

You have no business doing a short sale unless...

You know what you are doing. And how do you know if you know what you are doing? Well, for starters, make a diligent effort to qualify your competency and knowledge on the subject of short sales by honestly answering the following questions:

DEFINITION: Can I define a “short sale” to my client seller or buyer? Can I communicate it clearly? How do I know if my client understands what has been communicated? Can I prove it?
Do I know the difference between a potential short sale, pre-foreclosure and a foreclosure? Do I know how to explain and distinguish a short sale from other “normal” transactions?

PROCESS: Do I know the process involved in a short sale transaction? Am I able to provide a detailed written step by step procedure of what will transpire? Do I know what documents will be required by a lender? Do I know if those documents will be the same or different if there is more than one or two lenders involved? Have I anticipated extraordinary and frustrating circumstances related to working with a lender such as: finding the right decision maker; getting phone calls returned timely or even at all; experiencing inordinate time delays for lenders response to an offer; Am I capable of educating my clients to make sure they understand upfront all the delays and potential difficulties that await them?

REMEDIES: Am I familiar with other remedies that may be explored before I promote the short sale alternative? Can I name them? And if so what are they? Do I have a list of resources for my clients to view to help educate them in this endeavor? Have I spent enough time familiarizing myself with these resources to know which may be helpful and which may be harmful to my clients? Do I know how a short sale will impact my seller’s credit rating? Do I tell my client or do I refer that conversation to my clients’ CPA or attorney?

SEMINARS: Have I attended more than one seminar on short sales which focuses my learning on how to assist my client rather than how I can make “a buck” on their misfortune? What will it take for me to feel competent to perform a short sale for my buyer or seller client?

LAWS: Have I become familiar with recent changes in the law that affects potential deficiencies as a result of a short sale? What am I obligated to disclose to my seller or buyer? What are the consequences for working outside of my area of competency?

What liability and confidentiality issues occur in a short sale transaction? What are the serious adverse legal, tax and economic consequences in a short sale?

FORMS: Have I read, studied and understood the content of state forms available for listing a potential short sale or selling a short sale property? Do I have a detailed checklist and time line for the documents needed in a short sale?

NEGOTIATIONS: Am I aware that my fee may be negotiated downward in a short sale transaction? Do I know how to handle this negotiation and how it may impact a cooperating broker's compensation? Am I familiar with MLS requirements on inputting a listing agreement and reporting a short sale? What happens when a lender insists on paying a reduced fee to make the short sale work? Are all short sales "as-is"? How are repairs paid for and handled? What happens when a lender requires the owner to keep the property on the market, even after the owner and buyer have agreed to the terms of a proposed purchase contract? Who is really in control of the short sale transaction? Absent legal counsel representation on behalf of the seller is it my job to negotiate with the lender or that of my seller? Do I have the temperament and stamina to withstand the financial and emotional stress my clients' are experiencing? How do I protect and preserve the best interests of my client, myself and that of my company?

Now that you've had a chance to silently address some of these questions to qualify your competency, how are you feeling about taking on the short sale challenge? If you're still unsure, please just "**don't do it**" and expose yourself and your clients to unnecessary liability and potential litigation in the future. Statutory obligations aside, pursuing something you know little about can be a very costly to you and detrimental to your clients. Be smart. Do the right thing. Refer your client to someone who is an expert at short sales.

On the other hand if you're feeling somewhat confident and sense you can handle whatever comes your way because you're a fast-study or simply because you really need the money, just "**don't do it**" unless you discussed it first with your broker. See if they want to support you. Find out what they know about short sales. Ask them if they have the expertise to supervise you; to monitor every step of this unique process. If your broker is unwilling or unable to help you ask them to recommend someone in your firm who may agree to mentor you for a reasonable fee. Make sure that person, if another agent, has done multiple (more than five) short sale transactions and/or is someone who is capable of sharing their expertise such as an Office Manager or Sales Manager.

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