Foreclosures, short sales still affect market

Banker, Realtors talk of consequences of 'walking away from home'

BY NORMAN CANNADA
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SENECA — Ramifications from the recent housing crisis are still being felt as local residents turn to short sales or foreclosures to get out of bad debt.

"Anybody who bought in the 2007 era, they're so far upside down on Lake Keowee that it's not even funny, if they financed it to the hilt," said Seneca Realtor Perry Rogers. "And a lot of them did."

Rogers and other Realtors spoke about the continued effects of the housing crisis on today's market during an Oconee Alliance meeting last week.

Glen Buddin, chief executive officer and chief financial officer of Blue Ridge Bank, brought the issue up, asking if Realtors are advising clients to seek short sales as a way of avoiding foreclosure.

"There is a difference between advising a client who can afford that situation versus a client who cannot," Buddin said at the meeting. For instance, someone says, "I've lost my job and therefore, I can't pay. I have no income." He said there are others who say, "I have the income, but I made a poor investment here, so I'm going to make a business decision and just dump it back on the bank and accept the consequences on my credit whatever that may be."

Kevin Cope, a Seneca Realtor and chairman of the Western Upstate Board of Realtors, said agents are working for the best interests of their clients.

"Every situation is different," said Cope. "I promise you there are no Realtors who want a short sale if they don't have to have one. We do it because we want to help our client. We have some bankers who are very helpful, and we have some that are not so helpful. It can really be a nightmare."

Lorraine Harding, a Seneca Realtor, said many people are not looking at the long-term consequences.

"We call that strategic default," said Harding. "Usually the seller comes to us and says 'I'm going to walk away from this. I want you to list it, but I want you to understand that, at any point, I may give over the keys.' I think they are talking in terms of closing the chapter, but they're really not looking at the future in terms of all the ramifications."

Rogers said short sales are sometimes preferred by banks over foreclosures.

"Sometimes, the lender will push the sales," Rogers said. "I've got two foreclosures right now that are going to be short sales. I had them listed where they should have been. And the bank called me and said, 'this person has not made a payment in six months and get me what you can.' That conversation is happening a lot with bankers."

Rogers added that some homeowners are looking for ways to use the current system to their advantage.

"Some of them are so shrewd and so well educated that, if they know they are going to default on a home and they have the ability to pay, they'll go out and buy another home while their credit is still good and default on the other one," he said.

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