Stopping Foreclosure: Options for Homeowners
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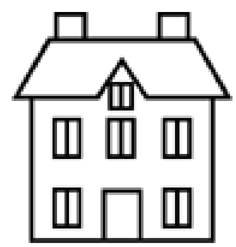
If you are having financial struggles and are behind on your mortgage payments, then please read this report fully to understand the most common options available to stop foreclosure and mitigate further damage to your credit. All of these options won't be available to everyone, and time constraints may make some impractical, but knowing your options can help you to make better decisions.

Facing foreclosure and the potential loss of your home can be a highly emotional issue. Do not fall into the trap of letting your emotions instead of logic be the driving force behind your decisions. While making efforts to save your home are understandable, and in some cases realistic, there are also many cases where this is not a realistic option. Please carefully consider these options as you read this report.

1. Reinstate the loan

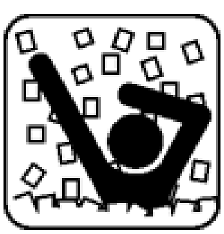


Reinstating the loan means to make it current by paying all of the back payments, and potentially late charges and the lenders legal fees. This is the quickest way of ending foreclosure action by the lender.

While this sounds good in theory, in many cases, homeowners that have missed several payments won't have the money to make such a large payment without the help of a financial windfall, selling some other assets, or receiving a gift or loan from relatives. Also, lenders will generally not accept partial payments and will likely return your payments once you are several months behind.

2. Forbearance

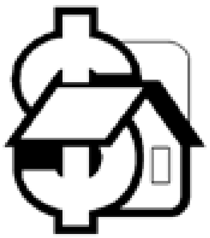
Forbearance is an agreement between the lender and the borrower that reinstates the delinquent loan amount through a schedule of payments over a period or time, typically no more than 6-18 months. These payments represent an amount in addition to the regular payment amount. You will generally be required to pay upfront at least 25% of the back payments and fees, and you must be able to prove to the lender that you can make the combined higher payment.



Forbearance agreements will stop or postpone foreclosure action. However, if this agreement is broken, meaning the homeowner does not make the scheduled payments, the lender may immediately resume foreclosure action. Sometimes the lender will considering entering into a second forbearance agreement with the homeowner. Unless the homeowner's financial circumstances have improved, forbearance essentially makes their payment larger with the added pressure of needing to perform or foreclosure action may be resumed. Forbearance is a good option for homeowners whose financial setback was temporary and now have the monthly income to resume making the original payments plus some of the back payments.

3. Loan modification

A loan modification is a change in any of the terms of the original loan. This includes changing the interest rate, re-amortizing the remaining balance, extending the term of the loan, adding the back payments to the end of the loan, or other options at the lender's discretion.



Loan modifications are typically less financially burdensome than forbearance due to the extended payment timeframe. In some cases a loan modification may even lower your payments. Either way, the timeframe to repay the loan will be reset to that of a new mortgage, 30 years for example. You will generally be required to pay upfront at least 25% of the back payments and fees, and you must be able to prove to the lender that you can make the new payment.

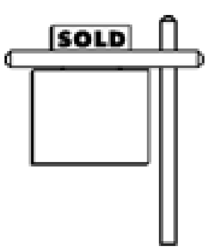
4. Mortgage refinancing

Mortgage refinancing is an option where the existing lender, or a new lender, would allow the borrower to refinance his or her existing mortgage, wrap in any late payments and fees, and cash out part of the equity in the home.

Refinancing is typically very hard to obtain once foreclosure action has started. Only those with special circumstances (e.g. lots of equity) will likely qualify for a loan from a new lender. Refinancing also takes time to process, all the while foreclosure action is proceeding and the penalties and fees from the bank keep growing.

5. Sale of the home

If the homeowner has been unable to find a solution with the lender, or find a new lender to complete a loan in a timely manner, selling the home is an option that needs to be seriously considered. The sooner the homeowner begins preparing and offering their home for sale, the better the chances are they will get a fair market offer to purchase their home.

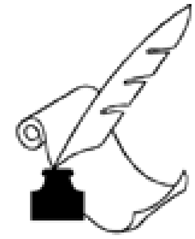


Sadly, many homeowners that are behind on payments think their problems will somehow go away, all the while precious time to sell the house is being lost. The longer a homeowner waits, the higher the risk they have of losing the home to foreclosure. Even if this process is started early, homeowners with financial difficulties often don't have the money to make repairs that would increase the value or marketability of their home.

At this point, the homeowner must typically take a significant discount on their home to sell it quickly, and in "as-is" condition. This does however allow the homeowner to salvage their credit, pay off loans, and potentially retain some of the equity in their home.

In the case where the loan balance is more than the value of the home, the lender may accept less than the full amount as payment in full from a buyer. This is called a **short sale**. Lenders require the homeowner to prove they have a hardship and cannot continue making payments before they'll agree to discount the loan payoff.

6. Deed-in-Lieu of Foreclosure



A deed-in-lieu of foreclosure is a voluntary transfer of title to the lender, essentially giving the house back to the bank. This is typically done in an effort to avoid foreclosure and mitigate further destruction to the homeowner's credit. In return for the voluntary transfer of title to the lender, the borrower is often released of any personal liability for paying the remaining mortgage balance and accumulated penalties.

Most lenders require that there must not be additional mortgages or junior liens on the property. Lenders are not in the business of owning homes and typically do not want to own yours, even if you are willing to give it to them. Lenders are not required to accept the Deed-in-Lieu if you try to transfer title to them without their agreement.

If the value of your home is more than what's owed, then selling the home is generally a better option than a deed-in-lieu of foreclosure provided there is enough time to sell the house.

7. Bankruptcy filing

If you choose to file bankruptcy it is <u>highly recommended</u> that you seek the assistance of a competent bankruptcy attorney.

Bankruptcy is an option often recommended by attorneys. If you get this advice from an attorney please consider it carefully as their recommendation generates business for themselves but has significant long term financial consequences for you. Bankruptcy puts an immediate stop to all bill collection efforts and stops the foreclosure process. With bankruptcy, the homeowner is obligated to make their original mortgage payment, along with extra payments that get shared by creditors for the late payments.

It is estimated that 80% of homeowners fail to make the agreed payments during bankruptcy. When this occurs the foreclosure process can resume where it left off. A sad but typical result is the homeowner then has a bankruptcy and foreclosure on their record.

Bankruptcies will normally remain on your credit report for 10 years!

If you lose your house to foreclosure following bankruptcy you may have a hard time obtaining a loan to buy another home, or finding a landlord that will rent a property to you due to your damaged credit. You may otherwise have to live in a less than desirable area or property from a landlord that is willing to rent to you. Employers are also checking the credit of potential new employees as a way to judge their level of responsibility. Insurance companies are now adjusting premiums based on credit scores – a low score could mean higher insurance rates.

8. Foreclosure

If you do not take action to solve the problem then the likely result is that you will lose your house to foreclosure and be evicted by the Sheriff. Don't let this happen if you can avoid it. Your situation will not magically correct itself, but the sooner you take action the more options you will have.

Stopping foreclosure can sometimes be a complicated process. If you are interested in discussing some of these options, or are interested in selling your home, please call us.

If your house payments are more than 3 months behind then your lender has probably started foreclosure action. In most states this involves filing a legal complaint and serving you with legal notice of the intent to foreclose.

The longer you wait, the harder it is for us to help you.

FREE consultation!

We gladly offer a FREE, unbiased, no obligation consultation of your situation. Call us now for discussion of your particular options and to answer your questions.

We can provide you, for FREE, with more detailed information on how you can work with your mortgage company to negotiate a payment plan (forbearance) or loan modification.

If you have already decided it is in your best interest to sell your home we may be interested in buying it. If your situation and property qualifies we can provide one or more purchase options for you to consider.

Regrettably, we can not help in all situations. If we can not help you then we will tell you as soon as we determine that to be the case, and potentially refer you to someone else that may be able to help you.

Please call us today at

1-888-266-2236

It will only take a few minutes of your time and there is no cost or obligation.

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This report is for informational purposes only and does not constitute legal, accounting, or tax advice. We recommend that you consult appropriate professionals before considering some of these options.