

City of Tampa
Housing and Community Development Division
SHORT SALES POLICY

Introduction

As an alternative to foreclosure, the homeowner may request to exercise the option of a short sale through the first lien holder. When a homeowner becomes financially distressed and can no longer afford to pay their first mortgage due to a financial or medical hardship, or must relocate out of City of Tampa, a Short Sale will be considered based upon the following:

Short Sale Consideration

- The first mortgage lender must pay the City of Tampa \$10,000 Dollars or ten percent (10%) of the remaining balance owed on the City's Mortgage, whichever is higher.
- If the short sale results in a financial loss of all or a portion of the City's original investment, the seller of the assisted property shall be ineligible to receive down payment assistance within 5 (five) years from the date of the approved short sale.

General Requirements

- The contract purchase price must be for less than the sum of the first and second mortgages. The contract shall be contingent upon the first and second mortgagors each accepting less than one hundred cents on the dollar.
- Prior to the actual real estate closing the City shall ensure that the Seller will **not** receive any cash or cash equivalents at closing.
- The only amounts paid from the "Short Sale" proceeds shall be limited to:
 - a. unpaid real estate taxes
 - b. unpaid non ad-valorem assessments and special assessments
 - c. real estate commission if any
 - d. document stamps if not exempt
 - e. customary and ordinary proration's
 - f. title examination/title insurance
 - g. governmental liens having a higher priority than the first mortgage
 - h. payoff of the first mortgage and City's Mortgage at the reduced approved amount
 - i. Mortgages and liens which are inferior to the City's mortgage shall not be considered in any payout

Required Documents

- In order for the short sale request to be reviewed, the following information must be submitted:
 - a. Copy of Sales Contract (between the seller and buyer)
 - b. Copy of Approval Letter from current lender accepting the short sale
 - c. Copy of preliminary Closing Disclosure
 - d. Copy of the appraisal (if applicable)
 - a. Hardship letter from homeowner (why are they selling for a short sale i.e.: lost job, moved for new job, home is in foreclosure, etc.)

Evaluation Process

- The Housing Portfolio Specialist (HPS) shall process short sale requests and submit to the Housing Program Compliance Coordinator (HPCC). The HPCC shall make a recommendation to the Housing & Community Development Manager (HCD Manager) as to whether a short sale request should be approved or denied pursuant to the Short Sale policy.
- The HCD Manager shall render a short sale decision and HPS shall notify the applicant in writing as to the decision. Short sale decisions shall be rendered within 15 business days after receipt of a completed short sale process, unless extenuating circumstances exist. For approved short sales, HPS shall prepare a Short Sale approval letter.

Short Sale Prevention Criteria

- City of Tampa may permit the seller of the assisted property to transfer such property to another income eligible home buyer in lieu of foreclosure or short sale. The homebuyer must utilize the property as their primary residence for the balance of the original affordability period.

Short Sale Closeout

- Upon receipt of short sale proceeds, the City shall release the City's mortgage and shall not seek any foreclosure or deficiency judgment against the seller or pursue any claim under the promissory note.
- Following closing and receipt of all monies due, the City will provide the recorded release of mortgage to the title closing agent. This will nullify/release the City's assistance mortgage for purposes of future public records/title searches or cause same to act as any cloud on the property's title.