



Questions About Today's Real Estate?

Ask Phyllis!

Short Sale Waiting Game Proves Frustrating

Dear Phyllis,

In November I made an offer on a short sale. The home was listed for \$619,000, I bid full price and the seller accepted. I spent \$325 to hire an inspector and paid another \$450 for a loan application fee.

Then I waited and waited and waited. Last week my real estate agent informed me that the bank countered my offer at \$665,000. I can't afford that much, so I countered at my maximum, \$625,000. My offer was rejected

and the home is now in escrow with someone else.

I am out nearly \$800 for this ridiculous escrow and feel I was misled. If I were to make an offer on another short sale, what should I do differently next time?

Taken for a ride in La Crescenta

Dear Taken,

I certainly share your disappointment. It is very frustrating when a client

excitedly phones me about a home with a suspiciously aggressive asking price only to learn that it is a short sale, subject to the lender's approval of the selling price and other terms. The issue with short sales is that some agents price them ridiculously low just to get offers; then submits the offer(s) to the bank and waits for a price. Sometimes the first buyer is used as a guinea pig.

Although most of the short sales have a lot of deferred

maintenance, some are still good deals. But note that the bank orders an appraisal or a Broker's Price Opinion before accepting an offer. They answer to stockholders and cannot sell these properties for give away prices.

When I represent a client on the purchase of a short sale, I suggest that the Residential Purchase Contract (offer) be written to state that the buyer does not perform their inspection until the lender

has approved the short sale. I also suggest that my clients apply for a loan, order their credit report, but hold off on the appraisal; again until after the lender has approved the short sale. If you try this next go round, you will save over \$700.

Phyllis Harb is a Realtor with Prudential California Realty. She may be contacted at (818) 790-7325 or by email AskPhyllis@Realtorharb.com.