



McFerran, Burns & Stovall, P.S.

A T T O R N E Y S A T L A W

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THERE'S A LOT OF GAME PLAYING IN SHORT SALE NEGOTIATIONS TODAY

We hear it daily from agents. Everybody is looking to make money in short sales. You can't blame them. As that's the biggest game in town. However, this type of market brings out many who just don't belong, but want to make a buck.

WATCH OUT WHOM YOU CHOSE TO NEGOTIATE YOUR SHORT SALE

As a real estate professional, you may choose to negotiate the transaction yourself. Many of you are highly qualified and you can do a great job for your client. Why not? You're licensed. You and your broker are in agreement. If you feel confident then you may provide a real service for your customer.

THERE ARE NON-LICENSED PEOPLE ENGAGING IN NEGOTIATIONS

Not a day goes by that we don't hear of another startup company negotiating short sales for a fee. Can they be trusted? Do they have the appropriate license to perform such services? Are they licensed attorneys? In our opinion, such actions by laypeople are inappropriate and are the unauthorized practice of law. Attorneys can legally perform such services, and upon that, you can depend.

ARE YOUR SELLERS REALLY BENEFITTING?

Many companies charge large fees to negotiate the transaction; thus, lessening potentially the dollars that may be available to pay seller's debt to their lender or lenders. The seller and their economic welfare should be at the forefront of the negotiator's mind. We find that many negotiators look only to maximize what they can make in a short sale deal.

WATCH OUT FOR "SIDE DEALS"

You can't blame the lenders in second position for trying anything to get some more dollars out of the deal. That's fine so long as a real estate professional (such as you) doesn't get into trouble. There are ways that are appropriate and those that can create undue risk. In almost all of these instances, involvement in such side deals result in RESPA violations that can be harmful to any real estate professional involved in such unlawful practices.

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