



What is a Short Sale

Today I want to share some information on an option known as “short sale”, also known as a “negotiated settlement,” a possible alternative to foreclosure that takes place between a homeowner and a lender. Depending on your individual situation a short sale might offer some notable advantages. Just be aware that the short sale is a bit of a moving target due to changing legislative policies.

1. How it works

When a property has lost its value to the point that it's worth less than the loan amount, lenders know that taking back the property through the foreclosure process might further increase their loss. Often, you can convince your lender that taking less than what is owed to them *now* via a short sale is better than going through with foreclosure and trying to sell it later.

2. How long will it take?

Don't expect this to be a quick work; negotiating with lenders requires patience on all sides! It can be a lengthy waiting game, weeks, several months and sometimes more than a year before an approval is granted. Don't believe anyone who assures you of a set time line because every situation is different and there's a lot involved; investors, bureaucratic regulations and insurers that must be sifted through and satisfied.

It's important to understand that if your house is going into foreclosure, requesting a short sale does not necessarily stop the process. However, though no-one can guarantee success, it won't hurt to try.

3. Tax consequences

Before you take action, consult your tax advisor to find out exactly what tax consequences you personally will face in a short sale or foreclosure situation.

4. Credit score implications

When it comes to your credit score, general consensus among credit repair specialist is that a short sale is more advantageous than foreclosure. This is a moving target and the answer changes every time you ask, be sure to inform yourself properly. It's up to you to weigh the consequences and decide what you are willing to live with as you go forward financially.

I hope you have a clearer picture of what a short sale entails. Feel free to contact me with any further questions you may have.

Good luck!

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As an investor himself, as well as a licensed Realtor®, Dimitri has over a decade of real estate experience. Dimitri's specialties include primary residences, second homes, investment properties, commercial properties and land. He has been recognized for being a Multi-million Dollar Producer, and is an accomplished Realtor® committed to superior results for his clients.

"Strive not to be a success but rather to be of value" Albert Einstein