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# Short sales repay stressed buyers with bargain prices

By Kathleen Lynn The Record (Hackensack N.J.)

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Realtor Sal Poliandro has been trying to get approval for a short sale on his home in Rochelle Park, New Jersey, but has faced delays from the bank. (Tariq Zehawi/The Record/MCT)

HACKENSACK, N.J. — Lori Purcell was sick of being a landlady and wanted to unload her two-family house in Garfield, N.J. But she knew it would never sell for the \$325,440 she had paid in 2004.

A short sale solved her problem.

Sharon Bell was looking for an affordable two-family house in Rutherford, N.J. A short sale solved her problem, too.

Short sales — in which a lender allows a distressed homeowner to sell for less than the amount owed on the mortgage — have become a large part of the housing landscape, accounting for 13 percent of sales nationally in February.

And though they can still be drawn-out affairs, real estate agents and lawyers say that as short sales have become more common, the odds of having a smooth transaction are getting better.

"The process has become easier over time, because we are more aware of what to expect and what needs to be done," said Susan LeConte of LeConte Realty in Hasbrouck Heights, who says short sales account for one in every four transactions in her office.

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Still, buyers, sellers, real estate agents and lawyers have plenty of stories about short sales that are held up for months — or even years — for a wide variety of reasons (and sometimes for no apparent reason).

Purcell, a legal assistant, says it took almost a year to complete the sale of her Garfield home.

She had bought the home in 2004, living in one unit and renting out the other. But after she moved in with her fiance in Wayne, N.J., her tenants brought in extra people — and dogs — to live in the apartment. They were often late with the rent, and they broke the plumbing. Then a contractor punctured a water line. Purcell decided she was done with being a landlady, and put the house on the market.

She soon realized that she wouldn't be able to get nearly as much as she had paid, and started negotiating with the bank for a short sale. Answers were hard to come by.

"You call an 800 number and speak to the customer service representatives who have no clue what is going

on," she said. "Every time I called, I got a different story."

She credits her real estate agent, Eileen Meehan of Re/Max in Saddle River, N.J., with getting the deal done.

"She just kept following up and following up," Purcell said.

The home sold for \$220,000 last fall — more than \$100,000 less than Purcell had paid.

"It was like a weight lifted off my shoulders once it finally went through," she said.

Purcell's story is echoed by many who say lenders are slow to act on short-sale offers.

"I'm waiting for the bank — they just don't give you an answer," said Nicole Idler of Friedberg Properties in Tenafly, N.J., who has been working for two years with a seller trying for a short sale. As the process dragged on, the market has been sliding, so she had to cut the asking price from \$349,000 to \$299,000. "It's a very long, tedious, frustrating process," Idler said.

Similarly, Re/Max agent Sal Poliandro has been trying to sell a short-sale property in Rochelle Park for two years. He has received several offers on the house. But by the time the lender finally responded to the offers, the buyers had moved on.

"It should have sold two times over," Poliandro said. "It's frustrating." First offered at \$299,000, the home's price has been cut to \$259,000.

Gary H. Giannantonio, a Hackensack lawyer who says short sales account for half of his real estate closings, recently worked on a sale where the inspection and appraisal were held up because the lender had turned off the water and heat.

But there's evidence that at least some lenders are moving more quickly.

"Banks are starting to realize that the faster they approve a short sale, the less of a loss they're going to have," since foreclosed homes typically sell for less than short sales, said East Brunswick, N.J., appraiser Jeffrey Otteau.

Bank of America won praise from some real estate agents because it has put the process online. That way, documents from the seller can be uploaded onto the website, rather than have to be repeatedly mailed or faxed (and then, agents say, often lost).

Lenders require documentation of a seller's financial situation — tax returns, pay stubs and so on — to make sure they're not being ripped off.

"They don't want you selling it to your cousin, and he sells it back to you," said Bob Clarke, a Re/Max agent in Tenafly.

The delays aren't always caused by the lenders. Sometimes sellers delay sending the required documents, or change their mind and try to modify their mortgages rather than seek a short sale.

Because of these kinds of hang-ups, many home buyers and real estate agents avoid short sales.

"I just won't look at them anymore," said buyer Anthony Marcantonio of Englewood, N.J., who made offers on two Bergen County short sales, only to see both deals fall apart — in one case, after he spent \$500 on an inspection.

"They're very risky. I try to dissuade my buyers from doing them," said Ellen Weiner, a Weichert agent in



Clifton, N.J.

With home prices down from their peaks of 2006 and 2007, she said buyers can get a good deal without the hassle of a short sale.

Sharon Bell, one of Weiner's clients, wasn't searching for a short sale. But when she found what she was looking for — a two-family house in Rutherford that she could share with her adult daughter's family — it turned out to be a short sale. When the bank told her she had to close in 30 days, she scrambled to line up the mortgage — only to face several months of delays, with little information from the mortgage holder.

"I kept saying, 'What is the holdup? I can't plan my life. Do I need to look for a different house?' " recalled Bell, an information technology professional. It turned out she had to pay \$7,000 to take care of a second mortgage on the home. She started paying for insurance and utilities on the home before she even owned it, because she didn't want the lender to turn off the heat and risk frozen pipes.

Though Bell was frustrated by the "loss of control" during the process, she believes she got a bargain, paying about \$20,000 or \$30,000 less than she would have paid for a comparable home. More important, the house fits her needs.

"I'm extremely happy," Bell said. "It's my dream house. Each floor on this house is bigger than my entire old house. It worked out perfectly."

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