

# 10 Options To Avoid Foreclosure

If you've missed one or more mortgage payments, or if you're "underwater" (owe more than your home is worth), you are not alone. The first thing to know is that you have options. Here are actions you can take to avoid foreclosure and experts you can call upon for help.

## A. Work with your lender so you can stay in your home.

If you can prove a temporary "hardship," such as job loss, income reduction, health issues, divorce and other major life changes that affect your ability to pay back your loan, you may be able to arrange one of the following:

1. **Reinstatement.** If your lender has started foreclosure proceedings, you have the right to make your loan current by paying all missed payments, plus late fees, legal bills and filing charges.
2. **Mortgage Forbearance.** This can reduce or postpone your payments for a few months providing you agree to repay them. This is *temporary* relief and not a long-term solution.
3. **Refinance.** You can lower your monthly payments by taking advantage of a current interest rate that's lower than your original one. If your home has little or no equity, however, it may be difficult to qualify.
4. **Loan Modification.** Your bank may work with you to modify your loan (by reducing interest or extending the length of the loan). This depends on the lender and whether you meet certain criteria such as income, debt or credit.
5. **Servicemembers Civil Relief Act (SCRA).** This protects men and women in the armed services by limiting the interest charged on a mortgage obligation made prior to enlistment.

## B. Get out of your situation by moving out of your home.

If you question whether you'll ever be able to pay off your loan, it may be better to move out. Some of these options may hurt your credit score but not as much as a foreclosure, and they put in a better financial situation. Consider these options:

6. **Rent The Property.** This option may help pay your monthly mortgage but requires a lot of work finding tenants and you still pay for maintenance on your property.
7. **Sell Your Home.** It's unlikely someone will buy your home for the full amount you owe the bank. If you can sell your home for less, the bank may forgive the difference between what you owe and the final sales price they buyer pays (see option #10).
8. **Bankruptcy.** This can stop or delay a foreclosure but does not eliminate your mortgage because a "secured" creditor has a mortgage on the property as collateral. Make sure to talk to a bankruptcy attorney.
9. **Deed-in-lieu of Foreclosure.** You voluntarily give your home back to the lender in exchange for being forgiven of the mortgage. You may still have to pay the difference between what the bank sells the home for and what you still owe on your loan, plus legal fees. Many banks won't consider this until a short sale has been attempted.
10. **Short Sale.** This involves selling your home for less than you owe on the loan. The lender usually doesn't allow it unless you have a valid hardship and no assets. It can be a long process, but has less credit consequences than foreclosure.

## C. Get Help As Soon As Possible From An Expert. Don't listen to everything you see or read in the news and possibly be duped by scammers. Turn to these qualified people for advice (see next page):

- **Your REALTOR®** can determine the current value of your home and review the options above. He or she can also explain more about government programs available today.
- **A Foreclosure Counselor** will help you evaluate your current financial situation by reviewing your monthly expenses and income. A counselor can also identify assistance programs and serve as an advocate with your bank, free of charge.
- **A Tax Expert** will advise you if you do a short sale or deed-in-lieu of foreclosure as forgiveness of debt is sometimes considered taxable income.
- **A Credit Counselor** can help you develop a plan to avoid future financial difficulty and work with you to repair your credit score.
- **An Attorney** can help if your lender has filed a foreclosure lawsuit by reviewing the lender's paperwork to see if the loan servicing company made a mistake in applying payments or assessing fees.

### **Don't Know Where To Start?**

Unfortunately time is not on your side. Most people start seeking out help after a few months of being behind on their payments. If you don't contact anyone for several months, it may be too late to stop the foreclosure process.

Even if you haven't missed a mortgage payment yet, the sooner you speak with a professional about your situation, the sooner you will know how to improve or get out of your underwater mortgage.

Don't just contact any REALTOR® ...contact a ***Foreclosure Resolution Specialist...***

**An experienced Foreclosure Resolution Specialist can help you get out of a bad situation fast by:**

- ◆ Assisting you in valuing your home... so you know if you're really underwater.
- ◆ Discussing options... so you're fully informed to make a decision and know if you should stay in your home or sell your home – and so you don't fall for some common scams.
- ◆ Negotiating with the bank who has your home loan... so you don't waste time not reaching the right person who makes decisions about your loan. And so you can get approval for a short sale to sell your home and walk away possibly without owing the bank any more money.
- ◆ Finding buyers for a short sale... so your home can sell, the bank can get some money back, and you can move on with your life.
- ◆ Coordinating the closing process including: opening an escrow account, completing requirements for a purchase contract (disclosures and legal documents)... so you don't have to think about all the details and are protected.

**Avoid Foreclosure By Lowering Your Mortgage Payment Or Selling Your Home (Even If You Owe More than It's Worth)...**

I offer a free ***Confidential Home Rescue Plan***, which includes the following:

- 1-Page Checklist of Your Options Comparing All The Pros and Cons
- In-Person or Over-The-Phone Review of Your Options
- A Personalized "Plan Of Action" So You Know Each Step To Take
- **FREE BONUS #1: FREE CREDIT REPORT**
- **FREE BONUS #2: FREE HOME VALUE ANALYSIS.**

Call before my schedule fills up...

**Rudy Perkins, REALTOR®**  
***Foreclosure Resolution Specialist***

**(203) 243-3820**