



## **7 Action Steps you can take before a foreclosure**

- 1) If you have NOT missed a payment yet, but know you are going to, the first step you must take is to contact your lender and let them know your situation. If you've lost your job or have some other type of hardship going on let them know. They can give you time to help get your life back together, but you must call them as soon as you know you're going to miss a payment. The longer you wait, or if you wait until you actually miss a payment, it makes it more difficult to ultimately get the problem solved.
- 2) Ask for forbearance. This allows you to delay payments for a short period of time, with the understanding that another option will be used afterwards to bring the account current...for example, if you know you'll have the funds to bring your account current by a specific date because of a guaranteed sum of money you're receiving.
- 3) Ask for a repayment plan. This is where the lender agrees to add, a certain amount of the first missed payment onto each of the next subsequent two payments. These plans provide some breathing room for you, if you only have short-term financial problems, such as a sudden expensive repair, or a medical expense that makes it too difficult to pay your mortgage for one month.
- 4) If you have already missed two or three payments and owe a couple thousand dollars in lender fees, the lender of your mortgage may still try to arrange a repayment schedule. But you will likely have to pay a third to a half of the delinquent amounts upfront, and then pay off a portion of the remaining balance each month for a year or more. Also, never ignore the lender's letters or phone calls. Ignoring the problem won't make it go away and if you're going into a foreclosure process, there are other fees and costs involved and ignoring them only makes these worse.
- 5) You may also be eligible for a loan modification plan, designed for people that can't afford repayment plans. In a modification the lender actually adjust the terms of the loan to make it more affordable. It may lengthen your amortization schedule or lower the interest rate to cut the monthly payments, or roll the past due amount into the loan and re-amortize the new balance, so you can pay the additional debt back over time.
- 6) Some companies may be willing to offer you a "short refinance," too. With these, the lender agrees to forgive some of your debt and refinance the rest into a new loan. This way the lender still gets more money than they would by foreclosing on you.
- 7) A Deed in Lieu of Foreclosure (DIL) is an option in which you voluntarily deed your property back to the lender in exchange for a release from all obligations under the mortgage. Unfortunately, there is no way to do this without hurting your credit, unless you get the mortgage company to report your mortgage account as paid in full. You may face income tax issues resulting from the lender forgiving part of the debt (which the IRS will likely treat as income to you, even though you don't receive any

cash in the transaction), but you might be able to get yourself out of a hole and start over again sooner rather than later.

If none of these 7 methods work, and you can afford your normal monthly mortgage payment, but can't afford to make up the delinquent amount and legal fees because your lender offered a really harsh repayment plan, you may want to consider filing Chapter 13 Bankruptcy. Doing so temporarily halts the foreclosure process and can force the mortgage lender to accept a more friendly repayment plan. This is a last resort, and will still negatively affect your credit.

If none of these work, there is another option.

As you may know, a foreclosure is devastating to your credit rating and can affect it for 7 to 10 years. What's more, buying or even renting another home in that time period may be impossible for you. But, there is one more option where we may be able to help you personally.

Even if you can no longer afford your home, you can still protect your equity and keep a good credit rating.

### **Here's How:**

Up until a few days before the bank forecloses on your property, you have the opportunity to stop that process by having someone purchase the property.

We may be willing to do this for you. We arrange creative, legal and ethical ways to buy property or assume mortgages from people who need help. We may even be able to let you stay in the house, depending on your situation. The bottom line through this is this; if your situation allows it, we can stop your foreclosure, and often put money BACK in your pocket so you can start over in a more affordable home.

If you don't have the money to pay the lender off, and see no real chance of making up the payments & costs, and you would be open to discussing opportunities that could relieve you of this burden, please let us go to work for you.

We promise we will have a written offer and a commitment to move forward within 48 hours (Subject to approval form).