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Short Sale Process for Buyer's Agent

This document was created for Buyer's Agents/Realtors that have questions in regards to our experience in negotiating Short Sales as well as our process in negotiating Short Sales. This document will also tell you how to write and submit an offer with our team.

DO NOT PASS GO, DO NOT COLLECT YOUR COMMISSION WITHOUT READING THIS DOCUMENT IN FULL...

Experience

Our team has successfully closed numerous short sales. We have taken the training necessary to truly understand what it takes to win in a short sale environment.

Results

We currently have 90% success rate with closing our short sales

Process

- Prior to taking a Seller's Short Sale Listing, we collect the "Financial Package" from the Seller which entails all information their bank has asked for. At this time the Seller also agrees to cooperate within our system and agrees to the process you will read below.

We order a title search from Universal Title and begin clearing title liens and judgments right away.

- The day the home goes in MLS we send the Seller's Authorization Form to the bank. This document allows us to communicate with the bank directly.
- We market the property and price the home at, or slightly below, market value until we get an offer.
- We are only looking for **ONE** contract to send to the bank. We are looking for **ONE** qualified Buyer with an appropriate offer price that has serious intentions on

closing the transaction. If we have this, we will fully execute **ONE** contract to send to the bank.

- We do not accept multiple offers – our transactions function as normal as possible.
- We do not send multiple offers to the bank – they take long enough to review one offer, why give them multiple offers to review?!
- Once an offer is received, we present the offer to the Seller for their review. While the Seller's bank is the one that approves the Short Sale, the Seller is still the owner of the home and the decision maker on all offers received. The Seller will fully execute the contract if it meets the criteria mentioned above.
- When a contract is fully executed between Buyer and Seller, the home is changed to Contingent – NO KO in the MLS. Showings may continue so that back up offers can be held should our deal not work.
- Once the contract is fully executed, we submit the fully executed contract, a HUD-1, and all of the Seller's Financial documents to the bank to begin the 60-90 day Short Sale process (this is the average length of processing time – some are much quicker, some take over 90 days)
- The bank then does a valuation on what they feel the home is worth, reviews the offer and all corresponding documentation, and finally issues their decision.
- We issue an Approval Notice at the conclusion of the bank's decision or in rare circumstances we go back to the Buyer and tell them why the bank will not accept the offer and give them an opportunity to raise their offer.

Frequently Asked Questions from Realtors

How much is owed against the house?

While this question sounds good and is normally asked very innocently, what is owed against a home is irrelevant. The bank is only concerned with two main things:

- (1) Market Value of Property
- (2) Amount of the Offer

Banks do not make their decision based on how much they are losing in a particular Short Sale Transaction. When a bank takes a home back through foreclosure, they do not turn around and try to sell that property for the amount they were owed, they simply sell it for what its current market value is or a small discount below current market value. The same is true with Short Sales.

How do you know the bank will accept our offer?

We really don't know with 100% certainty that the bank will accept your offer. What we do know, is that banks are typically willing to accept an offer that is at or very near current market value. We price all of our listings very appropriately so if your offer is at or very near current market value, we feel confident that if it is possible to get the Short Sale approved, we'll get it done.

How long does the Short Sale process take?

The actual negotiation/approval process can take as little as a few weeks or as much as 3+ months. On average most Short Sales take between 60-90 days from the date the offer is presented to the lender to the date of the Short Sale approval. In most cases, 50-100+ phone calls, emails and faxes back and forth between the lender and our team are required. Once a Short Sale approval has been received from the bank, the Buyer must be prepared to close and settle within 30 days.

Is there a Foreclosure sale date scheduled?

Foreclosure sale date information is public information and can be found by doing a small amount of research online. We get numerous foreclosure sale dates extended or postponed every month so please don't ever let a sale date scare you away from one of our listings. With a high amount of certainty we can tell you that the Bank will extend/postpone the sale date as long as needed to review a good Short Sale offer.

Why do you "only" pay 2.5% commission to Buyers Brokers?

Let us begin by saying that we ALWAYS, ALWAYS, ALWAYS pay the commission that we advertise in the MLS. We have never, and will never, pay less than what is advertised.

Contrary to "popular belief" (also known as uneducated belief), all short sale lenders do not pay 6% commission. While Fannie Mae and Freddie Mac have acknowledged they

will pay 6% commission, there are still many lenders today that will not pay more than 5% (and others that will tell you they only pay 4% - 5% commission). We only pay 2.5 % because we're simply not willing to do all the work involved in getting a Short Sale approved, and then only earn 2% or less commission.

Please also understand, there are many times where the 1st lender may agree to pay a 6% commission, but to get the deal approved with the 2nd lender, we have to use some of the commission to meet their required net. Further, the seller closing fees, certs etc are paid by us.

When will my offer be presented to the Seller?

We present offers as quickly as possible. We will contact you within 2-4 business hours upon receipt of your offer to confirm that it has been received. Please allow us a few hours to call you before calling us to ask if we received your offer. You can always email Peter Cesarz at peter.cesarz@gmail.com.

Communication Process

Once your offer has been accepted, we will receive weekly updates from Cintia Sosa with Mason Lawfirm.

Since most of our day is spent on the phone with Short Sale lenders, it can be difficult for our short sale coordinator and negotiator to return calls quickly. Therefore, we request that when possible you communicate with us via email. That will allow us to keep a written record of our communications with you and we can often return emails faster while we are on hold with a lender, but we would be unable to speak with you on the phone.

Your best point of contact will be Peter Cesarz. He can be reached at peter.cesarz@gmail.com.

Terms the Buyer Must Agree To

The Buyer on a Short Sale Listing must agree to the following terms (see our customized Short Sale Addendum below for actual terms and contract language)...

- 1) Buyer must pay for a home warranty should they want one- the Seller and the Seller's bank will not pay for this cost.
- 2) The home is being sold, as-is. The Seller and/or Lender will not make repairs. The Buyer can certainly perform any inspections he/she wishes. We recommend that inspections be done quickly so as not to waste 60-90 days waiting only to find an inspection issue that stops the deal from closing.
- 3) No personal property will be included in the sale that is not expressly listed in the MLS.
- 4) Buyer shall proceed to closing within 30 days from issue of an Approval Letter (notice from Seller and Seller's agent that the Short Sale has been approved by Seller's bank)
 - a. We understand that many mortgage brokers cannot close a loan in the current mortgage market in 30 days. Please plan ahead and have all mortgage contingencies removed within the 1st 60 days of the agreement of sale. Please notify us up front if this is an issue for your Buyer as we have several recommendations we can make to meet this deadline.
- 5) The Seller strongly requests that closing be done through Universal Title and Mason Lawfirm. They have been involved in this process with us from the date the home was listed and are responsible for clearing all title liens and judgments. To add another title company in at this point is extremely difficult.