

## 2-PHASE SHORT SALE FEE STRUCTURE

**REALTOR**

**CLIENT / HOMEOWNER**

**2008**

A great deal of effort goes into successfully negotiating a short sale which has become incrementally more difficult in this marketplace. From lenders frequently changing the 'game rules', to often uncooperative agents and/or sellers and buyers, the task I undertake to orchestrate a short sale can be daunting. To that end, my fee structure is in two-phases:

### Phase 1: Review

#### **FLAT FEE \$\$\$ – CLIENT PAID – FULLY EARNED / NOT APPLICABLE TO PHASE 2**

- I get up to speed with client's problem so that I can determine what, if anything, I can do to assist in "Phase 2".
- I review key docs that I request in connection with my engagement memo that the client signs.
- NOT applicable to PHASE 2 representation – this fee is fully earned.
- We do not even get to Phase 2 without first talking about the client's challenges and the likelihood of success.

### Phase 2: Negotiate Short Sale

#### **GREATER OF 1% of lender approved price OR 45% of GROSS LOC approved by lender.**

(No deductions at all from Stansen's share in LOC (Listing Office Commission)).

PAID IN FULL OR IN PART FROM GROSS LISTING COMMISSION and/or CLIENT.

- **FEE AGREEMENT.** Client signs – sets scope of work + RETAINER + compensation + expenses;
- **RETAINER.** A money retainer is required to start Phase 2 the amount of which is determined by my Phase 1 analysis. It will always be **at least \$1000** but can go as high as \$3000 if the client's situation proves to be particularly complex (i.e., two different lenders, problem with seller's financials, etc). Retainers are aimed at keeping the seller / client proactively involved in the short sale transaction and provides compensation where the process is abandoned for any reason. All or a portion may be applied to Phase 2 fee and/or **REFUNDED** to client after close of escrow.
- **FLAT FEE FOR COSTS.** In addition to the Retainer, client pays a **non-reimbursable \$250 flat fee to cover costs.**
- **Note** that some agents and clients structure a reduced participation in GROSS LOC with the client paying balance out of pocket. I am open to such arrangements on a case by case basis to accommodate the participants.
- **Note** that the Retainer is often **REFUNDED** to Client within 5 business days of a successfully closed short sale escrow. The retainer is required to account for possibility that the Client may choose not go forward with the short sale and/or a situation where the buyer fails to perform.

### DOCUMENTATION NEEDED FOR SHORT SALE SUBMITTAL

#### **CLIENT / HOMEOWNER** provides:

- Third Party Authorization Letter – to be prepared and sent
- Hardship Letter \* – draft by Attorney; signed / dated by Client
- Financial Statement \* – completed / signed / dated by Client
- Past 2 Months – Paystubs \*
- Past 2 Months – Bank Statements \*
- Past 2 Years – Tax Returns – 2006 and 2007

#### **LISTING AGENT** provides:

- Listing Agreement – signed with Realtor with SSLA
- CMA Report Generated by Realtor \*
- Executed Offer – once presented to Realtor
- HUD-1 – following acceptance of deal by seller / buyer

**NOTE** ALL items above with an \* must be updated when a short sale package is prepared.