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Buying a Short Sale Home – Patience is the Name of the Game But HAFA Regulations Could Help. . .

Edina, Minn. – Aug. 3, 2010 – When buying a short sale home, patience is the name of the game. Short sales can be more time consuming than traditional home sales, but if you can be flexible with your close date, good homes will come to those who can wait.

A short sale means the seller is selling the home for less than is owed to their lender(s) on their existing mortgage(s). This is different from a foreclosed home, where the homebuyer has defaulted on the loan and the lender already owns the property. For more information on selling a short sale, go to <http://www.edinarealty.com/pages/short-sales-foreclosures/selling-short-sales>.

With a short sale, the home buyer is negotiating with not just the seller but also the lender; even if the seller accepts your offer, the lender may not. Some of these deals fall through, as buyers have to wait for the lender to approve the deal. Edina Realty’s website features interviews with experts who discuss the difference between a short sale and a foreclosure at <http://www.edinarealtymarketing.com/shortsale/shortsale.html>.

The Home Affordable Foreclosure Alternatives Program (HAFA), implemented by the U.S. Treasury in April, was designed to streamline the short sale process by giving participating banks a time guideline – 10 days – on approving short sale offers. It gives a \$1,500 financial incentive for borrowers to help them with moving costs. The guidelines also provide \$1,000 to servicers to offset their processing costs, and up to \$1,000 to investors to secure release of subordinate liens. These incentives are designed to make a short sale more attractive for all involved. Participation in the program by banks is voluntary.

Starting Aug. 1, Fannie Mae and Freddie Mac also began offering servicers even greater cash incentives for completed HAFA transactions – \$2,200 for short sales and \$1,200 for deed-in-lieu of foreclosure agreements. Borrowers are also eligible for \$3,000 to help with relocation expenses after a completed HAFA short sale or HAFA deed-in-lieu. In addition, the investor is also eligible for a maximum of \$2,000 incentive.

When buying a short sale, it’s important to work with a real estate professional who’s experienced in short sales. They can help expedite the process and protect your interests as a buyer. In addition, remember to:

– more –

Edina Realty Offers Advice to Short Sale Buyers – Be Patient

1. Do Your Homework. Before you put in a bid, find out how much the home was purchased for, what the tax assessed value is, and how much comparable homes in the area sold for. You could also learn whether a foreclosure notice has been filed, how much is owed to the lender and whether there's a second mortgage on the home. All of this is important because it will help you determine how much to offer on the home.

Keep in mind that if the property is priced below market value, it's likely there will be multiple offers. In addition to putting in your best and highest offer, make your overall bid as attractive as possible. Include a pre-approval letter from your own lender, don't ask for the seller to pay closing costs and it should go unsaid that the offer cannot be contingent upon the sale of your home.

2. Be Prepared for a Long Wait. Once the seller has accepted your offer, you then need to wait for the 'real' approval from the lender. It could take a while – anywhere from two weeks to six months or even longer to get a response from the lender. You could make your offer contingent on the lender's response by a certain date after which you rescind the offer. But keep in mind that the lender will accept the best offer, so even after you submit your bid, another buyer could outbid you while you're waiting for a response.

3. Remember the Inspection! Remember that with a short sale, you're buying a home "as-is," so it's very important to make the sale contingent upon a home inspection. But even if the inspection points out things that are wrong with the house, lenders typically won't pay for suggested repairs, deferred maintenance or home protection plans.

For more information on buying short sales and foreclosures, visit <http://www.edinarealty.com/pages/short-sales-foreclosures/learn-more-about-buying-short-sales>. Edina Realty also enables home buyers to search for all MLS-listed potential short sales, foreclosures and lender-owned properties on its website, <http://www.edinarealty.com>. To find a Realtor® who specializes in foreclosures and short sales, visit <http://www.edinarealty.com>.

Edina Realty, a subsidiary of HomeServices of America, is one of the nation's largest real estate companies with more than 60 real estate offices throughout Minnesota, North Dakota and western Wisconsin and nearly 2,450 REALTORS®. Edina Realty's family of companies includes Edina Realty, Edina Realty Title, and Edina Realty Mortgage. Edina Realty handled more than 28,000 transactions and \$5.8 billion in sales volume in 2009. For more information, visit www.edinarealty.com.