

## SHORT SALES

PLEASE NOTE: Short Sales are Not an Easy Process

When a seller owes more than the property is valued at - they list the property at a lower amount to get an offer on the property. If they list it at what is owed and all the costs involved – chances are good that the property would just sit there and not generate any activity to render any offers. So when you see a property listed as a short sale - you automatically know that they owe much more than asking price.

The owner has to fill out mandatory paperwork and supply their mortgage company with a hardship letter, financial statement, bank statements, pay stubs, and a HUD, which tells the bank how much they will lose on the property.

The bank will automatically order an appraisal or at least one BPO (Broker Price Opinion) from a local agent.

If the amount offered is not in line with the appraisal or the BPO's - the bank will reject it.

Example: Let's say there's a house listed at 200K, but the mortgage on it is 250K and they get an offer of 190K.

Appraisal and BPO come in at 210 - The bank will reject the low offer.

Agents list properties at the price they believe is the current value and what the bank will accept. Agents List Properties to Sell Them - IF THE AGENT THOUGHT THE BANK WOULD TAKE MUCH LESS THAN THE ASKING PRICE – THEY WOULD LIST IT AT A LOWER PRICE AND PROBABLY GET MULTIPLE OFFERS. DO NOT EXPECT TO GET AN OFFER ACCEPTED BY LOW BALLING THE OFFER. Asset managers have a lot of files on their desk and they do not have the time to entertain low offers.

Chances get better of the bank accepting the offer if the offer is at or close to asking price. Of course there still is NO guarantee that the bank will accept a full price offer either.

Another issue is this: if the agent that has the property listed doesn't know how to handle a short sale - then chances of successfully going to closing is slimmer.

We have a short sale specialist on our team, but the other agent and the property owner has to be willing to work with us. Although that would alleviate the listing agent of his difficult task of trying to reach the appropriate person at the owner's mortgage company, many agents do not want to give up control over a file.

Paperwork to submit to the lien holder:

1. Owner's Authorization allowing the lien holder to speak to the agent
2. Listing Agreement
3. Hardship Letter
4. Financial Statement
5. Last Two Months Bank Statements
6. Last Two Pay Stubs
7. Purchase Agreement
8. Pre-Approval Letter (or Proof of Funds)
9. Copy of Earnest Money Deposit
10. HUD

Ultimately - it's up to the owner's bank to accept the offer or decline it.

The entire process can take anywhere from 2-6 months, depending on who the lien holder is. Some Banks are easier to work with than others. YOU MUST HAVE THE STAMINA TO WAIT IT OUT.