

# **About Short Sales**

## **What Short Sale Sellers Need to Know**

**Daytona Beach Real Estate**

**Lynn Byrne, Realtor**

**<http://www.lynnbyrne.com>**

**386-566-7503**

# What We'll Cover

- ◆ What is a short sale?
- ◆ Why Do Banks Accept Short Sale Offers
- ◆ Advantages of a Short Sale
- ◆ Are You Qualified for a Short Sale?
- ◆ Determine if Using a short sale is right for you
- ◆ Determining your next course of action

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# What is a Short Sale?

- ✦ A short sale is where the mortgage lender accepts a purchase amount for a home from a new buyer that's less than the amount owed by the existing home owner.

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# Why Do Banks Accept Short Sale Offers?

- ◆ The bank saves money and time
- ◆ The value of the home is less than what is owed – they cannot get more by taking possession through foreclosure
- ◆ The cost to foreclose is very high

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# Advantages of a Short Sale

- ✦ Your credit scores are impacted less than a foreclosure or deed in lieu of a foreclosure
- ✦ You will not pay the real estate broker commission. The bank will negotiate with both the seller and buyer real estate agents for the commission
- ✦ You can move on with your life

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# **Are You Eligible For a Short Sale?**

- ◆ You must have a hardship reason
- ◆ You must not be able to pay your mortgage and you need to prove it
- ◆ Reasons include loss of employment, increased mortgage payments, family death, military service, divorce, and illness
- ◆ You will need to provide tax returns, financial statements, W-2 forms, and delinquencies

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# **Are You Eligible For a Short Sale?**

- ✦ Your home being worth less than the mortgage amount is not sufficient to make you eligible for a short sale
- ✦ You must prove sufficient hardship
- ✦ You must have your home listed and actively marketed with a real estate broker
- ✦ The lender will not allow you any profit

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# Is a Short Sale Right for You?

- ✦ If you don't need to sell, a short sale is probably not right for you
- ✦ Why?
  - ✦ There's too much inventory
  - ✦ There's a lot of competition
  - ✦ You're credit rating will be impacted
- ✦ Wait until the market turns around
- ✦ If you are expecting a profit, do not pursue a short sale

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# **Seller Short Sale Process**

- ✦ **Contact your lender and tell them you will be pursuing a short sale – follow their instructions. Be persistent, it is not easy to work with many lenders**
- ✦ **List your home with a real estate broker / agent who is experienced with short sale transactions – DON'T DELAY – List as early as possible**
- ✦ **Gather all the documents to prove your hardship**

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# When You Get the Short Sale Offer

- ◆ The offer will be submitted with your short sale application package
  - Hardship Letter
  - All required documents
- ◆ The Buyer must be qualified for a loan or paying cash

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# What will the Lender Do?

- ✦ First, they are likely to take a long time. Weeks, months. You will need to have patience. More than one mortgage will extend the time required
- ✦ They will evaluate the offer or offers
- ✦ They will order a Brokers Price Opinion (BPO) to determine market value

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# Are You Ready?

- ✦ Contact a qualified and experienced Realtor® or Real Estate Agent
- ✦ In the Daytona, Ormond, Port Orange Area, call Lynn Byrne at 386-566-7503
- ✦ In other areas, ask for references and find an agent who has completed short sales.

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