Here is your "do it yourself foreclosure education kit"!

HOW TO STOP FORECLOSURE

{ And the 3 Biggest Mistakes to Avoid! }

~Special Report~

Dear Homeowner:

Did you know that our State has one of the nations highest foreclosure rates? That means dozens of homeowners are going into foreclosure every day.

You are not alone!

My company is committed to helping homeowners avoid foreclosure, and that begins with providing you with information so that you can make an informed decision. We understand that the foreclosure process can be confusing, stressful, and embarrassing. We also know that there are many good reasons why honest, hard-working people like you fall behind on their mortgage payments. Sometimes life's circumstances turn out differently than planned, and bad things happen to good people.

Most importantly, we know that you are not in foreclosure...your house is! That's why we are here to help. Most of the stress and fear caused by foreclosure is really caused by a lack of understanding what options are available to you. Most people don't take the time to understand the foreclosure process, and become educated about what they can do before it's too late. We hope this Special Report will help you understand your options and take control of your situation.

This do it yourself foreclosure education kit is intended to be used as a guide and point you in the right direction. If you ever feel overwhelmed with your situation, please feel free to call one of our Foreclosure Specialists to discuss your situation. We are always available to help you navigate through this difficult situation.

10 Ways to Stop Foreclosure

1. Forbearance

"Forbearance" is an agreement with your bank/lender to stop the foreclosure in exchange for paying the overdue amount (called "arrearages"). The arrearages are paid in either one lump sum, or a schedule of payments over a period of time (typically 6-12 months). In some cases, your lender may even allow you to pay reduced monthly payments until you get back on your feet. More than likely, they will INCREASE your monthly payments to cover your owed arrears. Of course, your lender will only agree to forbearance if you can afford to resume your monthly payments. For example, if you got behind on your monthly payments because you lost your job, but were recently rehired, your lender might consider forbearance. Unfortunately, most homeowners facing foreclosure cannot come up with the money to make up back payments, nor can they afford higher monthly payments.

Bottom Line: *To take advantage of this solution, you must be able to:*

1. Pay the arrearages in a lump sum and be able to resume your monthly payments, or
2. Afford higher monthly payments (i.e. your original monthly mortgage payment plus a portion of the arrearages) until the arrears have been paid off.

2. Loan Modification

"Loan modification" means changing the terms of your mortgage. (Also called "recasting" the mortgage.) For example, lowering the interest rate, increasing the loan amount, extending the amount of time you have to repay the loan, and/or other changes that your lender agrees to.

A lender will typically consider a loan modification if you will be able to make your new mortgage payments after the change. For example, if you lost your job and got a lower-paying job, your lender may lower your monthly payments, but increase the number of years you must pay your mortgage.

Bottom Line: *To take advantage of this solution, you must be able to:* show your lender that you can afford the new monthly payments.

3. FHA "Partial Claim" Loan

If you have an FHA-insured (Federal Housing Administration) loan, you may qualify for a one-time "partial claim" loan. To qualify, your mortgage must be delinquent 4-12 months and you must be able to resume full mortgage payments.

When your lender files a "partial claim", FHA/HUD (Housing and Urban Development) pays your mortgage current. However, in exchange for the "partial claim" loan, FHA/HUD puts a lien on your home and gives you an interest-free loan that is due when your mortgage is paid in full (for example, after a refinance or when you sell your house). In other words, you have to eventually pay FHA/HUD back for the amount of money they paid your lender, but you don't have to pay them back until you pay off your mortgage or sell your house. Visit ***www.hud.gov*** for more info.

Bottom Line: *To take advantage of this solution, you must:*

1.Have an FHA-insured mortgage.
2.Not already have a "partial claim" loan from FHA/HUD.
3.Be delinquent at least 4 months, and no more than 12 months.
4.Show that you can afford to make the monthly payments in the future.
5.Remember that, sooner or later, you will have to pay back the amount of the "partial claim" loan.

4. Refinancing your Mortgag

"Refinancing" is when a lender (either your current lender or a new lender) gives you a new mortgage to replace your current mortgage. Of course, the new mortgage will likely be more than your current mortgage because the points, late payments, and other fees will be added to it.

Unfortunately, most homeowners facing foreclosure cannot refinance because they do not have good credit or enough equity in their house. "Equity" is the difference between what your house is worth and the amount of the loans against it. For example, if your house is worth $300,000 and you owe $250,000 on a 1st mortgage and $15,000 on a 2nd mortgage, you have $35,000 in equity because $300,000 house value, less $250,000 representing the mortgage less $15,000
second mortgage = $35,000 equity.

Bottom Line: *To take advantage of this solution, you must:*

1. Have good credit and /or enough income to

qualify for a new loan, and/or

2. Have a substantial amount of equity in your home; sufficient to meet the lender's guidelines.

5.Another Loan (i.e. 2nd mortgage, 3rd mortgage, etc.)

This is a new mortgage in addition to the mortgage(s) you already have on your house. The money from this loan is used to bring your mortgage current and stop the foreclosure.

Unfortunately, the new loan will have a high interest rate (similar to most credit cards) and cost 5-10 points. A "point" is 1% of the borrowed amount. For example, if you borrow $10,000, 10 points =$1,000.

Also, since it's another loan, keep in mind that you'll have higher monthly payments. Beware of this trap, because if you cannot afford your current monthly payment(s), how will you afford higher monthly payments?

Bottom Line: *To take advantage of this solution, you must:*

1. Have a lot of equity in your house, and
2. Be able to afford the additional payment each month.

6. Deed in Lieu of Foreclosure (DIL)

A "deed in lieu of foreclosure" is when you voluntarily give your house back to your lender and move out. In exchange, the lender stops the foreclosure and agrees not to sue you for more money if the house is sold for less than the amount you owed.

Since a DIL does not wipe out junior liens (i.e. 2nd mortgage or other liens), banks will usually not accept a DIL because they do not want to inherit the junior liens against the house. Also, you will not receive any money for your house when you use a DIL.

Bottom Line: *In general, to take advantage of this solution,* you must only have one mortgage. If you have a 2nd mortgage, 3rd mortgage, etc, most banks will not accept a DIL.

7. Sell Your House to a Regular Homebuyer

Unless your financial situation has improved, selling your house is one of the best

–and in most cases, the ONLY–

way to stop the foreclosure.

Although you probably want to stay in your house, the truth is that selling your house and moving is a lot less painful than losing your house to foreclosure and having to move anyway. At least if you sell your home, it will be

on your terms – *not the lender's* – and you have a better chance of getting some cash out of your house. Plus, you'll stop the foreclosure and save your credit. If you decide to sell your house to a regular homebuyer, you can either try to sell it yourself or use a real estate agent.

If you sell your house yourself, you'll save money on real estate agent commissions. However, it will probably take longer to sell…time you don't have. You will also have to spend time and money advertising and showing the house to potential buyer. You will also have to understand how to write up a contract, and where to go to complete the transaction (title agency in most states).

If you sell your house through a real estate agent, you'll probably sell your house a lot quicker – and probably at a higher price. But you'll have to pay a commission to the agent (typically 6%, which on a $300,000 home is $18,000).

Bottom line: *To take advantage of this solution, you must:*

1. Have enough time (typically 3 - 6 months, or more considering current market conditions) to find a qualified buyer and close escrow before the foreclosure auction.
2. Have enough equity to pay the real estate agent's commissions (if you use an agent), and
3. Have enough time and money to perform all necessary repairs, or you can sell the property 'as is' for a lesser price.

8. Sell your House to an Investor

If you don't have enough time to sell your house to a regular homebuyer, don't have enough equity to pay a real estate agent's commissions, and/or don't have the time or money to perform repairs, then selling to an investor is probably YOUR BEST BET.

An investor won't pay full price for your house, but he/she can close quickly, pay you all cash, and buy your house in "as-is" condition. This allows you to STOP the foreclosure, SAVE any more damage to your credit, and get cash to move and/or pay other expenses and bills.

ⓘ Warning

There are a lot of beginning investors out there that are not as experienced in this sort of situation. They may have good intentions but often will create a bigger disaster for your situation when time is of the essence in handling your matter. What you need now is an experienced team of professionals, and my company offers that.

ⓘ Warning

Whatever you do, don't let anyone talk you into paying them just to buy your house. At my company, we will NEVER charge you any money for advice, or a quick sale of your property. Get all of the facts before you spend any money and check the Better Business Bureau and any referrals made available to you.

Bottom Line: *To sell your property to an investor: you must* sell your house at a discount because the investor will have costs to fix your home to resell it. Just be sure to find a reputable company or investor that you know you can trust!

9. A Short Sale

A “short sale” is an agreement with your lender to accept less money than they’re owed as full payment for your loan. This solution often makes sense when you owe more than the property is worth. For example, if you owe $280,000 but your property is only worth $220,000, a short sale may be your only option.

There are no guarantees that the lender will accept the short sale. Keep in mind that your bank does not want your house back! It is considered a non-performing asset and they cannot have too many on their books! They want to work something out with you. This process is very time consuming, and the negotiations can become very stressful. Rather than trying to negotiate a short sale yourself, call a professional who is experienced in negotiating with lenders. We understand the short sale process and can help you in this situation!

Bottom Line: *To take advantage of this solution,* you should talk to an experienced short sale negotiator. My company works closely with such professionals, so give us a call and ask to speak with one today!

10. Bankruptcy

It is very important you understand how bankruptcy works and we suggest you meet with a bankruptcy attorney before considering this option. Many people use bankruptcy as a scare tactic. There are several different "chapters" of bankruptcy. Some are work-out others are wipe-out, but here is the general idea: when someone files bankruptcy it's almost like someone builds a "bullet-proof" barrier around the house. No one can touch you! However, you are not free of all responsibility and most people do not understand that. We are not bankruptcy attorneys, but you need to know the difference between a Chapter 7 and a Chapter 13 bankruptcy so you know what happens.

Like we mentioned earlier, some bankruptcies are "work out" others are "wipe out". The two that we will focus on are the Chapter 7 and Chapter 13. These are the most common in your situation. Chapter 7 is the "wipe out" and Chapter 13 is the "work out". Bankruptcy is a federal court action designed to help individuals repay their debts or eliminate their debts depending on their circumstances. Chapter 13

bankruptcies are designed to reorganize debts in an effort to repay all debt. Chapter 7 bankruptcies are geared more towards liquidation of assets. Both Chapter 7 and Chapter 13 immediately stop the foreclosure process and any creditors from taking further action against you.

Here is how Ch 7 works.

When someone files a Chapter 7 bankruptcy, all assets and creditor collections are technically frozen which is called an automatic stay. The person filing bankruptcy cannot buy or sell anything, nor can they give away their property. If they try to sell their home, the court could order the receiving party to return it to the custody of the court appointed Trustee. Unsecured debt such as credit cards, unsecured loans, etc. are typically eliminated, although you should confer with your attorney on the rules regarding this. Then the trustee or attorney who represents the court and the creditors will look at all the assets (house, car, furniture, equipment) anything of value and decide what must be liquidated to pay some of the debt that was wiped out. The statute provides that there are some minimal assets a person filing bankruptcy may keep.

If the homeowners are involved in a pending foreclosure, a Chapter 7 will stop the foreclosure process temporarily. Usually, your lender will request the court appointed Trustee to release the property from the automatic stay so they may continue with the foreclosure process. Once the property has been released from the bankruptcy, the foreclosure process starts up again.

Chapter 13 is a little different. When someone files a Chapter 13, they usually keep their assets and repay their debts in a debt consolidation plan. Whatever amount is agreed upon has to be paid to the Bankruptcy Court every month for the next 3-5 years. The homeowner usually keeps their house, car, and other assets. The homeowner is required to stay current with the mortgage payments and pays the amount agreed upon. If any payments are missed, the trustee will dismiss the bankruptcy and the foreclosure process will begin again.

Bankruptcy is usually a last resort and should not be used to stop foreclosure unless you have no other option or else you need the protection of a bankruptcy due to other circumstances. If you feel this may be your best option, please seek legal advice.

Bottom Line: *To take advantage of this solution* you should consult an experienced bankruptcy attorney.

BONUS!
The 3 BIGGEST MISTAKES to Avoid

When working with homeowners facing foreclosure, we see the same mistakes over and over. Here are the 3 biggies…

Mistake #1: ***Do Nothing***

Ignoring the problem won't make it go away. What will happen is you will lose your home to foreclosure, you'll be evicted, you'll ruin your credit, and you'll probably lose most, or all, of your equity.

Please don't make the mistake of doing nothing! With this "How To Stop Foreclosure Report", you should have the knowledge to know what questions to ask, and take back control of this unfortunate situation. If not, call us and we will help you!

Mistake #2: ***Pay a "Foreclosure Consultant" to Help You***

Once your foreclosure becomes public, every scam artist will be alerted to your situation. Although there may be people who are able to help in this sort of situation, we have never found a paid consultant to provide any value or assistance in a foreclosure situation. There should be no charge just to sell your house to an investor. In fact, the investor should pay all of your closing costs associated with the sale of your home if you are selling your home at a discount!

Mistake #3: ***Let a Person Who Knocks on Your Door Help You***

Once again, the foreclosure alerts many beginning investors to your situation. They will come knocking on your door to try and buy your house. Caveat emptor!!! All of the professionals at my company are trained professionals with years of experience in the foreclosure industry. We are committed to integrity and always treat homeowners in distress exactly how we would like our own mothers to be treated if they were in the same situation! Call us anytime to verify what others are telling you, and to see if our options are a good fit for your situation.

IF YOU ARE HAVING TROUBLE DOING IT YOURSELF?

No Risk, No Obligation

The foreclosure clock is ticking! The longer you wait, the fewer the options you will have. For powerful, free advice on how you can stop foreclosure, call us today or visit our website.

Don't Miss Out!

We are not a large company; instead, we are a small group of professionals committed to helping homeowners resolve their foreclosure problems. We get personally involved in each case, which means we take the cases where we are confident we can help. It's important that you call us now before it is too late! We have helped many stop the foreclosure auction, and we can help you get a fresh start.