

# Broker Short Sale 101

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7 Hour Course Outline

## COURSE DESCRIPTION:

This course covers the general concept of Short Sales along with covering the knowledge and skills necessary to facilitate a successful Short Sale Closing. The course is generally from the perspective of the Listing Broker with some emphasis on the limited role of a Buyer's Broker. Attendees learn about potential liability under the New Mexico Mortgage Foreclosure Fraud Prevention Act and how to meet its requirements with a "Mortgage Foreclosure Consultant Contract" as an addendum to the Listing Agreement. Attendees will learn how to understand and use RANM forms relevant to Short Sale activity. Instructor provides select video clips and full PowerPoint slides

Attendees apply and demonstrate broad understanding of the Short Sale process involving a wide variety of requirements of the various sale servicers with assigned class problems.

## TEACHING TECHNIQUES:

L=Lecture, PP=PowerPoint slides, V=Video clips and GE=group exercises.

## LL LEARNING OBJECTIVES

- 1 Attendees will understand the basic terminology associated with the short sale process
- 1 Attendees will be able to discuss the significance of working safely within the provisions of the NM Mortgage Foreclosure Consultant Fraud Prevention Act
- 1 Attendees will be able to describe short sale requirements of HUD, VA, HAFA, Equator, etc.
- 2 Attendees will be able to locate sources of information about market conditions and trends
- 1 Attendees will be able to fill out a HUD-1 Preliminary worksheet
- 2 Attendees will be able to navigate the short sale process and establish price for listings
- 1 Attendees will be learn how to understand the language and purpose of RANM short sale forms
- 1 Attendees can identify sources of assistance for distressed property owners

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| General Introduction: Instructor, attendees and course objectives | 10 minutes |
| I. Introduction   | 40 minutes |
| II. Statutory and Court Awareness                                 | 40 minutes |
| III. Market Conditions and Trends Awareness                       | 50 minutes |
| IV. Understanding & Using Forms                                   | 70 minutes |

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| V. Electronic and Data Reporting Challenges                                | 60 minutes |
| VI. Short Sale Essential Terminology                                       | 50 minutes |
| VII. Variety of Programs from Short Sale Insurers, Guarantors, and Lenders | 50 minutes |
| VIII. Determining List Price and “Net Proceeds”                            | 40 minutes |
| IX. Class Discussion : Presentation of how “class problems” were handled   | 20 minutes |

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General Introduction: Instructor, attendees and course objectives 10 minutes

I. Introduction 40 minutes

- A. Sources of Current Information on Short Sales
- B. Pre-Qualifying the Short Sale
- C. Short Sale Pre-Test
- D. Short Sale Broker as Specialist
- E. Use of “Preliminary HUD-1” for Short Sale Negotiation
- F. Legal Counsel [www.unitedsouthbroadway.org](http://www.unitedsouthbroadway.org)

II. Statutory and Court Awareness 40 minutes

- A. Scams associated with Short Sales: Seller and Brokers
- B. New Mexico Mortgage Foreclosure Fraud Prevention Act
- C. Unfair Practices Act (UPA)
- D. Court Decisions
- E. NM Real Estate License Law
- F. NM Home Loan Protection Act
- G. Risk Management Concerns and Strategies

III. Market Conditions and Trends Awareness 50 minutes

- A. Adjustment in Numbers and Capacity of First Time Buyers
- B. Rising Housing Prices
- C. Continues Low Interest Rates
- D. Mid-Wage Jobs Issue
- E. [www.gaar.com](http://www.gaar.com)
- F. [www.fhfa.gov](http://www.fhfa.gov)
- G. Persistence of Supply of Distressed Properties
- H. Assistance [http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding foreclosure](http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure)  
1-800-CALL FHA

- IV. Understanding & Using Forms 70 minutes
- A. RANM Information Sheet (2107)
  - B. RANM Addendum to Listing Agreement (2109)
  - C. RANM Addendum to Purchase Agreement (2108)
  - D. Proprietary “Mortgage Foreclosure Consultant Contract”
- V. Electronic and Data Reporting Challenges 60 minutes
- A. Common use of the Cloud
  - B. Electronic and Wet Signatures
  - C. MERS
  - D. NM Supreme Court Decision *Romero v Bank of New York (2014)*
- VI. Short Sale Essential Terminology 60 minutes
- A. Contract Assignment
  - B. Cash for Keys
  - C. Status of the Mortgage Forgiveness Debt Relief Act of 2007
  - D. 1099-C Cancellation of Debt
  - E. Equator System
  - F. Deed in lieu
  - G. Forbearance
  - H. Short Sale Submission Package
  - I. Short Sale Negotiation with Servicer
- VII. Variety of Programs from Short Sale Insurers, Guarantors, and Lenders 60 minutes
- A. FHA “Pre-Foreclosure Sale” Requirements
  - B. VA “Compromise Sale” Requirements
  - C. Conventional Short Sales subject to **HAF**A
  - D. Conventional Short Sale: Not Directly Tied to HAFA
- VIII. Determining List Price and “Net Proceeds” 35 minutes
- A. Supplied by FHA, VA and HAFA
  - B. Office Generated “Preliminary HUD-1” Worksheet
  - C. Brokerage’s “Letter of Intent to List”
  - D. Brokerage’s “In-Office Pricing Requirement Worksheet
  - E. Brokerage’s “In-Office Listing Pre-Qualification Approval Sheet”
  - F. Class Problems
- IX. Class Discussion : Presentation of how “class problems” were handled 10 minutes