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## Success with Short Sales

*by Phoebe Chongchua*

It may truly be the choosing of the lesser of two evils -- short sale or foreclosure -- but, if you have to get out of your home, finding a way to complete a successful short sale may provide the best outcome for a distressed homeowner.

Since I've covered short sales in previous columns, see *Short Sale: May be Solution for Delinquent Homeowners*, I am not going to focus on what they are but rather how to make them successful. Short sales are typically more difficult than a regular real estate transaction but they are better than simply walking away from a home and letting it foreclose.

These days, with foreclosures and short sales comprising nearly 40 percent of recent home sales, the National Short Sale Center (NSSC) is receiving more than 3,000 calls per month from homeowners across the nation. The company has already handled more than 1,000 short sales in all 50 states.

Nearly 12 million homeowners are upside down with their mortgages -- owing more than their home's value -- and the number is growing. It's estimated that number will increase to 15 million within a year's time.

Travis Hamel Olsen and some partners opened the NSSC a few years ago. He says the short sale is a "win-win" situation. The bank ends up losing less money than if it ended up taking back the property and the homeowner's credit is not damaged as much as from a foreclosure.

But the short sale process is not easy or financially pain-free. Some lenders will absorb the difference between what the outstanding mortgage is and what the home sells for in a short sale. However, other times the lender will seek to collect the difference from the homeowner.

If you're considering a short sale, here are some tips that you should consider.

Get expert help.

This is a must. Short sales are difficult and negotiating through the process can be very stressful. You need guidance and the best available information that you can find. "There's no charge for our services to the homeowner," says Travis Hamel Olsen, President of National Short Sale Center. That's because the NSSC is paid by splitting commission with the listing agent and the lender pays the company a closing fee that is authorized by the homeowner. For those fees, the company will help the homeowner navigate through rocky waters. "We will guide the homeowners, letting them know all the documents that they need to collect for their specific lender," says Olsen.

Start the process as soon as possible.

Contrary to what some homeowners believe, you do not have to be delinquent to start or complete a

short sale. "Don't sign title over to anybody else to conduct a short sale for you," cautions Olsen. He adds, "A lot of people will sign the deed of the property over to somebody to negotiate the property -- that's not needed."

Submit a hardship letter.

Even though you'll utilize the services of expert agents and short sale specialists, you'll still need to do your part to help convince the lender that the short sale is the best outcome for all. The hardship letter explains to the lender why it is impossible for you to pay the full amount of the loan. It demonstrates your true financial hardship. Experts say you have to be careful if there is a big gap between your current income and the income you used to get the initial loan to buy the property. A large gap could point toward possible mortgage fraud, unless your financial circumstances have drastically changed.

Price the short sale competitively.

Usually, it's best to price the property at or near market value. Keep it competitive says Olsen. He says a lot of people want to list the property at what the debt is but that is not usually successful. The good news is that Olsen says banks are more willing to negotiate. "We are seeing more approvals and consequently more closings every single month," says Olsen.

The short sale can be a lengthy process, have, patience, quality experts on your side, and stay on top of what is needed from you to help close the deal. For more information on short sales visit: [shortsalecenter.com](http://shortsalecenter.com).

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