



SHORT SALE VS. BANK-OWNED REO

A **Short Sale** is the sale of a home in which the seller's mortgage lender agrees to accept a payoff of less than the balance due on the loan. The process starts when a seller who is behind in his or her payments attempts to sell his house before the bank takes the property through foreclosure. To do this, the Real Estate Agent negotiates with the bank to agree to sell the home for less than what is owed on the property. In a Short Sale, the homeowner is still technically the owner of the property.

REO stands for "Real Estate Owned," and is another way to refer to a "Bank Owned" property. This is property that the bank has taken back through foreclosure and failed to sell at the Trustee's sale. These properties are also known as bank "Repos." In an REO, the bank owns the property.

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