



GRAF REPORT

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Special points of interest:

- Is a short sale similar to a regular sale?
- What percentage of short sales actually get accepted?
- Can any Real Estate agent handle a short sale?
- For specific questions on short sale transactions contact: **Robert Graf @ (818)368-6265**

Be Informed!

Upcoming issues:

Can Loan Modifications reduce principle?	1
Have we hit the bottom yet?	2
2 year forecast of the housing market.	3
Can I Keep My Property Tax Base if I Move?	4
Credit score impact of a Short Sale vs. Foreclosure.	5
Can Buyers Still Qualify for Loans?	6
Will My Home Ever be Worth \$800,000 Again?	7

Short Sales - Demystified

A “short sale” is a transaction in which the seller (home owner) owes more money on the home than what it can be sold for. The process of selling a home in this situation starts off the same as any normal sale. A REALTOR® is hired to list and market the home, an offer is presented to the seller for acceptance. At this point the listing agent compiles a short sale package to submit to the lender or lenders (if a second exist). Follow up now becomes critical between the agent and the lender as to the progress of the approval. A typical short sale approval takes between 30-90 days from the time the short sale package is submitted. During this time a nego-

tiator is assigned to the case and a line of communication is established. Once any additional conditions or request have been satisfied, the lender makes a decision as to whether they will accept or decline the short sale. An approval means the bank is willing to accept the offered amount and will absorb any losses that arise from the transaction. The average success rate of a short sale industry wide is only 25 %. An experienced certified short sale expert typically has an 80% or higher success rate. A short sale transaction is a complex series of events that requires experience and knowledge to complete.

Typical Short Sale Scenario:

- 1) Home owner has a hardship.
- 2) Home owner has stopped making mortgage payments.
- 3) A recorded Notice of Default has been issued.
- 4) A Foreclosure Sale has not yet occurred.



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Robert Graf (818)368-6265

Terms: Foreclosure, REO, Bank Owned

The term foreclosure is misused and inaccurately describes properties for sale. The industry refers to “foreclosure” as a generic term for a bank owned property. The actual meaning of a “FORECLOSURE SALE”

is an auction that happens at the court house steps usually requiring cash or a cashiers check to purchase with no protection for the buyer. If the property does not sell at the auction it becomes a “Bank Owned, REO, or

Corporate Owned property”. Once listed on the open market offers are submitted in the same way as an ordinary sale and all the protections of a traditional escrow including a title policy are provided to the buyer.