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Are there Alternatives to Foreclosure?

You may be facing foreclosure...so what are your options? Try to look at your situation from a *financial* point of view rather than an *emotional* point of view. Successfully analyzing your position can help move you towards resolving your financial difficulty and stress. Remember that, "*Time is of the essence*". Take time to think through your situation then make a decision. Afterwards, take action right away in order to have enough time to complete the solution you choose.

Options when facing Foreclosure

- 1. Do Nothing** - If a homeowner does nothing, they most likely will lose their home at foreclosure auction. Loan applications generally ask if the applicant has ever been foreclosed upon. Credit reports also disclose this damaging information. Not the best option.
- 2. Payoff / Refinance** - Completely paying off the entire loan amount plus any default amount and fees. Usually this is accomplished through a refinance of the debt. New debt can include a higher interest rate, and there may be a prepayment penalty because of the recent default. Usually this option requires equity in the home.
- 3. Reinstatement** - Paying the entire default amount plus interest, attorney fees, late fees, taxes, missed payments and fees.
- 4. Loan Modification** - The ability to restructure the current mortgage between you and your lender. It is a change in one or more of the terms of the loan which results in a payment the homeowner can afford. ♦**IFR** and its team of attorneys can assist you with a modification.
- 5. Forbearance** - The Lender may arrange a repayment plan based on the homeowner's financial situation. The lender could provide a temporary payment reduction or suspension of payments. Information will be required from the lender to show that you are able to meet the new payment plan.
- 6. Deed in Lieu of Foreclosure** - Give the property back to the bank instead of the bank foreclosing. Banks generally require the home be well maintained, all mortgage payments and taxes must be current. Most loan applications ask if the borrower has ever given property back to a bank.
- 7. Bankruptcy** - This option can liquidate debt and/or allow more time. You will need to retain a qualified bankruptcy attorney.
 - Chapter 7 (Liquidation) To completely settle personal debt.
 - Chapter 13 (Wage Earner Plan) Payments are made toward a plan to pay off debts in 3-5 years.
 - Chapter 11 (Business Reorganization) A business debt solution.
- 8. Sale** - If the property has equity (money left over after all loans are paid), the homeowner may sell the home without lender approval through a conventional home sale. On the other hand, a **Short Sale**, also known as a pre-foreclosure sale, can be negotiated with your lender if what is owed is **MORE** than the property's value. **Our Negotiator** can assist you in negotiating with the lender to transact a **Short Sale**.

Call **Rita & Steve** at no obligation to see if you qualify for either a Loan Modification or a Short Sale.