

Markve and Zweifel, PLLC

Attorneys at Law

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Dear Seller(s),

Once you have made the decision to pursue a short sale of your property, the attorneys and staff at Markve and Zweifel Law Firm, along with your listing agent, will be working together to provide you with the professional services necessary to help you achieve the best possible outcome to your short sale process.

A property short sale is a very technical and sometimes complicated transaction. Once a property owner has defaulted on their mortgage, there is a limited period of time in which the short sale can be achieved. Therefore, it is critical to the success of a short sale that all necessary steps be completed in a timely fashion.

It is important that the short sale package be completed and forwarded to the law firm prior to the time an offer is received on your property. This will allow buyer's offer to be submitted to your lender within 3-4 days of receipt of that offer, which is critical to the success of the short sale.

Below are steps necessary for you to complete as soon as possible:

1. Provide the signed retainer agreement to Markve & Zweifel as soon as possible allowing the law staff to obtain title work on the property and complete your short sale package. The retainer fee, if applicable, is not due unless and until an offer is received on the property.
2. List the property with your Realtor, if you have not already done so. See next page for list price suggestions.
3. Complete the short sale package and return to the law firm by fax or email below within one week of listing the property.
4. Be prepared to promptly provide updated copies of bank statements and pay stubs at any time through the entire short sale approval process. Pro-actively forward copies to the law firm as you receive them to keep file up to date at all times.

If you already have a purchase agreement on the property, it is critical you provide the completed short sale package within 48 hours.

Provide all documentation via fax or email to:

Fax: 763-447-6458

Email: shortsaledocs@mzlaw.us

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Dear Client,

We have found that there are several aspects of the marketing and offer acceptance process of the real estate sale that will have a great impact on your ability to successfully complete the short sale negotiation with your Lender(s).

Here is a list of those important points to remember:

1. The lender(s) will not approve the buyer's offer on your property unless it is at or near **fair market value** for the property. An offer below fair market value is rarely accepted by the lender. List the property at its current fair market value. Then if you do not receive an offer at that price, reduce the price by 3 to 4 percent every two weeks. If you receive a below market offer (below current list price), counteroffer the buyer so as to up the price back to at or near your current list price. (See attached Q & A on this subject.)
2. Insist that the buyers perform their home inspection before the offer is submitted to the lender. This is important for two reasons;
 - a. The lender review process takes 8 to 12 weeks to approve your short sale. You don't want a buyer to cancel after an approval is received by home inspecting the property and finding a "defect" that could have been found before 8 to 12 weeks has elapsed.
 - b. After the approval is received the Lender will not discount the price based on a "defect" discovered by the home inspection, but the lender may agree to a discount if the home inspection is done up front, the "defect" is discovered, and the price is adjusted before the transaction is presented to the Lender(s).
3. Insist the buyer deposit earnest money at the time of offer as opposed to after short sale is approved. Deposited earnest money contains an element of emotional commitment by the buyer so they are more likely to be patient through the approval process. Deposited earnest money also guarantees immediate notification from the buyer in the event they intend to cancel the purchase agreement. Early notification of buyer leaving the transaction is critically important for the seller.

We have found that following these instructions will greatly increase the chance that your Lender(s) will approve the short sale, reduce the chance that your buyer will cancel and you will have to start all over again, and reduce the total time it takes to complete your short sale and/or reduce the chance that you will be unsuccessful in getting the property sold.

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The Banks are now approving only the Offers that are at market value – Q & A.

What should you do as a Seller, Buyer or a Real Estate Professional?

-As a buyer when making an offer on a short sale you can no longer expect to buy the property at a discount (below market value), so be prepared to pay market value.

-As a seller you must assess a buyer's offer as if you were going to receive the proceeds yourself (in that case you would insist on market price), so wait for a market value offer, or counteroffer a below market offer.

-As a real estate professional counsel your clients on this trend when an offer on a short sale property is being considered

Why has the Bank position changed on Short Sales?

-We are now in an appreciating real estate market. The Banks recognize that the value of the property will appreciate in the turnaround time to resale during the foreclosure process. There is now very little incentive for the Bank to accept a below market offer (instead of just foreclosing).

-During the Recession real estate values were dropping. This provided a strong incentive to the Banks to accept below market offers as the property values were declining further in the turnaround time to resale during the foreclosure process.

-Banks are now relying on traditional sale comps in their assessment of property value for short sales.

-There is currently a historically low inventory of homes on the market, so the Banks believe that buyers cannot avoid short sale properties despite the increased time between offer and closing

How is the Bank position on approval of market value offers currently affecting the market?

-It takes 6 to 10 weeks from when the offer is submitted to the Bank for the Bank to evaluate the property's value

-Offers that are determined by the Banks to be below market are not approved. Instead the Bank requests a counteroffer price at market value

-Buyers are then asked to meet the Bank's requested counteroffer price. In many cases the buyer is unwilling or unable to meet the price and the sale is cancelled.

How is this negatively impacting Sellers, Buyers and Real Estate Professionals?

-Sellers are forced to remarket a property. A majority of the Sellers are able to obtain a new offer meeting the Bank's requested price. The Sellers suffer at least a 2 to 3 month delay in selling the property. Some are subjected to foreclosure as the delay results in a pending foreclosure process running its course.

-Buyers wait for 6 to 10 weeks after writing the offer on the house (foregoing other potential properties) only to have the sale cancel. Causing them to have to start all over in the house hunting process.

-Real Estate Professionals in the market are encountering at the very least a longer processing time to closing; or unfortunately an increase in lost sales.

-All of the parties to the transaction wait 6 to 10 weeks for the Bank's response all the while incurring hard costs, opportunity costs, and for the seller potentially incurring further credit damage and/or a foreclosure all based on an offer price that was not approvable from the start.