



Questions About Today's Real Estate?

Ask Phyllis!

Selling Short – What is the first step?

*Dear Phyllis,
In 2007 we bought our first home and currently owe at least \$100,000 over our loan balance. My husband and I are getting divorced and neither of us can afford to keep this house. We have decided to sell via a short sale. My question is whether we should first contact the bank or a real estate agent about selling?*

- Moving On

Dear Moving On,

You indicate that neither of you can afford to keep the home, but if one of you would like to remain there, a loan modification may be a solution. Have either of you contacted your lender regarding this possibility? In some instances your lender might reduce your principal balance or lower your

mortgage payment.

Short sales can be complicated and extremely time consuming. After discussing any tax implications with your accountant, you should contact a local real estate agent experienced in short sales. In addition to the listing contract, your Realtor® should have you sign an Authorization to Receive and Convey Information. This form gives your Realtor® written approval for your lender to communicate with him/her.

Your real estate agent will contact the lender on your behalf and start the short sale process. Typically most lenders will not agree to a short sale until a written offer is received. At some point after the lender reviews the offer (or offers), a Broker's

Price Opinion (BPO) will be ordered. The BPO is completed by an independent real estate agent (not affiliated with this transaction) who provides a written estimate of a value. The lender may or may not hire an appraiser.

Once the lender receives the BPO and a closing cost estimate from escrow, they are ready to move toward the short sale approval process. Expect it to be time consuming but an experienced real estate professional can help streamline the process.

Phyllis Harb is a Realtor with Prudential California Realty.

She may be contacted at (818) 790-7325 or by email AskPhyllis@RealtorHarb.com.