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Bank of America offering up to \$30,000 for short sales

By Les Christie

NEW YORK (CNNMoney) -- Bank of America is offering some struggling homeowners payments of up to \$30,000 if they sell their homes in a short sale and avoid ending up in foreclosure.

Under the plan, Bank of America (**BAC, Fortune 500**) will offer homeowners so-called relocation payments of between \$2,500 and \$30,000 if they sell their home in a short sale. In short sale deals, the sale price of the home is less than what the seller owes the bank.

The bank first tested the payments in a pilot program in Florida last fall. Under that initiative, Bank of America paid up to \$20,000 to borrowers who sold their homes in short sales.

"This program can help customers make a planned transition from ownership when home retention options have been exhausted or they have made a decision not to keep the home," said Bob Hora, an executive for the bank.

[Short sale make up 1-in-4 homes sold](#)

Chase (**JPM, Fortune 500**) started a **similar initiative** in late 2010 that pays as much as **\$35,000 to short sellers**. Wells Fargo (**WFC, Fortune 500**) has also paid five-figure incentives to short sellers or to owners who turned over their deeds to the bank.

BofA said it has completed 200,000 short sales over the past two years. These sales are generally more cost effective for banks than foreclosures. By avoiding foreclosure, the lenders get distressed properties back from delinquent borrowers more quickly, which helps them to avoid property tax payments, maintenance expenses and legal fees that can build up for months, even years, as foreclosures work through the system.

In addition, the incentives help guarantee the homes will return to the lenders in better condition. Foreclosed properties are often poorly maintained, even sometimes sabotaged, by angry former owners, making them worth far less to the banks.

During the last three months of 2011, foreclosures sold for an average of about \$150,000, according to RealtyTrac. Meanwhile, short sales sold for an average of about \$185,000.

Banks pay delinquent borrowers up sell their homes

To qualify for Bank of America's relocation payments, borrowers must obtain pre-approval on sale prices for their homes. The sale must begin by the end of 2012 and close by September 26, 2013.

The exact compensation is determined case-by-case based on a calculation that involves the home's value, mortgage balance and other factors.

Borrowers can call 877-459-2852 to find out if they may be eligible for the program. ■