

HOW TO SELL YOUR HOME USING A SHORT SALE PROCESS

A PRACTICAL GUIDE FOR HOMEOWNERS WHO MAY BE FACING FORECLOSURE



The information contained in this document is written from the perspective of a real estate broker licensed in the State of Florida and describes the basic steps involved in the sale of a home using a Short Sale process. This document does not offer legal advice and does not offer advice concerning personal financial or tax matters. Furthermore, it is highly recommended that you consult a properly licensed attorney and/or certified public accountant to discuss your individual situation prior to proceeding with the Short Sale of your home.

If you are a homeowner having trouble making your mortgage payments and fear you may be facing foreclosure, you are not alone... Recent industry statistics show more than 1.3 million homeowners have filed for foreclosure since the beginning of 2008.

Research also shows that many more homeowners are now facing foreclosure in what is being called "The worst housing market downturn since the 1930s".

A Short Sale may be an alternative for you - A Short sale is when the primary mortgage holder (your lender) agrees to accept less than the amount owed on your mortgage, because there would not be enough money generated by the sale of your home to payoff the mortgage in full. By having your lender agree to accept a Short Sale, your home can be priced low enough to attract and secure a buyer. The proceeds of the sale are then used to payoff the *reduced* balance of the mortgage on your home, and the threat of a foreclosure is eliminated with the sale of your property.

Not all lenders agree to accept a Short Sale and the situation becomes more complicated if there are secondary mortgages, dues owed to home owner's associations, unpaid property taxes, etc.

However, many lenders DO AGREE to accept a Short Sale for a homeowner who may be facing foreclosure. Foreclosures are very expensive for lenders because they involve legal fees, court costs, brokerage fees, maintenance expenses, property taxes and usually result in a very low price for a home eventually sold in poor physical condition. Lenders evaluate their total cost of a foreclosure against the reduced payoff involved in a Short Sale, and often feel it is in their best interest to approve the Short Sale. But they do not approve a Short Sale for everyone.

Lenders who approve the use of a Short Sale will generally be more favorable to it under the following circumstances:

- ✓ The market value of the home has dropped and based on comparable sales in the immediate area, would not sell for more than the balance due on the mortgage.
- ✓ The mortgage is already in default with payments being late or not being made at all.
- ✓ The homeowner has had some sort of hardship usually involving unemployment, change in marital situation, medical issues, bankruptcy or death. It can also include ARM mortgage that recently reset to a much higher rate which has substantially increased the monthly payments.
- ✓ The homeowner has no other assets that can be effectively used to pay the mortgage.

*And there is one rule that is loud and clear among all lenders...
The homeowner can not profit from the sale of their home in a lender-approved Short Sale.*

There are some things to watch out for when selling your home as a Short Sale

- A Short Sale is dependent on a buyer making an offer to purchase. If you do not receive an offer, or if the lender rejects an offer you receive, there will be no Short Sale of your property.
- There may be tax consequences involved with any forgiveness of debt your lender agrees to in a Short Sale. Consult your tax accountant for more information about this.
- There will be a mark on your credit report. It is unclear as to how much of an effect on your credit score a Short Sale will make, as each individual situation is different.
- A Short Sale can take much longer than a traditional sale and some buyers simply do not want to wait for a bank's approval of their purchase.

Our Short Sales Process begins with a No-Obligation Consultation typically performed in the privacy of your own home. During our time together we will discuss your particular situation, take a close look at your home and determine if a Short Sale is a feasible option for you. We will also bring with us the results of a Comparative Market Analysis (CMA) which is a detailed review of homes [similar to yours] that have sold in the neighborhood, which helps us determine the suggested selling price for your home.

If we all feel that a Short Sale is a valid alternative for the sale of your home, and if you are ready to proceed, we will ask you to complete a Listing Agreement. The Listing Agreement is a standard Florida Association of Realtors form authorizing us to list your property for sale in the state of Florida. We will also need additional documentation from you that allows us to manage a Short Sale for you including:

- ✓ Name of your mortgage company(s), account numbers and contact information.
- ✓ Letter of Authorization to contact your lender
- ✓ Hardship Letter describing your situation
- ✓ Proof of income, assets and liabilities
- ✓ Copies of Bank Statements for the last three months
- ✓ Copies of Tax Returns for the last two years
- ✓ Copies of pay stubs (if applicable) for the last two months

(Contact us for our easy-to-use forms and check lists)

REALTORS® Code of Ethics, Standard of Practice 1-9: The obligation of REALTORS® to preserve confidential information as defined by state law, provided by their clients in the course of any agency relationship or non-agency relationship recognized by law continues after the termination of the agency relationships or non-agency relationships. REALTORS® shall not knowingly, during or following the termination of a professional relationship with their clients a) Reveal confidential information of clients, b) Use confidential information of clients to the client's disadvantage or c) Use the confidential information to the REALTORS® advantage or a third parties' advantage.

Once we have the proper paperwork in place, we will then contact your lender and alert them that we are representing the sale of your home using a Short Sale process. Lenders do not always agree to this (initially) but in many cases, they provide us with instructions on how to gain their approval for a Short Sale of your property.

We list your home For Sale in the REALTORS® MLS system and in all other appropriate print and Web-based resources used to sell a home in today's market. We will be taking pictures of the inside and outside of your home for use in our marketing and also in our discussions with your lender. We will also discuss with you the showing instructions and the use of a Lock Box entry system for your home. And you can also expect that we will place a sign on your front lawn unless your community association prohibits the use of such signs.

Our efforts continue as we diligently show your home to qualified buyers who may or may not be represented by other licensed real estate agents. Once we receive a VALID PURCHASE OFFER, we will present it to your lender for their approval. *The Short Sale process is different than traditional purchase and sale transactions in that the LENDER (not the home owner) makes the decisions on which offers to accept or reject.*

If we have done our job correctly and the purchase offer meets the requirements established by your lender, your lender should approve the Short Sale. The Short Sale transaction CLOSES when the buyer delivers the funds and your lender releases the lien on your property and the seller (you) delivers the deed to the property.

If properly performed, the Short Sale can be an excellent way for the you, the home owner, to relieve yourself of a difficult economic problem and allows you to smoothly transition into a more affordable living situation. *And if we have successfully helped you with the sale of your home using the Short Sale process, then you can trust us to assist you with the purchase or rental of your next home.*

OUR SERVICES

As licensed real estate professionals in the state of Florida, we are authorized to professionally and ethically represent the sale of your home using the Short Sale process. We consult with you in private and confidential setting, usually in the privacy of your own home, first to understand your unique situation and then to determine just how we might be able to help resolve it with the Short Sale of your property.

There are many requirements and bank procedures to follow and each individual home owner situation is unique so NOT ALL REAL ESTATE AGENTS can do this type of work successfully. With our own team of experienced and dedicated real estate licensees, title agents and mortgage professionals, we manage the entire process for you completely - From the initial contact and Short Sale approval by your lender, listing the property for sale and showing it to prospective buyers, and through to completion with all the mortgage and title work that may be needed at closing.

ABOUT PERRY C. ROHAN - As a resident and property owner in South Florida for more than 30 years, Perry has seen the impact the recent foreclosure crisis has made in our communities. He has received specialized training in the subject and has made a personal commitment to helping his clients successfully navigate the foreclosure maze and stabilize their lives with affordable and sustainable housing. His passion for helping others is demonstrated through his civic leadership with organizations focused on helping other people achieve their housing objectives including the following:

Certified Distressed Property Expert - March 2009

Board Member of the **Delray Beach Affordable Housing Advisory Committee**

Project Consultant for the **Delray Beach Housing Authority**

Home Retention Agent for **Titanium Solutions**

Speaker and Program Member for the **Urban League of Palm Beach County**

Speaker and Program Participant for **Florida Hope for Homeowners Program**

Active Member in the **Delray Beach Chamber of Commerce**

Active Member in the **Delray Chamber Leadership Class of 2008/2009**

Construction Volunteer for **Habitat for Humanity**



Perry C. Rohan
Broker/Owner



CERTIFIED DISTRESSED
PROPERTY EXPERT™

As a real estate broker and former sales and marketing director for prominent real estate developers, he has been involved in more than \$500 million worth of real estate sales during the past five years. His background is forged from more than 20 years of experience with "Fortune 100" technology companies in a sales and marketing capacities. He has an undergraduate degree (BA) in Marketing, a masters degree (MBA) in Business and is the father of two wonderful daughters who also live in South Florida.



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Perry C. Rohan is a member in good standing with the
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