

# Pitfalls and Solutions with Short Sales

As a homeowner considering a short sale, it is important you understand the process. Following are some of the most common mistakes agents and homeowners make when handling a short sale.

## 1. Your Property is Priced Incorrectly

### **Pitfall: Your Property is Priced Incorrectly**

This is the most common mistake made with all properties, and the most common reason a property doesn't sell.

**Solution: Agent Providing Understanding and Transparency** Your real estate agent will go through a detailed listing price strategy with you, allowing you to see exactly where your property should be priced based on its current condition, sales in your area, and most importantly, how much time you have left to sell.

## 2. Your Short Sale Proposal is Incomplete

### **Pitfall: Your Short Sale Proposal is Incomplete**

This is one of the most frequently seen causes for the rejection of short sales proposals. Most agents do not understand the short sale process and what your lender will be looking for.

### **Solution: Understand All Aspects of the Process**

Your agent should understand the short sale process in detail and be able to explain it clearly. The agent should also be able to communicate effectively with both you and lenders to produce a complete and cohesive proposal.

## 3. There has been Inadequate Follow-up and Communication

### **Pitfall: There has been Inadequate Follow-up and Communication**

As your property goes through each stage of the short sale process, an agent can jeopardize the transaction by not properly communicating with everyone involved. As the homeowner, you may not know that your file has been delayed, and that you again may run out of time to close and avoid foreclosure.

### **Solution: Select an Agent With Experience**

The right agent knows exactly how to follow up to ensure that your lender's issues are addressed in a timely manner, and will make certain you do not have unnecessary delays.

## 4. Not Enough Time

### **Pitfall: There Isn't Enough Time**

It is critical that your agent understands the foreclosure laws in your area. They should be able to show you an estimated timeline for the process, from start to closing. In addition, they should know how to communicate with your lender. Certain information can be provided to lenders to postpone your foreclosure for weeks or months in order to negotiate a sale.

### **Solution: Provide Accurate and Useful Information**

Make sure you provide your agent accurate information as to exactly how many payments you have missed and any correspondence you have received from your lender. This will allow your agent to understand your situation and work to improve it.

## 5. Your Deal is Not Submitted Properly

### **Pitfall: Your Deal is Not Submitted Properly**

If you do not follow the directions you receive for submission, then you are expecting an over-worked, under-staffed department to go out of their way to handle your file. There is very little likelihood of this situation working out in your favor.

### **Solution: Follow Instructions Closely**

If you are instructed to fax your file, fax it and send a backup copy in the mail. If you are instructed to mail two copies, mail two copies. When you reach the point of having a contract, all your information, and a completed proposal, you do not want your deal to fall apart because no one sees it.

## 6. The Buyer's Offer is Too Low

### **Pitfall: The Buyer's Offer is Too Low**

Many agents will encourage you to submit any offer that comes in. The reality is that a *short sale* is not the same as a *fire sale*. In order to have a legitimate chance of getting your deal approved, you must have an offer that is more attractive to the lender than a foreclosure.

### **Solution: Proper Negotiation**

The right agent will work with you to properly negotiate any offer that you receive to get 'highest and best' from each potential buyer. This ensures you are presenting the best possible solution to your lender.

## 7. The Buyer's Contract is Not Strong Enough

### **Pitfall: The Buyer's Contract is Not Strong Enough**

Especially in our current economic climate, willingness to make an offer on a

property does not mean that a buyer is truly qualified to purchase. The reality is that buyers need to be preapproved for financing, closing funds must be verified, and their ability to buy needs to be confirmed.

**Solution:** An Agent Familiar with Qualifying Buyers

Your agent should be familiar with what must be verified in order to qualify a buyer to submit an offer on your property. Otherwise, these offers may have little chance of closing. Don't risk this process with an uneducated agent who does not appreciate this aspect of short sales.

**In conclusion,** While these pitfalls may seem troublesome, the right agent can help you navigate your way to a successful closing. Don't endanger your financial future and the potential sale of your home with an agent who does not fully understand the process. CDPE-designated agents have completed extensive training in the short sale process, and in assisting struggling homeowners who need real solutions. They understand what you are going through, and are here to serve and help save your family's interests.