

## Understanding the 3 Types of Properties For Sale

When researching homes to purchase, it is important to be aware that homes currently on the market for sale are being sold in one of three different ways. Understanding these three different ways of selling homes is crucial, as it can greatly affect your entire home buying experience.

1) **“The Normal/Standard Sale”** These properties are being sold by the owners (most often, with the assistance of a Realtor) and the owners are responsible for making all of their own decisions regarding the selling of the property. The owners can confidently list and sell the home for a price that is sufficient enough to pay off what they owe on the home (and sometimes end up with extra cash in their pocket). The negotiating process of an offer from a buyer can be completed within 1-2 days and the home can easily be occupied by the new owner within 30-60 days after the offer is submitted.

2) **“The Subject to Lender Approval/Short Sale”** Also known as a “pre-foreclosure”. These properties are being sold by the owners (most often, with the assistance of a Realtor). However, the owners are being forced to sell because they are delinquent on their mortgage payments and are in jeopardy of being foreclosed on by the bank(s) or lender(s). They are given a certain period of time to come up with the funds to pay back what they owe, and they attempt to sell the house to obtain those funds. Oftentimes, they owe the lender more money than the home’s current market value, so they must list the home for a price that is short of what they owe, with the hope that the lender will cut them some slack and accept a lesser amount. Unless the owners receive approval of the price from the lender before putting the home on the market, which doesn’t happen too often, the list price of the home may not be an acceptable price to the lender. All offers submitted by buyers are immediately forwarded on to the lender, who solely decides whether to accept the offer or not. It can take a substantial amount of time for the lender to respond due to the high volume of offers submitted on multiple properties that the lender is involved with. Buyers must be flexible on time and have patience, as they often wait months for an initial response. Offers are frequently rejected on these homes because: a) there were multiple offers submitted by other buyers for the same property and the lender chose the best one or b) the buyer submitted an offer for an amount that was too far below what the lender wants paid back to them. Therefore, it is recommended that a buyer submit his/her best offer from the beginning, as the months of waiting could result in a huge loss of valuable time and false hope for the buyers.

3) **“The Bank/Corporate Owned Property Sale”** These are properties that could not be successfully sold via “short sale” by their owners in the amount of time that was given to them by their lender. They have lost the home due to foreclosure and the properties are vacant and owned by the lender who is now attempting to sell them. Since the lender has never lived in a foreclosed property, they cannot make any guarantees about the condition of the property and therefore, they are selling the home “as-is”. Buyers are purchasing the home at their own risk and it is recommended that the buyer have a professional home inspection performed prior to purchasing the home (which is also recommended on any type of sale). Since the lender is now in full control of selling the property and has established the listing price themselves, offers that are submitted by buyers are responded to and negotiated in a shorter period of time (1-7 days on average) compared to a short sale.

\*\*Oftentimes, the general public is not given information regarding the type of sale when viewing properties online. Therefore, be sure to consult with your Realtor who can access the information and verify it for you.\*\*