

## Short Sales Rise in Popularity with Banks and Underwater Mortgage Holders: Good News for Florida

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**Bank of America, JP Morgan Chase, and Wells Fargo** are the biggest mortgage servicers in the United States, and its big news for Florida and the nation when all three seem to be reconsidering "short sales" as a viable option to a full-out foreclosure of homes that have gone into default. According to news reports this week, "short sales" are now being viewed by the banks as a faster, cheaper, and cleaner way to resolve a mortgage that is not being paid than the traditional foreclosure process - particularly with all of today's Foreclosure Fraud problems.

*In fact, short sales may be the answer to many troubled mortgages.* The banks are proactively marketing a short sale alternative to many of their borrowers as well as streamlining their own internal procedures to facilitate short sales.

In *Barron's* this week, an article by Robin Goldwyn Blumenthal entitled "*My Kingdom for a House: Coming Up Short?*" provides details on the steps that JP Morgan Chase is taking to facilitate short sales. According to *Barron's*, JP Morgan Chase has begun sending out correspondence to selected homeowners who are delinquent in paying their mortgages and would ordinarily be entering into the foreclosure process.

Instead, JPMorgan Chase is writing to offer these homeowners a short sale alternative: the lender will write off \$100,000 of the mortgage if there is a "short sale," and it will also pay the mortgage holder anywhere between \$10,000 - \$35,000 to remain in the home and cooperatively work with the lender in getting the home sold. That's a good deal for bank and borrower in Florida's current economy.

### *Widespread Increase in Short Sales is Predicted*

Investors looking to real estate analysts at CoreLogic are finding CoreLogic reporting that Florida (along with Arizona, California, and Colorado) is one the top four states in the country successfully using short sales to solve the foreclosure problem, having one of the highest number of short sales in the past year. CoreLogic is predicting that short sales will increase by 25% nationally this year.

Apparently, banks are deciding the time has come for short sales. As NuWire points out, short sales are good for lenders now simply because they are more profitable for banks facing long delays in the foreclosure process coupled with the costs of holding the real estate in shadow inventory.

### *Short Sales Instead of Foreclosures - Good for Banks, and Borrowers' Benefit As Well*

For those holding underwater mortgages, short sales are a viable solution to paying a mortgage note that substantially exceeds the current fair market value of their property. By gaining the lender's approval to sell their home for less than the mortgage note, the home owner has a higher likelihood of finding a buyer for their property - and the bank avoids having to foreclose and thereafter undertake the responsibility of holding that home on its books until it can hold its own successful sale.

This is a good deal for everyone, as long as buyers can be found for these homes.