



Anatomy of a Short Sale

Short sales and foreclosures have been weapons in the arsenal of residential real estate lenders and borrowers for a long time. When a borrower defaults on a mortgage the lender can take the unilateral step of foreclosing to recover the secured property. Short sales of property, modification of loan terms, or “deeds in lieu of foreclosure” require cooperation between both the borrower and the lender.

Over the last few decades rising home prices, prosperous homeowners, and a robust economy have kept the foreclosure rate low. However, with the US economy in a recession, high unemployment, falling home prices, and “underwater” borrowers the rate of foreclosures have soared and alternative solutions have become more desirable.

A short sale occurs when a property is sold to a third party with the cooperation of both lender and homeowner. The “short” part of the short sale derives from the lender receiving (at sale) less than what is owed. A short sale could occur before or after a lender forecloses which is evidenced by the lender filing an NOD, or Notice of Default.

A short sale is generally desired by a borrower because there is less negative impact on the borrower’s credit. A lender prefers a short sale over owning a property through foreclosure (REO) for several reasons. These reasons might include a higher loan payoff, a quicker sale, and a desire to maintain property condition and values in the neighborhood. Foreclosed properties negatively affect surrounding property values and hence impair the security of any lender lending on property in the neighborhood. Additionally, when many financial institutions are receiving TARP aid from the government it can be poor PR not to work with distressed homeowners; especially since loan modifications already are almost impossible to negotiate with lenders.

The short sale process is almost identical to a normal sale of a property. An additional party to the real estate sale transaction over the buyer, seller and real estate agent(s) is one or more lenders. That is lenders need to approve the sale and all terms of any contract. The seller is to receive no funds from the sale.

Of prime importance in the short sale process is having a knowledgeable real estate agent. Not only does the property need to be sold under general lender stipulations (qualified buyer, “as is”, additional seller rights etc.) but there are constant negotiations with one or more lenders. Proper documents need to be submitted per each lender’s short sale instructions. An agent might have to negotiate between two lenders on the short sale property. The short sale requires patience on the part of the buyer, seller and real estate agents but as in all procedures there is a correct way to insure success.

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Changes at Valley Vista

2009 has been a big year of changes for us. We have moved from our Office Bay suite to a larger suite in Venture Bay just northeast of Office Bay near the corner of Temperance and Alluvial Avenue. Our new office address is 2565 Alluvial Ave Suite 182, Clovis, CA 93611. Drop by and visit us.

We have also hired several new employees to assist in our expanding property management clientele. Molly Wisser joined us 3 months ago as our book keeper handling accounts payable and accounts receivable.

Sarah Tanner who joined us a month ago is our service coordinator and receptionist. Sarah is currently taking classes to obtain her real estate license.

Terry Eidson, our newest hire, is handling move-in/move-out walkthroughs for our ever expanding property management business plus handling the ongoing maintenance of properties. Terry is available to work on repairs/upgrades for properties that we do not manage. Call us today to schedule him for an estimate!

We also want to congratulate Molly and Cheryl for completing the coursework and passing the exam for the California Certified Property Manager designation.

Home Buyer Tax Credit

In mid 2009 congress passed into law tax credits for home buyers. Recently this has been extended until the end of 2010. The Federal tax credit is \$8,000 for first time homebuyers. Additionally, the new tax credit has been expanded to include move up homebuyers (\$6,500) who have lived in their home for a minimum of 5 of the past 8 years. The income limits have also been expanded. Give us a call or stop by to see if you may qualify for the tax credit.

Notary and VA Loans

Valley Vista has a Notary Public in the office. Standard hours are Monday, Thursday and Friday from 8:30 am to 5:00 pm. Please call to make an appointment.

Effective immediately Valley Vista is now approved to broker VA loans with Wells Fargo. This relationship allows borrowers who have VA benefits to obtain loans backed by the Veterans Administration. For information please call Nate Kucera (559) 960-7881.

Because of our continued success in the residential mortgage financing business in conjunction with Wells Fargo we will continue to enjoy improved pricing on all loans brokered through Wells Fargo. Call us today to see if you could obtain a more favorable loan.

Note: Valley Vista Inc is a residential real estate, finance and property management company headquartered in the Fresno/Clovis area of the Central San Joaquin Valley. Santa Clara Properties, our affiliated company, has been providing residential real estate services in the San Francisco/San Jose Peninsula for more than 30 years. For more information about Bay Area real estate, call David Kucera at (650) 619-2822 or email him at davidscp@sbcglobal.net

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