

Short Sale Fraud Is Back! The Rise and Fall of the Short Sale Queen

In the world of Dallas real estate, where luxury homes and ambitious dreams come together, Nicole Espinosa crafted an empire built on promises of helping distressed homeowners.

Known as the "**Short Sale Queen**," she positioned herself as a savior for those facing foreclosure, penning books like "Mastering Short Sales" and "Short Sales Uncensored" while broadcasting her expertise to thousands through YouTube and podcast appearances. Her company boasted processing over 100 transactions monthly, painting a picture of remarkable success in the niche short-sale market.



But beneath this glittering façade investigators uncovered a web of deception that would ultimately lead to her downfall.

Last month, a federal grand jury in the Eastern District of Texas shattered the Short Sale Queen's reign, indicting Espinosa and her alleged accomplices, Stephanie Parks and Selena Baltazar-Hill, on charges that could land them each 30 years in prison.

Short Sale Master Class In Fraud

The scheme, as detailed by investigators, was as clever as it was corrupt. Beginning in 2017, Espinosa and her associates approached homeowners teetering on the edge of foreclosure with promises of salvation through short sales.

But rather than following legitimate processes, they allegedly crafted a fraud that leveraged fake buyers and falsified documents, creating an illusion of pending sales to halt foreclosure proceedings and waive collection efforts.

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A short sale is the sale of a home for net proceeds less than the balance of the outstanding mortgage. A short sale must be approved by the mortgage lender because the lender will lose money, and be "short" the difference between the net proceeds of the sale and the mortgage loan amount.

Short Sale vs Foreclosure

A short sale is an attempt by an owner who is underwater on their mortgage to sell their property before a foreclosure takes place, with the bank's approval.

Once a foreclosure happens, it's all over for the owner and the property is either sold at auction to the highest bidder, or if there are no bidders the bank takes the property onto its books.

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How Long Does a Short Sale Take?

A short sale can take up to four to six months if the owner attempts to sell after missing their first mortgage payment.

Short sales generally take much longer to close vs regular resale transactions, if they close at all.

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After signing a listing agreement with the homeowners, the Short Sale Queen submitted various fraudulent documents to financial institutions and mortgage companies for the purpose of freezing or halting the foreclosure process.

Such documents included falsified purchase agreements from purported "buyers," as well as altered "proof of funds" letters showing the "buyers" had the means to purchase the property. Based on these documents, the financial institutions halted foreclosure proceedings, waived fees collection, and unknowingly allowed the Short Sale Queen time to find a real buyer, or in other instances, cancel the deal when they could not locate a legitimate buyer.

Over \$8 Million In Fraud

The numbers tell a devastating story: 88 properties, over \$8 million in sales, and more than \$390,000 in commissions and fees flowing into their coffers. Meanwhile, financial institutions absorbed staggering losses exceeding \$2.5 million.

The Return Of Short Sale Fraud

This case eerily echoes another recent short-sale fraud conviction in Brooklyn, suggesting a disturbing pattern in the industry. Both cases exploited the complex mechanics of short sales, where lenders agree to accept losses to avoid foreclosure, turning a system designed to help distressed homeowners into a tool for personal enrichment.