

# TIPS FROM THE HOME TEAM

## *Real Estate Law*



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Short sales are transactions in which the lender agrees to allow a homeowner to sell his home for less than the outstanding balance on the property. In other words, the lender agrees to accept an amount 'short' of the full amount of the mortgage.

Short sales can be a lengthy and difficult process. First, a seller must persuade his mortgage holder to accept less than he owes on the mortgage, which is difficult at best. An analysis of the seller's finances is required, as is a property appraisal. The appraisal is used to compare the value of the property to the proposed short sale price.

There are potential problems for buyers as well. For example, a buyer should insist that the real estate contract state a date by which she can cancel the contract and demand the return of all deposits. This protects the buyer in case an inspection of the property reveals extensive damage or code violations.

Since many short sales require the buyer to assume liability for existing municipal code enforcement violations, it is vital that buyers investigate whether there are any violations or liens on the property.

Don't sign a short-sale contract until you know and understand the extent of any such liabilities, including any third-party liens on the property.

— *Barbara Marshall*