

# 12 Steps To Short Sale Success



**Mik Cohen**

Here we are in June, 2010 and Short Sales have reached an all time high. More lenders are approving Short Sales, but the game has changed, dramatically. This e-book is a NO FLUFF/NO NONSENSE 4 PAGE BUSINESS PLAN THAT IS 100% CONTENT. It will take approximately 15 minutes to read and absorb. Within 2 hours of reading this book, you can have your 1st Short Sale under contract, literally. Within 1 week, you can have, under contract, as many Short Sales as you can handle. New To You RE, LLC is a humble, cutting edge real estate investment company that takes pride in getting right down to business. Contact us to become an affiliate – as our growth and success is only as strong as those who walk the path with us.

New To You RE, LLC

19030 Lenton PL SE

#543

Monroe, WA 98272

360 204 6447

[mik@newtoyourellc.com](mailto:mik@newtoyourellc.com)

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# New To You RE, LLC

## 12 Steps to Short Sale Success

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This is a **complete business plan** that will enable the investor to submit multiple offers on short sale properties, **immediately**, and **without** the need for the investor to negotiate the short sale.

**However, should the investor (YOU) want to negotiate the short sale- that can be added as a contingency to the offer(s).**

This plan does **not** require the investor to have any of their own contracts or paperwork. In all cases, **you'll be using the paperwork of the real estate agent(s).**

**This plan is specific** and will require the investor to perform, as promised, based on satisfaction of recommended contingencies.

**New To You RE, LLC** does NOT condone the act of submitting offers, on properties, that the buyer does not, fully, intend to honor, should the suggested **specific contingencies** be met.

By following this plan, the investor can submit as many offers as they feel comfortable submitting.

Agents will have significant interest in ensuring your offers are negotiated, to the best of their ability.

**Why ?? Because your offers will list the agent as, BOTH, the LISTING AGENT and the BUYER AGENT.**

You, the investor, will have time to concentrate on marketing your equitable interest with the satisfaction of knowing that you have a cooperative agent that will assist in all facets.

**DO NOT use your own agent** – that is a key ingredient to the success of this plan

### **FOLLOW THESE STEPS:**

1) Identify the price range(s) you'll want to target and go to a mortgage broker/lender to have them draw up a pre-approval letter (**NOT a pre-qualified letter**) (**I outlined other options, for this, below.**)

2) -> Google "Real Estate Trustee Services" WA <- **Include your state abbreviation outside the quotes.** You won't need a "LIST" from a title company/3<sup>rd</sup> party vendor – because you can search the TRUSTEE WEBSITES (Most of them) for free –and other sites like [USA Foreclosures](#). I included 4 Trustee sites, below, that work on the West Coast, as examples.

Scroll/search by date, like those scheduled to be foreclosed upon within the next 2 weeks, 2 months, etc.

I **HIGHLY** recommend that you actually **drive out to your chosen properties** – to see if they're vacant and to get a feel for the overall condition of them.

Also go to any of the real estate listing engines, like: [realtor.com](#), [realtytrac.com](#), [mlsonline.com](#), [zillow](#), [FSBO](#), etc - and you can search for your chosen short sale properties.

This will help you to determine if they're listed for sale and who the listing agent is.

**You can also go to a real estate office and ask the desk agent to email you "ACTIVE" short sale listings that have been on the market for 90+ days and are within your specified geographic areas. They'll do this as a courtesy and you do not need to retain the agent (Unless they have an active short sale listing).**

Determine if your state is a **JUDICIAL /NON-JUDICIAL** state -which will determine the timelines involved in the foreclosure process – (NOT covered in this course)

**\*\* Some trustee websites:** <http://www.rtrustee.com> , <http://www.northwesttrustee.com> , <http://www.tdsf.com> , <http://www.recontrustco.com>

**KEY:** If the property is NOT listed, don't be shy – DOOR KNOCK – if the property is occupied. If it's a tenant that lives there, simply obtain the owner's contact info.

**BE CAREFUL** – Occupants might be highly stressed – so your decision to door knock is just that – **YOUR DECISION** – **not ours !!**

**3) Review the listings and make a list of properties you're interested in walking through.**

**4) Google the county treasurer/assessor** in which each property, that you're interested in, resides.

**5) In most areas, the treasurer/assessor has online access to the current assessed value, owner of record and possibly recent sales data. You'll also be able to see if taxes are current.**

**KEY:** *You may want to access the county recorder's office website – to check the NOD (Notice of Default)/Foreclosure Sale Date – which will help to determine how much time you have. Also may help you to determine what liens/total debt exist on the properties.*

**6) DIRECTLY** contact the listing agent that represents each property that you're interested in. Make sure you **emphasize the fact that you DO NOT have an agent**. This is going to be a key element when you make an offer.

**7) I recommend that you actually take the time to view each property you have chosen – AS PREVIOUSLY MENTIONED-** if for no other reason than to **get a feeling for the overall condition of that property**. Be sure to **have each listing agent show you, ONLY, that property, OR PROPERTIES, they have listed** – DO NOT have them show you any other properties on your list. By viewing the properties, with each agent, you gain credibility of interest and the agent(s) will take your offer most seriously.

**8) If you're satisfied with the property and decide to put in an offer – (DO NOT ALLOW THE AGENT TO INFLUENCE YOUR OFFER):**

**A)** Remind the listing agent that you do not have an agent – so you’re allowing that listing agent to submit your offer. **Emphasize that your offer will allow the agent to get paid on “both sides” of the sale.** That is a **\$ HUGE \$** incentive for that agent to get your offer approved.

**KEY:** Tell the agent that your intention is to, immediately, sell the property to another buyer – after you get confirmation of short sale acceptance and you FULLY FUND/CLOSE your deal.

**B)** If you do not have a solid offer in mind, because you’re not familiar with neighborhood values, then tell the agent that you want them to **pull comps** that are no more than **3 months old** and **within 1 mile of the property** you’re interested in. Then determine your offer.

**KEY:** You NEED to ensure that you have a cooperating agent – an agent that will assist you in finding another buyer/showing **your** end-buyer the property.

***Generally, once your offer is accepted-the property status, in the MLS, should represent that back-up offers are being accepted.***

**9) Your offer should be 50% - 80% of CURRENT market value – depending on your market.**

If your market is in a **HOT ZONE**, where properties are selling well – then adjust your offer price, accordingly.

**!!KNOW YOUR MARKET(S) – VERY WELL – BE THE LOCAL EXPERT – VERY CRITICAL TO YOUR SUCCESS!!**

**10)** You’ll need to have a couple/few **contingencies** that will allow you to cancel your offer.

**EG:** Inspection – can include septic and well (If applicable), “short sale must be approved within 45 days and buyer, solely, will have the option to extend beyond the 45 day approval period”

**SEE OUR ADDENDUM, AS INCLUDED IN THIS EBOOK, FOR MORE REFERENCE/IDEAS**

**ALL of these contingencies are calculated from the date of mutual acceptance:**

**A)** Offer is subject to lien-holder(s) total satisfaction of debt – meaning lender(s) retain NO RIGHT TO PURSUE DEFICIENCY (**This is VERY beneficial to the seller**)

**B)** Mutual acceptance will be calculated from the date the buyer is provided written short sale approval.

**C)** Subject to satisfactory home inspection (Be careful about spending ANY \$\$) – which can include septic, well, neighborhood, etc.

**D)** Seller is NOT allowed to accept any other offers (**However, you COULD include a provision that allows back-up offers AND that they’re to be submitted to YOU – could be your end buyer – BE CREATIVE**)

**KEY:** If your ACCEPTED offer(s) are between 50% and 60% of current market, and a back-up offer comes in at 75% + of current market – that could be a good deal for you (You may even “sell” your position.).

E) Earnest money to be deposited **ONLY** upon short sale approval

F) Contingent upon buyer’s right to re-assess the value of property, upon short sale approval, to determine if value has declined (**This is a HUGE way out – should you need it. Additionally, it’s VERY helpful for the agent, as now they know what the lender will accept.**)

**KEY:** Be sure to write, into the offer, that **mutual acceptance** is on the day that short sale approval is obtained.

11) Ask the agent if they wouldn’t mind showing the property to other perspective buyers (**REFER to Line Item 8, as seen above.**).

12) **MARKET, MARKET, MARKET !!** I recommend buying a Flip Video camera, or comparable – take a quick, 5 minute video tour of the house(s) and upload to youtube. If you have a website, promote there.

Post on craigslist, backpage, ebay classifieds (Formerly kajiji), FSBO, advertise with your local REIC and any/all other sites that are too numerous for me to print, for the purpose of this ebook.

**Referring to line item# 2, above** – you can obtain Transactional Funding, or Bridge Funding, for the purpose of funding and closing your transaction. On average, they’re going to charge you 2% + a \$500.00 Processing fee.

\*\*\*\*\* **Most transactional funders will also provide proof of funding**\*\*\*\*\*

Google “transactional funding”.

**CRITICAL:** Understand that MANY lenders may have seasoning requirements and/or anti-flipping policies. Hence, it’s imperative that you, immediately, qualify your end-buyer’s lender to ensure that a **back to back closing** (That’s what you’ll be doing) is something that they can do.

*A back to back closing consists of 2 closings that are done minutes, or just hours, apart.*

*In the 1<sup>st</sup> closing, you’re purchasing the property, meaning you’re taking title and deed, etc. Then, the 2<sup>ND</sup> closing is your end buyer purchasing the property from you.*

**KEY:** Be sure to calculate all closing costs/commissions, for each closing, to ensure your numbers = profit. You don’t want to go the distance and come up short – that would be a HUGE problem.

I recommend that you, immediately, contact escrow companies that process back to back closings and that have a working relationship with investors that do your type of deal. Ideally, they have title companies that they, routinely, work with that will also be instrumental in getting your deals closed.

***Your local REICs should be able to recommend such escrow/title companies.***

Also, your local REIC is a great resource for finding all the key players that will become instrumental to your success, ***including references to lenders that will finance such transactions.***

**Structuring your offers, as outlined above, will provide tremendous flexibility for you, thereby allowing multiple exit strategies along the way.**

By structuring your deals to allow all backup offers to be submitted to you, it further strengthens your ability to liquidate the property, at any time.

***What I like about this type of offer is that you're actually helping the seller that is faced with foreclosure. Your offer requires the foreclosing lender(s)/lien-holders to **release all rights to any deficiency** – meaning that the agreed upon short sale price is the final price and no further collection efforts, relating to the property, will ever occur. **Releasing DEFICIENCY RIGHTS is an optional clause.*****

Too many agents and short sale loss mitigators negotiate for release of lien, but unknowingly (Or knowingly) leave the seller vulnerable to future collection efforts on the difference between the amount of the short sale and the original amount of the loan.

Finally, should you opt to retain the right to negotiate the short sale, in your offer(s), you should choose to have a competent legal service mitigate the offer for you. There are Escrow Legal Service providers that you can also find reference to - **AT YOUR LOCAL REIC.**

VISIT <http://www.newtoyourellc.com> for updated information and ideas

**Be responsible in your business, do the right things and success will follow**

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# BONUS PAGES

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*These are additional contingencies we include with all of our Short Sale Offers.*

*While they work for us, they may not work for you/your market.*

*Use them at your own discretion:*

1) Offer is contingent upon lienholder(s) releasing seller(s) from any right, or rights, to pursue deficiency; Lender(s) agree that, by accepting this short sale offer, both the mortgage and Note will be satisfied.

2) We're investors that are offering to purchase this property, solely as an investment. Buyer may purchase this property, at the short sale amount, subsequently may, or may not, make any necessary repairs and SELL IT AT A PROFIT AT ANY TIME AFTER THE CLOSING OF THIS TRANSACTION to a future known, or unknown, buyer. We reserve the right to sell this property at any time, including the same day as the closing of this transaction.

3) Mutual acceptance will be calculated from the date the buyer is provided written short sale approval.

4) Buyer agrees that property is being purchased AS IS/WHERE IS - buyer will not request seller/foreclosing lender(s) to render any repairs.

5) This is a cash offer, to be paid in certified funds from our investor/lender, at the closing of this transaction. THERE ARE NO FINANCING CONTINGENCIES ASSOCIATED TO THIS OFFER.

<http://www.newtoyourellc.com>

***With all of the hoopla/restrictions on a majority of the SHORT SALE ACCEPTANCE LETTERS that are routinely issued, as a result of your offer(s), we've come up with 2 VERY solid profit centers that can make you money on EVERY ACCEPTED/APPROVED SHORT SALE:***

**1) SELL YOUR POSITION/SHORT SALE ACCEPTANCE LETTER:** This is pretty simple/straightforward – but will depend on who negotiated your short sale AND/OR the cooperation of the short sale negotiator.

If it's the agent that negotiated the short sale, or someone under the listing agent's influence, **REITERATE THAT YOUR OFFER ENSURES THAT THE AGENT GETS BOTH SIDES OF THE COMMISSION AND THAT YOUR OFFER ENABLED THE AGENT TO OBTAIN A PRICE THAT THE FORECLOSING LENDER(S) ARE WILLING TO ACCEPT.**

**I say to reiterate this, but if you followed the 12 steps, then you already have a cooperating agent, right ?**

**OBJECTIVE:** Have the negotiator replace your offer with another buyer's offer – for the same price and terms, as outlined in the written short sale acceptance letter.

To do this, **follow these steps:**

**A)** Have the agent list/re-list the property, on the MLS, as ACTIVE and at the WRITTEN SHORT SALE ACCEPTANCE PRICE.

**B)** In the listing/agent remarks, have the agent state that there is a dollar amount that the buyer must pay – sometimes referred to as a NEGOTIATION FEE, or FACILITATION FEE.

This FEE should include the dollar amount that the actual SHORT SALE NEGOTIATOR will be paid (**Unless it's the agent who negotiated**) Usually 1% of the contract sale price + an extra \$500. + which is what **you'll** need to be paid.

**Your fee of \$500 +** should be paid, to you, immediately upon your rescission of your offer – Simply because as soon as you “rescind” your offer, you've also surrendered all/any rights you had as the short sale approved/accepted buyer.

**NOTE:** Your fee is **NOT** referenced/made part of the actual closing of the transaction – it's paid outside of it - so your fee does NOT appear on the associated HUD1 CLOSING STATEMENT.



**You are paid immediately** – and outside of the closing of the short sale transaction. **BE SURE TO COLLECT YOUR FEE IN CERTIFIED FUNDS.**

**2) Seek Out and Find Qualified Short Sale Negotiators BEFORE: Before** you submit ANY offers. Understand that every state has their own legislation/laws regarding the negotiation of short sales – YOUR RESPONSIBILITY IS TO EDUCATE YOURSELF REGARDING WHAT YOUR STATE/CHOSEN STATE’S REQUIREMENTS ARE. **Be an informed/educated investor. DON’T BE “THAT” INVESTOR.**

FOLLOW THESE GUIDELINES:

A) When you find an “ACCEPTABLE” negotiator – or negotiators – propose AND agree upon a simple business proposition, with them –

**It goes something like this:** “Such and such negotiators agree to negotiate my short sales for 1% of the contract sales price, as agreed upon by the contractual Buyer, Seller and Foreclosing Lien-holders – in writing.

Short sale negotiator’s primary objective is to gain approval on Buyer’s initial offer, which should enable Buyer to sell, to an additional known/unknown buyer, in an additional transaction (Generally referred to as a B to C Transaction) for a profit.

Should Buyer’s initial offer result in a counter offer that exceeds Buyer’s ability to buy – then immediately, resell – to Buyer’s own end buyer – then “Short Sale Negotiator” hereby agrees to pay this Buyer \$500 out of the NEGOTIATION/FACILITATION FEE, as a professional service fee” **Whatever name you want to assign the fee that you and the negotiator agree upon.**

Essentially, you’re providing your own negotiator with business that is making them \$\$, so they agree to cut you a portion of that \$\$ - should your offer **NOT** work out as planned.

**This way – it works out for both of you – WIN/WIN**

**One final word here** – if you do align yourself with your own negotiator(s), be sure to include a contingency, on your purchase and sale agreement, stating that your **“offer is contingent upon Buyer directing the short sale negotiation”**.

# LAST BUT NOT AT LEAST

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## ***FORM AN LLC/CORPORATION THAT WILL BE THE BUYER ON ALL OF YOUR OFFERS***

Spend some \$\$ to consult with an attorney who can properly put your LLC/Corp together – it's worth the \$\$.

You don't EVER want your personal name to be on any of your offers.

This is a business – TREAT IT LIKE A BUSINESS.

\*\*Don't forget ASSET PROTECTION – once you start making all the \$\$\*\*

**CONGRATULATIONS – BY FOLLOWING THESE STEPS AND APPLYING THESE  
PRINCIPLES – YOU'RE A SUCCESS.**

**[Visit Our Website](#)**