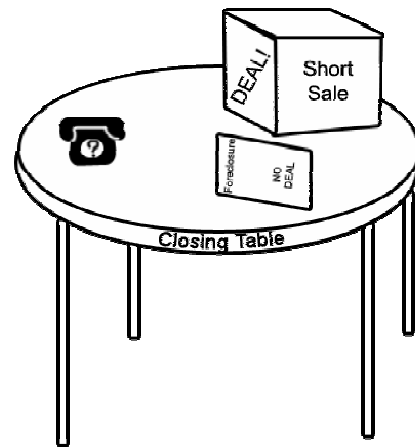


# OBSERVATIONS

from the desk of Mildred Wilkins, (FIS)...

## Deal or No Deal...

This catchy title from a popular game show has increasingly become a weekly nightmare for real estate professionals. In a market where an alarming number of clients are behind on their mortgage AND upside down, many agents are finding themselves sitting for ever increasing amounts of time—sometimes months—waiting for the lender in some distant city to notify the interested parties that, “Yes, we have a workable deal”. Now, get it closed in short order (7-10 days is not uncommon) and “No, we will not allow any contributions toward the buyer’s costs”.



Common practices (seller concessions) are not part of this transaction. Local real estate agents negotiating with a distant third party who does not, in fact, own the real estate (lenders’ loss mitigation department) has become a new reality for many real estate professionals. This practice will continue and become more commonplace as more consumers find themselves in a position where they are unable to make their mortgage payments and the local market will not support the full amount needed to cover mortgage payoff and the expenses associated with the sale. It’s called a “short sale” and the rules of the transaction are markedly different from how you used to sell homes.

“DEAL” means yes, we will allow the closing to occur. You must close quickly or we will change our minds. Seldom will any seller concessions be allowed. Worse yet, seldom will full commission be allowed. Frequently, the lender will notify all parties of a counter offer only after an extended period of time of complete silence. Then you are basically in a “take it or leave it” situation. It is critical that you get an actual letter of confirmation which includes ALL terms of the transaction from a representative of the financial institution, so that you know that the deal can be finalized with a closing and exactly which terms are acceptable.

“NO DEAL” means the lender/servicer has determined that the offer(s) is not workable for them or their insurer. There are a number of reasons why this might be true, but in essence you have been told they will not allow the closing and will most likely move forward with completing foreclosure action against the current owner of the home. There are a few options for intervention, but unless you have been trained in foreclosure intervention this an excellent time to utilize a mutual release. “NO DEAL” usually means go home—whether you’re on a game show or trying to sell real estate.



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