



Know your Rights as a Homeowner

Option 1: Loan Forbearance or Modification – This is definitely a strategy worth pursuing. The loss mitigation department of your mortgage company may make arrangements with you to pay some of your back payments and the balance within a certain time period. Example: You owe \$9000 in back payments, attorneys fees etc. Your mortgage company may accept \$4500 now and \$750 per month for the next 6 months. Of course, you would have to resume making your normal monthly payments. A loan modification is a permanent change in your mortgage that may lower your monthly payments and the delinquent payments may be added to your mortgage balance. A loan modification or forbearance is easier to arrange prior to the Mortgage Company filing a foreclosure lawsuit. Some lenders will not consider a forbearance agreement after filing but it's worth trying.

Option 2: Reinstate your Mortgage – You have up to and including the morning of the auction to get your payments caught up. Perhaps you could borrow from friends or family, credit cards or your retirement program. You may be able to arrange a second mortgage to get the back payments and fees caught up. Check in the Yellow Pages under "Mortgages". There are a number of companies listed that claim that they can help in these situations.

Option 3: Refinance – You've probably received letters from mortgage brokers and lenders saying that you are already pre-approved for a new mortgage. The fact is that it's very difficult to arrange new financing when you are already in default on your existing mortgage. Be very cautious about sending advanced fees of \$300 to \$600 to lenders or mortgage brokers. Usually it's a ploy to take advantage of your financial situation.

Arranging new financing will depend on your income, credit report, value of your home and the amount of your equity. If you attempt to refinance, you should always have a backup plan available to you. Many times we have had homeowners call days before the auction saying that their financing did not go through. By then it's too late to save their homes.

Option 4: Chapter 13 Bankruptcy – A viable alternative if your financial situation has improved, is filing bankruptcy prior to the auction. This will stop the sale of your home. Unfortunately for most people, it only postpones the sale for one to two months. Immediately after filing a Chapter 13 Bankruptcy, you will have to file a repayment plan with the courts. This plan has to show that you have sufficient monthly income to pay basic living expenses such as food, utilities and other monthly payments such as credit

cards, car payments etc. In addition, your income must be sufficient to resume making your monthly mortgage payments. All past due amounts are usually spread out between 24 and 60 months i.e. if you owe \$9000 in missed payments, attorneys fees etc. an additional \$187.50 would be due to the court appointed trustee each month (if spread out over 48 months). If you feel as though you have the income to immediately begin repayment of all your debts and the courts agree, this may be a good choice for you to save your home.

Over the years I have spoken with many individuals who filed for bankruptcy protection only to have their cases dismissed. Not only were they out of their attorneys fees (usually \$1000-\$2000) but now had a bankruptcy and a foreclosure on their credit report. Bankruptcy should always be considered an action of last resort.

Option 5: Sell Your Home on the Open Market – This is probably the most under utilized option available to you. The fact is, selling your home will give you the most money in your pocket. The market is very active right now and we have all experienced significant appreciation in the past few years. Your home may be worth a lot more than you think. If you have recently been served with a foreclosure lawsuit, you still have enough time to sell your home. This will provide you and your family the greatest amount of money to give you a fresh start.

Don't procrastinate; explore all the options available to you. If selling your home seems unlikely, you should call us as soon as possible. Placing your home on the market a few weeks or a month from now may not give us enough time to find a buyer, arrange financing, and schedule the closing. Because of the time sensitive nature of your situation, this is not a time to go it alone as a "For Sale by Owner".

Option 6: We Can Buy Your Home – If efforts to save your home have been unsuccessful and time doesn't permit selling your home on the open market but you want a quick sale with no problems, give us a call. We work with investors who can make you a cash offer and close quickly. If you need additional time to relocate, that can easily be arranged.

Option 7: Let Your Home Be Sold On the Courthouse Steps – By far this is the worst option available to you. Many people reason, "I have no equity, I'll just let the bank take it", but homes that are sold on the courthouse steps typically sell for between 50%-70% of their fair market value. Moreover, if a bank suffers a loss due to the pending foreclosure action against you, they have the option of filing a deficiency judgement against you and pursuing you for the amount of their loss.

At this point you probably have been swarmed by investors calling you and knocking at your door. If not yet, you soon will be. A word of caution...some investors can be very aggressive and unethical. Some will tell you that you only have one or two weeks before the auction and that your furniture and possessions will be placed on the sidewalk or in the street. This scare tactic is usually accompanied by a ridiculously low offer.

The fact is that you may have several months before that could happen, but this is not the time to sit back and relax. It may be time for you to pursue one of the options that I have outlined above that makes the most sense for you and your family. Typically ten days after the foreclosure auction, a certificate of title will be issued by the courts to the new owner. If you have not voluntarily vacated your house at this time, you could be forced to move out within 24 hours.

Don't be rushed or scared into giving up your hard-earned equity. If a quick sale of your home is your goal, talk with several reputable investors including myself. I can promise that I will treat you fairly, with dignity and complete honesty. When I make you an offer and tell you that you will walk out of the closing with \$1000, \$5000, or \$20,000 that's what you will walk out with. I don't believe in last minute negotiating at the closing table.

As with any serious legal situation, the reader is encouraged to consult legal counsel regarding all points of the law. This information should not be used as a substitute for competent legal advice.

If you own property and are facing foreclosure and are interested in selling, we have the capability through our network of investors to provide a quick, private closing without the hassles of listing your property or completing possible repairs. Give us a call at 866.283.6972. If you prefer to submit information on your property online, you may go to <http://www.ownerwillcarry.com/foreclosuresolutions.html> and complete the foreclosure evaluation form. Once submitted, a representative will contact you promptly.