

McNerney hopes to speed up short sale option for homeowners

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Short sales, increasingly common in San Joaquin County real estate transactions, could become fast sales under legislation introduced July 19 by Rep. Jerry McNerney, D-Stockton.

"Great idea. Anything that would expedite short sales would be wonderful," said Lela Nelson, a longtime Stockton resident and owner of a real estate company.

McNerney introduced the Fast Help for Homeowners Act in what he called "a necessary step to addressing the housing crisis."

His bill would require a second mortgage lender of a federally insured mortgage loan to review and decide on a short-sale agreement within 45 days. If a decision is not made in that time frame, the short sale will be designated as "approved" the next day.

The most famous short sale in Stockton's history took place in January 2009 when former Mayor Ed Chavez, after his second term in office, moved away and put his local condominium on the market in a short sale.

Stockton had the nation's highest foreclosure rate most of that year. "I guess it's kind of the

ultimate in symbolism, isn't it?" former City Councilman Clem Lee said at the time. "The mayor of ground zero going through the same thing."

Almost four years later, short sales are more common in the county and across California.

In statistics from earlier this year, the California Association of Realtors reported that short sales - and other distressed property transactions - made up more than half of all sales in the state.

"This is a kind of moral, ethical issue," Stockton Realtor Marcia DeMott said. "Here's the thing: If you live 400 miles away, how are you going to keep up with your property? We have to look at this differently."

In a news release, McNerney said his legislation would help lenders and homeowners. He pointed out that short sales are less costly than going through foreclosure and less damaging to a homeowner's credit score.

"For most people, a short sale is not fraud," said DeMott, who has worked for Nelson for 10 years. "People get tired of this process. It literally makes people sick. It is a horrible situation."

She also said that four years ago, the short-sale difference might be \$25,000. Today, \$250,000 is more likely.

"A strong housing market is a crucial part of getting our economy back on track," McNerney said in announcing HR6153. "The housing crisis has affected homeowners, communities and small-business owners.

"Struggling homeowners have heard a lot of talk about addressing the issue and want to see real action."

McNerney's bill has received support from regional, state and national real estate and homeowner organizations. It also has the backing of Republicans and Democrats from two of the nation's hardest-hit states in the foreclosure crisis - California and Florida.

"Short sale transactions are difficult as is," said LeFrancis Arnold, president of the state Realtors association. "When subordinate lien holders refuse to respond to offers, additional unnecessary barriers to homeownership are created. (This) will eliminate this major hurdle."

A recent survey by the Los Angeles-based group found that nearly half of all properties sold as short sales in California had subordinate liens.

"I wish I had a crystal ball into the next four years," said DeMott, who also is a Lincoln High School and University of California, Berkeley, graduate. "We need to see a small uptick in the real estate market somewhere in here. We need a happy medium. We haven't found it yet ... anything to speed up the process."