

Short Sale vs. Foreclosure

Short Sale (bank's benefits)

- Banks net 20% - 30% more on a short sale verses a foreclosure
 - Banks avoid lengthy and costly legal eviction process
 - Occupied homes show better
 - Short Sales sell faster
- Banks save on home repair and clean up costs
- Property maintained throughout short sale process
- Property transfer is like a normal sale process
- Homeowners retain dignity and cooperate with the sale of the home to avoid foreclosure

Foreclosure (bank's drawbacks)

- Average cost of foreclosure is 50k and can be up to 30% of property value
- Banks have to pay for eviction and cash for keys to try to obtain possession of the property
 - Bank has to pay for clean up, repairs, and property maintenance post foreclosure
- Banks have to hire an agent to market and list the property post foreclosure
- Banks accrue additional taxes and other fees such as HOA fees the longer it takes to sell the home
- Banks are in the business of lending money, banks do not want to be in the business of selling homes

The True Cost of a Foreclosure

Cost to Lender = \$50,000.00

Cost to Homeowner = \$7,000.00

Cost to Local Government = \$19,000.00

Impact on Neighboring Home Values = \$75,000.00

**** Estimated Total Cost of One Foreclosure = \$151,000.00**

** According to a report by the Joint Economic Committee of Congress

** NAMG is not associated with the government, and the services provided by NAMG are not approved by the Government or by the Lender(s).

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