

Precision Short Sales, Inc.

Real Solutions for Homeowners in Distress

Foreclosure vs. Short Sale

A short sale can be an excellent solution for homeowners who must sell and owe more on their homes than they are worth. Unfortunately, a number of myths about short sales have developed, and it is important to understand the reality of this process should you find it meets your current needs.

Myth #1 – The Bank Would Rather Foreclose Than Consider A Short Sale

This is one of the most common misconceptions. The truth is that banks do not want to foreclose on your property because the foreclosure process is very costly. Banks, investors, and even the federal government have all publicly stated that if a person is qualified for a short sale, the deal needs to be considered. Overwhelmingly, it is more cost effective for banks since they receive more on their investment through a short sale than a foreclosure. They lose approximately 18% on a Short Sale compared to 40% on an REO.

Myth #2 – You Must Be Behind On Your Mortgage To Negotiate A Short Sale

At the beginning of the mortgage crisis, this may have been the case. However, today lenders are looking for verifiable hardship, monthly cash flow shortfall, or pending shortfall and insolvency.

If you meet these three requirements and believe that you soon may be unable to afford your mortgage, act immediately. Any delay could limit your options. Do not wait until the countdown clock to foreclosure has started and you have even less time left.

Myth #3 – There Is Not Enough Time To Negotiate A Short Sale Before My Foreclosure

This is probably the greatest myths hurting homeowners today. Many do not realize that foreclosure is a process, and that there is time to make decisions that may result in better outcomes.

In most cases a lender or the trustee can stall a foreclosure up to the final day of the process. Today, many lenders will stall a foreclosure while you are trying to sell, and almost all lenders will stall a foreclosure with a legitimate contract. For real estate professionals who understand foreclosures and short sales, there is time available until the foreclosure process is complete.