

Michigan Short Sales Vs. Foreclosures for Sellers

Top 10 things you must know before you decide to do a Michigan short sale.

- 1) A “short sale” is something you cannot navigate by yourself. You’ll need the help of a REALTOR® with short sale experience and expertise to obtain approval from your mortgage lender.
- 2) Foreclosing banks can pursue the borrower for a deficiency judgment in court for the difference between the sherriff sale amount and the amount owed. In the case of foreclosure, a home will always sell for less than a short sale which increases liability of the Seller/Borrower to the bank.
- 3) A Michigan foreclosure stays with you for life. Most employers ask in the employment application if you have ever lost a home to foreclosure and can deny you employment based on your answer.
- 4) Benefits from an approved southeast Michigan short sale include:
 - a) The seller may be relieved from paying the difference between what is owed and what the home sells for,
 - b) Or paying a reduced amount to the bank over time, and
 - c) The seller avoids a devastating foreclosure on his or her credit record.
- 5) While a short sale does blemish a seller's credit rating, it does not damage it to the extent of a bank foreclosure.
- 6) On the downside for the seller, depending on which lending institution holds the mortgage, there is a lot of time and paperwork involved. You must prove to the bank that you are not and will not be able to make your monthly payments due to hardship.
- 7) Generally, you will also need to be behind in your mortgage payments before a bank will consider a southeast Michigan short sale. If a short sale seller is able to find a buyer, and if the mortgage lender, after all is said and done, does not believe that the buyer has offered "*fair market value*" for the home, it will not approve the sale or may approve the sale at a higher amount.
- 8) Sellers will need to demonstrate true financial hardship. You’ll need to submit a “hardship letter” to your lender stating why you are unable to pay the entire amount of the loan along with your financial information.
- 9) If you have a first and second mortgage or a home equity line of credit on the property, your representative will need to negotiate with several lenders to get approval for a Michigan short sale.
- 10) Most lenders will want a broker price opinion (BPO) done on the property before they agree to do a short sale.

Click to: [learn more about Lee Morof's experience as a REALTOR® and real estate lawyer.](#)

How Do I Get Started?

If you would like more information about a Michigan short sale, [contact Lee Morof](#) now.