



Save more, spend less
and avoid ripoffs

[Clarkhoward.com](#)
Home

[Listen live](#)
1-4 PM ET Mon-Fri | [help](#)
[Find a station near you](#)

[Audio archives](#)
[Clark's Show Topics](#)
[Scam Alerts](#)
[Call of the Week](#)

[Clark's advice](#)
[Today's show notes](#)
[Clarchives](#)
[Clark's Greatest Hits](#)
[Ask Team Clark](#)

[Quick links](#)
[Member Center](#)
[Newsletters](#)
[Message boards](#)
[About us](#)

[Clark media](#)
[Appearances](#)
[Books](#)
[Photos](#)
[TV](#)

Contact Us
Call 1 to 4p EST:
(877) 87-CLARK
or (404) 872-0750

**Consumer Action
Center**
Call 10a to 7p EST:
(404) 892-8227

Using the short sale technique to avoid foreclosure

Clark is fond of saying, "All real estate is local." That means that home values are stable in some places around the country, while in other areas they're down the toilet. Speculative markets where people bought with no money down, had adjustable loans or option payment loans have really been hurt. The option payment loans -- which are big in California -- are loans where the balance rises over time. The only way *not* to get clobbered is if the home value rises quicker than the loan balance, which is usually not the case. So option payments lead to a lot of foreclosures -- unless you can arrange a short sale with the mortgage lender. In the case of a short sale, the lender agrees to accept less than the loan balance if you can get the place sold. Why would a lender want to do this? Well, it turns out that it costs a lender \$70,000 on average to foreclose on one home, according to industry estimates!!! So a short sale is something of a win/win situation for lender and borrower alike. The neighborhood also wins in this situation because for every house foreclosed on, the average selling price of other homes in the immediate area drops 1.5 percent. Foreclosure is like a cancer that spreads in a neighborhood, but it can be healed with prevention by contacting your lender and setting up a short sale to actively market the property before the fact. An answer of "no" today may be "yes" tomorrow, as the lender may have to first get a waiver from someone they sold the loan to in order to permit that short sale.

Courtesy of ClarkHoward.com