

3906 S. 74th St., Tacoma, Washington 98409
Tel: 253.471.1200 ♦ Toll-Free 1-800.236.4948 ♦ Fax: 253.284.3855
(Also offices located in Seattle, Kent, and Silverdale)
www.mbs-shortsales.com

SHORT SALE LOSS
MITIGATION GROUP

REAL ESTATE
BROKERS

SHORT SALE
INFORMATION

PACKAGE

[REVISED AS OF June 1, 2018]

Call us at (253) 471-1200

For document submission: ssdocs@mcFerranlaw.com or Fax: (253) 284-3855



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SHORT SALE LOSS MITIGATION GROUP

THANK YOU FOR YOUR INTEREST IN OUR LAW FIRM

Thank you for your interest in our law firm and the Short Sale Negotiation Services we provide you and your sellers throughout the State of Washington.

This condensed package of information is intended to provide our Real Estate Broker partners with valuable information to assist you in your real estate practice. Keep in mind that our website is packed with even more extensive information that can help you in your practice. It is located at: www.mbs-shortsales.com.

For over 30 years McFerran Law, P.S. has been providing quality real estate legal services throughout Western Washington. With five (5) senior attorneys, the firm has over 100 years of real estate legal experience. With offices in Tacoma, Seattle, Kent, and Silverdale, as well as telephonic and Skype consultations our attorneys are able to meet the needs of the Western Washington real estate community. See our law focused website at www.mcferranlaw.com

Our firm has always been involved with distressed homeowners long before our current foreclosure crisis, so we are well equipped to handle the needs and demands of our distressed homeowner clients.

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HOW WE WORK WITH YOU IN YOUR CLIENT'S SHORT SALE TRANSACTION

WE ONLY WORK WITH REAL ESTATE BROKERS

We know the law and we know short sales. Why? We have over 25 years of experience and have been the leading law firm providing negotiation services for short sales here in Western Washington for the last six years of our Recession.

We don't accept a short sale seller unless they are represented by a real estate professional such as yourself. Never. We only work for your clients with you as our partner. This is our policy that is cast in concrete.

OUR \$150.00 CONSULTATION IS OUR "SECRET SAUCE"

We're pretty unique in our approach to assisting distressed homeowners. We conduct a goodly number of client consultations each month with distressed homeowners to determine their best legal options which may include a short sale.

This is truly our "secret sauce" as we are able to assist your sellers (along with you if you choose to attend) to determine whether a short sale is in their best economic and legal interest. Each consultation is unique and each client situation is different.

Call us at (253) 471-1200

WE CONDUCT OVER 400 CONSULTATIONS EACH MONTH

Yes, you read that header correctly. Over the last six years we have averaged over 400 client consultations every month throughout Western Washington at our four locations in Seattle (at Northgate), Kent (on 104th Avenue), Tacoma (on South 74th), and Silverdale (on Levin Road). Now that we are in the later stages after the end of recession, those numbers have dropped to a degree, but we are still averaging 150 distressed homeowner consultations each and every month.

The consultation fee is fixed at \$150.00 and it is a top-notch consultation by one of our senior attorneys and not conducted by our legal staff. We are proud of the role that our attorneys have played with thousands of homeowners during the Recession helping them with the important legal decisions that they need to make.

To be that involved and to do that many consultations, we have to know the law; but, more than that, we know how to negotiate short sales. We have literally thousands of successful short sales under our belt. It's not pretty work, but we are very successful at it. We are very good at what we do.

WE HAVE OVER 37 PEOPLE INVOLVED IN SHORT SALE NEGOTIATIONS AND CLOSINGS

We don't just coordinate. We are not paper shufflers. We are attorney short sale negotiators. We get the job done and we are proud of our record of successful closings in the Washington marketplace.

When you work with us, you will be working with a law firm who knows the banks. We know the programs. We know the mechanics of getting the job done. All of our senior negotiators have hundreds of successfully closed deals under each of their belts.

Our professional negotiators will negotiate the best possible outcome for your sellers. Success will certainly vary depending upon the facts of each Seller's situation, but Sellers are all generally very satisfied with their experience with our law firm in short sale negotiations. We get the job done.

Call us at (253) 471-1200

WE DON'T MEET ALL BROKER'S NEEDS

We may not meet your needs as a Real Estate Professional. We watch Real Estate Brokers switching from this negotiator to the next one and then still the next one. They will never be satisfied. Why?

We know that a short sale client is a "law case" for our law firm. They are unique. They have a unique seller. They generally have two banks that have their own special guidelines. Buyers enter the picture with their own unique set of needs.

These are not escrow deals either. They are cases in law some of which will flow smoothly while others will be tough as nails to get to closing. No negotiator, attorney, broker or otherwise can guarantee an exact outcome 100% of the time. We can't either except we ARE pretty good at predicting. How can we be so good at predicting?

Our database is huge. We track every lender with whom we negotiate. We track every loan in our negotiation portfolio. We track every deal. Our attorneys use our huge database in conjunction with our consultations in order to increase our probability of success in negotiating your seller's short sale transaction. Our huge database is really what allows our attorneys an upper hand in evaluating your Seller's situation.

WE DON'T TAKE ON ALL DEALS EITHER

Frankly, we turn away a lot of short sale deals presented to us each month. We should turn away more, but we like to support Brokers who support us and we give their deal the benefit of the doubt. We are highly supportive of Brokers with whom we have a long-term relationship.

We would take every deal if we got paid; but, like you, we only get paid if we perform successfully and we get the short sale deal closed. That's why we reject so many short sale transactions. Otherwise, our 92% rate of success would go out the window. That's right. We have a 92% success rate of closed short sale transactions.

It is important to understand that you do not assume that just because you send us an offer, it will be automatically accepted by our firm to provide short sale negotiations. We evaluate a goodly number of factors before we choose to take on any engagement.

Call us at (253) 471-1200

WE REPRESENT THE WHOLE TRANSACTION

That's right. We actually represent the whole transaction. This is not common among attorneys. Take a look at the long Professional Services Agreement at the end of this package. We represent everybody and communicate with everybody and do so generally through e-mail communication with all parties to your short sale transaction. We do continue to keep the seller's financial information separate and secure, but we communicate with everyone on all other matters during the course of the short sale negotiation process. We do this because it is successful. In short, it works.

Our negotiators are tied to an individual bank. We do that intentionally. You see we have a goal that each negotiator creates special relationships with the bank he or she negotiates with as well as becoming an expert on their policies as well as their strengths and weaknesses. It is really logical and the best way to serve you and your sellers.

That may result in you wishing to have one of our negotiators handle a transaction for you because you had a past favorable relationship with them in another transaction. We may not be able to satisfy your request if that certain negotiator is not attached to that bank or lender involved with you in your new transaction.

By setting up our short sale negotiation systems in this fashion, we are better able to actually have more favorable interactions with the banks on a daily basis. You see when our negotiators are on the phone with the bank, we will probably work through a number of client matters during each call. Indeed, we do have economies of sale in that regard. Remember: You want your negotiator on the phone with the Banks. If they are talking to you, they are not negotiating your transaction.

Some brokers out there don't like how we do our short sales. We respect that. However, our methods have passed the test of time of over ten (10) years of the past long recession and we are not going to change. Communication to all parties in the transaction works and it causes Buyers to be engaged and stay with the transaction.

Call us at (253) 471-1200

WE ACTUALLY TAKE ON REPRESENTATION OF YOUR SELLER AFTER THEIR CONSULTATION

Our consultations are designed to help homeowners make informed choices about their distressed property. Some clients may determine that a short sale makes good sense for them in light of that consultation.

We know as attorneys that the most stressful time for a short sale seller is that time between them leaving our consultation and you actually getting an accepted offer on their short sale property. This is the "No Man's Land" of short sales.

You see the Seller is energized by our consultation and walks out with the "Legal Prescription" of a short sale for which you as a Broker play a pivotal role. We find, however, that Sellers do not come back for additional consultations because of the cost associated with again meeting with the attorney. We want clients to be informed.

We have solved that problem...

That's correct. If your Seller wants us to actually start representing them and working with them (and you as Listing Broker) all the way from the time of our consultation until such time as an offer comes in, we are happy to take on representation at that time at no cost to your seller.

Of course when an offer does get accepted, lots of activities get started. There are lots of people in our staff to work with and ask questions. The problem is who does your seller talk to during that time before the offer? We have that problem solved. It is called out "GAP Agreement."

Call us at (253) 471-1200

OUR "GAP AGREEMENT" SOLVES THE PROBLEM

At the consultation (or afterward) your client can sign a "GAP Agreement" with our attorneys. We agree to work with the Sellers (and you), but we don't require a retainer and we do not send out a bill. There is no charge for those services as they are a part of the fixed fee at the end. That fixed fee, of course, we only collect if we are successful. In fact, in 55% of the cases we handle the bank pays our fee.

Talk with us on our unique approach to short sales. It allows the Seller to get their questions answered without getting a big bill. That's right, no charge. We get started with your client right after the consultation.

We agree to start working with your seller (and you) right at the time that you list the short sale property in the multiple listing. We take over that thankless task of document gathering and we do so during the time you are out in the market place attempting to get the best offer you can on your seller's short sale property.

What happens? When an offer does come in, we are all ready. We have all the necessary financial documentation from your seller and can get started immediately negotiating with the bank. We have found over these long years of our recession that purchasers are anxious to get negotiations started just as soon as an offer comes in. With our method of working with your seller, the transaction is ready to move forward as soon as you secure an offer on the property.

Call us at (253) 471-1200

SHORT SALE LOSS MITIGATION GROUP

OFFICE LOCATION INFORMATION

SEATTLE LAW OFFICE LOCATION

(By Appointment Only)

McFerran Law, P.S.
1833 North 105th Street, Suite 101
Seattle, WA 98133
Telephone: 253.471.1200



KENT LAW OFFICE LOCATION

(By Appointment Only)

McFerran Law, P.S.
24837 104th Avenue SE, Suite 101
Kent, WA 98030
Telephone: 253.471.1200



TACOMA LAW OFFICE LOCATION

(Full Service Location)

McFerran Law, P.S.
3906 South 74th Street
Tacoma, WA 98409
Telephone: 253.471.1200

SILVERDALE LAW OFFICE LOCATION

(By Appointment Only)

McFerran Law, P.S.
9633 Levin Road, Suite 101
Silverdale, Washington 98383
Telephone: 253.471.1200

EMAIL AND FAX CONTACT INFORMATION

EMAIL COMMUNICATION

We use email extensively and you can contact us by email at any time. Specific negotiator e-mail addresses are on our website, but you can be assured that if you use the email address below your communication will be answered promptly by one of our staff.

GENERAL EMAIL CONTACT INFORMATION

For general e-mail communication with our Short Sale Department, please contact us at: [**info@mbs-shortsales.com**](mailto:info@mbs-shortsales.com). You can be assured we will route your email to the party who may answer your inquiry promptly.

TO E-MAIL US DOCUMENTS FOR SHORT SALES

We are happy to accept short sale documentation by email. Please send all documents to [**ssdocs@mcferranlaw.com**](mailto:ssdocs@mcferranlaw.com) and they will be forwarded immediately to the negotiator handling your matter. We accept documents by e-mail, by fax, by mail or by personal delivery at our Tacoma general processing center.

FAX COMMUNICATION INFORMATION

We are also happy to accept faxes from you and will always route any faxes to the appropriate party in our Short Sale Negotiations Department. Our fax number for all four of our offices is **253-284-3855**.

Call us at (253) 471-1200

OUTSIDE REPRESENTATIVE

Kevin Hummel

Outside Real Estate Broker Representative

Cell Number: (253) 882-9199

Office: (253) 284-3814

E-Mail: Kevin@mcferranlaw.com

OUR ATTORNEY CONTACT INFORMATION

❖ **Edward M. McFerran**
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Attorney at Law
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E-Mail: Martin@mcferranlaw.com

**CLASSES ON SHORT SALE
NEGOTIATIONS AND THE
FORECLOSURE FAIRNESS ACT**

It has been our emphasis during this Recession to provide live clock hour classes to the real estate community on matters relating to distressed property matters. We will continue that emphasis with eighteen (18) clock hour class offerings in all matters real estate.

Presently we offer clock hour classes on foreclosure processes, distressed property matters, negotiating short sales, the new Foreclosure Fairness Act in Washington, FHA Short Sales, Bankruptcy and the 2018-2019 Core Class for Real Estate Professionals.

Classes are offered throughout Western Washington typically at real estate offices. To obtain more information on our class schedule and offerings:

Call our Class Coordinator:

(253) 284-3880

Visit our Website: www.mcferranu.com

Email: classes@mcferranu.com

SHORT SALE NEGOTIATION
PRICING INFORMATION

Our short sale negotiation fees are fixed. There are no surprises. We do not charge sales tax. In fact, there will be no bill sent to you or your client as we do not get paid unless the deal closes. This keeps us on our toes for each and every deal that we take on. We call this a "contingency fee."

Lenders, in short sales that we negotiate on your behalf, pay our fee in an average of 55% of the cases we accept. In most other cases where the lender does not agree to pay our fee, the seller generally pays our fee. Sellers with whom we consult find the competitive fixed fee prices we charge and having an attorney involved in the short sale, to be a valuable part of their short sale team and are happy to pay the fee in the event that we cannot negotiate that fee with the lenders. Real Estate Brokers are generally never asked to pay the negotiating fee. It is our policy to discourage Real Estate Brokers from paying our negotiating fee from their commission. We know that is hard to believe. It is true and we have held to this philosophy all during our now past Recession.

We charge on a contingency fee basis of 1% of the purchase and sale price as our fee with a minimum fee of \$1,695.00 for our services. There is no sales tax.



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NETWORK TITLE AND ESCROW PROVIDERS INFORMATION

Our short sale negotiation fixed fee structure is very competitive. We are far less expensive than most other third-party negotiators in the State of Washington. We are half the price of most other short sale service providers. In order to provide quality services and keep our costs to an absolute minimum, it is important that we integrate all aspects of the short sale transactions with a limited number of outside service providers with whom we may electronically interconnected.

We understand that many of our industry's Real Estate Broker partners have long-lasting relationships with certain title and escrow service providers. We respect that important relationship, but unfortunately we cannot accommodate all outside title and escrow service providers and still offer the competitive pricing structure to which we are committed through the rest of this Recession. We must utilize specific title and escrow providers in order to accept your short sale negotiation engagement.

On the next page you will find a listing of those providers. They are all recognized national organizations. You need not be concerned about your location around the State of Washington. Our services are all integrated throughout the State and we work in every county throughout the State of Washington. We can accommodate signings in the county you are located.

NETWORK TITLE INSURANCE PROVIDERS

King County

Stewart Title of Washington Inc.

or

Rainier Title Company

(Please place order through our office for either title company)

Snohomish County

Stewart Title of Washington Inc.

or

Rainier Title Company

(Please place order through our office for either title company)

Kitsap County

Attorney's Title of Kitsap County

(Please place order through our office for either title company)

Pierce County

Attorney's Title of Washington

(Please place order through our office)

All Other Washington Counties

Stewart Title of Washington

(Please place order through our office)

NETWORK ESCROW SERVICE PROVIDER

All Washington Counties

Attorney's Title of Washington

(Place order through our office)

Attorney's Title of Washington provides escrow services throughout the State of Washington with in-county signing facilities in each and every county in the state. You need not be concerned about sellers and buyers travelling outside their local area of your transactions for signing at escrow. Attorney's Title provides statewide local signing services for your transaction. Their direct phone number is (253) 284-4440. As above, please place all title and escrow orders through our law office.

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SHORT SALE LOSS MITIGATION GROUP

\$150.00 FIXED FEE ATTORNEY CONSULTATION SERVICES

Our office provides a one-on-one, in-person, telephonic, conference call or Skype consultation with sellers on foreclosure and short sale matters for a \$150.00 fixed fee at each of our Tacoma, Kent, Seattle, and Silverdale office locations. Over the years many clients have taken advantage of this consultation. It is discounted to over half of the normal fee charged by our senior attorneys. We are proud of this signature program and the benefits it has provided distressed homeowners throughout the State of Washington.

This economic crisis has prompted us to now require our seller clients consult with us **BEFORE** we agree to take on the engagement of providing short sale negotiation services for their transaction. The time of listing the property for sale is a great time to schedule that consultation with one of our attorneys.

We find this attorney consultation greatly enhances the success of our short sales. Real Estate Brokers are always welcome and encouraged to attend in person or by conference call. We have five (5) senior attorneys conducting these important consultations and have open appointments daily at our offices in Tacoma, Seattle, Kent, and Silverdale. We conduct many, many consultations monthly for clients experiencing financial distress, including evening consultations as well as Saturday consultations.

To set up an appointment or to find out more information about this program, please call (253) 471-1200. Most clients find that they can get a consultation within just a few days of making that important first call.

CALL US AT 253.471.1200



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SHORT SALE LOSS MITIGATION GROUP

PAYING FOR SHORT SALE NEGOTIATION SERVICES

The question is always at the forefront of everyone's mind as they think about completing a successful short sale transaction. Money is tight. There's not even enough money to pay the lender or lenders. How are we going to pay the professional attorney law firm short sale's negotiator? Our firm has chosen to handle these matters by requiring, in most cases, no upfront fee, and that fee is generally only paid if we successfully close your seller's short sale! We call this a contingent fee. There is no retainer. There is no bill to pay if we are not successful in your seller's transaction. It is all pretty simple. Most law firms require a retainer before they take on a short sale transaction.

WE GENERALLY DEMAND THE LENDER PAY OUR FEES

Over our many years of attorney involvement in short sales negotiations, it has always been (and will continue to be until the end of time) that we demand that the short sale lender or lenders absorb our attorney fees as a cost of the overall short sale transaction. In short, we demand the lenders pay our fee!

Does it work? In many cases; yes. Presently, in over 55% of the cases we handle, the lender pays our fee in total. This is an excellent track record for which we are very proud. Sometimes, however, transactions get too squeezed for funds and lenders may reject our demand for payment. In some cases we may only be successful in demanding that a lender absorb a portion of our fee.

Our goal is that there is no cost to any party to the transaction. We are successful in meeting that goal 55% of the time.

If the short sale lender pays our fee, no one has anything to be concerned about and you need not read any further. You will NOT bear any cost whatsoever.

As attorneys, we know we will continue to be successful in this demand for payment of fees by lenders. You see, attorney's fees are generally approved by most lenders and our fees as attorneys are on those "Approved List of Fees" published by most major banks. Lenders today will not pay negotiator fees for non-attorney negotiators. This is pretty much true throughout the industry. That is just another reason to use an attorney firm for your short sale case.

NEVER DEMAND THAT THE PURCHASER PAY OUR FEES

There are lots of properties available today for sale that are short sales. Why a listing broker would curtail potential purchasers from viewing and making offers by stating in the "Agent Remarks" that a buyer will pay a fee of \$2,995.00 or \$3,500.00 or \$4,500 just floors us. Why limit the exposure of your property? We may be wrong, but we hate to encourage any activity that will limit exposure of a seller's property.

Oh we know about the procedure of having the seller provide a concession to the buyer for the negotiator's fee to be paid by the buyer, but not really by the buyer as "really" the short sale lender is paying for it. We've always been nervous about such practice as we're not convinced it's totally above board.

Neither do the short sale lenders think that such action is appropriate. That's why it is common now for short sale lenders to REQUIRE a GFE ("Good Faith Estimate") or a Lender's estimated closing cost sheet for the buyer whenever the buyer is receiving a concession. They just want to be certain the money is going where they think it should and it is for the normal intended purpose.

We're not saying "don't have the buyer pay," but we really see the "Agent Remarks" statement as a real turn-off. If the lender doesn't pay, we are happy to take the buyers money, but from what we hear from Brokers is that everytime they see this remark, they don't show the listed property that would place a financial fee burden on the buyer.

IF THE BANK WON'T PAY. . .
SELLERS GENERALLY PAY OUR FEE!

Real Estate Brokers don't have to give up their hard-earned commissions to hire us. Please keep your commission. In the vast majority of cases we accept, sellers realize the nature and extent of our services and are happy to commit to paying our small negotiator's fee in the event the bank won't. It is really true. It is something you do not even have to address. We handle these matters when our attorneys meet with your clients.

There are exceptions, of course, when the seller is so financially strapped that they cannot afford it, but such is not often the case. Our fee of typically \$1,495.00 or \$1,995.00 is not a stretch for most sellers who have not paid a mortgage payment in many months. We generally take care of this matter at the time of the initial consultation with your seller. You don't have to even worry about this issue. We handle the matter for you. We bring up this issue and handle it as part of our consultation with your seller.

We know you are surprised by this, but it's true. If we were \$5,000.00 or some outrageous price for our services, then the answer would be different. We really discourage Brokers from paying any of our fees. This Recession has been hard enough on you already.

WE NEVER ASK THE REAL ESTATE BROKERS
TO PAY OUR FEE

We provide negotiation services for certain types of real estate short sale transactions. We do so on a fixed-fee basis. We do so on a contingent fee basis as well, meaning that we don't get paid unless the transaction closes. That's a risk to us just like you as a real estate professional take on in every transaction.

However, our goal is to provide value to our clients in each engagement. Some times the lender fails to recognize that value and on some few occasions demand that the sales professionals incur that cost (or part of that cost) as a portion of their overall agreed sales commission for the short sale transaction. That's not fair. It's not right, but lenders sometime require it. We don't like it, but it happens only on a very few occasions. Real Estate Professionals should not be taken advantage of by such actions by lenders.



PAYING FOR SHORT SALE NEGOTIATION SERVICES (CONT)

We cannot and will not recommend or suggest that our negotiation fees be charged to or be paid by any Real Estate Sales professional. That is between you and your seller. We do know that even commission amounts themselves (without even considering a cost of negotiation services) are on some occasions discounted and lowered by lenders in short sale negotiations. We try our best to preclude such actions by the lenders in that regard as well. That's part of our negotiating strategy. We want you to make as much money as you possibly can in each short sale transaction. We fight hard for your commission as we know how hard you have worked to get the deal together.

- ❖ We charge on a contingency fee basis of 1% of the purchase and sale price as our fee with a minimum fee of \$1,695.00 for our services. There is no sales tax.

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SHORT SALE CONSIDERATIONS

In any short sale there are frustrations for all parties involved because of the seemingly long delays to complete short sale negotiations. Below you will find a listing of points and considerations that may provide you a better understanding of the negotiation process:

- A "typical" short negotiation takes no less than two (2) months for lenders other than Bank of America. As we progress through the Recession, we are seeing a gradual increase in the speed of our negotiations with various banks around the country.
- A "typical" Countrywide (now Bank of America) short sale may take as long as three (3) months, but with the technological advances of "Equator" we are greatly speeding up that process. It will vary depending upon individual investor guidelines.
- If your transaction involves two (2) or more lenders keep in mind that all the various lenders must agree to a settlement. That takes extra time to get them all to agree to the same terms. If they ultimately do not agree, our short sale negotiations will fail. A stubborn junior mortgage lender can cause a short sale to fail. While it does not often occur, it can.

Call us at (253) 471-1200

Short Sale Considerations (Cont.)

- The lender or bank in first position is many times only contracted to service the loan and doesn't actually own the loan in first position. They will transmit information to outsiders like the investor/owner of the loan or the mortgage insurance company. Those outside parties will actually make the decision about whether or not they will accept our short sale proposal. Most of our clients are very surprised by this fact.
- Banks are totally swamped with short sale applications and as more applications arrive the time periods for processing become extended. We expect this to only get worse in the future as the number of cases increase. We have invested in computer systems that greatly speed up the communication with the various lenders and have had great success in speeding up the process.
- It generally takes us as long as a week to get "into the bank's system" and be authorized to communicate on the seller's behalf by virtue of their acceptance of our authorization to act on the seller's behalf.
- It generally takes one (1) to two (2) weeks for the bank to up-load and assemble our initial package into their electronic system for processing. Everything is done in an electronic fashion and it takes time for them to incorporate our data into their system. We constantly monitor this process on an ongoing basis. Our people communicate with the banks constantly.
- Expect that a type of independent appraisal by an outside real estate professional will probably be ordered by the bank. Expect that the whole process of property valuation from start to finish usually takes about two (2) to three (3) weeks. This is what we call a "BPO."

Short Sale Considerations (Cont.)

- Expect that, notwithstanding that you wait forever for a response, the bank will give us only about 48 hours notice of any action required including additional documentation requests or actual negotiations. Please expect this. This is a common industry practice. Plan on having to provide updated paystubs, checking statements and other documentation on an ongoing basis during our short sale negotiations.
- Expect that the bank will lose the whole electronic package at least once during the time of our short sale negotiations.
- Our office communicates to all parties involved in our transaction at least once a week by e-mail. We cannot provide individual phone calls or else we limit our time to be on the phone negotiating with the bank. It is best to communicate with us via e-mail. As action accelerates, you will get emails from us frequently. We are constantly working on each file multiple times each week with the lenders.
- The information that the seller provides must be complete and timely. If it is too old, lenders will call the data "stale" and reject our short sale application. Please do **not** date any documents until an offer is received so that we can have up-to-date documentation to submit to the lender with our initial case file.
- Banks are anxious to close files (and eliminate work for themselves) and will use every excuse to close a file if they have an opportunity. Expect this to happen at least once or twice during a typical short sale negotiation. We are adept at getting your matter back on track. It's what we do each and every day.

Short Sale Considerations (Cont.)

- If you don't get an email update for a while that shows a lot of progress, please don't despair. The process has to take its course. Rest assured that we are working your transaction each and every week until its conclusion.

- Our firm has an extraordinarily high rate of success in short sale files going to closing. Given all the hassles and difficulties, you wonder how we close over 90% of the short sale files we open. It's 90% grunt labor and 10% marvelous negotiations.

For Further Information call
(253) 471-1200



McFerran Law, P.S.
ATTORNEYS AT LAW

3906 S. 74th St., Tacoma, Washington 98409
Tel: 253.471.1200 ♦ Toll-Free 1-800.236.4948 ♦ Fax: 253.284.3855
(Also offices located in Seattle, Kent, and Silverdale)
www.mbs-shortsales.com

PROFESSIONAL SERVICES AGREEMENT

[Purchase and Sale Agreement Executed]

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is executed on the date specified on the signature page of this Agreement, by and among **MCFERRAN LAW, P.S. SHORT SALE LOSS MITIGATION GROUP** (hereinafter "Attorneys"); Sellers, whose names appear on the signature page of this Agreement; Purchasers, whose names also appear on the signature page of this Agreement for the property specified and addressed on the signature page of this Agreement as well as Listing and Selling Brokers involved in the subject sale and purchase.

W I T N E S S E T H:

WHEREAS, Attorneys are licensed to practice real estate law in the State of Washington; and,

WHEREAS, Sellers are the owners of certain real estate located in the State of Washington for which an accepted offer of Purchase and Sale has been received and accepted from Purchasers; and,

WHEREAS, Purchasers wish to purchase Sellers' property herein described, but understand that Sellers' performance under the terms of the Purchase and Sale Agreement is conditioned upon the acceptance by one or more lenders or lienholders of amounts less than what is owed them as the overall purchase price, including transaction costs, is less than the total amount owed; and,

WHEREAS, Sellers, Purchasers, Seller's Agent and Purchaser's Agent, instead of attempting to negotiate with lenders and lienholders themselves, have agreed to retain the professional services of the Attorneys; and,

WHEREAS, Attorneys, Sellers, Purchasers, Seller's Agent and Purchaser's Agent all wish to state with particularity the terms and conditions associated with their professional relationship in this written Agreement.

NOW, THEREFORE, in consideration of the mutual benefits to be derived, the parties, each by their signatures below, agree to retain the professional services of Attorneys and Attorneys agree to be bound by this Agreement upon acceptance of the engagement under the following terms:

A. The Attorneys agree, upon written acceptance of this Engagement, to immediately undertake the duties of representing both Seller and Purchaser in the transaction contemplated between the affected property located as specified in this Agreement. Attorneys however do not accept an engagement to perform services under this Agreement until they have reviewed the specified purchase and sale transaction and agree to accept the engagement in writing to the parties and seller has had an "in-person" or telephonic consultation with the law firm under its \$150.00 one time client consultation program. A consultation with the Attorneys by the Seller is a condition to Attorney's acceptance of this engagement.

B. Attorneys agree to take any and all actions required by lenders and lienholders to secure a reduced amount due from those parties to coincide with the terms in the Purchase and Sale Agreement between the parties specified on the signature page of this Agreement in order to allow the transaction to proceed to closing.

C. Attorneys are retained by and perform services for all parties to the proposed transaction. Both Seller and Purchaser agree that it is in the best interest of the transaction that Attorneys be authorized to communicate with, provide information regarding the progress of the negotiations, and obtain strategic market valuation information from any and all licensed Real Estate Professionals involved in the overall transaction. Attorneys will not be independently determining the fair market value of the affected property nor will Attorney express any opinion as to the sufficiency, legality, or economic implications of the Purchase and Sale Agreement, Counter-offers, or modification requests thereto. Services are limited to conducting short sale negotiations as specified under this Agreement.

D. Seller understands and agrees that they will be required to provide Attorneys substantial amounts of personal financial information that may be required by lienholders to evaluate offerings presented to lenders and lienholders by Attorneys. Attorneys agree to respect the privacy of that information provided and agree to only utilize such information as necessary to achieve the purpose of this Agreement. Notwithstanding the provision of Section "C" above, Attorneys agree not to disclose to any other party to this transaction (including Real Estate Professionals) any of Seller's financial information without specific written authorization from the Seller. Seller agrees that they shall be prompt in providing Attorneys information required to obtain requested releases from Lenders.

E. All parties to this Agreement understand that Attorneys herein are industry professionals providing negotiation services only to achieve a result that will allow the proposed transaction to proceed to closing.

ATTORNEYS ARE NOT ACTING AS ATTORNEYS IN ANY REPRESENTATIVE CAPACITY UNDER THIS AGREEMENT AND ARE NOT PERFORMING SERVICES THAT WOULD RESULT IN A TYPICAL ATTORNEY-CLIENT RELATIONSHIP WITH A SPECIFIC PARTY TO THIS TRANSACTION SUCH AS SELLER OR BUYER.

PARTIES UNDERSTAND THAT, BY THIS AGREEMENT, THEY ARE NOT RETAINING AN ATTORNEY TO REPRESENT THEM INDIVIDUALLY OR IN THEIR CAPACITY AS PURCHASER OR SELLER IN THIS TRANSACTION. THE ATTORNEYS REPRESENT ONLY THE OVERALL TRANSACTION AND DO NOT REPRESENT EITHER THE SELLERS OR PURCHASERS OR ANY REAL ESTATE AGENTS INVOLVED IN THIS TRANSACTION IN ANY INDIVIDUAL CAPACITY.

FURTHER, SELLERS AND PURCHASERS UNDERSTAND THAT AS A RESULT, ATTORNEY WILL SHARE ALL INFORMATION ARISING FROM THIS AGREEMENT (EXCEPT AS DESCRIBED IN SECTION "D" ABOVE) TO ANY OTHER PARTY TO THIS AGREEMENT. THERE IS NO EXPECTATION OF PRIVACY OR PRIVILEGE BY ANY PARTY TO THIS AGREEMENT.

IN THE EVENT OF A DISPUTE BETWEEN THE PURCHASERS AND SELLERS, ATTORNEYS WILL NOT PROVIDE LEGAL REPRESENTATION TO EITHER PARTY OR ANY REAL ESTATE PROFESSIONAL INVOLVED IN THIS TRANSACTION.

F. Attorneys shall take actions customary in the industry as well as those required by specific lenders and lienholders to obtain reduction in the amount owed in order to allow the sale to proceed to closing. In that regard, the terms of the above-referenced Purchase and Sale Agreement are incorporated herein by reference as an integral part of this Agreement when not inconsistent with the terms of this Agreement. However this agreement is separate and apart from the Real Estate Purchase and Sale Agreement between the Seller and Buyer.

G. Attorneys shall keep all parties informed on a periodic basis as to the status of the negotiations with information provided to all parties through email communications only. This email communication is sent out to all parties asking to be included in the weekly message updates that occurs typically once per week during the term of the engagement.

H. Attorneys shall promptly inform all parties of any offers or counteroffers by the lenders or lienholders. Sellers, Purchasers and Agents agree to be prompt in providing any additional information that may be required by the lenders or lienholders to Attorneys to facilitate continued negotiations with those Lenders.

I. Attorneys, in the course of negotiations, may be required to provide additional valuation information to the lenders and lienholders. Parties to this Agreement authorize the Attorneys to obtain such information from either or both real estate licensees involved in this transaction. Real Estate Brokers agree to provide such required information to the Attorneys.

J. Parties to this Agreement understand that lenders and lienholders are not in any fashion obligated to engage in short sale negotiations with Sellers or Purchasers and, in some cases, lenders presently may choose not to do so. Parties further understand that Attorneys can make no representation or warranty that the proposed transaction will be accepted by the lender or lienholder. In such case, Attorneys, upon email communication with the parties, will advise of its inability to advance or complete the negotiation, and may unilaterally terminate representation. At such time, this Agreement will terminate and no further services will be performed.

K. Parties to this Agreement understand that lenders and lienholders are under no duty or formal obligation as to the length of time they may take to negotiate, answer or provide an offer or counter-offer to parties in a transaction. Lenders may take as long as four to six months (or more) in some instances. Attorneys cannot predict the length of time that may be required to complete negotiations for the short sale that is the subject of this Agreement.

L. Parties to this Agreement also understand that Attorneys are performing the duties specified herein and are doing so on a fixed fee contingent basis anticipating a closing of the proposed transaction. The law firm is not paid unless the transaction successfully closes. The fixed fee for services is as specified below and requires that certain ancillary services be placed with certain title and escrow companies. Parties to this Agreement understand that Attorney's ability to provide this service at these low rates is because of economies they achieve by electronic data transfer mechanisms with other third party service providers that allow Attorney's economies of operation. Parties agree that they will execute such addendums as is required to facilitate the use of certain title and escrow companies to complete this transaction.

M. On occasion Attorneys may accept properties with liens that exceed two (2) in number. The fee schedule on the next page anticipates no more than two liens. All engagements are not accepted by Attorneys until they have had the opportunity to review the terms of the proposed transaction. Fees for such specialized services will be quoted on an engagement-by-engagement basis. Parties may expect that each lien release (above two) will be charged at the rate of at least \$500.00 per lien release. However, depending upon the owner of the additional lien, this agreement may be adjusted as necessary.

Seller's Requirement To Update Documentation

Sellers understand and agree to continually update their paycheck stubs from employment and bank statements during the course of the short sale negotiations. Sellers acknowledge that they will be required to provide a full set of this documentation at the time of initial submission of the short sale proposal by consultants, but that will not be the only time when such documentation is required.

Lenders will also require that these be updated on a monthly basis. Sellers herein agree to provide to Attorneys on the first of each month during negotiations copies of paycheck stubs and all pages of bank statements on an on-going basis.

Lenders are very sensitive to having current documentation to substantiate income and negotiations can be delayed without such timely documentation.

N. Parties to the transaction acknowledge that Attorneys' services may result in a reduction in the amount owed, but the transaction contemplated herein may not close. Sellers herein, by their signatures, agree that should the short sale negotiations services contracted for herein result in a sale to another third party purchaser not a party to this transaction or to the original purchaser in a subsequent secondary short sale transaction that the Attorneys' fee structure contemplated herein shall transfer and be paid from that transaction as well.

O. Attorneys make no representation or warranty that the actions to be undertaken in this Agreement will result in the sale of the subject property. Seller and Purchaser understand and agree that the Attorneys ability to obtain short sale relief from the foreclosure of the subject property is contingent on the independent actions and decisions of parties having interests in the home, including, but not limited to, lenders, loan servicers, taxing authorities, etc., who are outside the control of the Attorneys and that Attorneys' success may be precluded as a result of the failure of such third parties from cooperating or timely responding. Attorneys are hereby released and held harmless from any and all liability arising from, connected with or relating to the lack of cooperation, agreement or timeliness of any such third parties. Attorneys' may give Notice of Termination of Professional Services when further services are demanded, but in Attorneys' professional opinion, those requested further services will prove fruitless.

P. The captions in this Agreement are for convenience only and are not to be considered in construing this Agreement.

Q. If any portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in full force and effect to the fullest extent permissible by law.

R. This Agreement may be executed in counterparts, each of which, when taken together, shall be deemed one fully executed original.

S. This Agreement may be executed and delivered by exchange of facsimile or e-mail copies showing the signatures of all parties and those signatures need not be affixed to the same copy. The facsimile or email copies showing the signatures of all parties will constitute originally signed copies of the same Agreement requiring no further execution.

T. In the event any legal action, including appeal of same, is brought by any party to enforce the terms hereof, the prevailing party shall be entitled to all costs incurred in connection with such action, including reasonable attorney fees as determined by the court or other decision-making body. Venue shall be the Pierce County, Washington.

U. Purchaser, Seller and Real Estate Professionals understand and agree that these such services may be provided in addition to title, escrow and other legal services if requested. This Agreement is related only to the Short Sale Negotiations and shall not affect the Attorneys' duties undertaken in other capacities, if any. Nothing in this Agreement alters the requirements and duties undertaken in performing title and escrow services related to the subject property nor does it preclude legal representation in unrelated matters involving any of the parties to this transaction.

Seller's Acceptance of New Offers and Cancellation of Contract

V. Consultants are aware of current M.L.S. rules allowing a seller to accept new offers. In the event that seller accepts such a new offer and seeks to replace the current offer with a new offer, the parties understand that, at that time, this Professional Services Agreement is cancelled and terminated. Attorneys may, at their professional discretion and upon review, enter into a new Professional Services Agreement for the new offer with new parties. The fee for that replacement offer contract will be increased by \$395.00 to accommodate the new offer. No cost shall be incurred by any party under this contract in the event the buyer exits the transaction and a new offer is accepted.

RISKS TO SELLERS OF SHORT SALE PROPERTY

In conjunction with the execution of the Professional Services Agreement, the following information is provided to the Seller. Such information is general in nature and has been prepared by the Attorneys and is meant only to alert the Short Sale Sellers and other parties to potential issues, but is not specific advice as to the Seller's specific situation. You should consult your own legal counsel for specific advice as to your situation as Seller's have by meeting with the attorney in conjunction with them executing this agreement

Tax Ramifications The seller under this contract has already had with the attorney at the law firm a consultation wherein the forgiveness of debt tax has been evaluated and its impact on the transaction addressed.

Liability Ramification If your home is sold in a "short sale" (the lender takes less than the lender is owed) oftentimes the lender requires a "Reaffirmation" of the debt. Even if there is no reaffirmation, the residual debt due the lender is not necessarily extinguished by a short sale under Washington State law.

Thereafter, the lender or someone they sell or assign their rights to, may demand from you what the lender lost. However, if your residence is foreclosed through a Trustee's Sale, Washington law extinguishes any right of the foreclosing lender to pursue you for a deficiency. Non-foreclosing lenders (such as lenders in second position) may still sue you under the promissory notes in a foreclosure situation as well as a short sale situation. Accordingly, signing any reaffirmation agreement may not be in your best interest and you should seek legal counsel prior to signing such agreement for specific advice for your situation. Even if you do not sign any agreement, you need to know that, absent a very clear written confirmation by the lender that you are released of any liability, you should assume that you are not so released from your obligation to pay. We suggest that you consult with an attorney on these matters.

Credit Ramifications It is virtually certain that any foreclosure or short sale will seriously damage your credit rating or credit scores and impair your ability to obtain future credit, mortgages or loans. Credit scores are also used in other industries, and can influence, for example, insurance premiums, security clearances, apartment rentals, and job screenings. Paying your loan timely and staying current will likely positively affect your future credit.

Profits If this is a short sale, in almost all situations, the lender requires that you not receive any money from the sale. It is possible that you may have to bring money to escrow to facilitate the short sale. If anyone is promising you money in a "side agreement" or a deal not disclosed to the lender, such agreement may be fraudulent. Please inform your Consultants of any side deals from a buyer and seek the advice of an attorney as such arrangements are possibly invalid and/or unenforceable and could subject you to civil and criminal proceedings and penalties.

SHORT SALE CONTINGENT FEE PRICING SCHEDULE

❖ We charge on a contingency fee basis of 1% of the purchase and sale price as our fee with a minimum fee of \$1,695.00 for our services.	(no sales tax)
❖ Number of liens in excess of two..... (subject to acceptance of engagement)	\$500.00 each (no sales tax)
❖ Release of IRS Tax Lien..... (may require advance for appraisal of property)	\$500.00 each (no sales tax)

Call us at (253) 471-1200

PROFESSIONAL SERVICES AGREEMENT

SIGNATURE AND DATA PAGE

Property Address: _____

City, State, Zip _____

Purchase and Sale Agreement Date: _____ / _____ /2018

Pricing Schedule: We charge on a contingency fee basis of 1% of the purchase and sale price as our fee with a minimum fee of \$1,695.00 for our services. There is no sales tax. [\$500.00 each additional lien excess of two] [\$500.00 each IRS Tax lien]

- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultants' professional fee as shown on the fixed fee sheet will be paid from the closing of the transaction by **Purchaser**; Purchaser Initial: _____ Purchaser Initial: _____
- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultants' professional fee as shown on the fixed fee sheet will be paid from the closing of the transaction by **Seller**; Seller Initial: _____ Seller Initial: _____
- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultants' professional fee will be paid from the closing of the transaction by **Listing Broker**; Listing Broker Initial: _____
- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultants' professional fee as shown on the fixed fee sheet will be paid from the closing of the transaction by **Selling Broker**; or, Selling Broker Initial: _____
- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultants' professional fee as shown on the fixed fee sheet will be paid by **Listing Broker and Selling Broker sharing equally** the fee charged, Listing Broker Initial: _____ Selling Broker Initial: _____
- In the event that Bank or Lender does not pay all or part of the negotiation fee, consultant's professional fee will be paid in the following fashion: _____ Parties Initials: _____

SELLER(S):

PURCHASER(S):

(Signature)

(Signature)

(Signature)

(Signature)

LISTING BROKER:

SELLING BROKER:

(Signature)

(Signature)

SHORT SALE BROKERS DATA PAGE

Pricing Schedule: We charge on a contingency fee basis of 1% of the purchase and sale price as our fee with a minimum fee of \$1,695.00 for our services. There is no sales tax. [\$500.00 each additional lien excess of two] [\$500.00 each IRS Tax lien]

SELLER(S) ADDRESS

PURCHASER(S) ADDRESS

Phone: (____) _____

Phone: (____) _____

Email #1: _____

Email #1: _____

Email #2: _____

Email #2: _____

LISTING AGENT:

SELLING AGENT:

NAME: _____

NAME: _____

Phone: (____) _____

Phone: (____) _____

Email #1: _____

Email #1: _____

Email #2: _____

Email #2: _____

CONSULTANTS:

McFerran Law, P.S.
Loss Mitigation Group

By: _____
Authorized Signatory

3906 S. 74th St., Tacoma, Washington 98409
Tel: 253.471.1200 ♦ Toll-Free 1-800.236.4948 ♦ Fax: 253.284.3855
(Also offices located Seattle, Kent, and Silverdale)
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SHORT SALE LOSS MITIGATION GROUP

BUILDING BLOCKS FOR A SUCCESSFUL SHORT SALE NEGOTIATION

- Current Listing Agreement and any Addenda or updates to that Agreement
- Signed Purchase and Sale Agreement and any extensions or Addenda thereto
- Pre-Qualification letter from lender on behalf of purchaser or proof of source of funds if cash transaction
- Authorization for Release of Information form for each lender involved including loan number
- Copy of last billing statement, payoff statement, late letter, Notice of Trustee's Sale or Notice of Default from every lender
- Copy of the Title Commitment, if one has already been ordered. If it is not ordered, we will handle.
- Financial Statement form provided by our office.
- Hardship letter or form detailing the reasons why debtor is in default with some particularity
- Last two (2) years federal income tax returns, signed, including all schedules and pages
- Last two (2) months bank statements and/or savings statements for borrower and co-borrower including all pages
- Last two (2) months pay-stubs from current employer or unemployment compensation documentation, if not employed
- Our Professional Services Contract signed by all parties to perform negotiation services for the transaction
- Broker opinion of value including comparables and a focus on work orders and condition of the property
- Listing History for the property.
- Good Faith Estimate for Buyer if Seller concessions are requested.

For document submission: ssdocs@mcferranlaw.com or Fax: (253) 284-3855