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## DEMCO LAW FIRM, P.S.

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### **MORTGAGE DEBT SERVICES**

The Demco Law Firm has been focused on residential real estate matters for over 30 years. We represent clients in every aspect of real estate, from homeowners to brokers and developers. We now offer representation of distressed property owners. Our services include consultation about an owner's options or review of a short sale approval as well as short sale negotiation. We believe that sellers need legal advice about the consequences of a short sale and the terms of the lender's consent. Brokers benefit by having a qualified party responsible for negotiating with the lender and advising the seller.

#### **DEBT CONSULTATION AND REVIEW OF SHORT SALE APPROVAL**

Distressed property owners today have a number of options, with new and different programs being developed all the time. The best approach for each individual person depends on his or her individual circumstances, goals and needs. We offer the homeowner an objective review of the situation, taking into consideration the range of possible alternatives, including loan modification, short sale, foreclosure, and even bankruptcy. One of our attorneys will spend about an hour with the homeowner discussing the options and considerations, and will provide a written summary of the pros and cons of the options available to the homeowner. It is our objective that our clients leave the consultation with a clear game plan.

For sellers who already have lender approval of a short sale or deed in lieu, we will review the approval documents and advise the seller about what it means and what is left to be done. Seller review and approval of the terms of a short sale or deed in lieu of foreclosure is the most important decision that the seller will make in the entire process. Many approval documents are unclear or come with strings attached.

We offer either of these consultations for a flat fee of \$350.00. Review of any subsequent lender short sale approvals is included. If additional work is warranted, we can be retained on an hourly or flat fee basis.

#### **SHORT SALE NEGOTIATION**

We also represent sellers throughout the short sale process. We can represent sellers through the whole process or only with lender approval.

##### ***Full Representation***

Sellers seeking full representation usually retain us to represent them while the property is listed for sale or after a purchase and sale agreement has been executed. We represent those

sellers both to obtain lender approval of the short sale and to negotiate liability for deficiencies and related issues.

We normally will not represent sellers in the short sale process unless we have had a debt consultation beforehand. We believe that property owners should understand all of their options before deciding to attempt a short sale.

When sellers retain us, we collect the required documents and information so that a complete package can be submitted to the lender when a purchase and sale agreement is signed. This allows us to present the agreement for approval very shortly after the agreement is signed, which increases the likelihood of lender approval and reduces the risk that the buyer will find another property.

We charge a contingent fee of 1% of the purchase price if the short sale closes. Our fee has a \$3,000 minimum if paid by the lender. If the fee is not paid by the lender, it is paid by the listing broker. There is no minimum if the fee is paid by the broker. The listing broker can agree to pay the entire fee or require that the buyer's agent pay half. We provide forms for both of those options. The homeowner is not personally responsible for the contingent fee.

### ***Limited Representation***

Some sellers want to negotiate short sale approval themselves or already have short sale approval. The standard short sale forms allow the seller to disapprove the terms of the lender's short sale approval. This is perhaps the most important decision that the seller will make in the short sale process. Approvals often come with strings attached and wording that is ambiguous at best.

We represent sellers who have short sale approval in deciding whether to accept the lender's terms and negotiating those terms where appropriate, including negotiating liability for deficiencies and related issues. We charge a flat fee of \$1,500 for this service. We require that the lender consent to our fee be in the short sale approval.

## **PARTICIPATING BROKER PROGRAM**

Most of our short sale clients are referred to us by the brokers who represent them as listing agents. When we are hired for a Full Service Short Sale Negotiation, we attempt to get lenders to pay our fee, but our fee is paid from commissions if not paid by the lender. Our work for the seller provides a valuable service to the brokers and relieves them of a lot of work. We offer addenda to the listing and purchase and sale agreements for this purpose.