ACE Distressed Properties

Guiding Consumers thru complex real estate properties

A.C.E.
ELITE DEAL CLOSERS

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Learning Objectives

At the end of this course, the student will be able to:

1. Identify the different types of a 'Distressed Sale'.
2. Explain what REO means and what kind of challenges it has for the buyer.
3. Discuss who has the ability to initiate a foreclosure proceeding against a property.
4. Describe the communication challenge that real estate agents face in working with a foreclosed property.
5. List the Dos and Don'ts for phone calls with REO Listing agents.
6. Explain to your customer what a Short Sale IS and is NOT.
7. List reasons why banks consider a short sale as an option.
8. Describe ways to effectively communicate with the customer during the Short Sale process.
9. Describe the questions you should ask potential (inheritance) sellers to make sure the property can be sold.
10. Explain the purpose of probate as it relates to an estate sale.
11. List best practices when working with older/senior sellers.
12. List the challenges you may face when working on behalf of sellers who are divorcing.
13. List questions you should ask if working with a buyer that is selling ***another*** property due to divorce.

Timeline

Introduction	5 min.
Chapter 1: Introduction to Distressed Sales	15 min.
Chapter 2: REOs	20 min.
Chapter 3: Short Sales	30 min.
Chapter 4: Estate Sales	30 min.
Chapter 5: Not Quite Estate Sales	30 min.
Chapter 6: Divorce Sales	20 min.
Closing/review	10 min.
Total time	**150 min.** **3 hours CE**

Introduction

Forward

VISION

In our extensive interaction in the real estate market both as consumers and practitioners we have had the experience of seeing both the highs and lows of service and professionalism in the real estate industry.

One common thread we have realized is that professionals close deals and closers are professionals.

We developed our courses as a means of setting a definitive road map guiding Realtors to recognize and develop the practices that are common to professional “deal closers”.

Our mission is to bring a level of professionalism into a profession that at times sorely needs it. We are the caretakers of our clients’ most valuable assets and as closers, as an ACE (Accredited Closing Expert) we hold this trust sacrosanct.

That being said, we have attempted to use a little humor throughout this book to make it a little easier to read. Some may say this is unprofessional as professionals never laugh, wear a permanent scowl, and eat nothing but a diet of rusty nails. The subject matter we go into here is often dense and we wanted to take some pity on you having to read all of this. We hope a little levity will not only make it a bit of fun but also help you to remember it.

Expectations from attendees of this program:

- To endeavor to conduct every transaction in the most professional and effective manner for, most importantly, the consumer (customer) but also extending to the other professionals with whom the transaction requires you to interact.

- To continue to educate yourselves at all times on the ever-changing aspects, both legal and market related in their industry.

- To clearly keep in mind the goal of the transaction and not get bogged down in the minutia and personalities that tend to distract from that.

- To find solutions and solve problems not to doubt and aggravate issues.

- To not be afraid to say “I don’t know” once but never twice.

- To work within the realm of your expertise.

Purpose of this Course

To give you the tools to build a strong real estate business, with exceptional customer service, and advertising that is both compelling to the customer and compliant with the ethical standards we have. We will give you the tools necessary to avoid all the distractions and superfluous activities that can get in the way of closing customers for life.

Overall goals for the Real Estate Professional

Confirm that you are comfortable with losing the time required if you are going to commit the crime.

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Chapter 1:

Introduction to Distressed Sales

A part of any real estate market will be distressed sales. Actually, you can expect an abundance of distressed sales to occur in any buyer's market. The reason for this is financial hardships tends to be more prevalent in a down market and this couples with poor demand to make for more distressed situations. Distressed sales can be found in any market though and they can occur for many reasons. Some of the most common are divorce, death, employment issues, loss of a job, or the whole market took a dump i.e. 2007/8. There are a lot of things to understand in particular about closing these types of deals. Even though they are technically categorized as distressed sales does not mean they all can be handled in the same way. First, though, let's define what a distressed sale is:

It is any sale in which the seller is facing greater than normal market forces requiring or motivating them to sell.

This means a seller who has lost their job and cannot afford their mortgage anymore would qualify. Even though we tend to think of this person as just a highly motivated seller in reality they are a distressed seller. We will not cover this type of seller much here as this is not something as a buyer's agent you can find out or as a seller's agent you would ever disclose. **Okay I changed my mind**….. let's cover it really quickly. If you are a buyer's agent always ask why the seller is selling. If you are a listing agent never disclose that your seller is selling for financial reasons. If you are buyer's agent you ask because there are a lot of poor-quality agents out there that will volunteer the financial woes of their customer. This is terrible for them to do as it removes negotiating strength form their side of the deal, but it is great for your side. The reason as a seller you never want to reveal that information is the inverse of what I just said. It compromises your sellers negotiating position with no return. There is no requirement anywhere for you to disclose the financial status of your seller. If the transaction is a short sale that is a different story. In that case though there will not be much negotiation with the seller as they are in a negative equity situation and the buyer knowing of the hardship more so informs their expectation of what the closing timeline and process will look like than diminishes the sellers negotiating power.

Now let's take a look at and categorize the various types of distressed sales.

- Foreclosures/REO's: Bank or corporately owned properties typically taken back from a defaulted mortgage.
- Short Sale: Sold by the owner, with the agreement of the lender, for less than the amount owed on the property.
- Estate Sales: Property is sold by heirs or a trustee, usually with a main concern of short time on market.
- Not quite estate sales: Parent or parents are still alive, but the kids are calling the shots. Often this includes managing the heirs' desires to preserve their inheritance with minimized concern for the parents.
- Divorce Sales: Often harder to identify than the others. These sellers are typically very motivated to get a deal done, as attorneys will usually be involved and every day the property does not sell, the attorney's fees tend to pile up. Throw into the mix never having to see or hear from their ex-spouse (aka the Anti-Christ) again, and you have a super motivated and distressed seller.

Misery tends to attract certain types of people. A non-flattering term for people that focus on buying distressed assets are "bottom feeders." While the term bottom feeder may seem disparaging, the reality is, you do not see many skinny catfish. These folks often do well. At the same time many people see these folks' success and try to imitate their behavior thinking they will get the same results. Or maybe they just watch too much HGTV. In either case they don't realize it is not as easy as it looks and they get hurt, and often lose a lot of money. This is potentially your customer. If you don't know how these distressed markets work you will not possess the skills to help these folks avoid the pitfalls and be successful. As a real estate professional you job is to know how to get things done or at least who to refer them to in order to get the job done. I would encourage you to be the person that knows how to get things done for them This builds credibility and gets you closer to the goal of the entire ACE system of real estate: To close customers for life.

Chapter 2:

REOs

Foreclosures

Let's start at the top with foreclosures. Foreclosures occur in different ways in each state as the laws in each state dictate how they are done. In Florida, for instance, the bank does not hold title to the house; instead, they have a lien on the property. The first mortgage lien is, however, superior to all other liens except for tax liens and other government liens. This means that often all subordinate liens like second mortgages, lines of credit, contractor liens, etc. get wiped out. The process of foreclosure is a lengthy one as it is a judicial process. Whereas in a state like Georgia the bank holds the title to the property (much like a car loan) until the loan is fully paid off. Foreclosure in this type of state is much quicker as they do not need to go through a lengthy legal process to take possession of the property.

Knowing the type of foreclosure process in your area is important to be able to make the case that you are a distressed property expert. This is critical to make your customer feel that you are well suited to look after their needs. The amount of expertise needed to work with REO's will vary depending upon the market. While there is almost always a demand for distressed properties (people like buying at a discount) in a sellers' market that demand can become a frenzy. This makes it hard for both buyers and sellers' agents. Yes, for a listing agent, more offers are not a good thing. We will discuss more on this later. First though, let's take a quick look at who has the ability to initiate a foreclosure proceeding against a property.

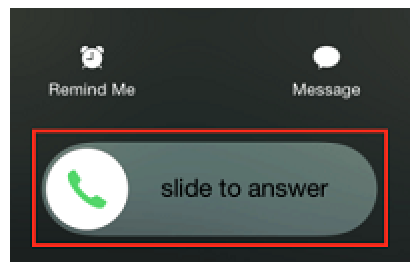
- First mortgage lender
- Second mortgage lender
- Third mortgage lender
- HELOC
- Contractors

- The city
- Any other lien holder

Back to buying the properties once they have actually already been foreclosed on. This is an area full of frustration for agents on both sides of the deal. Let us discuss these issues here so we can better understand why both sides do what they do. No area in real estate has fostered more malice between agents then the behaviors of REO listing and buying agents. Just walking into any real estate office and mentioning buying or selling REO's will usually result in the pouring out of animosity and vitriol that would make a longshoreman blush.

In recognition of this angst, we will look at these transactions and see where both sides go wrong, but we will do so mirroring the comments heard throughout the industry. This will take the form of a compilation of rantings from agents far and wide.

First let's look at buyer's agent's frustrations. "For the love of all that is holy can you please answer your phone?" Nothing is more frustrating than when you call listing agents and can't get anyone on the phone. So you cannot answer your customer's questions. "My customer thinks I am incompetent because I can't get them information". They are forced to put in tons of offers and cannot get any accepted. They place an offer and then never hear from the agent or get a stinking confirmation email. Their customers think they must be doing something wrong which is why their offers are not getting accepted.



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"The property has been sold for a year and a half and it still shows active in the MLS." **Change the status on your listings**. Buyer's agent get calls on properties all day long and if they can't depend on the information in the MLS they have to waste time calling to make sure the property is still active. They go show a property, their buyers love it, they call up the listing agent and are told that it went under contract last month and they forgot to change the status…Oops! That is rude, unprofessional and very wasteful of someone else's time.

"A heads up would have been nice." The property status changes to pending on a property you have an offer in on, and the listing agent doesn't even bother to give you a call. Or even worse, the customer notifies you that the property status has changed (because they have nothing better to do than watch online to check on the property and you are supposed to be doing nothing but unblinkingly watching the status of the property they have an offer on in the MLS) and wants to know if you knew and if it was your offer that was accepted. Once again, one more thing that makes you look bad in front of your customer.

To top it all off, the bank usually pays lower commissions than typical transactions. That equation looks something like this:

More work + Less Compensation + More Frustration = A bad day!

Now for the listing side: While I know the buyers' agents in the room have a festering hatred burning like 1000 red hot noon day suns toward these REO listing agents, we will ask you to push that aside to take a short walk in their shoes. REO listing agents have a lot on their plate. Often the bank has them service properties for months and even years before allowing them to list the properties, and for all of this they do not receive additional compensation. Also, the commission they do receive is often lower than the discounted commission the buyer's side receives. Banks regularly underprice properties causing an influx of offers many times having 50 or more. Many banks require the listing agent to review and upload each of these offers with a summary sheet. Plus, the bank puts tremendous pressure on their listing agents to do things in very tight timelines.

Now let's add to this the 20 or so phone calls the agent gets for EACH of the 50 or so offers received. That's 1000 phone calls on one deal. To understand, we need to breakdown these phone calls: more than half will be to ask for showing instructions despite the fact that they are clearly spelled out in the listing. Or to ask what the lowest price they can get the property for….seriously like a listing agent can disclose that. Or to ask a question answered clearly in the actual MLS listing. The above ignorant or unprofessional calls represent 19.5 of the 20 calls that these agents get per offer. So some quick math will tell us that for 1000 phone calls, our buddy, the REO agent, is receiving 25 substantive, important or well thought through phone calls. That's a sad representation of our industry. Not "Les Miserables" sad but pretty darn sad none the less. That equation looks something like this:

> *Tons of work + Even Less Compensation + Loads of Frustrating Phone Calls + Piles of Forms the Bank Requires (everything short of a BPO translated into Swahili, Dutch and Brail) + Demanding Asset Mangers = Clinical Depression a.k.a Why am I in Real Estate again?*

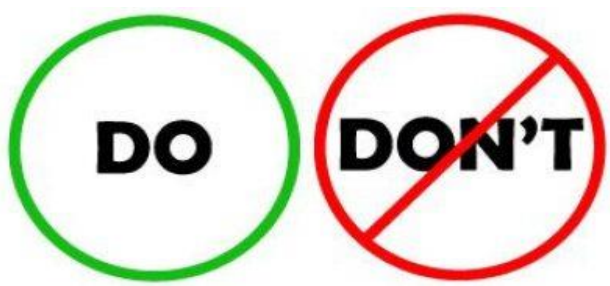
As a side note: While illiteracy is a real problem in the US, if you could pass the exam to get the license you should be able to read the flipping listing! Seriously, READ THE LISTING! By the way, the status of properties changes. While the information is supposed to be current it can change from the MLS sheet you printed out two weeks ago, and you should have checked again before showing the property. Calling up angry because you went to the property and the lockbox is gone because the property sold is ridiculous if you did not check the status the day of showing.

Those REO listing shoes are not some comfy loafers; in fact, they are more like some 6” stiletto’s you stole from Lady Gaga that are 3 sizes too small. The job of listing REO’s for many banks is stressful and frustrating. So, while there is no excuse for not answering calls or being rude, realize the call before your call may be that camel’s back breaking event that pushes someone over the edge. A closer tries to understand the people with whom they do business so that they can better speak to what matters to them and enable the people they work with to perform at their best.

There is no guaranteed way to get the deal with a foreclosure…legally (got to put that in as we are still in Florida), but there are some things you can keep in mind to increase the odds. The reality is, these REO listing agents are often the gate keepers to our offers being accepted. With that in mind, thinking through what we want to say in a phone call or email will go a long way to helping you get your offer signed. Always be thinking that the other agent is super busy and acknowledge that your call is quite possibly an inconvenience. Many people tend to think that if they are not busy, then no one else is either. Here are some dos and don’ts for phone calls with REO Listing agents.

Dos

- Saying “I know you are busy, and I hate to bother you but…” helps a lot. (It shows the listing agent you value their time.)
- Asking “Do you have a second”? (again respecting their time.)
- Be clear concise and quick. (shows them you would be someone with whom they would like to work.)
- Ask yourself if what you are going to ask is actually important.



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Don’ts

- Launching into a narrative tail about how your day was or how you took the buyer to the property. (They don’t care)
- Letting them know your buyer liked the property (just send the stupid contract.)
- Telling them you are sending the contract (just send the stupid contract.)
- Asking superfluous questions (typically this happens when you have not properly prepared for the phone call and are trying to fill in the time while you think of what you should be asking.)

One more area that makes a big difference is the time and care used in preparing the actual offers. As you submit offers to banks and receive feedback on how the paperwork is filled out, remember the info and try to make your initial submission perfect next time instead of getting 27 bullet points of missed initials, signatures, buyers mailing info, lines to be crossed out, and whatever other craziness the bank thinks they need this week.

Make sure you and your customers are aware of the things that will be expected of them, as hypocritical as they may be, like having 45 seconds to make the escrow deposit despite the fact that it took the bank a month to sign your offer. Or that they delayed the closing for 2 months while resolving a lien but then want to charge the buyer a per diem because they can't blow off their mom's funeral to close the next day. They are not fair and it's up to you to deal with that fact.

People want to make money and buying REO's is a good way to do that. The banks have a product that everyone wants, and therefore the banks do not need to be nice. So realize you do not have the clout, with either the bank or the listing agent, that you might otherwise have in a regular deal. They probably have buyers lined up around the block.

We have all worked with difficult and demanding customers and banks tend to be some of the worst. Understand that and let that help you in dealing with the other side. One thing to watch out for, is if the lien holder was not mentioned in the foreclosure suit, that lien will not be removed. Believe it or not that happens more often than you might think, and sometimes it's not discovered until a title search is run prior to closing.

A real-life example: Once upon a time there was a large home in a town we will call Miramarberg. This lovely home was a foreclosure though. In fact it was foreclosed twice. How you may ask could this happen? The answer is that any lien holder with a substantial interest can foreclose on a property. In this case the HOA did so before the bank completed their foreclosure. As mentioned above the HOA lien needed to be named in the bank's foreclosure suit for the HOA lien to be dismissed as part of the foreclosure.

The cool part is the bank actually did include them in the foreclosure but (prepare for the plot twist) the association's foreclosure was purchased by a third party at the courthouse foreclosure sale. Guess who the bank forgot to name in their suit?… If you guessed the buyer of the HOA's foreclosure you would be correct. So what do you think the bank had to do??? Yes, cancel the suit and refile for foreclosure. Bad day to be a banker. I bet that attorney got his butt kicked.

So how did we hear of this tale? Actually, we almost bought the bank's position as the mortgage holder. Yes, non-performing first mortgage notes can be purchased as an investment. Did you know that? It's part of your market. A closer should know this.

Some of you may be asking how this works, for the rest of you …SHAME. The real question is, why would anyone buy a mortgage where the people are not paying? The answer is long and complex, but the quick and dirty is this: banks often need cash, and for this reason they are often willing to sell assets (mortgages) where people are not paying at a steep discount from market price in order to gain liquidity and save time. A savvy investor knows the process, knows the associated costs and can take advantage of these opportunities.

Chapter 3:

Short Sales

Short Sales

Short sales: the bane of many agents and the lifeblood of others. First, what is a short sale? I know every agent that is in here that did any business immediately after 2007 knows what these are. In fact, they may have caused permanent eye damage by rolling their eyes so hard as we begin explaining this. For the folks that are not so familiar a short sale is not:

- Simply a sale where the seller's home is upside down.
- Something to be avoided.
- Short in time to complete.
- Simple
- A place for novices
- A sale where you show up to the closing in shorts.
- A sale of real assets by midgets….. I mean vertically challenged individuals.

A short sale is an agreement by the lien holder (usually a bank) to accept a short payment (amount less than what is owed) to allow a release of their lien on a property. Notice it does not say a forgiveness of debt. Those two things are separate and distinct. In other words, what the bank is doing is weighing the costs of the various options available to them and deciding which one is in their financial best interest.

Many issues with short sales stem from the fact that banks put systems into place that are supposed to cause good financial decisions to be made, and more so to keep bad ones from happening. Add to this the need for making good financial decisions, the issue of following the various laws, rules, and guidelines that they have to follow, and the red tape generated to avoid mistakes, and it becomes ludicrous. Like any large bureaucracy all of these systems and forms wind up slowing things down and making something, that should otherwise be simple, time consuming and frustrating.

Short sales are one of the greatest avenues for real estate agents to help customers that are otherwise without many options. Knowing your “stuff” though is critical. Customers doing a short sale are not doing something they want to do. Typically desperation is their motivation. The really cool part is you get to help people while at the same time not even having to charge them (unlike attorney’s) as the short selling lender is the one that pays you.

To understand short sales let’s start by looking at the banks motivation for taking less than the amount that they are owed. There are several major reasons why banks would consider a short sale. Here are a few major ones:

- **Time value of money**: Every day that they have money tied up in an asset that is not paying they are losing income they could get from compounding interest on an asset that would be. Banks are in business to make their money work. The foreclosure process is long and that means the money that is tied up will not be working until the property is sold.

- **Risk of asset vacancy**: The time it takes for the foreclosure process to take place is significant. Often people in the process of being foreclosed on vacate the property months or years before the lender can complete the process. If a home is vacant there is no one to do the maintenance and so minor problems (like a leak) can turn into major damage and loss of asset value.

- **Risk of owner not maintaining**: Similar to the above, except that the owners stay in the property but do not make any repairs as they have no equity in the property anymore. Often you will find that due to the financial stress of the foreclosure process people have grown to hate their homes. This leads them to treat the home poorly with little regard for repairs or maintenance.

- **Risk of looting and squatters**: The appliances are gone? That never happens in a foreclosure (add sarcasm here). People often break into these homes once vacant and either move in or strip the place. The ones that are really surprising are the homeowners though. We think of these poor doe eyed people taken advantage of by the evil banks and their predatory lending minions, but nobody can strip a property better than an angry homeowner.

Anyone that has been in their fair share of foreclosures knows that people that are not clever enough to find a way to pay their mortgage sure are clever about stripping the guts out of a home. Stories of missing appliances have almost come to be accepted and expected. Those are just the lazy homeowners. The ambitious ones often steal the a/c, water heater, cabinets, countertops, plumbing fixtures, light fixtures, switches, and receptacles. Some that are hall of fame quality looters even take the wire and pipes out of the walls and conduct cement experiments in the toilets.

- **Banks have to account** for the fact that they underwrote an asset with all of those things included, and by removing those things the homeowner has diminished the value of the asset the lender was depending upon as collateral for the loan.

- **Costs to foreclose**: Laws are set up to usually protect homeowners and for this reason foreclosures take a long time. The process requires a lengthy legal process with notifications, hearings, discovery, and often time setbacks. Homeowners and their attorneys can do many things to slow the foreclosure process. For each day the foreclosure process drags on the bank is racking up more attorney's fees. These are even more funds they have to reallocate away from investments over and above the funds tied up in the mortgage.

- **Cost/Time to make vacant**: Once the foreclosure process is complete there is still the real possibility that someone is still living in the property. While it would seem like after a couple of years to take the property back the lender could just knock on the door and say "get lost" to the people living there, they cannot. They must go through the process of evicting the resident. In fact if they just left enough junk at the property they must do a personal property eviction. Guess who has to do all of this work??? If you guessed the lawyers (who had to take a break from suing the doctors from earlier to do this) you would be correct.

- **Market risk**: The risk that the overall market value of the homes in the area may go down. While home appreciation is fairly dependable in the long run, in the short term the possibility of a negative market trend must be accounted for.

- **The cost and infrastructure for maintenance and cleaning**: The vendors needed to do this work have to not only be found in various markets all over the country but have to be paid and checked up on. All of the systems needed for this need to be created, staffed, and maintained. While that is something the banks would need to do anyway, the sheer volume of foreclosures in recent time has driven these costs way up. These costs have to be allocated to each foreclosure.

- **The risk of fines**: While similar to the risk of vacancy and the deferred maintenance risk, city fines are one more separate, time consuming, pain in the butt thing you have to deal with. Seriously who sits there and gets excited that they get to go to the local municipality to try to get a lien mitigated? Even though these often can be mitigated for next to nothing, someone needs to handle this and be paid for it (unless of course they get their idiot agent to do it for their very generous discounted commission).

- **The fact that it affects how much they can lend**: The dollar value of foreclosures a bank has on their books affects the amount of cash reserves they are required to hold. This means that the more dollars of properties they own on their books the more dollars they must keep in the vault, that they must pay interest on (pathetic as it may be) to the depositors, that they cannot lend out to make money with. So every property they foreclose on limits how much of their cash resources they can use to lend.

Those all seem like some really good reasons not to foreclose. In fact why would the bank ever want to foreclose? The main reason is: “the snitching on the mafia effect”. When someone snitches on the mafia, the bosses don’t just shake their finger at them and tell them they have been very naughty. What they do is devise some terrible means of torture and death to make an example of the snitch. They do this to make a statement and to send the message to anyone else that might be thinking of snitching that they won’t be happy with the results. That may seem like a ridiculous example, but the reality is the banks need to have a big enough stick to keep the people currently paying on their loans continuing to pay on them. Those that do not pay must pay in other ways…like the pain of foreclosure.

To truly have a closer’s understanding of short sales, you really need to know about the alternatives. We have discussed foreclosure which is the default option when a customer decides to do nothing. What about the other main option: modifications? Why don’t more of these happen? The answer is two-fold.

One reason is that they do not work very often. **Nine out of ten modifications fail in the first year**, and half of them do not even make their first payment. Another reason it is a worse deal for the bank than for the customer. The bank is modifying the loan and the homeowner that was not paying usually gets to pay less and stay in the home. Sounds like somebody is getting a rough deal, and in this case it is the bank. (Besides, the difficulty of qualifying for one is fairly painless to the borrower.)

The other main reason is that if the banks make it too easy everyone would do it. This is why they do not modify principal very often. If they did make it easy, many of the people that are simply paying their mortgage on their upside-down home would immediately stop and apply for a modification. Is it fair for the folks that have been playing by the rules and paying their mortgage to watch the guy next door who has stopped be rewarded by having his debt reduced while theirs remains constant? Despite the fact that the folks can pay there is something inherently unfair about this reasoning.

For the can of worms this would open, and the influx of defaults subsiding, they would cause the banks to be reticent to modify loans on large scales or with favorable terms. By doing this they are actually obviously protecting their own interests but in addition to that they are helping the market by not allowing there to be a continued slide in home prices that principal modifications could cause. So they may not be all bad.

While this motivation would seem strong, anyone that has done a short sale negotiation will tell you that “motivated” is not a word they would associate with the bank when it comes to getting an approval. Again part of this is the “pain factor” of the bank not making it too easy to not pay them, but there is more to the story. They want to make sure that if they can get money out of the borrower, they identify them and get that “pound of flesh” from them. Also, there are government funds that have been made available to them and making sure that all necessary requirements are meant to qualify for these dollars are met is time consuming, The other more obscure reason for the length of the time it takes to complete a short sale is the actual chain of custody of the mortgage note itself. Previously we had briefly discussed the purchase and sale of mortgages. That goes on with lenders all of the time and often times “notes” are bought and sold numerous times. The issue is that there are often clauses in these notes that let the buyer sell them back if they do not perform. When the meltdown occurred, this caused tons of confusion which was settled by making the original note holder responsible for the disposition of these assets. The issue is that the current note holder gets the short sale package and has to send it to the people they purchased the note from, who then have to pass it back to the people they purchase it from, and so on. Result: 18 months to get a stinking short sale approval.

Getting a short sale closed. The first recommendation is to try to find a competent title company that will handle processing the short sale for your customer with no charge to them. (These companies usually only require that they be the closing agent, and they are able to pass their costs on to the short sale bank.) This frees you up to focus on the actual sale and marketing of the property. That takes care of the back side issue with a short sale, but that leaves us with actually getting the listing or getting your offer accepted. So what do we do to improve our chances of those things happening?

Getting the short sale listing closed. With short sales, getting the listing is only the first small hurdle to actually getting your check from the closing agent. There is a long road that has many pitfalls along the way that can easily sidetrack or terminate your transaction. The first and most important part of actually getting the listing is to know your stuff cold. You need to know short sales inside and out and be able to explain it clearly to your customers. You need to be able to answer their questions (preferably before they even ask them) and read their faces to know if what you are saying has been understood. If you can’t do this it is okay, but you need to partner with an agent that can until you learn how. You need to make this part of your education or completely write this type of business off. Doing short sales halfway can literally destroy real people’s financial future.

What you must understand is that these customers are usually quite emotional at the prospect of losing their house and they are looking for someone to rescue them. ***What you need to give this type of customer is the strong sense that you really know what you are doing***. By giving a clear, detailed description of the short sale process, the banks’ motivation for doing a short sale, what will be required of them, and a road map of what to expect in completing the short sale, you answer their questions before they even get a chance to ask them. This gives them the feeling that you have been to this rodeo before, and your confidence and clarity will reassure them that they have the big dog on their side in this fight. They might even get the first good night’s sleep they’ve gotten in a long while knowing that you are on their side and that they are not all alone in this fight.

Some more specific instructions for speaking with customers are to: come up with your own analogies to make the more complicated concepts easier for them to grasp and have a few of them as sometimes it takes a couple for people to get the idea. **Also, pay attention to the customer's face and especially their eyes. You can see easily with most people if they do not grasp what you have just told them. That is when it is time to back up and use a different analogy**.

Let them know what the timelines they are looking at are. Let them know that buyers may back out and that it is not a major concern. Explain the benefits of getting to an approved price. They need to understand deficiency waivers and lien releases. Letting them know that they do not have to move forward with the transaction until they see the bank's approval letter where the short sale terms are disclosed. These are all things that, instead of causing a problem that may make you look incompetent when not explained, will make you look like a rock star when pre-disclosed and discussed.

One last note to those agents that want to handle processing the short sale themselves: this is an arduous, difficult, and frustrating process. There is the potential for liability exposure and a potential loss of revenue from time lost to processing versus acquiring new business. These must be weighed against the benefit of direct control. This is a simple risk analysis and the commodity you are bargaining with is your time. **Invest your time wisely as it is in limited supply**.

Getting your short sale offer accepted is no easy task. Far be it from me to suggest any agent is capable of any unethical behavior but the reality is many agents try to get both sides of these deals and do not even present other agent's offers. You know it's true and for those of you that do this sort of thing "go sit in the corner." The best way to try to work with listing agents on these types of deals is to call them to **quickly** build some rapport. When speaking with the listing agent, say things to let them know that you understand the short sale process and have explained it to your buyer. Saying something like "my customers know the bank may ask for more and they are willing to go up with the price" and "they have bought short sales before and know the deal". By saying these things, you are explaining the benefit of less aggravation your deal brings to the table. With short sales aggravation reduction is a huge motivator for listing agents.

The reason why it is necessary to do this quickly is that is shows respect for the listing agent's time. There are agents out there that have only one listing and are perfectly content to hear your life story and every detail about the elective surgery your buyer's cat had to lengthen its whiskers and thus raise its self-esteem. Agents that run their business like a business don't have time for the soap opera. Get to the point. Time is money and by wasting their time you are stealing from them. Carefully study all of the information in the listing to make sure you do not ask questions that are answered in the listing. Listing agents don't fill in all the info in the listing in hopes of winning a Pulitzer Prize. They do it to give you the info you need, and to keep you from wasting your time calling them. Of course, not all agents properly fill out their listings, but you need to make sure YOU are doing your due diligence before wasting another professional's time.

Banks almost always ask for the same documents from buyers. You need to memorize what these are and put your offer together with the idea of leaving the bank with no additional buyer info required. Submitting your offer as a complete package with all necessary addendums, POF, Articles of Incorporation, Articles of Organization, etc. that you know the bank will need, shows the listing agent and the seller that you may be the type of agent that can get their deal to close. With short sales an approved price and a buyer that will perform are the two most important things. There is not a whole lot you can do as the buyer's agent to control the price the bank approves but you can affect significantly whether or not your buyer performs.

In the real world of working with sellers and listing agents, being prepared and knowledgeable are the most effective, overt tools to getting your offers accepted, and sending a comprehensive short sale offer package goes a long way toward furthering that goal, but there is a big gap between your offer being accepted and actually closing and getting your check. How do we turn our accepted short sale offer into a closed sale?

The key is to educate your buyer about how short sales work and what to expect; they need to know the timelines and what can come up in this type of transaction. This will allow them to give you the leeway to get them the deal. They need to know that there may be past due HOA fees that will need to be paid by them in order to close or a contribution that the bank is requiring to release the lien that they may have to chip in for. The amount you try to get a deal approved for needs to reflect these potentialities. An educated buyer will not be as likely to be surprised and act emotionally when something comes up in a transaction. This makes them less likely to cancel a deal and thus, makes it more likely that you just got one deal closer to being a closer.

Back to listing agents….what, you didn't think we were done with you yet did you??? You have the short sale listing but what do you do to make it sell? Let's start at the beginning: Fill out the listing accurately and completely. Do all you can to give buyers agents everything they need so they will not need to disturb you, and waste their time trying to contact you. "Why?" you may ask or "I like talking with other agents on the phone". The reason is: the time you waste speaking on the phone answering questions you were too lazy to answer in your listing is time that should better be spent getting new business or taking actions to close more deals. Closers realize that their time is valuable and allocate it based upon this fact.

Stay in contact with your seller. As stated earlier they are scared. You are their lifeline. Take the time every 7-10 days to call (not email or text) and let them know you are working on their deal, and you have not forgotten about them. This makes a world of difference to the sellers and will give you a large reserve of good will when the transaction drags on during the approval process. Plus it's a nice thing to do, and it's nice to be nice.

Be prepared for the BPO/Appraisal on the property. Have the time on market data, closed comps, property history, available inventory, and any quotes for repairs or needed remediation for the property, to give to the agent/appraiser. This is your chance to affect the price of the property which is the largest factor as to whether or not the property sells. You need to have a plan going into the valuation, meet the agent/appraiser at the property, and build rapport. Some of these folks are jerks and pull their valuations out of a darkened cave where the lack of sunshine is often referenced (their butt). It happens. Your job is to do the best for your customer as you can through your efforts. Give your best efforts with the things you have some influence over. The BPO is a major area where this is possible.

Try to spot trouble areas early. Ask the seller about code violations or liens early, and not 24 hours before the lien search comes back. If you know about these things early you can work behind the scenes as the short sale is being processed to find some way to mitigate your seller's unconscionable use of Kelly Green instead of Hunter Green to paint their shutters, for which the city has been fining them $100.00 a day since 1992. Stupid fines like that sometimes need special council meetings to be mitigated. While normally they will reduce these fines to a small fraction of their original amount, the time it takes for this to actually happen can create a real problem on a rapidly dwindling short sale approval deadline.

Another huge issue can be estoppels and HOA payoff letters. Many times with a short sale the owner is not just delinquent on the mortgage but also on their HOA fees. The bank is usually going to limit how much of the past due HOA fees they will pay. This can mean that buyers are stuck having to pay past due fees in addition to the purchase price in order to close. If the buyers do not have the cash for this can be an issue as lenders typically will not allow these to be wrapped up in the mortgage. If the bank forecloses many states limit the maximum past due HOA fees they are required to pay. In Florida, for instance, the bank is only required to pay the lesser of 12 months HOA fees or 1% of the original mortgage amount in past due HOA fees. This can give some good ground for negotiating a settlement for the HOA fees, but sometimes the HOA will "cut their nose to spite their face" as well, so be prepared for that.

Now to both sides of the short sale transaction. Making sure that both parties understand that short sale approvals have a shelf life (deadline) is important to conveying a necessary sense of urgency to both customers where timely closing is critical. Deals lost to expired short sale approvals are usually (not always) due to poor foresight and planning on the parts of the agents involved. It is our job to know better. Also, to make sure that all parties know and understand the short sale addendum and what it is committing their customer to as far as timelines, deposits, inspections, etc. If used properly the short sale addendum protects the buyer well while still giving the bank an offer they can work toward approval on.

As a listing agent we know there is a good chance that the buyer we start the deal with might not be the one we end with. But the goal for us is an approved price from the bank. For this reason, we want to accept back up offers as much as we can. This will allow us to hedge our sellers position if the original buyer does not agree to the banks approved price. We want the approved price so we know the number to tell people that will get them the house. This makes finding a buyer for the property much easier as long as you can do so within the bank's short sale approval timeline. Short sales are a lot of hurry up and wait ……………..and then wait some more.

Chapter 4:

Advertising excellence

Estate Sales

Grandma got run over by a reindeer, and now we get her sweet condo in Boca on the beach!!! Merry Christmas us!

Estate sales can be really tricky and, unlike the statement above, make you stop believing in Christmas. You will often see the worst side of humanity in these transactions as heirs fight over their “fair share” of their loved one’s stuff. While this is sad, these sales often wind up being a great source of distressed assets. This may sound cold hearted, but the reality is that these assets need to be sold and the seller’s motivation is just one factor that goes into making any market, plus it wasn’t our grandma. It is often difficult to know who to speak to in these deals as often there are multiple owners of a single property.

(People love to leave equal shares of their properties to their kids. For some reason parents seem to think that siblings they watched fight over just about everything while they were growing up will somehow be able to peaceably split large amounts of money without a cross word. Perhaps leaving equal shares to their children is their form of payback for having to referee all those fights when you were kids. (“Striking back from the grave” if you will.)

Title often winds up being the tie-up with these properties but before we even get there, we need to get the listing for the property. This presents a greater challenge with these types of properties as there is seldom just one person to talk to. The first thing to find out, is if there is an executor for the estate. If there is you can try to deal directly with them but, if the instructions in the will do not include the sale of the property then you need to deal with the heirs. Dealing with the heirs requires you to be a closer to the power of the number of heirs there are in order to get the listing. Each additional heir makes it exponentially harder to get the listing as everyone knows someone that sold their uncle’s sister’s cousin's dog's condo in 1985 that can sell the property for them. And of course, because they want their voice heard, that is the only person they will approve to sell it. International diplomacy has nothing on these types of situations. If there is no executor involvement in the sale, you need to find out who the decision makers will be*. Note: this may not be a blood relation but instead can be a spouse. Your detective work here can give you a leg up on the other agents out there fighting you for this listing.*

The key to this type of listing is again to know your stuff and build rapport. You need to ask the questions needed to make sure the property can be sold. Items like:

- Has the property been probated?
- Have they been able to locate all of the heirs?
- Are all of the heirs on board with selling?
- Do they all have access to a notary?

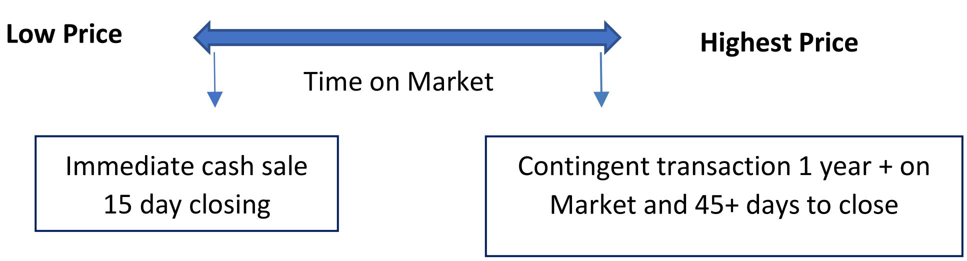
It's great to know that Uncle Bill is in North Korea, but it's not helpful as far as getting closing documents notarized.

Asking these questions actually shows your value at addressing these items up front and shows you have done this before. Be careful though, you need to mix these questions in with an understanding, helpful, and professional tone so the customer does not feel like they are being interrogated. You need to let the customer talk but also keep them on track to get you the information you need. If the customer needs to take a winding road to get there, it is most important to make the customer feel good about your interaction and you as a professional. This is typically what is going to sell them more than price or commission. This is the case as usually the heirs are less emotionally attached to the property being sold as the owners would be.

Often the thing the heirs want to know is, how fast they can get paid. "Show me the money" is their battle cry, and this gives you the chance to explain the direct relationship between price and time on market:

High price = Long time on market

Lower price = Shorter time on market



You need to explain to them that they will need to keep the utilities on, pay the taxes, any HOA fees, repairs, and should be carrying insurance on the property. Because the heirs are not anxious to pay the bills of the property they will normally want to opt for the far-left hand side of the timeline above. This gives you a very solid well priced listing to go out there and sell.

This is a book about closing deals though and getting the listing is only part of that equation. To be fully equipped to take an estate deal to closing or even to know if you can take the listing, you need to understand probate. Probate serves three purposes:

1. To make sure any debts owed by the deceased are paid.
2. To make sure that the heirs get possession of the things bequeathed by the deceased, and that the estate is properly distributed.
3. To let Uncle Sam stick it to you one more time after you are dead (aka pay taxes).

Let's look at number 1 first: this means that if there are unpaid debts the court could order the property sold to pay them. This is another way to get estate sale listings. In this case the judge will often order an estimate of value or an appraisal which a licensed real estate agent can provide. The court will even sometimes want to approve the agent handling the sale. If you submit with your estimate of value a professional and compelling letter explaining your findings the court will usually award you the listing. You are then free to list the property, but any offers received will usually require language to the affect that the offer is contingent on court approval. The proceeds of the sale are thus used to pay any debts of the deceased and the remainder, if there is any, is distributed to the heirs.

Number 2 on the other hand is where we run into title issues. As mentioned before, sellers often leave portions of their properties to multiple family members, and this can create difficulty in figuring out who can sell the property. The court is the one that straightens all this fun stuff out. So if someone calls you and says Uncle George just died earlier today and left me his house, you need to let the customer know that this property probably cannot be sold without first going through probate. If they have no will it definitely has to go to a judge. You should ask if they have an attorney handling things as sometimes, with the proper estate planning, the court system can be avoided. This is again where you can show your expertise and professionalism by knowing more about your industry than the average agent. Strive to be the ideal set forth by that great elder statesman Yogi Bear who championed the idea of being "smarter than the average bear".

> **A quick note:** if uncontested, probate is a fairly time-consuming process. It is good to figure 6 months for it to be completed. Often the court can order a property sold before the process is complete, but when giving your customers guidelines, it is better to err on the high side. If contested, probate cases can drag on for years. So fingers crossed for cool family members on these types of deals. It only takes one claimant (ridiculous as it may be) to really jack this whole process up.

The deceased, if they have a will, usually appoint an executor. This person's job is much like the courts as they make sure the last wishes of the deceased are followed through. These folks come into play when the people writing the will actually think through the little time bomb they are leaving to their friends and family and instead of just leaving ownership they instruct that the property be sold, and the proceeds distributed. These people we refer to as "smart", you can probably discern what the other people are… This means that you will probably have a single point of contact and other than possibly needing to make arrangements for closing documents to be disseminated to the various sellers (if not being sold directly through a POA for the estate) it should be business as usual.

Now that you have an understanding of the terms and the process let's take a look at the actual closing issues. We discussed Uncle Bill's trip to North Korea to foster world peace. This is important as, if he is an owner of the property, he will need to sign and be notarized in order to close. In most countries the only place a notary can be found is at a US Embassy. (Warning!!! Extreme sarcasm to follow.) These bastions of efficiency are world renowned for their speedy customer service… In other words people often have to make appointments weeks in advance and then spend an entire day waiting in order to get something notarized at a location that may be extremely distant from their actual location. Knowing that, you need to be asking as soon as you make contact with the seller on a property like this if everyone will be attending closing or if a mail away will be needed, and if so, to where.

(This is also a good time to explain to sellers that they do not have to physically come to the closing as "mail aways" are done all of the time. We know you know it, but many sellers are not aware of this. This can be a huge convenience and plus value to them that another agent might not tell them about.)

In case you are noticing a theme, we are trying to teach you to do those things that will separate you in the mind of your customers from the average shmo that just passed a state test and after 3 years hopes to close his second deal really, really soon. It's hard for customers to know who is good and who is not, and if you don't show them, nobody else is going to do it for you.

We do not need to cover the tax portion of probate here more than to just say that somebody is dead and still paying taxes. Death is considered a taxable event and the only one you can't whine about as you pay it. **The estate becomes its own entity, fills out tax forms, and pays taxes owed**.

Chapter 5:

Not Quite Estate Sales

Not Quite Estate Sales

These occur when Mom, Dad, or maybe Mom & Dad are still alive but getting older and it's time to sell a property. This often can be because the parent(s) want to downsize, need the money, can no longer take care of the property, or cannot take care of themselves. This could be a move to an assisted living facility, an old age home, or to a property that is just easier to maintain. This would seem to be a fairly straightforward process…..you would think, but it's not. The issue is that many people see their parents getting older not as their time running out but instead their inheritance getting closer. Yes, I know that is a cynical view and yes, therapy might be a good idea, but in reality, folks looking to cash in on mom and dad is really the only way to explain how these folks wind up behaving.

For starters let's be clear there are really two categories of children we are talking about here.

1. The first are the ones that are just looking to cash in
2. The second are the ones that really care about mom and dad and want to make sure they don't get taken advantage of.

Both of these two types of children you will run into when it comes to this type of sale. Sometimes these will surprise you because you are talking to one or two very competent older adults only to get told that their child or children are the ones really making the decision.

As the listing agent

A good rule of thumb when you are dealing with older customers is to ask them if they have any children, and if so, do those children help them with paperwork, making any decisions, with technology things, or with things in general that they don't understand. If they answer yes to that question it is imperative that you immediately try to get this adult child involved in the conversation. The reason for that is pretty simple if we are dealing with the first type of adult children, they want someone they know is going to help them minimize expenses and get mom and dad in the least expensive place possible. (Hey, they are watching out for their inheritance). If we are dealing with the second kind of adult child they are worried about someone scamming their parents. All they see on tv is about all the folks out there taking advantage of older folks and they don't want their parent to be just another statistic.

If either adult child finds out from their parent that they are talking to an agent before you speak to the children you are probably dead meat. The children will assume that you are a bad actor, and you will be in damage control mode directly out of the gate. When you find out that they have adult children you need to be the one to suggest that they be included in the conversation. Saying something like "If they are going to help you with making this decision it is important that we include them right away. I want you to have your full team on board and be able to answer any questions they might have in real time." "It is important for me that not only are we comfortable working together but that your children are comfortable with what we are discussing as well. I know it is your decision, but they know you well and may have some good insights to help us move forward."

When it comes to contact with the children in person is best if they are local and it is possible. Failing that zoom is a great way to be able to look everyone in the eye and get the benefit of body language cues when discussing. If it has to be by phone then that is what has to happen, but we always want to try to make it is close to in person as we can. This will always give us more information to modify our presentation to the people we are speaking to. If you have to discuss with the children via email, you are probably in trouble. Make sure your format is very professional and all of your contact information is in your email signature.

When it comes time to know what to what to say to the children when you get the opportunity to speak to them you want to immediately highlight the fact that it was your idea to speak to them. Something along the lines of "when I was initially speaking to your parents, and they told me what a big help you are with looking things over for them and helping them out with things I wanted to make sure we included you as soon as possible. I know there are a lot of folks out there that take advantage of people and I figure it is better to have more vetting of me rather than less for both yours and your parents' safety and peace of mind. Let me explain what is going on in the market today and the environment we find ourselves in to sell now. I will do my best to answer any questions you might have. If you chose to work with me when that is all done that would be great and if not that's okay too. I want to give you and your parents the information you need to be the best possible sellers you can be in the market we find ourselves in today. If you feel like I do a good job of that and chose to honor me with your business awesome. If not, that's fine too. I believe in paying it forward and for my part at least I know you will be well prepared to choose the best person for you to work with, and much less likely for anyone to be able to pull the wool over your eyes."

The big thing we want to do is get the children on our side. If we do that we should be able to have a good smooth transaction. Often, these situations are very stressful on the family as parents are getting sent to assisted living facilities or nursing homes. Many times, it is the family home that these children grew up in and their ability to let go can be a stumbling block. If you can get them to buy into you looking out for their parents and by extension them, you are in excellent position to earn and maintain their business.

One key thing to try to do is determine who will be the point of contact for running things by. This is especially important if there are multiple children. If you need several signoffs to get an offer accepted or countered you can wind in a place where you are losing deals because of lack of consensus. Or worse yet it could foster disputes amongst the family as everyone vies to make their opinion known. Sighting the old adage of “too many cooks spoil the broth” can be a good way to explain why one sole “decision makers helper” role should exist among the children. This doesn’t mean not to include them in what is going on but to limit the places you are soliciting feedback from to help the parents.

The Buyer’s side

These deals can be difficult on the buyer side as there can be delays as various parties weigh in on what to do with offers that come in. If the listing agent is good then they have identified the person that they need to speak with to assist the parents and has streamlined the offer acceptance process. In the highly likely event that the listing agent is just faking it till they make it and holding on to this deal for dear life, then you have you work cut out for you. This may be a time where you as the buyer agent request to put the offer in in person with those that are advising the seller there in person or via zoom or phone. We need to make the case the listing agent probably didn’t that this is not a scam and is treating the parents very fairly.

These transactions can be very tricky to get done yet these are done every day by agents. Many get lucky, but if you simply take some time to put yourself in the sellers shoes it becomes much clearer what things to choose to do. Adult children can be a pain in the neck, but much of the time they are just looking out for those they care about. If you show them that you are looking out for them too, it will go a long way to getting them on your side, your deal closed, and two generations of customers for life.

Chapter 6:

Divorce Sales

Divorce Sales

These are often the ultimate in distressed sales and we highly recommend buying a flak jacket prior to attempting. In sales like these, two, usually very angry, people have to sell a mutually owned asset. If you thought those heirs above were bad you ain't seen nothing yet… The reality is these situations usually have incredibly stressed and angry customers that have gotten to the end of their respective ropes with each other and therefore are very frazzled and upset. They will often even do things that make little sense or hurt everyone including themselves to "stick it to the other party." This is the disclaimer going into this.

It is important to know where people's heads are at when working with them to enable you to step in and do the job. Yes, there are couples that separate amicably, and they can be a joy to work with, but you do not need to read a book to work with them. The other kind of customer you need a book for, if for nothing else but to hit them in the head with it. Kidding……you should never hit customers…too hard. Use the phone book it leaves fewer marks.

Why they have to sell: People have to sell their homes in divorces usually because there is not enough cash to create a mandated splitting of the assets. Most divorces happen due to financial issues and so we are just playing the percentages here. The other big cost with a divorce is our friendly attorneys. Not one, but two of these guys billing up a storm to make sure that they divorce the hell out of you and your soon to be former significant other. Another reason is that sometimes a property just has bad memories for people and neither party wants it. Or it may just be as simple as both parties just want the cash. Whichever of these it is, the pressure to sell quickly comes from the fact that often the divorce cannot be finalized until the home is sold. In addition to the actual costs of the home, there are the additional costs of the attorneys that increase daily. This means that every day the home is not sold, the sellers are losing money. Divorcing couples realize this and thus are very motivated to sell.

(It is good to take a step back when working a divorce sale and think about the customers. For many people this is a very traumatic experience. Often their confidence is shaken, and they feel like a failure. Understanding and patience are things that will serve you well in helping another human being. It is great to get a paycheck but that's not all life is about and helping someone that is hurting should always come first.)

Now to the nitty-gritty. There are two main ways to get this type of sale. One is from customers you know and have worked with. This is where keeping in touch will let you know how things are going with them. If you actually sold them the property in question then you may have a good relationship with both parties. This will usually make for a smoother experience. If one of the parties knows and recommends you, be aware that the likelihood of the other party thinking you work for the enemy is high. You will need to do a LOT of trust building to overcome that. This is where knowledgeable agents with good expertise and rapport building skills will shine. If you know your business it should be easy to make someone feel like you know your business.

Another source of this type of listing is divorce attorneys. We have given them a hard time so far, but these guys can be great assets for finding these types of deals. To get referrals it is important to establish a good relationship with the attorney. They need to feel like you are the type of person that can handle this type of business. Anytime you hear that someone is a divorce attorney you need to be asking them if they have an agent they work with to sell properties. You should, when talking to a divorce attorney, put yourself in their shoes and try to think about what they must see and face on a daily basis from their clients. You should then try to speak to those things that you can alleviate for them by handling the real estate sale side of the divorce without any aggravation or complaints from their clients. If you are a closer and can make their job easier they will recommend you. In other words "Be their guy."

Getting the actual listing for a divorce sale will often require you to change someone's presuppositions about you. If their spouse recommended you and, considering their spouse is probably their least favorite person in the world, you may be facing a very hostile audience. Closers love a challenge. Get in there, have a game plan, be professional, build rapport, and listen. Some people may not be able to be swayed but if you're going to go down, do so swinging. When facing a hostile crowd (often they may have parents with them) it is often best to start with a question like "what is your biggest concern with selling the property" and then shut up and listen. Keep them talking. People that care listen. Show them you care. When you do speak, talk about what concerned them. Repeating what they said in your own words and asking if that is correct is a great tactic. This is often called parroting. After they affirm that what you have said is correct, let them know what you can do to address their concern. Show them you are on their side, and more importantly, not on their spouse's side. In actuality you should not be on any side except the side of getting the job done in the best possible way for all parties involved.

On the buying side the only thing we recommend is duck and cover. The listing agent is probably dealing with tough customers and so anything you can do to keep from getting in the sellers' cross hairs and not throwing fuel on the fire will help you get paid. You may think that this goes without saying, but don't think for a second that buyer's agents have not come into the middle of a divorce sale and picked sides. Be nice, be respectful, be aware, and try not to "light a match" in a potentially explosive situation. If you are working with a buyer that is selling another property due to a divorce and needs a place to live there are a few questions to ask:

1. Why are they not using the agent selling the other house?
2. Who is the attorney?
3. Did the attorney refer the person selling the house?
4. Why did they not use the other agent to find a new place to live?

You may need to give the attorney a call and try to get some referral business.

Occasionally on the closing side you may run into issues with one seller not wanting to sign, allow access, or they just want to try to throw a monkey wrench into the sale. The normal reasons for this are:

- They are trying to "stick it" to the other spouse.
- One person thinks they are being treated unfairly in a different part of the divorce negotiations and they may try to hold up the closing for leverage.
- It may just be immature emotional acting out or an attempt to scorch the earth.

This is where a previous career in hostage negotiations really would pay off. With these types of customers calming them down and explaining the downsides of not signing will be your best bet to close your deal and get you and them paid. They will thank you later, and you can build up your résumé for that hostage negotiator gig we were talking about. Speaking of negotiation….

Conclusion

Distressed sales are a niche in real estate that represents great opportunities but also multiple challenges. As an agent we need to know how to handle those challenges to protect our customer and help them get the best real estate results possible based on their situation. Your goal should be just that, to each day **strive to have the best information available to help your customers make the best possible decisions** when it comes their purchases and sales of property. To be their true 'go-to' person for real estate.