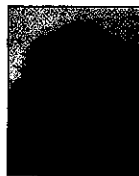


Are You Short Sale Savvy?

Q&A with industry leader Floyd Wickman and Short Sale Specialist, Will Weaver

by Julie Escobar



In this time of constant economic change, understanding how to service your clients and your market area to the best of your ability with expansive knowledge, real solutions, and true compassion for homeowners facing overwhelming decisions can make you the "go-to" agent in your marketplace—and more importantly—give you the quiet peace of mind of knowing that you have helped customers help themselves.

If a homeowner is truly in tough financial turmoil, a short sale can be a viable option

I had the opportunity to expound on this topic with both Floyd Wickman and his protégé, Will Weaver for a look at the questions asked by agents across the nation as they seek the timely tools necessary to solve the financial dilemmas facing consumers in today's market.

Q: First off Floyd, what made you decide to get into the business of short sale seminars?

FW: Well, I've been hearing about short sales for several years and never really learned much about them until now. When I saw a real need in the industry, I put together a team of gentlemen: Sham Reddy, Bob Daniels and Will Weaver who collectively have experienced more than 600 short sales in the last five years. In my opinion, that makes them industry experts on the dos and don'ts of short sales. With them,

I fine-tuned a seminar to teach some fundamental principals and skill sets to the real estate industry. Unlike some short sale seminars you'll find out there in today's market, ours is designed to be both seller and lender-friendly. What I mean by that is, it is designed to help sellers possibly save their credit and perhaps even stay in their homes and helps the lender settle for a fair sum. Most of the other seminars on this topic that we have experienced are basically designed to show investors how to "steal" houses and that's not what we are about. We've always been in the business of helping people.

Q: All right guys, I guess we need to start at the beginning, and Will, I will address most of these questions to you, OK? Now, what exactly IS a short sale?

WW: The best answer I can give you, Julie, is that by definition, the "short" in the title of short sale refers to the fact that the payoff amount agreed to in the transaction is indeed, shorter than the mortgage balances on the property. In other words, there is more owed on the home than what it will sell for.

Q: Why should a seller do a short sale?

WW: Well the reason a distressed seller would consider a short sale is that they are really faced with a big decision and only a few real options:

1. They could let the lender *foreclose*, ruining their credit.
2. They can use an agent to help them negotiate a *short sale*, which would be a charge off on their credit—so a "bruise" if you will—rather than a foreclosure, which gives them the option to buy again within two years.

3. They can choose a *Deed in Lieu of Foreclosure*, which means they sign the house back to the bank. This is only an option however, if the bank wants the house back. In a declining market, lenders are more apt to suggest sellers find an agent and consider a short sale.
4. They can *reinstate* their mortgage by coming up with all of the past due monies, interests, penalties and fines. Obviously, that is not an option for most consumers in this position.
5. They can try what is called a *Forbearance Agreement*. In other words, they then take what is owed and move it to the back of the loan and start all over. This would depend largely on their credit, their payment history, how long the lender has carried the loan and if they feel com-

fortable enough with that particular homeowner to take the risk.

Clearly, if a homeowner is truly in tough financial turmoil, a short sale can be a viable option to get themselves out from under a bad situation and back to rebuilding their lives and credit.

Q: Why is it a win for a seller to choose a short sale?

WW: Well, it's a win for them because it is a negotiated settlement with the lender versus a court settlement with the lender. So, again, it is a bruising of their credit as opposed to a ruining. There are also no attorney fees in a short sale situation to the seller, versus big attorney fees normally in a foreclosure situation. Then, of course there is the peace of mind that comes from

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for the remodeling industry and wanted to quietly apply it to real estate. I was a hardened skeptic at first, but what happened next shocked even me...

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knowing that their situation is being handled by a professional who has their best interests at heart. The family can stay together, find a place to rent easier and begin to rebuild. Often consumers with a foreclosure on record have a tough time finding a home to rent which can lead to split families, strain on relatives and friends and just too few options.

Q: Will, what makes a short sale attractive to a lender or what makes it a win for them as well?

WW: Quite frankly, the lender can get the same or more net as they would in a sheriff's sale, auction or clerk sale, but in much less time. The key words here are **more** and **less time**. Short sales reduce the non-performing asset inventory carried by the banks. According to *CNN Money*, *Reuter's*, *CNBC* and the *Washington Post* on August 17, 2007, Countrywide Home Loans used \$11.5 million of their line of credit because of their non-performing asset inventory. That, in turn, caused their stock to plummet in just one day. So, as you can see, lenders need this option as well to stay solvent.

Q: Why should real estate professionals work with short sales?

WW: First and foremost, agents should put working with short sales in their repertoire because it allows them to really help people out of an emotionally stressed situation. They are providing a much-needed service, while at the same time, helping their own economy and the economy at large. The more properties sell, the more people work—it's that simple. Revenue and business is generated. The real estate agent works, the mortgage lender, the title rep, the processing agent, the administrators, home improvement and inspection professionals, etc. Second, it is a good way to pick up a few extra salable listings each year, build an investor pipeline and avoid R.E.O. baby-sitting hassles. Truly, though—there is nothing quite like helping a client who feels overwhelmed and distraught find their way out of a bad position. After all— isn't helping people what we are all here to do?

Q: Will, there is much talk in the industry about how to handle short sales from a tax perspective in regards to working with the IRS and the Form 1099C. Can you shed some light on that?

WW: Sure. Those questions always come up in our many workshops across the country. The truth is that there may be a lender who writes off a loss and *may* send a 1099C to the seller for forgiveness of the debt. However, the key here is that according to the IRS, if you are insolvent, meaning you have no assets, then a 1099C is going to be a wash. How do I know? I currently have a property listed with a gentleman who works for the IRS. His suggestion is to do your homework. Take the time to research www.IRS.gov and pull the documentation that resides there which supports this position. Search key words: *short sale*, *1099C* and *insolvency*. Also, know that the IRS recently put a bill in the House that states anyone going through a short sale will not be penalized. The bill has passed the House and now awaits Senate and Presidential approval. We teach all of our short sale seminar students to always recommend that their clients consult with a tax advisor and with the IRS.

Q: This question is for both of you. Why do you believe short sales are so important in today's market?

WW: Our current economy and the real estate market is going through a tough time right now and this is one of the only ways most distressed homeowners can rebuild their lives and move beyond their mortgage troubles without the devastation of foreclosure.

FW: The bottom line is it is our job as professional trainers to provide our customers, namely brokers and agents, solutions that help them solve the problems that face them in a way that is client-friendly. Sometimes that requires us to step outside the box and find new ways to help them reinvent what they do for a living so that they can best assist the people that look to them for answers.

Q: Your team offers the Floyd Wickman Short Sale Seminar in markets all across the nation as well your very popular product, the Short Sales Survival Kit—correct? How do people find out more about either attending a workshop or purchasing a kit of their own?

WW: It's as simple as visiting our Web site at www.floydwickmanshortsale.com to learn more about our online training, live workshops and what is included in the Short Sale Survival Kit.

I know your company, ProspectsPLUS!, is also featured on our site as a recommended affiliate and your marketing software offers short sale campaigns as well—right?

Well thanks for that nice plug! We do indeed offer short sale campaigns in our marketing software and very much appreciate our relationship with your organization. Like the both of you, our team at ProspectsPLUS! very much looks forward to continuously bringing new solutions to the real estate industry.

With this definite shift in the market, it is exciting to see agents begin, as you say Floyd, to really reinvent themselves and adapt their skill sets to include new and innovative ways to help consumers survive what can be a financial storm. I know I learned a lot from this interview and am excited about getting these much asked questions out to brokers and agents who are very much looking for answers.

With that, we'll end with the inspired words of Zig Ziglar, "You will always get what your want in life if you help enough other people get what they want." I thank you both for real insight into short

sales and a new way to help other people get what they want!♦

About the Author: Julie Escobar, Director of Corporate Marketing, for ProspectsPLUS! has been in the real estate industry for over 20 years. For more ideas on how you can continuously impact your market area, visit www.prospectsplus.com. Request our free Master Marketing Schedule? to guide you through 24 months of strategic marketing campaigns, or find out how automating your marketing with www.mlsmailings.com can ensure your marketing is always working for you. If you have questions or ideas that you would like to share, call Julie at 800.287.5710.

Floyd Wickman: You'll find Floyd dedicated to building his successful team of talented trainers, as well as consistently stepping up to the plate to deliver quality products, training, and seminars to real estate professionals on an international scale. To reach Floyd or find out more about his S.M.A.R.T Selling Program, speaking topics, or products visit www.floydwickman.com or call 800.910.5351 today.

Will Weaver: Will has over 12 years of real estate experience and is a three time graduate of Floyd's results getting training systems. He is also a Floyd Wickman Certified Trainer and Speaker. Will brings an enormous amount of expertise in the field of Short Sales and truly teaches from experience—not theory. His work with lenders and sellers in this arena brings him great pride, as he has had the ability to bring hope to clients in tough situations. It is an incredible joy to now bring those processes, tools, and strategies to real estate professionals across the nation who look to offer that same kind of hope to their customers. Will can be reached at 800.910.5351 or at www.FloydWickmanshortsale.com.

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