

# BANKRUPTCY SHORT SALE NOTICE:

FOR BROKERS AND PROSPECTIVE PURCHASERS

This listing is a bankruptcy short sale. A bankruptcy short sale occurs when a Chapter 7 bankruptcy trustee (“Trustee”) liquidates real property (mostly residential) owned by debtors in bankruptcy cases. The liquidation sale of this listing requires both bankruptcy court and lender approval.

Because the bankruptcy court oversees liquidation, sales of real property require a bankruptcy court order in order to close. To obtain an order to sell real property, the Trustee must file a motion (request for order) with the judge who oversees the debtor’s bankruptcy case. From the time the Trustee files the motion to the date the judge signs the order is approximately 4 weeks.

In addition to bankruptcy court approval, bankruptcy short sales require lender approval. Like a traditional short sale, lender approval is required to close a bankruptcy short sale. However, since the debtor will receive a discharge of the mortgage debt, there is no homeowner who stands to lose and walk away in a bankruptcy short sale.

In a bankruptcy short sale, Buyers pay an administration fee to the Trustee. The administration fee pays a dividend to the debtor’s unsecured creditors in the bankruptcy case.

We have provided a brief overview of the bankruptcy short sale process below. However, because each transaction may vary, this overview is for illustrative purposes only.

1. Submit an offer. The first step in the bankruptcy short sale process is to submit an offer to Navigation Real Estate. Given the competitive and time-intensive nature of these types of sales, we recommend your first offer be your best and final. At any time, a bankruptcy trustee can have over 100 active and potential short sale listings as part of his or her caseload. As such, bankruptcy short sale offers are only negotiated when multiple parties make offers in excess of 5% of listing price.

2. Bankruptcy Short Sale Checklist. You must submit the Bankruptcy Short Sale Offer Checklist along with your offer. The checklist is located in the NWMLS listing and is also available on our website located at [www.navigationre.com](http://www.navigationre.com). It includes a list of all documents that must be submitted with your offer. If we do not receive a document contained on the checklist, the Trustee will not review your offer.

3. Bankruptcy Short Sale Purchase and Sale Agreement. Please note, bankruptcy trustees do not accept the NWMLS purchase and sale agreement. You must submit your offer on the Bankruptcy Short Sale Purchase and Sale Agreement. This agreement can be downloaded on the NWMLS listing for this property or on our website located at: [www.navigationre.com](http://www.navigationre.com). NWMLS addenda will be accepted by the Trustee.

4. Trustee Approval. After submitting your offer to Navigation, we submit it to the Trustee for his or her review. You may or may not receive a counteroffer or response to your offer if, in the Trustee’s sole discretion, your offer will not be approved by the bankruptcy court or lender. If the Trustee approves your offer, such acceptance does not constitute “mutual acceptance”.

5. Bankruptcy Court Approval. If your offer is approved, the next step is for the Trustee to obtain a bankruptcy court order approving your offer. A motion is filed with the bankruptcy court as soon as practical following Trustee Approval. Please plan on the bankruptcy court approval process taking at least 4 weeks.

6. Mutual Acceptance. Mutual acceptance occurs the day the selling agent receives the bankruptcy court order via fax or email by Navigation. Selling agent is encouraged to contact his or her client upon receiving the bankruptcy court order via fax or email from Navigation since contingency time periods commence at mutual acceptance.

7. Lender Approval. Depending on the lender, short sale negotiations may commence after Trustee approval or following lender approval. While certain banks require court approval to begin short sale negotiations, others will begin negotiations after the Trustee approves the offer.

8. Closing. After obtaining lender approval, closing occurs. Although there are a few additional hurdles to overcome in a bankruptcy short sale, the bankruptcy short sale is an excellent transaction for many buyers in today’s real estate market.

9. Attorney Review. We strongly encourage buyers to seek legal counsel if they have questions about purchasing properties involved in Chapter 7 bankruptcy cases or with respect to any aspect of this offer or transaction. Neither the Trustee nor Navigation Real Estate will provide legal advice regarding bankruptcy or on any aspect of this transaction. Furthermore, Navigation will not serve as a dual agent in any bankruptcy short sale transaction.

Thank you for reading this bankruptcy short sale acknowledgement. Please sign below to acknowledge having read this Notice:

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Print name

Date: \_\_\_\_\_

\_\_\_\_\_  
Buyer

\_\_\_\_\_  
Print name

Date: \_\_\_\_\_