

KAYSER & ASSOCIATES, LLC

Short Sale Attorney and Negotiators

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DISCLOSURE and AGREEMENT

This Agreement will not take effect, and Attorney will have no obligations to provide said services, until Client returns a signed copy of this Agreement.

Client retains Attorney to represent Client in connection with facilitating short sales of real property.

Attorney will represent Client in a Counseling and negotiation capacity only. No litigation or litigation related activities are contemplated at this time, and this Agreement does not encompass such matters. Client has represented to their real estate agent and to Kayser & Assoc., that there are no more than two liens (mortgages) against the property to be short sold. If three or more mortgages are discovered in the discovery process, this agreement is null and void, and Kayser & Assoc., LLC (K&A) will cease to represent the homeowner in said short sell of the property.

What is a "SHORT SALE?" It is the listing and sale of a property where the sales price and market value are less than the payoff of the loan(s). The mortgage company/bank agrees to take less than what is owed against the property and gives a full release of the deed(s). In many cases, they also agree not to pursue a deficiency judgment against the owner. Lenders are inclined to agree to a short sale if a short sale results in less losses to the lender as compared to foreclosure. The advantages of a short sale to the borrower include avoiding a foreclosure reported on credit history and mitigating or eliminating a possible deficiency. Why not just let the home go back to the bank in foreclosure. Foreclosure on a record will prevent you from purchasing another home for years and can prevent you from obtaining security clearance or a government job, ability to get employment, will adversely affect future mortgage rates, credit card rates, automobile insurance, credit in general, and it stays on your record much longer. Short sales goes on your record as a settled debt for less than the amount owed, quite different than a foreclosure. It is important to understand that the lender will continue to foreclose until the lender is confident either a short sale offer has been submitted and is under review or a short sale closing takes place. . . so **time is of the essence** if you are delinquent or anticipate to be delinquent with your mortgage!

IMPORTANT We will not represent you in a short sale if you are actively pursuing a loan modification or actively pursuing bankruptcy. Both of these options stop a short sale and restrict any short sale from going forward. All work out options including loan modifications must have been already considered and/or pursued before we will represent you in pursuing a short sale of your property. Any bankruptcy proceeding must have either received a final Discharge in the past or must wait until the short sale closes. Seller agrees to inform K&A immediately if an application for a loan modification has been submitted or a bankruptcy attorney has been consulted during the process at which time, K&A may withdraw from representation and a fee may be charged to the Owner for time and service rendered by K &A on the short sale.

Credit implications of Short Sale The number one reason a distressed homeowner should proceed with a short sale is to protect their ability to obtain financing in the future. Most short sales result in a "settlement" status on their credit report as opposed to "foreclosure" if foreclosure proceedings have not started. If these proceedings have started, the agencies may report "foreclosure proceedings started, short sale." Fannie Mae and Freddie Mac guidelines are much more favorable to borrowers with short sale on their credit report, typically allowing a borrower to obtain financing for a new home within a couple of years. In sharp contrast, a foreclosure remains on a credit report for seven years, making it very difficult to finance another house, a car, open a new business, or even qualify for credit cards. Any loans received will most likely bear very high interest rates. Bottom line: the

end result of a short sale is minor when compared to the consequences of a foreclosure. If the homeowner gets through a short sale with only being delinquent on their mortgage a month or two, the impact is very minor. In sharp contrast, foreclosures have a devastating effect on credit history, job security, employment opportunities, security clearances, military and law enforcement careers, and the most serious of all - the ability to purchase a home in the future. Also, a foreclosure becomes public record, which is searchable by anyone, and can never be removed. A Short Sale offers a fresh start, eliminating debt, while minimizing damage to credit and avoiding eviction proceedings.

Below is a list of some of the consequences of a homeowner going through the foreclosure process (as opposed to a short sale). **Security clearance:** With a foreclosure anyone needing to have a security clearance (police, military, CIA, TSA, etc.) will in most cases have their clearance revoked, terminated and/or not renewed. With a short sale, it does not challenge most security clearances. **Current employment:** Employers have the right to check the credit rating of their employees on a regular basis. A foreclosure in many cases is grounds for immediate reassignment or termination. **Future employment:** Many employers are requiring credit checks on job applicants. A foreclosure is one of the most detrimental credit items an applicant can have and in most cases will challenge employment. **Credit score and history:** With a foreclosure, the credit score may be lowered anywhere from 250 to over 300 points and will typically affect the score for over three years. The foreclosure will also remain on the person's credit history for 10 years or more. With a successful short sale only late payments will be reported. **Future loans:** A homeowner who loses a home to foreclosure is ineligible for a Fannie Mae backed mortgage for 5-7 years. With a short sale the time period is two years..

What services will Kayser & Associates provide? Attorney will provide those legal services reasonably required to represent Client in the matters described above and will take reasonable steps to keep Client informed of significant developments, and to respond promptly to Client's inquiries and communications. Client agrees to be truthful with Attorney, to keep Attorney informed of any information and developments which come to Client's attention, to abide by this Agreement, to pay Attorney's costs on time and to keep Attorney advised of Client's address, telephone number(s) and whereabouts. Client agrees to cooperate fully with Attorney and associates on all matters related to the investigation, preparation and presentation of Client's short sale proposal. You are retaining K&A to assist gathering information, creating a hardship packet, and negotiating the short payoff of your mortgage with your mortgage lender(s) in an attempt to have them accept a lower payoff on the mortgage than is currently due. This may include a title search on the property to determine what liens, mortgages and taxes are due on the property. If litigation is required, it is not part of this agreement and must be made under a separate contract. Attorney does not represent client any foreclosure action, collection of debt, loan modification, refinance or any issue outside the short sale negotiations of the subject property. Attorney does not represent client in any future action or issue with respect to any Note client may sign in relation to the short sale of the subject property. Any issues outside this contract will require a separate agreement. You understand K&A limited role in the short sale of your property.

Your case may be assigned to another experienced short sale consultant affiliated with K&A to assist in the hardship packet process and negotiations of the short sale of your property. Financial information and documents provided for in the short sale of your property may be shared with your listing agent and with the lender involved in approving the short sale of your property.

Seller's obligations Seller must provide all financial documents, forms, and information that K&A requests in a timely fashion. Failure to do so will jeopardize your short sale and will trigger the option of terminating the representation of your short sale.

Fee Arrangement There is no consultation fee for us to review your case in order to ensure you are headed in the right direction. Should our firm be retained, typically there is no transaction fee; the lender will pay our fee. In certain unusual cases (multiple investment properties, Sellers with substantial assets with serious deficiency issues, properties with multiple liens and/or title issues), you may be required to pay a fee upfront to handle the short sale of your property (or properties), and if we are successful at getting the lender to pay these negotiation fees at closing, a refund check in that amount is refunded to you.

It is important to understand that the lender will continue to foreclose until the lender is confident either a short sale offer has been submitted and is under review or a short sale closing takes place. . . so **time is of the essence** if you are delinquent or anticipate to be delinquent with your mortgage!

Tax Issues Typically, as long as the property being short sold is your primary residence, there are no tax consequences in a SHORT SALE. However, it is always best to talk with a tax advisor about possible tax repercussions as HELOC and equity loans may be treated differently. If we are short selling investment property such as a rental property, the Seller may still be exempt from taxes on the forgiveness of debt if they can show insolvency. Again, you will need to consult your tax advisor.

Convincing The Mortgage Lender The bank will have to be convinced that the client deserves to be approved for a short sale. They will need to disclose to the mortgage lender financial hardships, including layoffs, divorce or medical issues. It will be necessary to provide the lender documentation of your financial hardship, such as paystubs, bank statements and so forth to confirm to the lender that you are worthy of a short sale. The lender will likely seek an independent appraisal of your property, run a credit report to see if there are any recent luxurious purchases and the amount of debt you owe. They may run an independent title search of the property to ascertain additional debtors such as co-owners of the property and other liens or judgments and will consider any additional co-signers on your mortgage loan as potential debt recovery prospects.

Short sales often take longer to close than more conventional sales, so plan accordingly. The process can take months to complete after the contract is submitted to the lender . . . or the lender may also want a closing scheduled upon approval within a few days of the acceptance of the short sale by the bank.

DISCLAIMER Nothing in the Agreement and nothing in Attorney's statements to Client or your realtor may be construed as a promise or guarantee about the outcome of this matter. Attorney makes no such promises or guarantees. Client may be liable to sign a promissory note by mortgage lenders or contribute to the sale. Attorney's comments about the outcome of this matter are expressions of opinion only. Client acknowledges that Attorney has made no promise or guarantee about the outcome of this matter. Client acknowledges Attorney has not promised or guaranteed to stop any foreclosure sale of Client's property, but rather has agreed to use its best efforts to stop such a sale from going forward. K&A has made no representations to you that there are any guarantees or promises of any kind in the short sale of your property. K&A will use their best efforts in the negotiating the short sale of your property but this process is upon the approval of all parties involved, you as the Seller, the Buyer, and the Lender(s).

I, the undersigned, acknowledge that it has been disclosed to me that in the event of a short sale on my property, there is no guarantee that the lender on my property will approve a payment for less than the full amount due on the loan. Although every effort will be made to obtain a full release of my loan, K&A does not guarantee that a full release will be secured and cannot guarantee against any loan deficiency.

If a foreclosure action relating to your loan has been commenced, we cannot guarantee the foreclosure proceedings will be canceled or postponed during the short sale process, but we will use our best efforts to do so. Some lenders will cancel the foreclosure upon receipt of a short sale offer on your home, some will cancel the foreclosure only upon the final approval of a short sale offer on your home. Each lender is different and whether a foreclosure continues is within the discretion of each lender.

INDEMNIFICATION Client agrees to indemnify, defend and hold Kayser & Associate, LLC and its shareholders, directors, officers, partners, joint ventures, attorneys, insurers, contractors and employees free and harmless from any liability or expense that Kayser & Associates, LLC may incur as a result of incorrect or incomplete information supplied by client or from any other action or omission of client. In no event shall the value of any claim arising out of the relationship between the parties, directly, indirectly, or consequently, exceed the fee paid, directly or indirectly, by client to Kayser & Associates, regardless of nature, extent or legal theory of the claim.

I have read the disclosures above and understand and agree to have Kayser & Associates, LLC negotiate my short payoff with my Lender(s). I agree to cooperate with Kayser & Associates in an expedient manner knowing that short sales are always time sensitive with any requests for documents and information in assembling the Hardship package that is required in a short sale. I also understand that I need to consult my tax advisor for any tax issues regarding this short sale.

Date: _____

Property Address: _____

Sign: _____
Print name _____

Spouse or co-signor Sign: _____
Print name _____