

THE TREND!

California

Median Price-SFH	Date
\$293,570	04/11
\$286,010	03/11
\$307,400	04/10
Sales change Prior Month 2.5%	
Sales change Prior Year -4.4%	

Sacramento

Median Price - SFH	Date
\$170,270	04/11
\$168,250	03/11
\$188,100	04/10
Sales change Prior Month 1.2%	
Sales change Prior Year -9.5%	
Source C.A.R. Research Dept.	

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Next Issue:

Fannie and Freddie, will their demise affect you?

Cash for Keys...What are the Options?

The Cash for Keys program was established to encourage occupants of foreclosed or reposessed homes to keep the houses in the best possible condition upon vacating the property. Some lenders also claim that it is to help the occupants start a new life, paying for their moving expenses. Lenders typically will pay several thousands of dollars, usually between \$1,000-\$5,000.

Since this program is executed by the lenders and servicers, they differ considerably in complexion and form. However, there are some commonalities. Here are some general thread that run through the programs;

- They are completely negotiable, meaning the cash for your keys could be negotiated based on how long you remain on the property and the cooperation you render to the servicers.
- The length of time you remain on the property is also negotiable, so lenders may request that the occupant leave within a month. Remember that the longer you request to stay, the smaller the cash payment.
- This program is quite often used when properties have been foreclosed or lost in deed in lieu process.
- Occupants who lose their homes through a short sale

can also receive cash compensation, even though they clearly have shown intent to vacate the property upon the sale.

- It is always to the occupant's benefit to negotiate their exit, as the lenders can initiate an eviction process that will force the occupants out, thus losing any future benefits.
- Remember to have all agreements in writing, some people not authorized to negotiate on behalf of the lenders may peddle offers, but fail to deliver the cash.
- Tenants occupying a reposessed or a house that has been short sold could also qualify for the cash for keys program. It is imperative that the listing agent negotiate with the lender to establish the need for them to make such an offer. Some pertinent reasons may include, the adverse impact of existing tenancy contract to the resale and transfer of the house to a new prospective buyer.
- Normally, the lenders will not offer cash for keys, if they inspect, and yes they do, and notice that the house is vacant. So the best time to negotiate these terms is when there is still an occupant in the property.

The popularity of this program has encouraged many occupants to leave the properties in a decent condition, some of them in excellent condition, since any omissions from stated contract "to keep clean" negates the cash payment. In some cases homeowners are so overcome with stress of impending loss that they forget to negotiate these payments, and then face eviction due to inaction. Our advise is to retain an agent who will negotiate these terms, and maybe help in short selling the house if possible to reduce the possibility of foreclosure, and the subsequent impacts on ones credit. Eviction can be even more impacting, as many property management firms check these databases, and will refuse to rent based on this information.

Again, as a homeowner, do not leave anything to chance, get an agent who specializes in short sale and distressed properties to help in sorting out the details of these negotiations, offer professional advise, and execute the accepted resolution to the homeowner's or occupant's benefit. Notice that not all real estate agents have expertise in these areas, as these transactions can also be stressful to agents who have not conducted one of these before, or lack extensive knowledge in this area. Seek professional help in these matters.

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