What to Expect When Buying a Short Sale

(Important Information for Buyers & Buyer Agents)

Buying a short sale can be a great opportunity — but it's not the same as a traditional home purchase. The process involves extra steps, multiple approvals, and a bit more patience. This handout explains what you need to know up front so there are no surprises along the way.

1 Timelines Are Longer — Be Patient

Short sales typically take **3 to 10 weeks for approval** after a fully signed contract and complete short sale package are submitted to the lender.

(The listing agent can give you a better estimated timeline only after they have submitted your offer and know the loan type and other issues and will then update you accordingly.)

Why so long? Because there are usually **multiple parties that must approve** the sale price and terms. This can include:

- The servicer (the company collecting the payments)
- The investor (the entity that actually owns the loan)
- A government insurer (FHA, VA, Fannie Mae, or Freddie Mac) or a private mortgage insurance company
- Junior lien holders (second mortgages, HELOCs, HOA liens, etc.)

Each layer adds review time. Weekly updates will be provided to your agent by the listing agent, but calling or emailing the lender yourself will not speed things up — and can actually hurt your deal.

2 Please Don't Contact the Lender Yourself

Only the listing agent (with signed borrower authorizations) can speak to the lender or servicer about the file.

Buyers and buyer agents should never call the lender directly.

Not only are they not legally allowed to speak with you, but it can irritate the negotiator and potentially jeopardize the transaction.

The listing agent will check in weekly with the lender and provide updates to your buyer's agent. Extra calls don't make it go faster — they just create confusion.

3️⃣ Price Is Not Set by the Seller or Listing Agent

This is critical to understand:

- The **seller does not control the price** in a short sale.
- The **listing agent does not control the price**, either.

The **lender/investor** ultimately decides what they are willing to accept, based on their own valuation (BPO or appraisal). Negotiating hard, nitpicking, badgering or complaining with the seller or listing agent won't change the lender's decision.

Offers are submitted to the lender for review. The lender may counter, approve, or decline based on their internal numbers - not emotions or pressure.

4️⃣ Additional Paperwork & Affidavits

Most lenders require buyers to sign **short sale affidavits** or certifications confirming:

- The buyer and seller **are not related** and have **no business interests in common.**
- There are **no side agreements** outside of the contract.
- There is **no cash "under the table"** or undisclosed agreements.
- The property will be purchased **in good faith** at the agreed-upon price.

These are standard fraud-prevention measures. Be prepared to sign these forms as part of your short sale purchase.

5️⃣ The Property Is Sold "As-Is"

Short sales are **as-is** sales. This means:

- The **lender will not pay for repairs**, period.
- The **seller typically has no money for repairs**, which is why they are in distress.
- You can still do inspections — and you should — but don't expect any repairs or credits.

If significant issues are discovered during inspection, you can cancel under your inspection contingency. But there will be **no negotiation for repairs** with the lender or seller.

6 There May Be Multiple Approvals Required

Depending on the type of loan, there may be **3 or 4 separate levels of approval** needed before the sale can close:

1. Servicer approval
2. Investor approval
3. Government insurer (FHA, VA, Fannie Mae, Freddie Mac) or MI company
4. Junior lienholders, if any

This is why short sales often take longer — every box has to be checked, in order, and sometimes sequentially.

7 Be Ready for Possible Delays

Even with a complete file and diligent agents, delays happen. Common causes:

- Lender's valuation (BPO) comes in high and must be disputed
- Investor or MI takes longer to respond
- Missing or outdated borrower documents
- Title issues or HOA liens
- Junior lien negotiations

Stay patient and flexible. These are **normal parts of the short sale process**.

8 Closing Will Happen — Just Not Overnight

Most short sales do close, but the **key is patience and understanding.** Your agent and the listing agent are working behind the scenes with the lender to move things forward.

Short sales can offer great value, but they require buyers who are **flexible, realistic, and prepared** for a longer journey.

Quick Summary for Buyers

- Expect 3–10 weeks for lender approval.
- Be ready to sign lender affidavits (no side deals, no relationships, etc.).
- Don't contact the lender yourself.
- Negotiating with the listing agent won't change the lender's price.
- Property is sold strictly as-is.
- Multiple layers of approval are normal.
- Patience is essential — short sales reward prepared buyers.