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# **Steps To Doing A Short Sale And Make A Nice Profit**

## The Short Sale Process

Real Estate investors Need an understanding of the Short Sale process and how you can profit from it.

Short Sales are one of the best methods for getting a discounted loan in real estate. Short sales can create extremely lucrative investment opportunities and present a solid strategy for making money in this troubled real estate economy. Because of the depressed housing market it has been more difficult to make money wholesaling or flipping. Although they both offer real estate bird dogs good profit opportunities if you can get a tremendous discount and then sell the deal to an investor.

With Short Sales, you will need to have proven financing, either a pre-approved loan or money from private sources. The Banks that own the properties usually won't even consider any purchase offers unless they are accompanied by proof of funds.

### 1. Getting Title

One of the most important steps in the short sales process is to get the deed signed over into your name. On many occasions, beginning investors will skip this important step. If you do not have the deed, the homeowners can back out of the potential short sale even after you have spent hours working on the short sale negotiations with the lender(s) on their behalf. This only has to happen once before you will decide you don't want to get burned again. I recently lost a big chunk of money on a deal because I failed to get the deed. That was a costly mistake that I have not forgotten. When the homeowner signs the deed over to your name you now control the property and you can go to work by calling the lenders. (NOTE OF CAUTION: In some states you may be breaking the law by taking over the deed. In some state you may be classified as a Foreclosure Rescuer, which opens you up to litigation. Always know the laws and regulations in your state before dealing with homeowners facing foreclosure.)

### 2. Contacting the Mortgage Company(ies)

There are some things to know first before calling the lender when you're doing short sales. Lenders can usually tell if you're a rookie and you've never done this before. When you call the lender never tell them you are an investor or a foreclosure rescuer. This one of the worst mistakes rookies make and will almost always result in the lender not dealing with you on short sales. For a list of many of the loss mitigation departments go to [http://internetrealestatecenter.com/81\\_lender\\_mitigation\\_phone\\_numbers.php](http://internetrealestatecenter.com/81_lender_mitigation_phone_numbers.php) - it may save you some time trying to find the Banks contact numbers.

So when you call the lender the first thing to do is to request a short sales packet. You can either tell them you are the buyer or you represent the homeowner. On occasion they may ask if you are a real estate attorney (don't say yes unless you really are one). Just retell them what you told them before. You will want to request a "short sales packet" or "workout packet." When you receive packet it will explain exactly what you need to do to make this short sale a successful deal. (Good luck if you end up dealing with Bank Of America or Countrywide - they're a bunch of \$\$\$^ and are extremely difficult to deal with.)

### 3. Letters Proving Hardship

The lender will almost always request a hardship letter that explains to the lender why the homeowners are not making their mortgage payments. Sometimes they will request bank statement, pay stubs, income statements, a list of monthly expenses, etc. You must send them everything they ask for because if you don't it will not be accepted. They will also ask for a HUD-1 (settlement statement) and a real estate purchase and sales agreement so they can see how much money they will have to settle for. Do not waste any time so send everything the lender asks for ASAP. It usually takes two to three weeks or more to get an answer back from the lender so be patient. If the foreclosure auction is coming up you can ask for them to extend the auction which, in most cases, they will if they know it is a legitimate offer.

4. Brokers Price Opinion. This is when a real estate agent will visit the property and give their opinion on what

the house is worth. The BPO is critical. You want to try everything you can to influence the BPO to come in as low as you can - the lower the better. Make sure you point out everything wrong with the property to the BPO agent. It takes a few times to get good at this but, once you do, I believe you will try to get short sales on every potential real estate foreclosure you encounter.

For more information on short sales go to [The Short Sale Process](#) AND [loan workout](#)

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