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## What is a short sale?

One of the newer real estate concepts making its debut (or re-emerging from many years ago!) is that of a **short sale**. A short sale happens when the seller is listing their property for sale for less than what is owed to the bank on that property.

This typically means that the **bank will be involved** in negotiations of the offer and counteroffers between buyer and seller, which can lengthen the time that it takes to negotiate a contract to buy the property.

For the **seller**, it means a packet must be prepared and submitted to the bank, in order for them to assess **ability to pay**. The **short fall** is the amount of money between what is owed to satisfy the lender and the projected proceeds from the sale. Another step in the short sale process is that the lender and the seller must negotiate how this short fall will be paid.

For the **buyer**, making an offer on a short sale property means that unless you are paying cash, you should be prepared to submit a **letter of qualification or commitment** on your own financing, to illustrate in writing that you are a qualified buyer.

For the **lender**, this means they must typically go through an analysis of the property's **market value** with respect to the offer made by the buyer. A release from the lender is typically given once the contract for sale and the handling of the short fall is negotiated.

And, for all involved, it means **patience** will be needed. A short sale is a very doable process, although more complicated than a typical purchase. A lot rides on the **realtor** doing a rigorous job of helping manage the transaction, as there are many issues to be worked on and resolved as the transaction progresses. The reward to the buyer is a property at a **good price**. In a short sale, the lender and the seller negotiate a path to sell a property, and perhaps avoid going into foreclosure on that property, which is to their advantage in many ways.

The web is a good source of information on short sales, and two good links are as follows:

[www.realtor.org/libweb.nsf/pages/fq335](http://www.realtor.org/libweb.nsf/pages/fq335)

[homebuying.about.com/od/4closureshortsales/foreclosures\\_and\\_short\\_sales.htm](http://homebuying.about.com/od/4closureshortsales/foreclosures_and_short_sales.htm)

Check the front page of my website for **links** to properties in this area being advertised as short sales. And, give me a call and I would be happy to guide you through the purchase offer preparation, negotiation, and closing process for a short sale property.

Thanks!

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