



Short Sales...What To Expect

A short sale is an agreement between homeowners and their mortgage lender to list their home for sale at or below market value, even if the listing price is less than the mortgage loan amount(s). Approval of a short sale may be required from the mortgage servicer, the mortgage holder and a mortgage insurance company.

Falling Home Value

Homeowners who need to sell their homes may be stuck unless their mortgage lenders agree to accept less than what is owed to them. This is common in areas where property values have steeply declined.

Beyond Your Control

Mortgage lenders may agree to accept the proceeds of a short sale as full settlement of your mortgage if you're selling your home due to circumstances beyond your control. Examples of such circumstances include reduced income due to illness or unemployment or a natural disaster.

Don't Wait

Contact your mortgage loan servicing company as soon as you realize you cannot make mortgage payments. Be prepared to discuss your hardship, your income and debt, and don't consider promising anything you cannot do. Honesty is the only policy when requesting a short sale.

Avoiding Foreclosure Expenses

Mortgage lenders approve short sales to avoid the cost of foreclosing and managing vacant homes. The sooner you ask about a short sale, the more your lender can save. The more a lender can save by approving a short sale, the more likely they are to agree to a short sale.

Potential Concerns

Your lender may agree to accept a short sale, but this does not mean you'll escape free and clear of consequences. Past due mortgage payments will show on your credit report, and if your lender has started foreclosure, this may reflect on your credit history and credit scores.

Possible Tax Consequences

It's a good idea to speak with a financial adviser or tax consultant before asking your lender about a short sale. There may be tax consequences, but circumstances can vary according to individual situations.

Cooperation is Key

Before agreeing to a short sale, your lender will request detailed financial information. You'll be asked to disclose all assets, and may be required to contribute cash to toward the lender's loss. Failure to provide requested documentation can cause denial of the short sale.



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