LENDER'S FORECLOSURE SERVICES
Your Partner For Success in Short Sales

A STEP-BY-STEP GUIDE ON HOW TO TAKE A SHORT SALE LISTING (PART 1)

1. Prepare your listing presentation as you normally would. If the Seller tells you that the listing price you suggest is lower than his/her loan balance, then you are facing a potential short sale.

2. Ask the Seller for the latest mortgage statement. Check for outstanding balance, past due payments, late charges, if any.

3. If the Seller have past due payments, ask the Seller whether he/she has received collection notices or a Notice of Default.

4. Don't be surprised that many sellers are not aware of the troubles they are in. If in doubt, call your title company to find out whether there is a Notice of Default recorded against the property.

5. Once you determine the property value is lower than the total payoff of loan(s) against the property. Advise the Seller of the short sale option and engage the Seller in a candid conversation about their financial situations.

6. Qualify the short sale by asking about the basics of the loans: 1) Were the loans for purchase money, rate and term refinance or cash-out refinance? 2) When were the loans originated? 3) How were the loans underwritten: full docs, SISA (stated income and assets), or NINA (no income no assets)? Instances involving the following scenarios are problematic and shall be screened more carefully 1) Cash-out refinance; 2) Buyer submitted false information on their loan applications; 3) Loans less than six months old.

LENDER'S FORECLOSURE SERVICES

P.O. Box 92086 • Industry, CA 91715

Tel: (626) 579-5350 Fax (626) 579-2524

www.lendersforeclosureservices.com

LENDER'S FORECLOSURE SERVICES

Your Partner For Success in Short Sales

A STEP-BY-STEP GUIDE ON HOW TO TAKE A SHORT SALE LISTING (PART 2)

7. Qualify Seller by finding out whether a true financial hardship exits:
   1) Loss or decrease in income due to unemployment, deteriorating or failed businesses (if self-employed), investment losses, natural disasters, relocation, illness, family emergency, lawsuits, divorce, etc.
   2) Increase in expenses due to relocation, medical conditions, natural disasters, lawsuits, divorce, failed business ventures, etc.
   3) Little, no or negative assets: i.e. low or zero bank balances, high credit card balances, little or no other disposable assets other than necessities. Sellers with discernible disposable assets are prime candidates for lenders to ask for contribution to close the short sale.

8. Once the Seller is qualified, including in your listing agreement the follow provisions: 1) The selling price and brokers' commission are subject to lender's approval; 2) Seller agrees to net zero from the contemplated transaction; 3) Seller agrees to pay listing broker a non-refundable fee of $300 to handle the short sale with lender(s); 4) Seller consents that listing broker may engage the professional service of a consultant to negotiate the short sale and seller agrees to grant the consultant, upon request, written authorization to communicate with lenders of record and obtain any and all information related to seller's loan(s); 5) Seller agrees to provide lender(s) of record all necessary personal financial information, as required, including without limitation, bank statements, federal tax returns, pay stubs, etc.

9. Ask the Seller for the following documentations: 1) Two years of federal tax returns; 2) Six months of bank statements; 3) Two years of W2s; 4) Most recent pay stubs showing YTD earnings; 5) Any other documents that will establish Seller's financial hardship.

10. Proving a Seller's financial hardship is a lot like preparing a borrower's loan application package, only in reverse.

LENDER'S FORECLOSURE SERVICES

P.O. Box 92086 • Industry, CA 91715
Tel: (626) 579-5350 Fax (626) 579-2524
www.lendersforeclosureservices.com