

## ***Real Estate Tips for Brokers and Agents on: Short Sales***

By now many of you have experienced first hand the frustrating, time consuming and unsuccessful process of representing either a buyer or seller in a short sale transaction. It has become common knowledge and many of you have told me you are staying away from this type of transaction. For those who are brave, here are some tips that should help you and your clients endure the process and have a better chance of success.

### Seller Representation

- Discuss and identify who is going to be responsible for negotiating and communicating with the lender for the approval and make sure that person agrees to be a constant communication link to all parties.
- If it is you, help your client understand, gather and package all the pre-requisite lender documents – hardship letter, bank statements, proof of income, contract, preliminary HUD – to send to the lender, ***but avoid having the seller personally give you confidential documents without a release and waiver***. This is where there is a protective benefit to using an attorney that has attorney – client confidential privilege.
- Build a relationship with the bank negotiator if you are handling the negotiation for the seller. This means call and e-mail them frequently, persistently and diplomatically.
- If you are not handling the negotiation, convince the seller that they will be better off using an attorney (doesn't have to be me), but an attorney who will communicate with you regularly and be persistent with the bank. Many attorneys will agree to take the risk and put their fee on the closing statement for payment at closing. Someone has to sheppard the transaction through to closing and the seller probably will not have the persistence needed.
- Use a short sale addendum.
- Most importantly: be in constant communication with your buyers and buyers agents to keep them updated and informed with the progress and expected timeline. Most transactions are killed not by the lenders or appraisers, but by buyers walking away because they don't know what is going on.

## Buyer Representation

- If there is a financing contingency, help get your client pre-approved and work closely with lender to anticipate and prevent any appraisal value surprises. Do your own comparative value analysis beforehand.
- If it is a cash transaction, find out if seller's lender will need proof of funds or any other documentation from buyer for approval and submit them with the offer.
- Request any prior inspection reports from seller. If they exist and can be shared this will speed up the inspection period after the bank approval.
- Set and help manage the client's expectations as far as how much time the transaction will require and educate them as to the process. It may take 6 months!!!
- Use a short sale addendum.
- Most important: stay in constant contact with the seller or it's agent and update the buyer frequently with news, progress or lack thereof. It is the silence that will frustrate them and make them walk away.