

# SHORT SALES

# Buyer Disclosure

A [short sale](#) is a transaction where the sales price is insufficient to pay all liens, closing costs, and commissions while the seller is financially unable to bring additional funds to pay the remaining deficiencies at closing. Typically, the seller negotiates reduced liens with the lien holders (lenders) in an effort to reach a mutually beneficial solution and avoiding the costs of foreclosure.

1. The #1 issue for you, the buyer, is that short sales take longer to close. The increased delays are required for the lending organization to analyze and approve their reduced lien payoffs. Buyers must be able to accommodate the longer time frame required in a short sale.
2. If you need housing quickly or are involved in a 1031 exchange, short sales may not be for you. Discuss this issue with your attorney.
3. Buyers may seek short sales to find discounted prices in the market. Ask your buyer agent to analyze short sales to determine what comparable properties have sold for recently in your market.
4. Make realistic offers. Lenders analyze comparable sales and will not accept extremely low offers.
5. If there are multiple offers on the property, make your offer's price and terms as attractive as possible to the lender.
6. Lenders often want to negotiate offers and counteroffers verbally. Discuss this issue with your attorney.
7. Short sales typically take 4-12 weeks longer than traditional sales.
8. Lenders are liquidating properties to avoid foreclosure costs. They are not emotionally invested in the sale. They are usually large corporate organizations dealing with hundreds of similar properties.

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9. The loss mitigator handling the sale for the lender seeks ways to reduce expenses. Therefore, the lender is unlikely to make repairs. Often, the property is sold "as is." Consult your attorney regarding what constitutes "as is".
10. Buyers should inspect the property before the contract to determine if the level of anticipated repairs is factored into their analysis. Additionally, buyers must be ready for future unanticipated repair costs. Discuss these with your inspectors.
11. Your buyer agent may ask you to pay their commission. If the lender requires the real estate agents to reduce their commissions, your buyer agent may contract you to pay them for the reduction.

I understand that I should consult my attorneys, accountants, and inspectors about any short sales and legal documents that I am considering. I understand there will be delays and potential verbal multiple offers. I understand that short sales do not guarantee that I am buying below market price. I understand that I may be responsible for paying for repairs to the property.

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Buyer(s) \_\_\_\_\_ Date \_\_\_\_\_

