

Foreclosure Options

Know Your Rights!



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Your Trusted Real Estate Resource

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Your Options

Short Sale or Pre-foreclosure Sale: This allows you to avoid foreclosure by selling your property. If you owe more than what the value of the house might be, you can still sell for an amount less than what is necessary to pay off your mortgage and not be required to pay the remaining balance. *(See page 4 for more information on Short Sales.)*

Foreclosure Alternative Program: A government sponsored program that provides incentives to sell your home instead of waiting for it to be foreclosed upon. *(See page 5 for more information on the Home Affordable Foreclosure Alternatives Program (HAFA))*

Mortgage Modification: This allows you to work with your lender to see if you are able to refinance the debt and/or extend the term of your mortgage loan. This may help you catch up by reducing the monthly payments to a more affordable level.

Partial Claim: This allows you to work with your lender to obtain a one-time payment from the FHA Insurance fund to bring your mortgage current.

Deed-In-Lieu of Foreclosure: You may be able to voluntarily "give back" your property to the lender. This won't save your house, but it is not as damaging to your credit rating as a foreclosure. This is an option if you don't qualify for a modification, your attempts at selling the house before foreclosure were unsuccessful, and you don't have another FHA mortgage in default.

Government Grants: There are several agencies that offer a one time grant. You can get assistance to reinstate your loan.

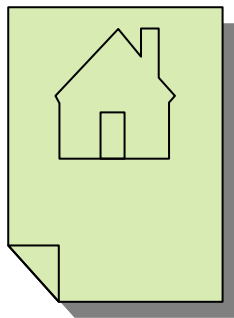
Chapter 13 or 7 Bankruptcy: You can file for bankruptcy. *(See page 6 for more information on filing for bankruptcy.)*

Do not just walk away from your home or let the bank take back that for which you have worked so hard. Having someone in your corner that will represent your best interests at all times is much easier than trying to negotiate any of these complicated options on your own.

Short Sales

A Short Sale will allow you to avoid foreclosure by selling your property. If you owe more than what the value of the house might be worth, you can still sell for an amount less than what is necessary to pay off your mortgage in full and not be required to pay the remaining balance. It is more convenient and cost effective for your lender to consider working with you than to the sell the property. The short sale process with most lenders has become easier and more streamlined over the past few years. In some cases, your lender can approve your application prior to you listing the property with a Realtor. Knowing the terms of the short sale approval prior to entering a contract with a buyer can save you time and put you in a better position to get the property sold.

The Bank may pay you CASH as part of the Short Sale! Some banks are not only allowing you to preserve your credit by working with them to sell the property, you can also financially benefit from a short sale. Most banks are offering relocation assistance to homeowners that participate in a short sale. In some cases, as much as **\$30,000.00**. A bank that considers a short sale would typically dictate that the owner only gets to walk away from the house. However, some banks now see the financial benefits of working with a homeowner that is motivated to sell the property. A motivated homeowner can help the bank solicit a buyer that pays top dollar for the home by keeping the property clean and maintaining the landscaping during the selling process. Once a bank forecloses on the home, the bank has to clean, maintain and get the property market ready. This could lead to a significant loss for a bank. In addition, the market value of properties in some locations are still declining and it could take the bank up to a year to foreclose on the house. The resale value could be thousands less by then, compared to working with you now to sell the property.



Benefits of Avoiding Foreclosure

ISSUE	FORECLOSURE	SUCCESSFUL SHORT SALE
Purchasing a home in the future	A homeowner who loses a home to foreclosure is ineligible for a Fannie Mae mortgage for 3 years .	A homeowner who successfully negotiates and closes a short sale will be eligible for a Fannie Mae mortgage after 2 years .
Credit Score	Credit score may be lowered anywhere from 250 to over 300 points . A foreclosure typically affects the score for over 3 years .	After a short sale the credit score is lowered as little as 50 points, if all other payments are made on time. The negative is that the lowered score will be reflected 12 to 24 months .
Security Clearances	Foreclosure is the most challenging issue for a security clearance outside of a conviction of a serious misdemeanor or felony. A foreclosure for someone that is a police officer, in the CIA, the military, or other security-sensitive positions means that in many cases, clearance can be revoked and the position terminated.	A short sale on its own will not affect most security clearances .
Future Employment	Many employers now check the credit of job applicants. A foreclosure is one of the most detrimental negative item on a credit report , and can affect an application for employment.	A short sale will have no bearing on employment opportunities .
Deficiency Judgment	The law of most states allows junior mortgages to recover the unpaid deficiency amount .	With a short sale it is possible to convince the lender to give up the right to pursue a deficiency judgment against the homeowner.
Deficiency Judgment Amount	In a foreclosure, the home must go through the REO process. In most cases, an REO has a lower sales price. This can result in a high deficiency judgment .	With a well-managed short sale, the home should be sold at a price close to market value, and in almost all cases, higher than an REO sale price. The result can be a lower deficiency judgment .

Home Affordable Foreclosure Alternatives Program **(HAFA)**

In 2009, the Treasury Department introduced the HAFA program to provide a viable option for homeowners who are unable to keep their home through the existing Home Affordable Modification Program (HAMP).

HAFA provides incentives for a bank to work with a homeowner to do a short sale or a deed-in-lieu of foreclosure (DIL), to avoid foreclosing on a loan eligible for modification under the HAMP program.

Benefits:

- This program allows the bank to use financial and hardship information already collected for a loan modification to process a short sale.
- Homeowners can receive pre-approved short sale terms before listing the home.
- This program forces the banks to release the homeowner from future liability for the first mortgage debt (no cash contribution, promissory note, or deficiency judgment is allowed).
- A homeowner can get up to \$3,000 to cover relocation assistance.

Working with your bank to see if you qualify for a HAFA short sale can be very simple if you ask the right questions and are able to provide the appropriate documents. There are no costs for you to work with a professional like myself. You don't have to do this on your own!



Filing for Bankruptcy

Chapter 7

Filing for a Chapter 7 bankruptcy is an option if your goal is to sell your home and pay as much as you can to the mortgage holder and any additional creditors that you owe. A Chapter 7 filing protects you from creditors however, you might end up losing control over the sale of your home, and you may be required to relinquish all your assets. The court can dictate the price, terms, and potential buyer. In addition, the court will appoint a Bankruptcy Trustee as a mediator between you and the creditors. The Trustee's goal is to collect any funds available to pay the creditors. I network with some of the top bankruptcy attorneys. I can refer you to an attorney if you feel this option is best for you.

Chapter 13

A Chapter 13 Bankruptcy can help you stay in your home and its structure is such that you can work out a payment agreement with your lender. This option also protects you from any creditors that you owe. The primary requirement is that you to earn enough money to pay your monthly expenses. This option requires that your creditors be paid some of the outstanding amount owed. The disadvantages of a Chapter 13 are that you cannot incur additional debts without the court's approval. You will have limited control over the payments that you want to make to creditors and the court can garnish your wages. If this option is best for you, I would encourage you to contact me and I will guide you through it.

It is important that you fully understand all the potential liabilities you may face before filing for bankruptcy. This is the key factor in considering any of your options. If you think filing bankruptcy is best for you, I can guide you in the right direction. I network with some of the top bankruptcy attorneys in Washington.



Beware Of Scams!

Solutions that sound too simple or too good to be true usually are! If you're selling your home without professional guidance, beware of people who try to rush you through the process. Unfortunately, people may try to take advantage of your financial situation. Be especially alert to:

Equity Skimming: A *buyer* approaches you offering to get you out of financial trouble by promising to pay off your mortgage or give you a sum of money when the property is sold. The *buyer* may suggest that you move out quickly and deed the property to him or her. The buyer then collects rent for a time, does not make any mortgage payments, and allows the lender to foreclose. **Signing over your deed to someone else does not relieve you of your obligation to your lender.**

Phony Counseling Agencies: Some groups calling themselves "counseling agencies" may approach you and offer to perform certain services for a fee. No one can guarantee that they can negotiate a payment plan with your lender. You should be able to check with your bank to verify if the counseling agency is licensed, They should not charge for their services.

Inexperienced Agents: A majority of agents have no experience in negotiating with banks, which can cost you time and money. If you decide to sell your home be sure to work with a **Realtor** who is experienced in dealing with short sales and foreclosures. A Realtor is held to a higher level of legal accountability and ethical laws than an Agent.

General Precautions:

- Don't sign documents you don't fully understand.
- Get all "promises" in writing.
- Beware of any contract of sale or loan assumption where you are not formally released from the liability for your mortgage debt.
- Check with a lawyer or your licensed Realtor before entering into any deal involving your home.
- If you are selling the house yourself to avoid foreclosure, check to see if there are any complaints against the prospective buyer.

Experience Does Make a Difference

My experience, combined with a team of highly qualified and dedicated professionals, will work in your best interest at all times. I have worked with a majority of the major banks that actively foreclose on homeowners in Washington State. For example:

- Chase Mortgage
- CITI Financial Mortgage
- Boeing Credit Union
- Countrywide Home Loans
- US Bank
- City Financial
- Horizon Home Loans
- GreenTree Bank
- Wachovia Bank
- Ameriquest Servicing Mortgage
- Home Eq Servicing
- American Servicing Corporation
- Mortgage IT Financial
- Option One Mortgage
- IndyMac
- SunTrust Mortgage
- Bank of America
- Washington Mutual
- HSBC Mortgage
- Wells Fargo Bank
- GMAC Mortgage
- Specialized Loan Service (SLS)
- Seattle Employee Credit Union
- M & T Bank
- Beneficial Financing
- Home Cummings Financial
- EMC Servicing Mortgage
- Litton Loan Servicing
- New Century Mortgage
- Wilshire Mortgage
- Aurora Loan Servicing
- One West Bank



The experience I have gained by working with clients that have fallen behind on mortgages ranging from \$50,000 to over \$1,000,000 has given me the expertise that will help get you through your current situation. There is no fee or any obligation for a consultation. I can help you accomplish whichever option you think will work in your best interest.

One Convenient Resource

I have a network of highly qualified and reputable companies that I will custom match you with for any housing situation.

- *Probate Attorneys*
- *Mortgage Bankers*
- *Escrow Officers*
- *Title Insurance Officers*
- *Bankruptcy Attorneys*

By using my affiliated partners, you can be confident you will receive the advice you need from a team of experienced real estate professionals.

*One Convenient Resource For All
Your Real Estate Needs!*



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