



## A Short Primer on **Short Sales**

You've searched your ideal neighborhood, and you find a property which appears to be priced significantly lower than the rest. It might just be your lucky day – if you are willing to work through the often long and tedious process of buying a short sale.

A short sale is a real estate transaction where the seller's lender is accepting a discounted payoff to release an existing mortgage. It is typically done to prevent a foreclosure, but it is designed as the most economical way for the bank to recover the amount owed on the property, not to help the property owner.

### **Here's some helpful tips for buying a short sale property:**

- Research public records. Find out whether a foreclosure notice has been filed, and how much is owed to the lender, so you know what to offer.
- Remember that the lender will not pay for items such as home warranties or termite inspections. Obtain and pay for a home inspection and make your offer contingent upon its approval.
- Make your offer contingent upon the lender's acceptance and give a time frame for response.
- A property listed with short sale terms does not mean the lender will accept your offer. A lender will only agree to a short sale if the seller has no equity in the home and cannot repay the difference between your sale price and their loans.
- Once the seller has accepted your offer, send it to the lender for approval. Offer proof that you are pre-approved for a loan, along with a list of comparable sales supporting your offer price.