

Promising News on Short Sales

Short sales in the Telluride Region have been a major inconvenience for Sellers, Buyers and Realtors, often leading to a level of frustration which in a worst case scenario, can lead to foreclosure. However, the Telluride Association of Realtors Board of Directors is very pleased with a Federal Government initiative to hopefully ease this process by forcing Banks and Lenders to work within all aspects of a short sale in an efficient manner.

In 2009, the U.S. Treasury Department introduced the Home Affordable Foreclosures Alternatives (HAFA) program to provide a viable option for homeowners who are unable to keep their homes through the existing Home Affordable Modification Program (HAMP). On April 5, 2010 the HAFA program came into effect and will simplify and streamline the short sale and Deed in Lieu process by providing a standard process flow, minimum performance timeframes and standard documentation.

In further detail, HAFA provides incentives in connection with a short sale or a deed-in-lieu of foreclosure (DIL) which is used to avoid foreclosure on a loan eligible for modification under the HAMP program. The Major Benefits include: 1) Allows borrowers to receive Bank/Lender pre-approved short sale terms before listing the property (including the minimum acceptable net proceeds). 2) Requires borrowers to be fully released from future liability for the first mortgage debt. 3) Uses standard processes, documents, timeframes and deadlines. 4) Provides the following financial incentives: \$3,000 for borrower relocation assistance; \$1,500 for servicers to cover administrative and processing costs; Up to \$2,000 for investors who allow a total of up to \$6,000 in short sale proceeds to be distributed to additional lien holders.

Although the short sale and foreclosure process is a difficult hardship and unfortunate for the property owner, it is a necessary step in the healing of our local, regional and national real estate markets. Only after a majority of these properties are sold, will the Real Estate market accelerate the healing process and will ultimately lead to a Real Estate recovery and increase in values. Currently in San Miguel County there are 72 properties on the San Miguel County Foreclosure List. This new program will allow a process that can initiate short sales and approvals before they get on this list.

Only time will tell if this program really helps property owners that are “underwater”, meaning their home value is less than the mortgage owed, as well as Buyers looking for a good and fair deal, or even Realtors who will be fairly compensated for matching Buyers and Sellers in this type of a Real Estate Transaction.

For more information go to this website

https://www.hmpadmin.com/portal/programs/foreclosure_alternatives.html , or contact your Telluride Regional Realtor.

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