



RealEstateOlogy, Inc.TM
Your Real Estate Transaction Engineer

Foreclosure
&
Short Sale Presentation



About Us

- **RealEstateOlogy, Inc. TM is a full service real estate firm in the Tampa Bay Area that specializes in solving real estate related issues for buyer(s) and/ or Seller(s).**
- **With years of combined experience in the real estate and/or mortgage industry we have the knowledge base and support system to assist clients with their Real Estate needs and desires.**
- **We strive to provide exceptional customer service and meet the needs of every customer.**

Our Mission Statement

- To assist buyer(s) and/or seller(s) satisfy all of their real estate related needs. And, make every transaction as smooth as possible and private while perpetuating honesty and integrity.



“We Buy Houses”

“ Any Area, Any Condition, Any Situation”

- We buy ugly house
- Foreclosure avoidance
- Divorce
- Job transfer
- Property inheritance(Probate)
- Downsizing
- Retiring



Foreclosure Market Conditions

a national foreclosure agency, recently released a June 2013 survey of its customers and found 54 percent are in pre-foreclosure, meaning they have defaulted on their mortgage but have not received an official foreclosure notice.

Percentage of YouWalkAway clients in pre-foreclosure and average number of months past due. Source: YouWalkAway.com

The share is down from 2012, when 85 percent of YouWalkAWay clients reported they were in pre-foreclosure.

On average, clients who were in pre-foreclosure were 20 months behind on their mortgage payments.

According to the agency, pre-foreclosures are typically unaccounted for since reliable data is hard to find. However, YouWalkAway was able to compile pre-foreclosure data based on its client base to gain a better understanding of how prevalent this type of “shadow inventory” might be.

Data from the agency revealed Georgia has the highest share of YouWalkAway clients in pre-foreclosure, at 82 percent. On average, clients in the state were behind by 18 months, but still haven’t been served with an official foreclosure notice.

In Minnesota and Arizona, 79 and 74 percent of clients, respectively, were in pre-foreclosure status. Customers in those states were behind by over 20 months.

The state that saw the biggest year-over-year decrease in clients in pre-foreclosure inventory was Florida, where 23 percent of clients were in pre-foreclosure, down from 45 percent in 2012.

The average number of months past due though increased from 17 months in 2012 to 23 months in 2013.

Foreclosure Prevention Options

- **Pre- foreclosure Loan Modification**
- **Pre- foreclosure Loan Forbearance**
- **Pre- foreclosure Subject to the existing mortgage agreement**
- **Pre- foreclosure Short Sale**
- **Pre- foreclosure (Deed-in-Lieu of Foreclosure)**

What is Foreclosure

- Foreclosure is a specific legal process in which a lender attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by forcing the sale of the asset used as the collateral for the loan.



What's a Mortgage Modification?

- **Mortgage modification** is a process where the terms of a mortgage are modified outside the original terms of the contract agreed to by the lender and borrower (i.e. mortgagor and mortgagee). In general, any loan can be modified.



Mortgage Loan Forbearance?

An agreement made between a mortgage lender and delinquent borrower in which the lender agrees not to exercise its legal right to foreclose on a mortgage and the borrower agrees to a mortgage plan that will, over a certain time period, bring the borrower current on his or her payments. A forbearance agreement is not a long-term solution for delinquent borrowers.

What's an Subject To?

The typical sub to deal involves having a seller deed the property to you while leaving the existing mortgage in place. There is no “formal” assumption of the loan, we just start making the monthly payments.

What's a Short Sale Pre Foreclosure Sale?



A short sale is a sale of real estate in which the proceeds from selling the property will fall short of the balance of debts secured by liens against the property, and the property owner cannot afford to repay the liens' full amounts, and whereby the lien holders agree to release their lien on the real estate and accept less than the amount owed on the debt.





What is an Deed in Lieu?

- A **deed in lieu of foreclosure** is a deed instrument in which a mortgagor (i.e. the borrower) conveys or transfers all interest in a real property to the mortgagee (i.e. the lender) to satisfy a loan that is in default and avoid foreclosure proceedings.
- We negotiate from an equal footing as Loss Mitigation representatives.
- We have Direct contact and have build rapport with the lenders loss mitigation representatives.

What is Pre-Foreclosure (Lis Pendens Filing)

- The legal process by which an owner's right to a property is terminated due to default.



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MIAMI-DADE COUNTY, FLORIDA
LAST PAGE

IN THE CIRCUIT COURT OF THE ELEVENTH
JUDICIAL CIRCUIT IN AND FOR DADE COUNTY, FLORIDA
CIVIL ACTION

LASALLE BANK NATIONAL ASSOCIATION, AS TRUSTEE FOR
THE C-BASS TRUST 2006-CB9 C-BASS MORTGAGE LOAN
ASSET-BACKED CERTIFICATES, SERIES 2006-CB9
Plaintiff,

vs.

CASE NO. 08-22865 CA 01 (32)
DIVISION

MARIA SALOME SAINZ AKA MARIA SAINZ, GUSTAVO A. SAINZ; ANY AND ALL UNKNOWN
PARTIES CLAIMING BY, THROUGH, UNDER, AND AGAINST THE HEREIN NAMED INDIVIDUAL
DEFENDANT(S) WHO ARE NOT KNOWN TO BE DEAD OR ALIVE, WHETHER SAID UNKNOWN
PARTIES MAY CLAIM AN INTEREST AS SPOUSES, HEIRS, DEVISEES, GRANTEES, OR OTHER
CLAIMANTS; TENANT #1, TENANT #2, TENANT #3, and TENANT #4 the names being fictitious to
account for parties in possession
Defendant(s).

NOTICE OF LIS PENDENS

To the above-named Defendant(s) and all others whom it may concern:

You are notified of the institution of this action by the above-named Plaintiff, against you seeking to foreclose a
mortgage recorded in Official Records Book 24678, Page 401, on the following property in DADE County, Florida:
LOT 2, BLOCK 1, TANGLEWOOD GARDENS, ACCORDING TO THE PLAT THEREOF, AS
RECORDED IN PLAT BOOK 68, PAGE 66, OF THE PUBLIC RECORDS OF MIAMI-DADE
COUNTY, FLORIDA.

Dated this 24 day of April, 2008.

Florida Default Law Group, P.L.
P.O. Box 25918
Tampa, Florida 33622-0918
(813) 231-4766

By: 
Andrea D. Piddala
Florida Bar No. 0022848
Stephanie Lord
Florida Bar No. 44522

LITTON-CONV-R-silverio

FILE_NUMBER: F08028593
DOC_ID: M000105



Why do homeowner's go into foreclosure?

- Seller's stop making payments for a number of reasons.
- It's often due to unpredictable results such as:
 - laid-off
 - quit job
 - inability to work due to medical conditions
 - excessive debt
 - divorce
 - a death in the family
 -

What kind of RealEstateOlogy, Inc. Specific paper work is required?

- Realtor Listing Documents including **standard real estate disclosures forms, Listing agreement, mold disclosure, etc**
- RealEstateOlogy, Inc. specific documents which consist of Notice of Contract, Affidavit of understanding, FTC and other disclosures.

Purchase Process

- Complete an walk thru (Repair valuation)
- Agree to an Price
- Order Title
- Collect & submit short sale documents to the lender.
- Order an **BPO/ Appraisal**
- **Negotiate with lender & agree to price and terms**
- Schedule an Closing Date
- Close



Negotiating with the Lender

- We use a third party company, **BluePrint Mitigation, Inc.**, owned by Terrence Thomas, Jr. of **RealEstateOlogy, Inc.**, to negotiate and facilitate our short sales.
- The employees of **BluePrint Mitigation, Inc.** negotiates as Loss Mitigation Specialist from an equal position to mitigate the loss for all parties of the transaction etc.

BPO/ Appraisal

- This is the most important part of the short sale process.
- BPO (Broker Price Opinion)- The estimated value of a property as determined by a real estate broker or other qualified individual or firm. A BPO is based on the characteristics of the property being considered.
- Appraisal - The act of estimating the value of real estate by a person licensed to do so. A person performing an appraisal must receive authorization from the appropriate body of the state in which he/she resides.



Legally Influencing The BPO/ Appraisal

- We meet all BPO & Appraisal agents & reps at the subject property to complete the valuation.
- We provide them with contractor estimates, recently sold comparable property's in the same distress situation.
- We provide them with a summary of the homeowner 's situation & details of the offer submitted to the lender.
- We establish an on going working relationship with the reps.



Homeowner Communications With Lender

- Unfortunately, you will continue to receive phone calls & correspondences in the mail, etc. until the process is complete and/or closed.
- We always advise our clients to limit their communication with the lender, to reduce any confusion and misunderstandings.

Successful Transaction #1

- Powhatan Ave Tampa, Fl
- \$18,000 mortgage Lien
- Code Enforcement Liens
 - 1st \$11,995
 - 2nd \$22,900
- Total: \$34,895
- Estimated amount of work needed \$28,695
- Total Purchase for \$5,510



Successful Transaction #2

- Abbeyville Road Orlando, FL
- \$120,000 mortgage Lien
- Estimated amount of work needed \$15,100
- Total Purchase for \$20,000



Successful Transaction #3



- Sea Hero Circle Wesley Chapel, Fl
- \$227,000 mortgage Lien
- HOA Lien \$9,995
- Estimated amount of work needed \$12,300
- Total Purchase for \$115,000

Successful Transaction #4

- Cookman Dr Tampa, Fl
- \$187,000 mortgage Lien
- Estimated amount of work needed \$21,595
- Total Purchase for \$33,000
- Homeowner received \$10,000



Successful Transaction #5

- Wishing Well Way Tampa, Fl
- \$163,000 mortgage Lien
- Misc Lien water department \$2,000
- Estimated amount of work needed \$18,785
- Total Purchase for \$28,000



Successful Transaction #6

- Idlewild Avenue Tampa, Fl
- \$165,500 mortgage Lien
- Estimated amount of work needed \$13,800
- Total Purchase for \$24,500



Frequently Asked Questions



Why a Short Sale Can Be a Great Option

- When the lender accepts a short sale, the homeowners avoid getting a foreclosure mark against their credit which is very important in repairing one's financial future.
- You will avoid judgments
- You will avoid any garnishment of wages
- You will be eligible to purchase another home within 2 years, whereas it takes as many as 5 to 8 years after a foreclosure.

Homeowner(s) Short Sale Required Documents

- *Hardship Letter*
- *Two most recent paystubs*
- *Two years tax returns*
- *Three most recent Bank statements*
- *Listing agreement*
- *Sales Contract*
- *Estimated Hud-1(Net sheet)*
- *Authorization to Release (ATR)*
- *Financial Worksheet Form*

Supporting Documentation:

Supporting Documentation: Any documentation that support a reason why

- client cant afford mortgage payments such as: Collection Letters, Doctor Bills,
- Judgments, Creditor Claims, Relocation Documents, Job Loss Proof, Divorce
- Documentation, Attorney Bills, Bankruptcy Filed or Dismissed documents, Physical
- Challenges etc...

Optional and/ or Helpful Information

- Copy of Mortgage, showing type of loan (fixed, ARM, or balloon payment)
- Recent mortgage statement or coupon showing balances
- Attorney Letters (if any)
- Copy of Homeowners Insurance Policy
- Property Survey
- Deed
- Copy of Previous HUD Settlement Statement (when they bought house, if available)
- Listing sheet (if house was listed by a Realtor or purchased from a Builder)
- Copy of previous Appraisal

Balance Owed

- Its called an **deficiency judgment**, this is an unsecured money judgment against a borrower whose mortgage foreclosure sale did not produce sufficient funds to pay the underlying promissory note, or loan, in full.

What are the tax implications with selling via an short Sale?

- Much like the issue of credit reporting, the circumstances are individual to the lender. As a short sale represents a loss for the lender, they can report the amount lost a debt forgiveness to the seller. If a formal tax form 1099 is filed, the seller may be responsible for paying taxes on the amount of debt forgiveness.



IRS Publication 982 & 4681

Form 982 **Reduction of Tax Attributes Due to Discharge of Indebtedness (and Section 1082 Basis Adjustment)** OMB No. 1545-0046
 (Rev. February 2011) Department of the Treasury Internal Revenue Service Attachment Sequence No. 94
 Name shown on return _____ Identifying number _____

Part I General Information (see instructions)

1 Amount excluded is due to (check applicable box(es)):

a Discharge of indebtedness in a title 11 case

b Discharge of indebtedness to the extent insolvent (not in a title 11 case)

c Discharge of qualified farm indebtedness

d Discharge of qualified real property business indebtedness

e Discharge of qualified principal residence indebtedness

2 Total amount of discharged indebtedness excluded from gross income **2** _____

3 Do you elect to treat all real property described in section 1221(a)(1), relating to property held for sale to customers in the ordinary course of a trade or business, as if it were depreciable property? Yes No

Part II Reduction of Tax Attributes. You must attach a description of any transactions resulting in the reduction in basis under section 1017. See Regulations section 1.1017-1 for basis reduction ordering rules, and, if applicable, required partnership consent statements. (For additional information, see the instructions for Part II.)

Enter amount excluded from gross income:

4 For a discharge of qualified real property business indebtedness applied to reduce the basis of depreciable real property **4** _____

5 That you elect under section 108(b)(5) to apply first to reduce the basis (under section 1017) of depreciable property **5** _____

6 Applied to reduce any net operating loss that occurred in the tax year of the discharge or carried over to the tax year of the discharge **6** _____

7 Applied to reduce any general business credit carryover to or from the tax year of the discharge **7** _____

8 Applied to reduce any minimum tax credit as of the beginning of the tax year immediately after the tax year of the discharge **8** _____

9 Applied to reduce any net capital loss for the tax year of the discharge, including any capital loss carryovers to the tax year of the discharge **9** _____

10a Applied to reduce the basis of nondepreciable and depreciable property if not reduced on line 5. **DO NOT use in the case of discharge of qualified farm indebtedness.** **10a** _____

b Applied to reduce the basis of your principal residence. Enter amount here ONLY if line 1e is checked **10b** _____

11 For a discharge of qualified farm indebtedness applied to reduce the basis of:

a Depreciable property used or held for use in a trade or business or for the production of income if not reduced on line 5 **11a** _____

b Land used or held for use in a trade or business of farming **11b** _____

c Other property used or held for use in a trade or business or for the production of income **11c** _____

12 Applied to reduce any passive activity loss and credit carryovers from the tax year of the discharge **12** _____

13 Applied to reduce any foreign tax credit carryover to or from the tax year of the discharge **13** _____

Part III Consent of Corporation to Adjustment of Basis of Its Property Under Section 1082(a)(2)

Under section 1081(b), the corporation named above has excluded \$ _____ from its gross income for the tax year beginning _____ and ending _____.

Under that section, the corporation consents to have the basis of its property adjusted in accordance with the regulations prescribed under section 1082(a)(2) in effect at the time of filing its income tax return for that year. The corporation is organized under the laws of _____.

(State of Incorporation)

Note. You must attach a description of the transactions resulting in the nonrecognition of gain under section 1081.

For Paperwork Reduction Act Notice, see page 5 of this form. Cat. No. 17066E Form 982 (Rev. 2-2011)



Department of the Treasury
Internal Revenue Service

Publication 4681
Cat. No. 51508F

Canceled Debts, Foreclosures, Repossessions, and Abandonments (for Individuals)

For use in preparing
2012 Returns

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How Long is the process

- That's an open ended question. We like to say the bigger the bank the longer the process.
- We are averaging 4 to 6 months when everything goes as planned such as the BPO/ Appraisal valuations, negotiations etc.
- The fastest 49 days

Can I Buy my Home back?

- Unfortunately, lenders do not allow sellers to purchase their property back once a short sale is completed.
- Short Sale approval letters have language in them that makes it mortgage fraud if that occurs. (it's a Federal Crime).

Will I receive any money at closing?

- There's a possibility, but its not guaranteed.
- We always try to negotiate for our clients to receive some money at closing.
- Its up to the lender and/or their investor

Will the lender kick me out ?

- No lender can just kick you out.
- There are laws in the Florida statute that prevent this from happening. According to the law, after a lender and/or auction bid winner assumes possession of the home, you will have 90 days to vacate before they can take legal action such as eviction, etc.
- Lenders Typically offer cash for keys to avoid legal action.

Our exit strategies, Once we purchase

- Rehab and hold the property as a rental
- Rehab to the property and immediately Resale
- Immediately Resale the property “As Is”



Testimonials

- J Rameriz
- Derisma
- Caballero
- mccloud

Our Resources

- As an current and/or pass client you will have access to all of our resources which includes contractors, lawyers, plumbers, electricians, pest contract reps etc.
- With our permission you can use us as a person and/or business reference for your residential & business needs.

Contact Us

- **TERRENCE THOMAS, JR.**
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(Ability is what you are capable of doing. Motivation determines what you can do. Attitude determines how well you do it.)