



THE STEEL CITY AGENT
Amanda Tihey | Keller Williams Exclusive



A SELLER'S SURVIVAL GUIDE

Short Sales, Pre-Foreclosures & Foreclosures — *What You Need to Know*

Falling behind on a mortgage is stressful, disorienting, and — more often than people realize — completely navigable. The goal of this guide is to demystify the process, outline the real options available to sellers in distress, and help you make informed decisions before time runs out.

There is no shame in this situation. Markets shift, life changes, and sometimes the numbers stop working. What matters is what you do next — and doing it with the right information.

IMPORTANT NOTE

This guide is for informational purposes only and does not constitute legal, tax, or financial advice. Short sales and foreclosures have significant financial and credit implications. Please consult a licensed Pennsylvania real estate attorney, tax advisor, and HUD-approved housing counselor for guidance specific to your situation.



Amanda Tihey

Know your options.

Understanding the Three Situations

Short sale, pre-foreclosure, and foreclosure are often used interchangeably — they shouldn't be. Each is a distinct situation with different timelines, options, and outcomes.

1

Pre-Foreclosure

Missed payments · Lender notice received · Clock is running — but you still have options

Most Options
Available

What It Is

Pre-foreclosure begins when a homeowner falls behind on mortgage payments — typically after 3–6 missed payments — and the lender files a public notice of default. In Pennsylvania, this is done through the courts (Pennsylvania uses a judicial foreclosure process). The homeowner still owns the property and still has time to act.

What You Can Do

- › Sell the home before foreclosure is finalized
- › Pursue a loan modification with your lender
- › Negotiate a repayment plan to catch up
- › Apply for forbearance to pause payments temporarily
- › List as a short sale if you owe more than it's worth

2

Short Sale

Owe more than the home is worth · Lender agrees to accept less than payoff · Requires approval

Better Than
Foreclosure

What It Is

A short sale occurs when a homeowner sells the property for less than the outstanding mortgage balance — with the lender's approval. The lender agrees to accept the sale proceeds as full (or partial) satisfaction of the debt. This is not a fast process; lender approval typically takes 30–120 days after an offer is received.

Why It Matters

- › Avoids foreclosure on your record
- › Less severe credit impact than foreclosure
- › You control the sale timeline (to a degree)
- › Lender may forgive remaining balance
- › You may qualify to buy again sooner than post-foreclosure

3

Foreclosure

Legal process complete · Lender takes ownership · Sold at sheriff's sale or as REO

Fewest Options
Remaining

What It Is

Foreclosure is the legal process by which a lender takes ownership of a property after a borrower defaults. In Pennsylvania, this is a judicial process — it goes through the courts and can take 12–24 months from first missed payment to sheriff's sale. Once the property sells at sheriff's sale, the former owner's options are extremely limited.

The Consequences

- › Significant negative credit impact (7 years)
- › Deficiency judgment possible in Pennsylvania
- › Typically 7 years before qualifying for most mortgages again
- › Public court record of the foreclosure
- › Loss of any remaining equity in the property

Pennsylvania's Judicial Foreclosure Timeline

MONTH 1–3

Missed Payments

Lender begins contact. Grace periods vary by loan.

MONTH 3–4

Act 91 Notice

PA law requires lender to send Act 91 notice before filing.

MONTH 4–6

Complaint Filed

Lender files foreclosure complaint in county court.

MONTH 6–18

Sheriff's Sale Scheduled

Court process, potential delays, reinstatement window.

MONTH 12–24

Sheriff's Sale

Property sold. Owner must vacate. Equity forfeited.

** Pennsylvania's Act 91 and Act 6 provide specific protections for homeowners. A HUD-approved housing counselor can help you understand the timeline specific to your loan and county.*

The Short Sale Process — Step by Step

A short sale is more complicated than a standard sale — but far better than foreclosure. Here's exactly how it works and what to expect.

A short sale isn't a quick process — the name refers to the seller being "short" on what they owe, not the timeline. Expect 3–6 months from listing to closing. The good news: Amanda handles the heavy lifting on the lender side, so you're not navigating the bank's loss mitigation department alone.

How a Short Sale Works

01

Confirm You Qualify

Not everyone who is underwater on their mortgage qualifies for a short sale. Lenders require demonstrated financial hardship — job loss, divorce, medical expenses, relocation, significant income reduction. You'll need to document this with a hardship letter and supporting financial records. Amanda can help you understand what your lender will likely require before you commit to the process.

02

List the Property and Find a Buyer

The home is listed on the open market at fair market value — not at the payoff amount. Amanda markets it exactly like any other listing: professional photography, MLS, online syndication. Buyers know it's a short sale and understand approval will take time. A properly priced short sale will attract real, committed offers.

03

Submit the Offer to the Lender

Once an offer is received, Amanda assembles the short sale package: the purchase agreement, your hardship letter, financial documentation, a preliminary HUD-1 settlement statement, and her broker price opinion or appraisal. This package goes to the lender's loss mitigation department. Then you wait — this typically takes 30–90 days for a response.

04

Lender Review and Negotiation

The lender may counter the offer, order their own appraisal, request updated financial documents, or simply take their time. Amanda manages this process on your behalf — following up, responding to requests, and negotiating with the bank's loss mitigation team. This is where experience matters enormously. Lenders are not easy to move.

05

Lender Approval and Closing

When the lender approves the short sale, they issue an approval letter specifying the net proceeds they'll accept and any conditions. Closing then proceeds similarly to a standard sale, with the proceeds going directly to the lender. You walk away from the home — and ideally, from the debt — with your credit less damaged than a foreclosure would have left it.

WHAT LENDERS WANT TO SEE

- › Documented financial hardship (letter + proof)
- › Current financial statements (bank, pay stubs, tax returns)
- › A valid purchase offer at or near market value
- › Seller's net sheet showing proceeds to the bank
- › Evidence the home has been properly marketed

TAX & CREDIT CONSIDERATIONS

- › Forgiven debt may be taxable income — consult a CPA
- › The Mortgage Forgiveness Debt Relief Act may apply — verify current status with your tax advisor
- › Credit impact: typically 85–160 point drop vs. 100–150 for foreclosure — but context matters
- › FHA waiting period after short sale: typically 3 years
- › Conventional loan waiting period: typically 2–4 years depending on circumstances

ON DEALING WITH LENDERS

Negotiating with a bank's loss mitigation department is a bit like trying to get a response from a government agency that has been specifically trained to outlast your patience. Documents get "lost." Reviewers change. Timelines extend. This is normal — it is not a sign that your short sale is failing. It means Amanda needs to call again. She does this so you don't have to.

All Your Options — Ranked by Outcome

When facing foreclosure, sellers have more choices than they realize. Here's the full picture — from best to worst — so you can make a decision with clear eyes.

BEST

Sell Before Foreclosure Starts

If you're behind on payments but foreclosure hasn't been filed, selling on the open market is your cleanest exit. You repay the mortgage in full from the proceeds, avoid credit damage beyond the missed payments, and walk away with whatever equity remains. This requires enough equity to cover the payoff — if you're underwater, see Short Sale below.

 Minimal credit impact ⌚ 30–90 days typical

VERY GOOD

Loan Modification

You stay in the home. The lender modifies the loan terms — interest rate, monthly payment, or loan term — to make payments manageable again. This requires demonstrating hardship and working directly with your lender's loss mitigation department. Not every homeowner qualifies, and the process takes time, but a successful modification stops foreclosure entirely.

 Partial credit impact from missed payments ⌚ 60–180 days for approval

GOOD

Short Sale

If you owe more than the home is worth, a short sale lets you sell for market value with the lender's approval to accept less than payoff. Credit impact is significant but recoverable — typically 2–4 years to conventional mortgage eligibility. Better than foreclosure by nearly every measure. Amanda handles the entire lender negotiation process.

 ~85–160 point credit drop ⌚ 3–6 months typical

NEUTRAL

Deed in Lieu of Foreclosure

You voluntarily transfer ownership of the home to the lender to avoid the formal foreclosure process. The lender may or may not forgive the remaining balance. Credit impact is similar to foreclosure, but the process is faster and more dignified. Not all lenders accept deed in lieu — it requires negotiation and lender approval.

 Similar to foreclosure ⌚ 3–4 months typical

LAST RESORT

Let It Go to Foreclosure

Allowing the foreclosure to proceed means losing the home, losing any remaining equity, facing a public court record, and carrying a significant credit penalty for up to 7 years. In Pennsylvania, lenders can also pursue a deficiency judgment for the remaining balance after the sheriff's sale — meaning you may owe money even after losing the home. This is why exploring every other option first matters.

 100–150+ point credit drop, 7 years ⌚ 12–24 months process

PENNSYLVANIA RESOURCES

- › PHFA Foreclosure Prevention Program
- › Act 91 Mortgage Assistance Program
- › PA Housing Finance Agency (phfa.org)
- › Save Your Home Hotline: 1-800-342-3736

LEGAL SUPPORT

- › Neighborhood Legal Services (Pittsburgh)
- › Allegheny County Bar Association referral
- › Community Legal Services (Western PA)
- › Pennsylvania Legal Aid Network

FINANCIAL COUNSELING

- › HUD-approved housing counselors (free)
- › National Foundation for Credit Counseling
- › Consumer Financial Protection Bureau
- › NeighborWorks Western Pennsylvania

The Sooner You Call, The More Options You Have.

In distressed sale situations, timing is everything. The homeowners who come out best are almost always the ones who started the conversation early — before the situation became urgent. If you're behind on payments, have received notices, or simply don't see a way to stay current, that's the moment to call.

Amanda has worked with sellers in pre-foreclosure, guided families through short sales, and helped homeowners understand their options in plain language — without judgment and without pressure. What she can't do is create options that no longer exist because too much time has passed.

The call is free. The information is yours to keep. The decision is always yours.

Reach Amanda



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How Amanda Helps Distressed Sellers:

- ✓ Free, confidential consultation — no obligation
- ✓ Honest assessment of your timeline and options
- ✓ Pre-foreclosure sale strategy to protect your equity
- ✓ Full short sale management, including lender negotiation
- ✓ Coordination with your attorney and housing counselor
- ✓ Cash buyer and investor network for fast closes
- ✓ Guidance without judgment — this happens to real people



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