

# Foreclosures, Short Sales, REOs & Auctions

TOOLS FOR SUCCESS IN TODAY'S MARKET

*Ted Highland with Margaret McCarthy-Johnson, Contributing Editor*



acknowledgments vii

**1**  
**Chapter 1**

**Foreclosures—An Introduction 1**

---

- Key Terms 1
- Overview 1
- What Is Foreclosure? 2
- Alternatives to Foreclosure 4
- State-by-State Summary of Foreclosure Procedures 5

**2**  
**Chapter 2**

**Identifying the Short Sale Property 30**

---

- Key Terms 30
- Overview 31
- Researching and Analyzing Value and Liens 31
- The Mortgage Forgiveness Debt Relief Act of 2007 33
- The Basics about Credit 34
- Taking the Short Sale Listing 35
- Approaching the Lender 37
- Deeds in Lieu of Foreclosure 39
- Case Study: Identifying the Short Sale Property 40
- Review Questions 41

**3**  
**Chapter 3**

**Marketing the Short Sale Listing 42**

---

- Key Terms 42
- Overview 42
- Short Sales and the MLS 43
- Scope of Service of Listing Broker on Short Sales 44
- Time for Lender Approval 46
- Case Study: Marketing the Short Sale Listing 47
- Review Questions 48

**4**  
**Chapter 4**

**Short Sale Contracts 49**

---

- Key Terms 49
- Overview 49
- Understanding the Contractual Issues in Short Sales 50

Standard Short Sale Contract Forms and Clauses 51  
Special Contract Clauses Involving Short Sales 52  
Lender Short Sale Approval Letter 55  
Case Study: Short Sale Contracts 56  
Review Questions 58

---

**Chapter 5**                      **Making the Sale with Loss Mitigation Departments 59**

---

Key Terms 59  
Overview 60  
The Lender Short Sale Submission Package 60  
Presenting the Submission Package to the Lender 62  
Arriving at the Broker Price Opinion (BPO) 65  
Consequences of Mortgage Fraud 65  
Case Study: Making the Sale with Loss Mitigation Departments 65  
Review Questions 68

---

**Chapter 6**                      **Who to Contact? Asset Management Departments 69**

---

Key Terms 69  
Overview 70  
HUD-Owned Houses 70  
The Master Listing Agreement—REO Agent Responsibilities 70  
Licensee Liabilities 73  
Special REO Issues 74  
Case Study: Who to Contact? Asset Management Departments 76  
Review Questions 78

---

**Chapter 7**                      **Purchasing Lender-Owned (REO) Properties 79**

---

Key Terms 79  
Overview 80  
Making the Offer 80  
Contract Forms 81  
Agency Disclosure in REO Sales 81  
Property Condition Disclosure Statements in REO Sales 82  
Case Study: Purchasing Lender-Owned (REO) Properties 82  
Review Questions 84

---

**Chapter 8**                      **Broker Auction Procedures 85**

---

Key Terms 85  
Overview 85  
Broker Registration Procedures 86

Agency Disclosure on Auction Properties	86
Property Condition Disclosure Statements on Auction Properties	87
Listing Auction Properties	87
Auction Sales Agreements	88
Conducting Auctions	88
Case Study: Broker Auction Procedures	88
Review Questions	90

## **Chapter 9**

### **Client Auction Procedures 91**

---

Key Terms	91
Overview	91
Arriving at Market Value on Auction Properties	92
Bidding Strategies for Informed Bidders	92
Steps to Bid in an Auction	93
Auction Concepts	94
Case Study: Client Auction Procedures	94
Review Questions	96

answer key 97

glossary 105



# Foreclosures, Short Sales, REOs & Auctions

## TOOLS FOR SUCCESS IN TODAY'S MARKET

### Features

- Foreclosures section has information on judicial and nonjudicial foreclosure availability, right of redemption, and foreclosure time lines for all 50 states.
- Learning objectives highlight key concepts through each chapter.
- Key terms are highlighted and clearly defined throughout each chapter.
- Inclusive end-of-chapter quizzes assess retention of key concepts.
- Complete glossary identifies key terms and definitions.

### Contents

Foreclosures—An Introduction  
Identifying the Short Sale Property  
Marketing the Short Sale Listing  
Short Sale Contracts  
Making the Sale with Loss Mitigation  
Departments  
Who to Contact? Asset Management  
Departments  
Purchasing Lender-Owned  
(REO) Properties  
Broker Auction Procedures  
Client Auction Procedures

### Career-Building Titles from Dearborn™ Real Estate Education

<i>Architectural Styles</i>	<i>Mortgage Fraud and Predatory Lending</i>
<i>Buyer Representation in Real Estate</i>	<i>Property Disclosures</i>
<i>Commercial Structures</i>	<i>Property Management &amp; Managing Risk</i>
<i>Condos and Co-ops</i>	<i>Real Estate and Taxes!</i>
<i>Diversity and Doing Business</i>	<i>What Every Agent Should Know</i>
<i>Electronic Transactions in Real Estate</i>	<i>Real Estate Finance Today</i>
<i>Environmental Issues in Your Real Estate Practice</i>	<i>Real Estate Investment Fundamentals</i>
<i>Ethics in Today's Real Estate World</i>	<i>Red Flags Property Inspection Guide</i>
<i>Exterior Structures</i>	<i>Reverse Mortgages for Senior Homeowners</i>
<i>Fair Housing</i>	<i>Risk Management</i>
<i>Homes for All: Serving People with Disabilities</i>	<i>The Truth About Mold</i>
<i>Insurance for Consumer Protection</i>	<i>Title Insurance</i>
<i>Introduction to Commercial Real Estate Sales</i>	<i>Understanding 1031 Tax-Free Exchanges</i>
<i>Manufactured &amp; Modular Housing</i>	

**Dearborn™**  
Real Estate Education

30 S. Wacker Drive, Ste. 2500, Chicago, IL 60606  
www.dearbornRE.com, (312) 836-4400

 Real Estate  
Education Company®

