



# ***Short Sale Consultation***





# ***IT'S ALL ABOUT YOU!***

***My Real Estate business is built around one guiding principle:  
As My Client, You Come First!***

- ▶ ***Your Needs***
- ▶ ***Your Money***
- ▶ ***Your Concerns***
- ▶ ***Your Time***
- ▶ ***Your Questions***
- ▶ ***Your Life***



# ***Our Short Sale Team***

- ***Experience doing short sales since 2004.***
- ***Currently working on 37 short sales. Successfully closed over 400 short sales.***
- ***The team includes:***
  - ***Me, the real estate agent***
  - ***An investor***
  - ***A full time negotiator***
  - ***An attorney – short sale specialist***
  - ***A BPO agent***
  - ***An appraiser***
  - ***An office manager***



## ***OUR OFFICE...***

**Address: *100 Canal Pointe Blvd., Suite 120  
Princeton, NJ 08540***

**Phone: *609-987-8889***

**Fax: *609-987-8750***

**Opened: *2002***

**Agents: *165 (12/31/08)***





# Your **KELLER WILLIAMS** Associate...

Name: **Shawn Macedo**

Education: **Villanova University**

Family: **Married with two boys, Ethan and Judah**

Hobbies: **Excercise, Reading, Music, Chess, Performing Arts**

Client Testimonials:



Your Keller Williams  
Associate

Dear Shawn:

Now that we've closed on the sale of my family's home I would like to thank you for the services that you provided to us beyond the call. As you are aware, there were no shortages of real estate brokers clamoring for this listing. However, from looking at all of the initial proposals, it was clear that you had the most insight into the Manhattan/New York market. We speculated that it may have to do with the in-depth research that you do for your real estate newsletter. But be that as it may, it does not explain the attentiveness and personal touch that you availed to us such as the suggestions leading up to the listing and then showing the property. As this is the main staple of our investments, you can imagine the myriad of concerns and trepidations that attend such a transaction. You treated us as friends and availed us of your time generously: You returned all phone calls and answered all e mails promptly which was always re-assuring. And as importantly, you managed to secure our asking price. For all of this, you have our sincere thanks. By the way, please give my name and phone number as one of your references if any prospective client is looking for a real estate broker in New York City who is the "class of the field." .

Alfred Hong & family



# ***When does a Short Sale happen? ...***

A short sale occurs when the net proceeds from the sale of a home are not enough to cover the sellers' mortgage obligations and closing costs, such as property taxes, transfer taxes, and the real estate practitioner's commission. The seller is unwilling or unable to cover the difference.



# ***What is a Short Sale? ...***

**A Short Sale is when your mortgage lender(s) and/or lien holders agree to take less than is owed so that you can sell your home.**

- Your home may be over-leveraged or “underwater”
- You may be behind on payments and cannot sell for high enough to cover what you owe plus other required fees to close.
- Lenders created short sales as a foreclosure alternative
- Lenders would rather allow you to short sale versus foreclosing
- Foreclosing on properties costs lenders money.



# *Home Owner Options ...*

- Loan Modification
  - [www.financialstability.gov](http://www.financialstability.gov)
  - [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)
- Sell and Pay off Debt
- Short Sale
- Foreclosure
- Bankruptcy



## ***Benefits of a Short Sale ...***

- NO foreclosure on credit report
- Generally NO money needed to close
- NO repairs necessary – Sell AS-IS
- NO taxable event for those that qualify
- NO Deficiency judgment if negotiated
- Out from underneath your mortgage debt
- NO Need to file bankruptcy
- A positive step towards home ownership in only 24 Months



## ***Who qualifies and how? ...***

Most people facing foreclosure or a financial hardship who cannot sell their home for what is owed will qualify.

However each lender and loan type has a different set of requirements.



# ***The standard short sale process ...***

- Step 1: Gather Information
  - Bank statements, W2s, paycheck stubs, tax returns
  - Property tax bill
  - Monthly bills
  - Check for additional liens
  - Hardship letter and documentation
  - Complete loan information



# *The standard short sale process ...*

- Step 2: Open Communication
  - Obtain and submit authorization
  - Initiate communication with lender
    - Short sale application packet
    - Name and direct number of decision maker in Loss Mitigation Department
    - Information about their policies
  - Systematize communication
- Step 3: Develop the Proposal
  - Proof of financial insolvency—Documentation of the hardship
  - Business case for accepting a reduced price



# *The standard short sale process ...*

- Step 3: Develop the Proposal
  - Proof of financial insolvency—Documentation of the hardship
  - Business case for accepting a reduced price
- Step 4: List the Home
  - Develop a pricing strategy
  - Educate the seller
  - Considerations
    - List home “as is”
    - Enter “Short Sale” in the agent remarks on the MLS (if optional)
    - Indicate “variable commission—split with buyer” on the MLS



# *The standard short sale process ...*

- Step 5: Obtain an Offer
  - Determine lender's requirements
  - Ask potential buyers for their best offers
  - Give the lender the best offer
  - Seller should approve offer
  - Lender will order a broker's price opinion (BPO)
  - Educate the buyer
- Step 6: Submit a Proposal
  - Add the offer to the proposal
    - Create a proposal for each loan
  - Send it by registered mail to all appropriate contacts
  - Follow up
  - Be persistent



# *The standard short sale process ...*

- Step 7: Negotiate the Deal
  - Balance negotiations between lenders if more than one lender
  - Create systems for communication
  - Consider leveraging help
    - Services are available to negotiate
- Step 8: Close the Deal
  - Complete the deal within thirty days of lender acceptance
  - Prepare—no surprises at closing
    - Seller cannot bring cash to the closing
    - Alert the closing company
  - Time is a factor
    - Lenders will limit time to complete a short sale—often in the range of 60–120 days (90 days for FHA)



## ***My team's process ...***

- Immediately execute a purchase contract
- Submit Short Sale package
- Expert Negotiation with the bank
- Home showings to find the end buyer
- Successful negotiation with the bank
- The investor purchases the home
- The investor sells the home to the end buyer.



## ***My team's expertise ...***

- **We know...**
- How to get your short sales assigned to a mitigator immediately
- What a bank mitigator looks for in a short sale package and why they will put it on the bottom of the pile if they don't like what they see
- How to negotiate with lenders depending on what type of loan you have
- How to negotiate Fannie Mae, Freddie Mac, FHA, VA, USDA, and Conventional mortgages with PMI (Private Mortgage Insurance)
- How to get junior lenders/lien holders and IRS liens released from properties



## ***My team's expertise ...***

- **We know...**
- How to get the deal done when a lender wants you to sign a promissory note or deficiency judgment
- How to get the bank to approve every file by getting the BPO value on the property where they need to see it.
- How to present the short sale package to the bank so they not only review it fast but approve it
- How to structure the deal when the lender says that all junior lien holders can only get \$1,000 - \$2,500



## FAQ's ...

- How much time do I have? Do I have to start now?

It is best to begin a short sale when you realize you can no longer afford the mortgage. Your property needs time to be marketed properly for reasonable offers. Remember your lender requires a purchase offer to review your eligibility for a short sale.

- Do I need to be in default to qualify for a short sale?

NO, more and more lenders are considering short sale requests from homeowners who are not in default. However you must be experiencing a financial hardship that points to possibly default if you are unable to sell.

- What will happen if I do nothing?

If you do nothing and are not making your mortgage payments, your lender will foreclose. You will have a foreclosure on your credit report for 10 years.



## FAQ's ...

- Will I get any money when the property sells?

NO, for the majority of loan types you are not allowed by your lender to receive any proceeds from the sale of your home. If you have a FHA loan, you may qualify for their pre-foreclosure sale program that does have a selling incentive

- What is better on my credit – Foreclosure or Short Sale

Please consult your own financial advisor or the credit bureaus directly for the answer to this question. From experience only, we can say that foreclosure is much more damaging to your credit. A short sale will most commonly be listed as “settled debt” and is much less harmful to your credit. You can in most cases buy a home in two years.

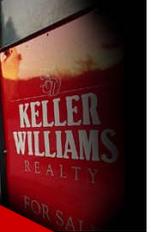


## FAQ's ...

- Will I be liable for my lender's financial loss?  
Depending on your situation you may or may not receive a deficiency judgment or taxable event. It is best to consult an attorney or financial advisor for advice regarding any debt liability.

Now, there have been recent changes in the law (**The Mortgage Debt Relief Act of 2007**) that reduce homeowner tax liability. Most tax consequences have been done away with for primary loans on primary residences.

Regarding deficiencies – Your agent and loan mediation team can request in negotiations a full release of lien and that your lender consider the debt settled or satisfied. The bank has the right to ask you to sign an unsecured note or to ask you to contribute money at the time of closing. It is important that your team negotiate the best outcome for you.



## FAQ's ...

- Will other advice should I seek?  
Be smart. Always seek professional advice from a qualified attorney and an accountant specializing in Short Sales / Pre-Foreclosure Sales.
- What about the federal government bailout programs  
To determine your eligibility, please visit [www.financialstability.gov](http://www.financialstability.gov)



***Let's Get Started Today!***