

Speedy short sales sought

Homeowners, agents, banks hope new rules make it happen

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Selling your house if you owe more than it's worth just got a lot easier if a plan launched by the Obama administration works out.

The new rules could also help reduce the glut of unsold houses that's accumulated since the housing market collapsed in late 2005.

That's what some Southwest Florida real estate professionals were saying Monday as they sorted through the details of the new regulations.

Reforms could speed up a lot of transactions in Lee County, one of the nation's hardest hit economies in the aftermath of the housing market collapse that happened at the end of 2005. About 20 percent of home sales in the county have been short - 214 out of 1,113 in February, the latest month available.

Successful short sales also prevent foreclosures, since many underwater homeowners go that route if they can't sell. There are about 23,000 foreclosure lawsuits backlogged in the county's court system.

The administration will give \$3,000 for moving expenses to homeowners who complete such a sale or agree to turn over the deed of the property to the lender. It's designed for homeowners who are in financial trouble but don't qualify for the administration's \$75 billion mortgage modification program.

However, there are plenty of restrictions. To qualify, the home needs to be a borrower's primary residence. Homeowners either have to be behind on their mortgages or on the verge of becoming delinquent.

Owners will still lose their homes, but a short sale or deed in lieu of foreclosure doesn't hurt a borrower's credit score for as much time as a foreclosure.

For lenders, a home usually fetches more money in a short sale than a foreclosure. And the bank avoids expensive legal bills, cleanup fees and maintenance costs that follow a foreclosure.

Will the new plan actually result in faster, less frustrating short sales?

There's a lot there to make it easier for all concerned, said Kevin Jursinski, a Fort Myers-based attorney who handles short sales as well as foreclosures - the less friendly alternative to a short sale.

"There are some incentives that apparently they're allowing," such as \$1,000 to a mortgage servicer that successfully completes a short sale, he said.

Also, Jursinski said, borrowers are released from liability for their debt and the rules also call for the holders of second mortgages and home equity loans to get some money from the transaction.

Realtors are guaranteed their regular commissions, not the lower rates they sometimes get under the present system, he said.

But bankers were cautious about how the new system will work.

For example, said Bill Valenti, president of Florida Gulf Bank in Fort Myers, it might be hard for large banks servicing a loan to get permission for a deal from the owners of the mortgage.

That won't be a problem for a community bank like his that owns its portfolio of loans and is free to make decisions, he said.

Also, Valenti said, it might be hard for a bank to figure out exactly what the minimum sale price for the property should be as called for in the new regulations. "It's another circumstance where it's easier said than done."

Brett Ellis, a real estate agent with Re/Max Realty Group in Fort Myers, said real estate agents and sellers will save a lot of time and effort if they know what the bank will accept for a sales price.

Under the old way, he said, "The frustrating thing is you don't know if they (the bank) will take the sales price or even if the seller qualifies for a short sale" because banks have been deciding those things only after an offer is made.

Valenti said he hopes the new rules will help reduce the long waits all parties concerned have during many transactions. "Short sales shouldn't have to take six months or a year to get through."