

7 Things Every Home Buyer Should Know About Short Sales

1. Don't make lowball offers. Every lender has a certain dollar amount they want to net from the sale. Typically first lien holders (lenders) want to net at least 85% of the fair market value of the home. If you lowball, you have a good chance of having your offer rejected and you may not have the opportunity to make a counteroffer.
2. Listing agent experience is crucial. It's up to the listing agent to submit the short sale package, along with your offer, to the bank(s). If this isn't done in a certain way with the right documents from the seller then your offer may not see the light of day.
3. Seller must qualify for short sale. Make sure your agent confirms with the listing agent that the sellers are able to short sell. If the sellers don't have a financial hardship then the short sale has a good chance of not being approved.
4. Don't ask for a home warranty to be paid by the seller. Most lenders will not pay for home warranties.
5. Be prepared to wait. Short sale transactions typically take many months to close escrow. So if you have to be in a home in less than 60 days you may want to pass on short sales.
6. Don't submit offers without proof of funds or a loan approval. You've got to prove that you can buy the home otherwise your offer won't be considered.
7. Most likely the property is being sold AS-IS. However the seller should be able to provide a property disclosure statement. Make sure your agent gets it for you.

I hope this information has given you some insight into buying a short sale. So don't shy away from a home just because it's a short sale...have your agent check into it for you. You could be the next owner!

If you're not already working with an agent, give me a call! I'd be happy to help you.

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