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BofA completes more short sales than REO for last 18 months

Posted By [JON PRIOR](#) On June 14, 2011 @ 4:33 pm | [4 Comments](#)

Bank of America ([BAC](#)^[1]: 10.682 +0.77%) completed more short sales than it unloaded previously foreclosed homes every month for the last year and a half.

In May, BofA completed roughly 9,000 short sales compared to 7,000 REO, said David Sunlin, the bank's real estate management executive. With the introduction of the Home Affordable Foreclosure Alternatives program in April 2010, lenders received the first guidelines for these transactions.

Since then, banks [find it easier](#)^[2] to collect necessary documentation and reduce the time it takes to close these transactions. Recent guideline changes to HAFA could push numbers higher in 2011.

BofA completed more than 95,000 short sales in 2010, more than double the prior year, Sunlin said.

"HAFA is dead on. It's a lot easier to qualify now for HAFA than it was in 2010. All I need is a hardship affidavit and one water bill. We're trying to make it as easy as possible," Sunlin said.

Justin Rand, **Citigroup** ([C](#)^[3]: 38.155 +1.40%) senior vice president of loss mitigation, said his bank used to take an average 120 days from when the property was listed to when it closed. That since dropped to 83 days.

There remain some setbacks, however. Real estate agents in the audience at HousingWire's REO Expo in Fort Worth, Texas, complained of having an offer from a buyer at what the property listed at, only to lose the deal when the bank's appraisal came in afterward. Sunlin suggested these buyer-side agents send in their own information with the servicer for a better chance of reconciling the appraisal.

"Valuation is an inexact science. The offer may be a full to list, but not to the appraisal. When you submit your own short sale deal, send your own BPO," Sunlin said. "If you put your facts out there, you can at least make your case."

Other agents said those working on the other side of the deal do not send in offers or document packages correctly, regardless of any certification. Both Sunlin at BofA and Rand at Citi said their banks are considering recommending agents to the homeowner.

"We would love to get into a system where we're recommending agents for a short sale," Sunlin said. "But (the) homeowner has their rights, they're going to select who they want to select, and that's going to be the biggest constriction."

As lenders continue to tweak imperfections, demand will rise.

Chris Saitta, CEO of **Equator**, which provides a technology platform to process short sales for

the largest lenders, said servicers completed short sales on 4% of their portfolios to 16% today.

"There is a steady but slow increase in REO, which equals a steady, slow increase in short sale," Saitta said.

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[1] BAC: <http://finance.yahoo.com/q?s=BAC>

[2] find it easier: <http://www.housingwire.com/2010/06/08/bank-of-america-puts-short-sales-ahead-of-reo>

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