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## White House encourages short sales

Discouraged by results of their loan modification program the Obama administration is trying to decrease the amount of foreclosures by offering a financial incentive to sellers who choose to sell at a loss instead of default on their loans. With more than 5 million homeowners are behind on their payments, officials are worried that a rise in foreclosures could negate the modest recovery the economy has experienced recently.

Homeowners who wish to participate in the program will receive \$1,500 in "relocation assistance" while the servicing bank will receive \$1,000 from the federal government. Lenders will be forced to accept the arraignment and forgive the difference between the market value and owed amount. "We want to streamline and standardize the short sale process to make it much easier on the borrower and much easier on the lender," said Treasury senior advisor Seth Wheeler.

While lenders have typically avoided short-sales, this new program may provide more money to a lender by avoiding the foreclosure process. In an attempt to protect investors a short-seller must use a real-estate agent who determines the market value of the home. The real-estate agent cannot share this value with the homeowner who will be required to accept any offers that match or exceed the appraised price.

While details are still being determined by officials the program is scheduled to start on April 15th and will be funded through the \$75 billion that was budgeted for the Home Affordable Modification Program.