

The 7 Most Dangerous Short Sale Myths

A short sale can be an excellent solution for a homeowner who owes more on their home than what it is worth and has to sell. Unfortunately a number of myths about short sales have developed and it is important you understand the reality of this process if this is a solution that you feel meets your current needs.

1. Short Sales are Impossible and Never Get Approved - Nothing could be further from the truth!
 - **Are short sales more difficult? Yes.**
 - **Do you need to learn a new process? Yes.**
 - **Are they impossible? No, No, No!**
2. Banks are Not Accepting Short Sales; They are Waiting on a Bailout - Really? You may have heard this; the reality is that banks (and the government) are trying to do anything they can, within reason, to avoid foreclosing on property. To think that they would deny a Short Sale in hopes that some future legislation will pass and pay them for their loss is preposterous.
3. You Must be Behind in on your Mortgage in Order to Negotiate a Short Sale - While it is true that initially some lenders wanted you to be in default (missed a payment) before they were willing to consider a short sale – this trend has almost all together reversed. Today, lenders are looking for verifiable hardship, monthly cash flow shortfall or pending shortfall and insolvency. If you meet these three requirements and are in a position where you will soon not be able to afford your mortgage, act now! Don't wait until the countdown clock to foreclosure has started and you have even less time left.
4. Buyers are Not Interested in Short Sales and Avoid Them - This is a myth that potential sellers hear all the time – thankfully the reality is that today it is not. In fact many agents are getting calls from buyers who say “I only want to look at foreclosures and Short Sales!” Short Sales and Foreclosures have become synonymous – not with issues – but with **GOOD DEALS**. International buyers specifically are interested in these properties.
5. Listing my Home as a Short Sale is an Embarrassment - It is understandable that you may have reservations about letting the world know that you owe more on your home than it is worth however, understand that according to recent estimates, 1 out of 5 homeowners in the US is in your exact situation. You are to be congratulated for admitting you need help, taking action, and finding a professional who can work with you towards a solution.

With **40 to 60%** of the sales in the US predicted to be Short Sales or foreclosures you are not alone!

6. The Bank Would Rather Foreclose than Bother with a Short Sale - We know you have heard this; you may have even heard it from an overzealous collections agent working for a lender. The reality is that banks do not want to foreclose on your property. Banks, investors and even the federal government have all publicly said that if a person is qualified for a short sale the deal needs to be considered.

The qualifications are:

- A. Financial Hardship – There is a situation that is causing you to have trouble affording your mortgage.
- B. Monthly Income Shortfall – You have more month than money! A lender will want to see that you cannot afford or will not be able to afford your mortgage soon.
- C. Insolvency – The lender will want to see that you do not have significant liquid assets that would allow you to pay down your mortgage.

7. There is not Enough Time to Negotiate a Short Sale Before My Foreclosure - This is a myth that probably hurts homeowners the most. Many don't realize that foreclosure is a process and there is time.

The foreclosing party (*in most cases a lender*) can stall a foreclosure up to the final day of the process. These days many lenders will stall a foreclosure with as little as a phone call from you letting them know that you are trying to sell. Almost all lenders will stall a foreclosure with a legitimate contract, in our view there is time until the foreclosure process is complete.

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