

# Short Sale Specialist & Realtor Brett Dalbeth

## We can help you.

You may have heard the term “**short sale**” from friends and possibly real estate professionals. This flyer is an attempt to give you an overview of just what the short sale is, if it is a solution for you and the steps necessary to make this type of sale happen.

## What is Short Sale?

The definition is simple. A short sale occurs when a lender adjusts a loan pay-off down to accommodate the sale of a property. For example, a seller might have a loan balance of \$100,000 and a buyer willing to pay only \$80,000. If the lender accepts the offer, he has agreed to “short sell” the pay-off down \$20,000.

## Why would a Lender accept a Short Sale?

Lenders must manage and mitigate their losses. The short sale option is usually a prelude and/or alternative to foreclosure. Because banks are required to maintain reserves on all properties in foreclosure, it can be financially advantageous to accept a pay-off for less than the loan amount. Remember, there must be a willingness by the lender to negotiate this type of arrangement.

## What are the Consequences of a Short Sale?

There are many consequences to a short sale but to keep it brief two of the most important to consider is the following however each case is different and we advise you to consult with the appropriate professionals.

1. In the vast majority of short sale situations the seller maintains a satisfactory credit rating however, derogatory credit is a possibility.
2. IRS law will require the issuance of a **1099C** (Cancellation of Debt) for the difference between the loan amount and pay-off amount. Back to the above example the lender can issue the seller a 1099C for \$20,000 with applicable taxes due to the IRS. In reality, only about half of the banks issue a 1099C because there are usually several parties involved. One of the parties involved (lender/bank, Fannie Mae/Freddy Mac or mortgage insurance) are willing to accept the responsibility to issue the 1099.

The *Mortgage Debt Relief Act of 2007* was enacted on December 20th 2007 and to carry through 2012 for the forgiveness of some or all of this debt for those who qualify. For qualifying information and limitations please visit <http://www.irs.gov/individuals/article/0,,id=179414,00.html> and/or consult with your CPA.

## What dose a short sale cost?

A Short Sale negotiated by Newman Realty has the same costs as standard sale commissions plus a short sale coordination fee. However the Realtors and third parties are compensated by the Lenders and only if the short sale successfully closes. Therefore the short sale is free to the seller. No Charge.

## How do I avoid the pitfalls of a Short Sale?

Choose a competent Realtor®. The dynamics of the short sale transaction can be extremely complicated and time consuming. Make sure you choose a licensed Realtor® who has specific experience with short sales and has a **full time Short Sale Coordinator**. The agent’s knowledge can minimize the time and potential losses involved. Short sale processing requires daily maintenance and full attention to be successful.

## Why should I do a short sale?

If you are having a financial hardship in any way that may lead to defaulting on your mortgage or maybe you are already behind on your payments, there are several advantages to a short sale. The seller can reduce his/her debt, avoid foreclosure, maintain credit worthiness and most importantly, get out from under the mortgage.

## Who is Newman Realty and why should I trust them?

Newman Realty is a full service Real Estate Brokerage that maintains a small manageable team of Realtors® licensed by the **Department of Real Estate** ([www.dre.ca.gov](http://www.dre.ca.gov)) and dedicated to one on one customer service honesty and professionalism. Newman’s Realtors cover most of Orange County from Newport Beach down to San Clemente and parts of San Diego County. Our **fulltime Short Sale Coordination Team** have successfully negotiated and closed over 150 short sales in Orange County since 2007 eliminating millions of dollars worth of debit for our clients.

## Our Service Works!

If you or someone you know is struggling to make ends meet, falling behind on mortgage payments, received a Notice of Default (NOD) or Notice of Trustees Sale (NTS) We can help.

*It’s not too late, we can stop the foreclosure process, Negotiate the debit directly with your lender and set you on the road to recovery.*

*We can also help you find a rental home despite the less than perfect credit. We are a full service Real Estate Company dedicated to making clients for life, maintaining our excellent reputation and doing what is right.*

## Service Offered by



*Newman Realty*



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