

## Why Buy A Short Sale?

A short sale is a pre-foreclosure sale whereby the bank permits the mortgage loan to be discounted for a new buyer. The short sale can represent a substantial savings to the new buyer who is able to purchase at an extremely discounted price. This article will outline the reasons why a short sale provides such a tremendous benefit by examining the benefits to the lender, the homeowner, and most notably, the new home purchaser. This article will also explore various means of locating properties that are available for short sale at reduced prices.

Banks lose money in foreclosure. There are attorney fees involved with foreclosure, as well as carrying costs. Additionally, there is the danger that the distressed homeowner may "turn the home inside out". In other words, purposely damage the home. Recent findings indicate that 20% of foreclosure borrowers strip the home's interior.

A short sale saves the bank the expenses outlined above. These savings are then passed on to the new home purchaser in the form of reduced payoff also called a 'short payoff'. Nowhere else are the benefits of a short sale more clearly visible than in the Department of Housing and Urban Development's website. The Dept. of HUD's site clearly states that HUD accepts an 18% reduction off the value of the home in determining its net on a short payoff.

A short sale is also a win for the homeowner. The homeowner's credit can be spared the damage that a foreclosure causes through a successful short sale. In the case of judicial foreclosure, the homeowner can avoid a summary judgment as a matter of public record on his or her credit report. Homeowners are encouraged to talk to their accountant about the benefits of the Mortgage Forgiveness Debt Relief Act of 2007, which may also provide a means for many homeowners to escape tax liability for cancellation of debt income.

Finally and perhaps the greatest benefit is for the new homebuyer. The buyer is able to purchase a home through a short sale at a price that turns back the real estate clock to more affordable times. The short sale makes the monthly payment comfortably in line with a homeowner's budget. This is the greatest benefit that a short sale can provide.

So, where do you find a short sale? Short sales can be located in any neighborhood and any subdivision. Realtors often advertise properties on the Multiple Listing Service (MLS) as 'short sales or 'subject to lender approval'. You can also find short sales that are for sale by owner (FSBO). The general requirement for a short sale is that the homeowner is either in default or in imminent danger of default. Sadly, there are many homeowners in this situation today. Someone needs to get the word out that short sales are an option for these homeowners. My hope is that this article has succeeded in doing just that.

## About the Author

Paul Jerome is a credit expert dedicated to serving buyers and sellers through their short sale goals. [Seller Helps Buyer](#) is a real estate website where short sale listings may be posted free of charge by sellers and buyers can locate short sales at discounted prices at no charge. Sponsoring lenders oversee the short sale process at [www.SellerHelpsBuyer.com](http://www.SellerHelpsBuyer.com)

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