Clothing	\$
Utilities - Water & Sewer	\$	Dry cleaning/Laundry	\$
Utilities - Phone	\$	Insurance - Hospitalization	\$
Utilities - Cell phone/Pager	\$	Insurance - Life and Disability	\$
Utilities - Trash collection	\$	Doctor/Dentist/Nurses	\$
Cable TV/Satellite	\$	Drugs/Medication/Eye care	\$
On-line computer service fee	\$	Personal grooming/Hair/Nails	\$
Credit card payments	\$	Contributions/Donations	\$
Infant supplies/Diapers/Formula	\$	Gifts/Holiday/Birthday	\$
Food costs/Groceries	\$	General recreation (e.g., movies)	\$
Lunches and Meals (Job/School)	\$	Vacations/Trips/Lessons	\$
Dinners out/Fast food	\$	Tobacco/Cigarettes/Alcohol	\$
Personal items/Toiletries	\$	Emergency savings	\$
Pet food/Pet care/Vet	\$	Family allowances	\$
Auto loan payment 1	\$	Subtotal	\$
Auto loan payment 2	\$	Subtotal from column 1	\$
Subtotal	\$	TOTAL	\$

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SCHEDULE D
MONTHLY INCOME

	Applicant	Co-Applicant
Gross Income	\$	\$
Net Income (take home wages)	\$	\$
Alimony	\$	\$
Child Support	\$	\$
Social Security	\$	\$
Retirement/Pension	\$	\$
Part-time job earnings	\$	\$
Food stamps	\$	\$
Other	\$	\$
Other	\$	\$

Date: _____

Signature of Applicant

Date: _____

Signature of Co-Applicant

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SCHEDULE E
AUTHORIZATION TO RELEASE MORTGAGE INFORMATION

Please accept this as authorization to release payoff information to my attorney, Charles J. Block, and/or his agents, including Sandy, Dan, Steve, and Cathy, and to communicate with Mr. Block and/or his agents, and provide them with any documentation or information concerning my/our mortgages, financial obligations and all other credit matters necessary for closing or any other matter relating to the processing of a short sale. A photographic, fax, scanned e-mail of this Authorization is deemed to be the equivalent of the original. As time is of the essence, your prompt reply will be helpful for completing my real estate transaction.

Name(s): _____

Property Address: _____

Name of 1st mortgage company: _____

Address: _____

Phone number: _____ Loan number: _____

Type of Loan: FHA() VA () Conventional () Home Equity Line of Credit ()

Name of 2nd mortgage company: _____

Address: _____

Phone number: _____ Loan number: _____

Type of Loan: FHA() VA () Conventional () Home Equity Line of Credit ()

Dated: _____

Social Security Number: _____

Dated: _____

Social Security Number: _____

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SCHEDULE G
LETTER OF ENGAGEMENT - SHORT SALE

Property Address: _____

Law Office of Charles J. Block (hereinafter "CJB") is pleased to propose legal representation in connection with the above matter. CJB agrees to represent _____ (the "Client") in relation to the above-captioned.

Unless otherwise authorized by you, all communication concerning my representation will be through you, and all correspondence and statements with respect to this matter will be addressed to you at the above address. Additionally, please be sure CJB knows how to contact you at all times, as open lines of communication are an integral part of CJB's working relationship.

This shall confirm that, pursuant to your instruction, CJB will use its best efforts to negotiate a "short sale" with your lender (i.e. your lender will agree to accept less money than it is owed).

Please allow this to further confirm that your lender may refuse to waive its rights with respect to the portion of the loan that may be compromised, which means that at a future date, your lender could demand to be paid the compromised portion. In the event this occurs, and the money demanded by your lender goes unpaid, it is possible that a judgment could be entered against you. This shall further confirm that we have advised you of this fact, and, secure with this knowledge, you have voluntarily agreed to proceed with this transaction.

In addition to the foregoing, this shall also confirm that under certain circumstances, a "short sale" could have tax implications. CJB is not qualified to offer tax advice, and as such, strongly recommends that you seek the advice of a certified public accountant with respect to the tax consequences of a "short sale".

Under CJB's standard representation procedures, CJB may discontinue its representation if irreconcilable differences exist between us with respect to the scope and/or nature of our representation. CJB may also discontinue representation if it learns that its fee, which is typically paid by your lender, will not be paid. If it becomes necessary to discontinue CJB's representation, CJB will be relieved of any further obligations to you. Furthermore, in the event CJB is representing you at such time, you agree that CJB may immediately withdraw as counsel.

As with all representations of this type, CJB believes it essential that all parties continue to feel comfortable and confident in the arrangement going forward. Accordingly, you should feel free to terminate our engagement at any time and CJB must reserve the same right.

Please be advised that it is the policy of CJB to retain client files for a period of six (6) years after the termination of a matter, at which time the files will be destroyed. Prior to its destruction, you may forward a written request for return of the file to us and CJB will endeavor to provide the file to you at no additional cost except for postage or shipping charges, provided all sums due and owing, if any, to CJB have been paid in full at that time. Upon closing the file, CJB, at your request, will also attempt to return to you any original documents contained in the file.

While CJB understands that the above appears rather formal, it is CJB's sincere desire that you clearly understand the terms of CJB's representation. Please sign below expressing your understanding of and agreement to the above terms. CJB appreciates the opportunity to represent you in this matter and certainly looks forward to serving you on an ongoing basis.

IT IS ACKNOWLEDGED AND UNDERSTOOD THAT THE CLIENT HAS READ THIS AGREEMENT IN ITS ENTIRETY, UNDERSTANDS IT, AGREES THAT IT IS FAIR AND REASONABLE, AND AGREES TO BE BOUND BY THE TERMS AND CONDITIONS SET FORTH HEREIN. IT IS FURTHER ACKNOWLEDGED AND UNDERSTOOD THAT THE CLIENT RECEIVED A FULLY EXECUTED COPY OF THIS AGREEMENT.

APPROVED AND ACCEPTED

Dated: _____ **By:** _____, Client

Dated: _____ **By:** _____, Client

Dated: _____ **By:** _____
CHARLES J. BLOCK

**THIS AGREEMENT SHALL NOT BE EFFECTIVE WITHOUT THE SIGNATURE OF
CHARLES J. BLOCK, ESQUIRE**

CHARLES J. BLOCK
Attorney At Law

1233 Haddonfield-Berlin Road, Suite 4
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SCHEDULE H
DEFICIENCIES LIST
Be as specific as possible

(Examples: leaking roof, rotting bathroom or kitchen floors, pet smells, holes in walls or doors, stained or torn carpets, wooden deck rotted)

(We take this information to the lender along with the photos to let them know what condition the home is in and how much work they would have to do to fix the property if they received it through foreclosure.)

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____
13. _____
14. _____
15. _____

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SCHEDULE I

AUTHORIZATION TO PROCESS SHORT SALE AND HOLD HARMLESS AGREEMENT

The undersigned herein known as the Seller(s), requests Charles J. Block to process and obtain a short sale payoff from any mortgage lien holder(s) and any other lien holders regarding the property commonly known as:

New Jersey

AND hereby gives authorization to the law office of Charles J. Block (herein after "CJB") and its agents to obtain any and all information concerning my/our mortgages, financial obligations, any and all credit matters as may be necessary to consummate the sale of my property listed above. Any and all information collected by CJB will be help under strict confidence and used only for the purpose of obtaining a short payoff from the underlying lien holders. Seller further authorizes CJB to provide and/or share any and all information regarding this short sale transaction with any and all parties CJB deems necessary, including but not limited to Buyer's Attorney, Seller's Attorney, Listing Agent, Selling Agent, Office Brokers or Managers, and the Buyer(s).

The subject property may currently be involved in a foreclosure action and/or the Seller/Owner may be in arrears of their monthly mortgage payments or payments to other lien holders. In any situation, CJB has determined that there will not be sufficient proceeds from the closing of the transaction between the Buyer(s) and Seller(s) to satisfy all liens and debts. The Seller(s) will ***NOT BE RECEIVING ANY*** proceeds from the transaction unless specifically authorized by the mortgage lender or lien holder approving the short sale payoff.

The undersigned also agrees that CJB and its agents shall have no liability whatsoever and will be held harmless regarding this transaction. The undersigned further acknowledges that CJB shall only be processing a short sale payoff and is attempting to obtain a short sale payoff for the purpose of the Seller(s) to sell their property and consummate their real estate transaction.

The undersigned acknowledges that they should consult with a Certified Public Accountant and/or financial advisor about any issues regarding this transaction, including but not limited to tax issues, deficiency judgments, or any other financial implications having to do with or resulting from a short sale transaction. The Seller(s) further agree to indemnify and hold harmless CJB and its agents from any and all financial implications, liens, deficiency judgments, tax implications, etc.; that may or may not arise as a result directly or indirectly by this transaction. The Seller(s) acknowledge that CJB is merely processing a short sale transaction for the Seller in the hopes to transfer insurable title from the Seller(s) to the Buyer(s).

Signature

Printed Name

Date

Signature

Printed Name

Date

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REALTOR CHECKLIST

Please provide the following items as soon as possible:

- 1. Listing Agreement
- 2. MLS History
- 3. Comps/CMA
- 4. Photographs indicating damage to the property

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FHA AUTHORIZATION

To: FHA

Via: Facsimile to 918-551-5391

Re: Name: _____

Date of Birth: _____

S.S. No.: _____

You are hereby requested and authorized by original or copy of this document to disclose, make available, and furnish to my attorney, Charles J. Block, any and all information requested with respect to my mortgage.

Date

Signature

Date

Signature