

Short Sale Wealth Competition Killer

A Shaun McCloskey Special Report

Part 3 of 3



Eliminate **All** of Your Competition, Once and For All!

What I'm about to say is absolutely fundamental to your deal. Do not waiver on this point.

You MUST make sure that you convey to the homeowner that once they deal with you, they deal with you only!

They must understand in no uncertain terms the importance of not working with any other real estate agents, investors, etc, without talking to you **first**.

Understand this is not a personal "thing" that says I'm afraid of a little competition, and this is not a strong arm type of approach that I take with the homeowner either. The fact is that if I am truly looking out for the homeowners' best interest (and I am), this information is an absolute MUST for them to be aware of.

Let me explain why...

(By the way, this true story is the exact same story that I tell my customers on every single appointment that I go on! I absolutely do NOT skip this step under any conditions.)

When I first got started doing short sales, I received a phone call from one Mrs. Watson from South City, St. Louis. She owed about \$75,000 on her house. It was a cute house, and it was in a very decent area. Nothing spectacular, but it had a lot of potential. There were, however, a couple of key problems.

First, the amount she owed might have been realistic to the true value - **if only the house hadn't been literally leaning to one side.**

This house definitely had foundation problems, and since I didn't really know all that much about foundation problems, it looked pretty serious to me.

When I pulled up to the house, I could physically see that the entire house was tilting to the right. I didn't know anything about foundation problems at the time, but what I did know is that I was scared of the property because of how it looked, which meant that I was pretty sure that the lender would be scared of the property too! (Hmmm... This could be a very good thing!)



I met the nice woman at her home, went through our normal routine, and she, like so many of the people that we work with, just wanted to be done with the house. She was ready to move on, but she was overly concerned about her credit... more so than most of the people that we deal with.

Although new to using the techniques I described earlier in dealing with real estate sellers, I was able to build an incredible amount of rapport with her very quickly. I discussed the ramifications of the short sale with her, what all it entailed, and she was very much ready to work with me. She really felt like this was the right thing for her, and happily signed all of the necessary documents to get the ball rolling.

So far, this was a pretty typical short sale deal. We compiled our short sale offer, sent it to the lender, and it wasn't long before the BPO was ordered. It couldn't have been a more text book deal.

We attended the BPO, and it went PERFECTLY. The first thing that the BPO agent said when he got out of the car was, "**Oh my Gosh! Is this house going to fall over?**" Needless to say, he put in an extremely low opinion on his valuation of the property. As a matter of fact, his number was right in line with the offer that we had already submitted to the lender.

About a week later, we got a call from the lender notifying us that our short sale approval was being written up and that we should be expecting it in writing by the following morning! The lender approved our very first offer of \$14,750.00!! That's a \$60,000 discount on a 1st mortgage! I was ecstatic about this because I already had it sold to another investor (one who was quite comfortable with foundation repairs needed). He contracted to buy it from me for \$26,000.00.

So it was pretty much a done deal, and I was set to make about \$11,000 on the deal...*until...*

I was busy counting my money (in my head) when about an hour after I'd spoken with the lender, my phone rang again. It was the lender... again. The loss mitigator explained that she was a little bit confused and wanted to know if I worked with a person named "Butch Jenkins". Now I had no idea who she was talking about, but I began to be a bit unnerved – and for good reason it turns out.

Come to find out, Butch Jenkins is another investor. Butch started working with my customer just a couple of days before this and had just now decided to put in a short sale offer of \$25,000.00 right out of the gate. And whose offer do you think the lender was going to accept? Needless to say, I was no longer buying the property for \$14,750.

I couldn't believe what I'd just heard! **How could Mrs. Watson do this to me?** We had built such great rapport... I didn't skip any steps... I didn't go too fast for her. She was really excited about her decision... Why would she go behind my back and work with someone else?

I called her to find out. When she answered, she was so happy to hear from me and just as sweet as she was the first day that I met her out at the house. I tried to keep my composure on the phone, but to be honest with you, I was pretty ticked off. Here I had just spent the past few weeks working on this deal to try to save her credit and help out her bad situation, and I just couldn't figure out why she would start working with someone else.

I decided to tell her all of the details of what was going on, and she seemed just as confused as I was. I told her that some other investor had made contact with the lender and offered more than I did, and because of that, the lender was trying to now create a bidding war between the two of us. Because of this, Butch pretty much messed up our entire deal. I told her how I had

just gotten the approval and now the lender was going to back out of the deal because they knew they had a higher offer on the table than mine.

I could hear the disappointment in her voice when I asked her why she decided to work with someone else. She simply replied,

“Shaun, I honestly thought that two people working on this would be better than just one person working on it. Butch thought the same thing, and that’s what he told me.”

You know what? **I believe her.** I really do believe that she thought that two people working on the deal would be better than just one person. Not only that, but after talking to Butch on the phone, I can see where he would try to manipulate her into letting him work on a short sale at the same time that I was. (I think he managed to find out that I was able to get a very low BPO on the property, and therefore wanted in on it.)

I called Butch to see if he would withdraw his offer and explain to the lender that he didn’t realize how much foundation damage that the property had. He wouldn’t cooperate. I even told him that I would split part of my profit with him, and he wouldn’t back down. He approached it like a cold hearted business person looking out only for himself. When I asked him why he would try to work on a short sale that he blatantly knew was already being worked on, he simply said that the highest offer wins, and that I was out of luck.

Now... **IF** I was a total jerk (which to be honest with you, I really felt like being at this point), I could have just gone ahead and recorded the deed that I already had signed from the homeowner at our initial meeting. I checked with the county and Butch hadn’t recorded anything against the property. I checked with the homeowner, and she said that she never signed a deed with him... only with me.

So, if I wanted to play hardball, I certainly could have... but I didn’t. I didn’t only because it would have only ended up hurting Mrs. Watson. So I let it go. I let Butch win. As much as it killed my ego to just let him win, I knew letting him close the transaction was in the best interests of Mrs. Watson, and I decided to just let it go.

Now get this...

I got the phone call from Mrs. Watson a couple of weeks later. Come to find out, Butch could never get the money together to close the transaction, and the house ended up going to foreclosure. Not only was I furious to hear this news. Mrs. Watson wasn’t so happy either. Ugh...

The moral of the story is this:

The lender tried to create a bidding war against Butch and I, and I’m not about to play that game – especially since Butch’s first offer was almost the same amount I was selling the property for!

Nowadays I make sure I always tell each homeowner a condensed version of this same story at each appointment so that they know without question that our deal is exclusive once we agree, and to deal with anyone else simultaneously is no appropriate.



If they do, chances are they're going to be in the same boat that Mrs. Watson found herself in anyway... especially if they're dealing with someone like our friend Butch!

Also, if you come across a deal and realize another investor is already working a short sale with the lender, **BACK OFF!** Don't be a Butch! There are way too many fish in the sea to be a Butch! And your integrity is the most valuable asset you have – don't lose it!

It's not going to do you any good to create a bidding war against you and the other guy. If you're seriously interested in the property, call the other investor working on it and let him know that you're interested in working the deal together. In most cases the other investor will probably love to have a buyer like you lined up for when the deal gets approved. If he/she is not interested in working with you, move on. There are plenty of other deals out there, believe me.

Another important note I should make at this point is that I also use my initial appointment with the seller to explain very candidly that I will gladly walk away from the transaction at any time if they feel like they would rather work with someone else.

I go on to explain the only thing that I ask if this ever happens is that they make sure they call me right away to let me know so that it doesn't end up hurting *them* in the long run. By reiterating how it will affect them, they won't ever try to work with someone else (or even attempt another solution) without talking to me first. In fact, I've never have never had a problem since I started relaying this story.

At the same time, I recently hired a new employee, and I forgot to let him know how important this information is to relay to a homeowner... and guess what? He lost his first deal because of a very similar situation. Do you see why this is so important?

Either way, if you're not relaying this information to the homeowner on the front end, you're not only dramatically increasing the possibility of doing a whole lot of work for nothing, you're also not doing someone like Mrs. Watson any favors either.

This two-minute story could be crucial to your deal. Feel free to use my story as your own. And you can be honest with the homeowner as you tell the story too. You don't have to say that this exact same thing "happened to you." You can just tell the homeowner that this happened to a friend of yours and you don't want to see it happen again.

I Hope This Helps!

I've just introduced you to just a few of the ways that we build rapport quickly in order to help those that really need us, as well as some of the most important things you need to consider when prescreening a short sale deal.

As investors in the short sale business, you and I have to luxury of being able to really make a difference in the lives of the people that we touch each and every day. But we also need to be as effective and efficient as possible in this process. That's what I hope I've just helped arm you to do.

Remember though, this will only work if you put it to practice immediately! It's great to know this information, but knowing it is not always enough. You must now put your knowledge to work.

Remember, give first.

Shaun McCloskey

What is the Short Wealth Academy???

Stay tuned! In the next couple of days, we'll introduce you to a new concept of training in the real estate investment industry that is unparalleled with anything you've ever seen! I'd like to personally invite you to be a part of the unveiling of this project called the Short Sale Wealth Academy.

You'll be given the opportunity to learn about my exact system, step-by-detailed-step, for creating an astounding income through flipping short sale deals.

Believe me, if you're interested in creating true short sale wealth, stay tuned and GET READY. This is going to be a ride like you've never been on before!

We'll be in touch!

