

# Opportunities for homebuyers? Shortsales

By David Chesanow

What goes down must go up, and nowhere could that be truer than in today's real estate market. Clearly, with prices at historic lows, it's only a matter of time before property values rise again.

Meanwhile, homebuyers can benefit from the unique range of choices that the current market offers.

One such choice is a "short sale" property, one whose owner is unable to keep up with the monthly payments; rather than defaulting on the loan and sending the property into foreclosure, the owner gets permission from his or her bank to offer the property for sale considerably below the amount still owed on the mortgage.

"Even though the owner may owe more than the property would sell for, the bank may allow the property to be sold for less than the mortgage balance," said Realtor Bobby Brown of Crescent Realty in Spanaway, who speaks on short sales at The News Tribune's homebuyers'

workshop on Oct. 26. "Since most banks do not want the property back, often they will negotiate a lesser payoff and be done with it."

Brown cited several points to bear in mind when making an offer on a short sale property...

First, while the bank may be willing to allow the home to be sold below market value, a short sale is not a clearance sale. "The bank will not give it away," Brown pointed out. "They will review the offer and make sure they are getting enough to make it worth doing."

What's more, a short sale home is usually sold "as is." "After an offer is made, the time frame that the bank will take to review and approve is usually

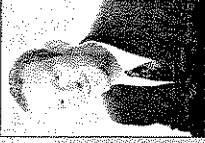
anywhere from two weeks to 30 days, and normally during that time the buyer will hold off on inspections and appraisals," Brown explained. "Even though a buyer would still be able to have an inspection contingency, there is not a good chance of renegotiating the price or having the

current owner complete any work unless there is a major defect that wasn't known before. You can then choose not to buy the property if an agreement can't be reached."

He observed that "with short sales, cash versus financing normally doesn't have much of an impact in bargaining; the bank is more concerned with the bottom line and how soon they will get it."

A buyer who plans to occupy the home receives no preference over one who purchases the home as an investment. Once the bank agrees to the short sale, the transaction is much like a normal home sale, with the taxes, utilities and any liens paid at closing.

Brown also indicated that in a short sale purchase, the buyer's agent should be familiar with ins and outs of negotiating with banks. "A short sale can be a great deal for a patient buyer, and I would encourage you, if you are interested in short sale properties, to use an agent who is really familiar with the process."



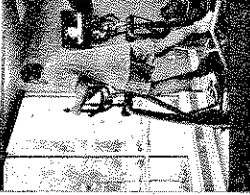
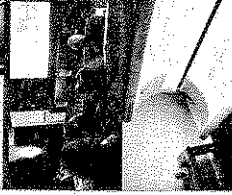
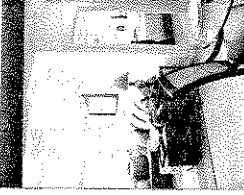
"A short sale can be a great deal for a patient homebuyer..."  
**Bobby Brown**

There are various articles online about buying short sale properties; a good one is "10 crucial steps to short sale buying" by Bobbi Dempsey at <http://www.bankrate.com/nydn/news/realstateguide2008/buying-short-sales-a1.asp>

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