



3 Must Have Qualifications for a Short Sale



CERTIFIED DISTRESSED
PROPERTY EXPERT

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While the misconceptions of what qualifies a seller for a short sale are many, the reality is actually very simple. Following is an explanation of the three major items that banks will be looking for to consider a seller for a short sale. While there will be much more information required, this is an excellent place to start. A seller who does not meet all three of these thresholds will not qualify.

1. Financial Hardship

First and foremost a lender will want to see that your client is experiencing a 'financial hardship'. A financial hardship is a *verifiable* issue that has caused your client to miss payments or have financial difficulties.

Financial hardships can be issues such as:

- Mortgage Payment Adjustment
- Job Loss
- Too Much Debt
- Business Failure

A simple definition for 'financial hardship' is:

A material change in-between the day the mortgage was signed and today that has affected the borrower's ability to pay.



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2. Monthly Shortfall

Almost every lender will want to see that a potential short sale client cannot afford to pay their mortgage. The way that this is demonstrated is on a financial worksheet that is essentially a monthly profit and loss statement. While this may sound difficult in reality determining whether a client has a monthly shortfall or not is actually relatively easy.

The equation is:

Total Monthly Income – Total Monthly Expense = Monthly Shortfall

If your client does not have a monthly short fall but will have one soon due to a payment increase or pending layoff, etc. then they still can qualify for a short sale as long as this issue is verifiable.

3. Insolvency

In order to qualify for a short sale, your client cannot have the means to pay down his mortgage. This means that the mortgage company wants to see that your client owes more than he has in cash (know as being insolvent). Your client does not however have to be completely broke—this is a common misconception, the lender will want to see that over time the borrower will not be able to pay their obligation.





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A word about the Certified Distressed Property Expert (CDPE) designation, we clearly feel that this is the best designation available for agents today. Not only will it help you accomplish each of these objectives; it will give you the tools, strategies and tactics you need to accomplish them quickly. We could speak for hours about the CDPE and what it does for agents but it is much easier to let the agents we have trained do it for us; these are all recent testimonials from real agents who have given us permission to use their names:

"This is the most informative seminar I've ever attended after 30 years in the business and tons of events. Alex is dynamic, enthusiastic and a great teacher. He kept everyone engaged and you didn't want to miss a minute. I surveyed the room, all eyes and ears were on him every minute!! What a wonderful way for Alex to share his experience and have this Institute to educate agents across the country and to be able to help families in disaster! Go Alex!"

Judy Reed
RE/MAX Allegiance

"This is the most significant training that I have experienced in my career of 15 years. The richness in content, providing CD with forms, excellent resource materials and CDPE website were over the top value. The genuine and sincere commitment of Alex Charfen and CDPE to help save people from foreclosure and transform the homeowners life is a core value that unsurpassed."

Gayle Henderon
RE/MAX Excalibur

"This course was invaluable. I have been in short sales for 2 years and have taken short sale courses before and there is no comparison. The CDPE training far exceeded my expectations. Alex is incredibly knowledgeable. I cannot wait to implement everything I've learned. I am more satisfied with this course than any other course I've taken."

Heather Fannig
RE/MAX Great American