Short Sales & Foreclosure Masterclass

The Complete Guide for Real Estate Professionals | 2026 Edition

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> ***"I was a practicing Realtor in Ohio during the 2008 crisis. I watched agents leave the industry — and I watched a small group make more money than ever. This course gives you everything that group knew." — William C. DeShon***

MODULE 1: THE FOUR TYPES OF DISTRESSED PROPERTIES

Type 1: Short Sales

A short sale occurs when a homeowner owes more on their mortgage than the property is worth. The lender agrees to accept less than the full loan balance to avoid a costly foreclosure process.

- Seller is underwater — owes more than the home is worth
- Lender must approve the sale price and terms
- Process typically takes 60-120 days for lender approval
- Seller avoids foreclosure and credit devastation
- Buyer typically purchases 10-20% below market value

> ***William's Insight: "Short sales require patience. The buyer who is willing to wait 90 days while others walk away — wins the deal every time."***

Type 2: REO (Real Estate Owned) — Bank Foreclosures

When a property completes foreclosure and the bank takes ownership. The lender is now a motivated seller who wants the property off their books as quickly as possible.

- Bank owns the property outright — no emotional seller
- Typically sold as-is — no repairs or credits
- Banks are highly motivated — they don't want to hold real estate
- Properties often priced 10-20% below market for quick liquidation

Type 3: Pre-Foreclosure (Lis Pendens) — The Golden Window

After a homeowner misses 3-4 mortgage payments, the lender files a Lis Pendens — a public notice of pending legal action. This is your golden window of opportunity.

- Homeowner is in distress but still owns the property
- Often the most motivated sellers you will ever meet
- Found FREE through county court public records
- 30-90 day window before property goes to foreclosure auction

Type 4: Probate / Estate Sales

When a property owner passes away and heirs want to liquidate quickly, often at below-market prices. Heirs frequently live out of state and want a fast, clean sale.

MODULE 2: FREE DATABASE DIRECTORY

Every single resource below is completely FREE to access. These are the same databases that experienced distressed property agents use daily.

Database	Type	URL	Cost
HUD Homes	Gov Foreclosures	hudhomestore.com	FREE
Fannie Mae	REO Properties	homepath.fanniemae.com	FREE
Freddie Mac	REO Properties	homesteps.com	FREE
VA Foreclosures	Veteran Loans	ocwen.com/va	FREE
USDA Properties	Rural REO	resales.usda.gov	FREE
Bankruptcy Records	Forced Sales	pacer.gov	FREE
County Lis Pendens	Pre-Foreclosure	Your county recorder	FREE
Probate Court	Estate Sales	Your county probate court	FREE
Auction.com	Auction Properties	auction.com	FREE browse
PropStream	Full Database	propstream.com	$99/mo
ATTOM Data	Data API	attomdata.com	Paid

MODULE 3: SHORT SALE PROCESS — STEP BY STEP

Step 1: Pre-Listing Qualification

- Verify hardship: job loss, divorce, medical, relocation
- Pull mortgage payoff from lender
- Run CMA — establish current market value
- Calculate the shortfall (payoff minus value)
- Identify all liens and lenders on the property

Step 2: Required Documentation Package

- Seller hardship letter (emotional, factual, specific)
- Last 2 years federal tax returns

- Last 2 months bank statements (all accounts)
- Last 2 months pay stubs or proof of income change
- Monthly income and expense worksheet
- Authorization to release information to lender

William's Hardship Letter Formula

> ***"The hardship letter is the most important document in the package. It must answer three questions: What happened? Why can't you pay? What do you need? Keep it to one page. Make it human. Banks are run by humans who respond to real stories."***

MODULE 4: PRE-FORECLOSURE OUTREACH SCRIPTS

Door Knock Script

> ***"Good morning. My name is [Name] with [Brokerage]. I work specifically with homeowners going through difficult times with their mortgage. I saw your address on a public filing and came by personally — not to pressure you — but to let you know there ARE options. May I leave you some information?"***

Phone Script for Lis Pendens Leads

> ***"Hello [Name], this is [Agent] with [Brokerage]. I work specifically with homeowners in situations like yours. I noticed a recent filing on your property and wanted to reach out personally — there are options available to you that most people don't know about. Do you have 5 minutes?"***

Estate / Probate Outreach

> ***"Hello, is this [Executor Name]? I specialize in helping families who have inherited property navigate the sale as smoothly as possible. I know this can be a stressful time and I'd love to take that burden off your plate. Do you have 5 minutes?"***

MODULE 5: AI TOOLS FOR DISTRESSED PROPERTY PROSPECTING

Use these AI prompts with ChatGPT or any AI assistant to dramatically speed up your distressed property business.

AI Prompt: Prioritize Lis Pendens Leads

> ***"I have a list of Lis Pendens filings from [County] County. Help me prioritize which properties to contact first based on: filing date (most recent first), estimated loan amount vs. current market value, and neighborhood desirability."***

AI Prompt: Write Hardship Letter

> ***"Write a compassionate one-page hardship letter for a homeowner who lost their job 6 months ago and is 4 payments behind. The property is in [City]. They owe $185,000 on a home worth $155,000. Tone: factual, human, specific."***

AI Prompt: Lender Follow-Up Script

> ***"Write a professional phone script for calling Bank of America loss mitigation to follow up on a short sale package submitted 30 days ago. Be polite, persistent, and specific about what information I need."***

MODULE 6: BUILDING YOUR DISTRESSED PROPERTY INCOME

Monthly Action Plan

- Week 1: Pull county Lis Pendens — contact 10 pre-foreclosure owners
- Week 2: Register with 3 new bank asset management companies
- Week 3: Complete 5 BPOs to build REO relationships
- Week 4: Contact 5 probate attorneys about estate sale referrals

Income Projection

Activity	Per Year	Avg Commission	Annual Income
Short Sale Listings	6 closings	$3,500 avg	$21,000
REO Listings	4 closings	$4,200 avg	$16,800
Pre-Foreclosure	4 closings	$4,000 avg	$16,000
Probate/Estate	2 closings	$5,500 avg	$11,000
TOTAL ADDITIONAL	16 closings		$64,800/yr

> ***"$64,800 per year — completely separate from your regular business. That is what distressed property specialization looks like when done consistently." — William C. DeShon***