

Naples Florida Short Sales

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Are you being forced to sell your home?

Did you lose your job?

Is your adjustable rate mortgage adjusting?

Do you have little or no equity?

A short sale may be your answer.

If you bought your home in the past few years chances are you have little or no equity. With the slow economy and adjustable rate mortgages adjusting chances are you might be forced to sell. A short sale may be the answer to your problem.

What is a short sale?

A short sale is when a seller owes close to or more than the property is worth. In these situations, lenders are sometimes willing to accept less than the full amount of the loan, commonly referred to a "short pay" or "short sale."

Why does a bank agree to a short sale?

From the lender's perspective, a short sale saves many of the costs associated with the foreclosure process - attorney fees, the eviction process, delays from borrower bankruptcy, damage to the property, costs associated with resale, etc. In a short sale scenario, the lender gets the property back faster, so it is able to cut its losses. Your short sale expert's job is to convince the lender that it will fare better by accepting less money now.

How does a short sale work?

The lender will want some information about the property, the borrower and the deal he has made with you. Specifically, the lender wants to know what the property is worth. The lender will generally hire a local real estate broker or appraiser to evaluate the property (called a broker's price opinion or "BPO"). You can also submit your own appraisal or comparable sales information. Also, include some relevant information about the neighborhood and the local economy if things are bad (copies of newspaper articles with "bad news" may help). Be sure to tell the bank about any and all repairs needed to the home. A contractor's bid for repair estimates should also be submitted, which, of course, should be the highest bid you can obtain!

Can I do a short sale myself?

Negotiating a short sale with the lender is a difficult process, generally because it is a daunting task finding a bank officer who has the authority to accept a discount. You will have to call around to locate the lender's "Loss Mitigation Department". More than likely, each lender you deal with will have a separate name for this department, so be patient when calling. You can expect the process to involve a lot of waiting on hold and being bounced around an intricate maze of automated voice mail systems. Once you get in touch with the right person, then the negotiating begins. An experienced short sale agent already has a rapport with each bank's loss mitigation department. This can save you valuable time in the short sale process.

What information does the bank need from me?

The lender will also ask for financial information about the borrower. Sort of a backwards loan application, the borrower must prove that he is broke and unable to afford the payments. The borrower must show that he has no other source of income or assets to repay the loan. This process may involve as much, if not more paperwork than an original mortgage application! This information is only good for 60 days and must be resubmitted if an offer is not received in that time period. The borrower should submit a "hardship letter", which is basically a sob story about how much financial trouble the borrower is in. This may require a little literary creativity, and some help on your part. Don't lie, just paint a picture that doesn't look good. Remember a person will be reading your letter so appeal to their emotions.

Finally, the lender generally wants to see a written contract between you and the seller. The lender wants to make sure the seller isn't walking away with any cash from the deal. Generally, the contract must be written so that the buyer pays all costs associated with the transaction, so that the "net cash" to the seller is the exact amount of the short pay to the lender. A preliminary HUD-1 settlement statement is often requested, which can be difficult, since many title and escrow companies simply won't prepare one in advance of closing. An experienced short sale agent will have the necessary relationship with title companies to have them prepare this document.

What else can I expect to happen?

Don't be surprised if your first short sale bid is rejected. Lenders aren't emotionally attached to their properties, so they aren't as likely to give you a steal. Many short sales fall through if the BPO comes in too high, which is often the case. You can't pull the wool over a lender's eyes — if the property isn't in need of serious repair, it is unlikely you can convince the lender the property is worth a whole lot less than the appraised value. The lender also has guidelines on how much they are willing to accept based on the current market value. This is where most inexperienced short sale agents fall short. They get anxious to close a deal and submit the first offer they receive. An experienced short sale agent knows each bank's threshold and can help you negotiate with a buyer and counter offer to bring them up to an amount the bank is willing to accept. Remember a short sale approval can take months and you may not get a second chance. Don't put your financial future at risk!

The short sale process is not that complicated, but the success or failure of the deal depends upon how you present it to the lender. Many novice buyers and realtors give up at short sales quickly because their first deal is rejected. Like any business, short sales takes practice to get good. Generally speaking, loss mitigators are pretty good at spotting amateur agents. If your agent knows what they are doing, the loss mitigators are more likely to make a deal with you.

Questions about Naples Florida short sales?

Do you need a qualified short sale agent in your area?

Ask us below or Call us Now at 239-285-7443