



NWequityhomesales.com
TheShortSaleCompany4U.com

PH: 253-539-SOLD Fax:253-536-3484 Email: geneandkim@comcast.net

Buyer Short Sale Bank Owned/REO Home Purchase Information



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Northwest Equity Home Sales

Gene Quinney

Owner/Broker

Since 1998

No Gimmicks, Just Results!™

Personal Pledge

I promise to give my clients and customers the most professional and ethical service in the industry.

I appreciate that for most people investing in real property is the most momentous financial decision they will ever make.

I pledge to educate my clients and customers about the current Real Estate market so they can make informed and intelligent decisions.

I serve homeowners by implementing creative marketing strategies to find buyers who are ready, willing, and able to buy their properties.

I help all parties navigate the current market place and represent clients best interests.

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STATE of WASHINGTON



SECRETARY of STATE

I, SAM REED, Secretary of State of the State of Washington and custodian of its seal, hereby issue this certificate that according to records on file in this office, trademark:

"NO GIMMICKS, JUST RESULTS!!!"

registered in the State of Washington to

GENE A QUINNEY

names of partners: (if any) ,

state of incorporation: (if any) and I further certify that such trademark

with file # 29988 was issued on August 10, 2001 and will expire on August 10, 2007.

I further certify that the classification number of the trademark is 36 and the

actual goods or services with which the trademark is used are

Real estate procurement services

The date the trademark was first used anywhere is 5/27/1999 and the date the

trademark was first used in Washington is 5/27/1999.

Date: September 17, 2001



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital



Sam Reed, Secretary of State

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Real estate agent and Associate Broker with John L Scott from 1998 -2007.
Established Northwest Equity Home Sales in March 2007.

Professional Experience:

Top Lister Re-Sale 1999

Top Lister Re-Sale 2001

#3 Re-Sale Lister 2002

#3 Re-Sale Sales 2002

Top Producer Award 2003 (Fidelity)

All Star Of The Year 2001-2006

Presidents Award 1999-2006

Multi-Million Dollar Achievement (TPCAR) 1999-2006

Real Estate Education:

Over 500 hours of continuing education in Real Estate law, Property Management, Business Management, and Real Estate Finance. Hundreds of Closed Sales.

Long Term Associations;

Tacoma Pierce County Association Of Realtors. (TPCAR)

Washington Association Of Realtors.

National Association Of Realtors.

Northwest Multiple Listing Association.

Professional Standards Grievance Committee.

WHAT IS A SHORT SALE?

A Short Sale is the sale of real property that produces less than the necessary proceeds to pay off the mortgage/s held against the property.

Once a Short Sale is approved, Banks forgive the negative balance and report the mortgage as a settled debt. Washington State is a single action State. Upon approval of a Short Sale, that mortgagee can not seek the deficiency.

In cases of subordinate loans, the second mortgage can ask for their note be paid in full, or a portion of, to be paid in the form of a promissory note, or a cash contribution for consideration of full release.

In all cases, a seller attempting a Short Sale is not obligated to accept the terms and conditions of the Bank/s/Lien Holder/s.

Generally speaking, buyers who ask for closing costs during a Short Sale transaction are limited to 1% for seller FHA loans, provided buyer's loan is FHA. 3% for buyer VA loans and zero for buyer conventional loans.

WHAT QUALIFIES A HOMEOWNER FOR A SHORT SALE?

Excluding VA Compromise sales, the owners of the property must be behind in their mortgage payments and facing a potential foreclosure action in order to qualify for a Short Sale.

An “investor” may own the Note on the property and the Bank may only be servicing the loan for the Investor. In those situations, approval must be provided by the Investor. Generally Banks negotiate on behalf of Investors assuring Investor approval.

Homeowners must show a legitimate financial hardship that illustrates their inability to continue their mortgage obligation.

A hardship, such as a loss of employment, reduction in wages, divorce, and or medical issues are factors banks consider with Short Sales.

BPO

After the submission of all documentation for consideration, the Bank/Lien Holder will order a Broker Price Opinion. A third party evaluation of the market value. Their negotiations will be based on that value. Buyers may be faced with a Bank counter-offer and should prepare accordingly.

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WHY DO BANKS ACCEPT SHORT SALES?

Foreclosure is expensive for Banks. After attorney's fees, closing costs, recording fees etc, Banks spend tens of thousands of dollars to finalize a foreclosure. The likelihood of recapturing that loss after foreclosure is very slim particularly in a declining market.

Accepting a Short Sale allows Banks to capitalize on the current market values and minimize future losses.

TAX RAMIFICATIONS

Presently through December 31, 2012, sellers who owned and occupied their home as your principal residence for two years or more, may be exempt from recognizing the difference between what the Bank accepts and what is actually owed to the Bank as income. Buyers face no consequences as it relates to taxes while buying Short Sale listings.

Sellers who have not owned and occupied their home for two years, might be liable for reporting such "forgiveness of debt" as income. Those sellers should consult with a tax advisors for specific advice for their situation.

HOW LONG DOES A SHORT SALE TAKE?

Short Sales can take anywhere from 3 months to 12 months depending on the Bank/s and the number of Lien Holders. Any time there is more than one Lien Holder, the process takes longer.

Finding a willing buyer may take as long as the negotiation process itself.

Some Banks use online systems of document storage, delivery and communications that help speed up the process. All buyers should prepare accordingly.

Prior to consideration, the seller and listing broker must provide to the seller's detailed financial information and;

- 1) Listing Contract
- 2) Listing History
- 3) Estimated Net sheet or HUD-1 Settlement Statement
- 4) Market Analysis and Valuation
- 5) Completely Executed Purchase and Sale
- 6) Buyer's Pre-Approval Letter or Proof Of Funds

Short Sales are NOT guaranteed to close, even though buyer and seller have agreed to price and terms. Final approval is subject to the Lien Holder, and many times the Lien Holder will make a counter offer if the sale price produces a less than acceptable NET.

NEGOTIATING A SHORT SALE

Generally speaking, the Short Sale seller is willing to sell at any price as long as the Bank will approve the sale. Seller's main focus is to avoid foreclosure.

Although buyers may submit offers on homes at or below the list price, the list price does not determine the final sale price. Buyers should be prepared for Bank counter offers once the BPO (Broker Price Opinion) has been provided.

As is the case with any "negotiation", the offeree may reject the offer from the offeror at any time prior to acceptance.

Submission of offers to purchase Short Sale properties may vary from listing to listing.

A handful of listing brokers require offers submitted on their listings be written to accommodate specific terms. Time frames for inspection, deposits/amount of earnest money, and the mandatory use specific Title and Escrow companies. During regular negotiations (without a Bank), those terms would be open to negotiations.

Specific terms will vary from Short Sale listing to Short Sale listing. One term remains constant. Short Sales are sold As-Is, unless a particular seller is willing to help with repairs. Banks do not make repairs.

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FORECLOSURE / BANKRUPTCY vs. SHORT SALE

A Short Sale is a far better alternative for a seller than a Foreclosure or Bankruptcy.

Once a Short Sale is approved and closed, the Bank/Lien Holders report the debt as “paid in full less than total payoff” OR use other similar language.

A foreclosure on a credit report will be there for a period of 10 years and a bankruptcy as much as seven, eliminating any possibility of buying another home during that time frame. With a Short Sale, sellers can qualify for another home purchase in as little as three years.

PROFITS

In almost all Short Sale situations, the lender requires that seller not receive any money from the sale.

If anyone is promising money in a “side agreement” or a deal not disclosed to the lender and or part of the HUD-1 Settlement Statement during a Short Sale transaction, that agreement may be fraudulent. Please inform us immediately of any side deals from a buyer, an agent or other parties profiting from a Short Sale transaction.

Such arrangements are possibly invalid and/or unenforceable and could subject those parties to civil and criminal proceedings and penalties.

WORKING TOGETHER FOR SUCCESS

Navigating the Short Sale process takes patience and fortitude from all parties, sellers, buyers and real estate agents. Here are some examples of what to expect.

- 1) Be prepared for the Bank/s to lose documents. Many times loss mitigation departments misplace or completely lose information. Re-submitting and or updating documents requested by the Bank/Lien Holders should be expected.
- 2) Sellers should not hide information or provide partial information. Lender need to verify likelihood of re-payment and by supplying partial information or intentionally omitting information, they will likely deny the Short Sale.
- 3) All parties, even the real estate brokers should be ready to participate in the loss either by a promissory note, a cash contribution, or commission reduction if requested by the Bank/s. Sellers should set aside money that would have normally gone toward your mortgage payment.
- 4) Excluding specific listing restrictions, buyers have a choice of when to have a home inspection. Prior to Bank approval, or after receipt of the official letter of Lender Consent. Prior to, allows the buyer to terminate and spend less time waiting for the Bank. If done afterward, buyers know their investment is spent on a approval sale.

Other factors such as Septic Systems, Wells, Utility Companies, Home Owner Associations etc; will effect the Short Sale process.

WHAT IS A “REO” HOME

REO is a acronym for Real Estate Owned. When Banks foreclose on a home, it is added to their inventory of REO homes.

Banks such as Wells Fargo, Chase, Bank of America are the owners of the property after foreclosure. They then hire asset management companies to manage their REO portfolio. Asset management companies may handle as few as 25-50 homes, or several thousand across the country.

Asset management companies then hire local real estate Brokers to market properties, and list them for sale. During a conventional type of sale, the listing broker would represent the homeowner during the marketing, sale, and closing process. During a REO/Bank owned sale, the asset management company represents the owner, and the listing broker's duties are limited. The required level of participation by listing brokers varies between asset management company.

Responsibilities for the listing broker may be limited to working with utility companies to restore power and water service, or coordinating with contractors to winterize and or de-winterize homes during winter months and inspection phases.

All Banks sell REO properties As-Is however, depending on the asset management company, buyers might be required to perform certain tasks that would normally be the responsibility of the seller. Septic inspections (required by Pierce County) etc.

Prior to listing Bank homes, asset management companies have an appraisal performed to reflect the As-Is condition. As a result, prices of Bank owned homes are less negotiable than with conventional sellers.

FINANCING OR PAYING CASH FOR A “REO” HOME

When Banks foreclose on real property, the homes are generally in poor condition. As specified earlier, Banks do not perform repairs except for very rare circumstances, where a property is damaged after a contract is ratified, or damage or theft occurs prior to closing .

A buyer’s financing/loan program must be conforming to a As-Is sale.

V.A. loans generally include a rigorous appraisal inspection, and V.A. requires a pest/termite inspection that many Bank owned homes will not pass without repairs. FHA programs as in the Pierce County Down Payment Assistance Program, require a inspection for livability that many Bank owned homes will not pass. Other loan programs, FHA’s 203K rehab, or Fannie Mae’s Home Path loan, allow the buyer to include costs of remodel or repairs into the loan and are well suited for Bank Owned homes.

Cash Buyers need not concern themselves with an appraisal. A home inspection will uncover conditions that might be a concern for the Cash Buyer.

Banks, Asset Management Companies and Listing Brokers require either a letter of Pre-Approval from the buyer’s lender OR, in the case of Cash Buyers, “Proof of Funds”. Proof of Funds in the form of a letter from the buyers bank, or a recent bank statement with a minimum balance sufficient to cover the purchase price and related costs are acceptable. Offers submitted without a Pre-Approval letter OR a “Proof of Funds” are NOT considered OR presented.

CONVENTIONAL/REGULAR SELLERS

The process for purchasing regularly listed properties has not changed much. Although the amount of legal forms and disclosure requirements have increased, the process is has undergone few change.

Consideration should be given to affordability, condition, and location. Since every City has pockets of expensive homes, the buyers ability to purchase, or “buying power”, usually determines the location a buyer may afford in each city.

With conventional home purchases, virtually everything is open to negotiation. Price, time frames, earnest money, inspections, closing dates, and included items.

With every purchase regardless of whether or not a Bank is involved, both buyer and seller have closing costs which are equivalent to approximately 2.5%-3.5% of the “Sale Price”.

Seller costs are Excise Taxes, half the Escrow fee (full fee for VA buyers), Title Insurance to the buyer and the real estate commission. Buyer costs are Loan Origination fee, Appraisal, Title Insurance to the lender (excluding cash transactions), and half the Escrow fee. Inspections are the responsibility of the buyer and are not considered part of closing costs.

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At Northwest Equity Home Sales, we strive to provide excellent customer service. Our reputation and future depends on referrals from happy clients.

Regardless of the type of property, residential, investment, short sale, bank owned or vacant land, trust Northwest Equity Home Sales to represent your interests, and protect your investment.

No Gimmicks, Just Results!™