

Options for Homeowners to

AVOID FORECLOSURE

Foreclosure can be a devastating financial challenge, but one that may often be avoided. If you or someone you know is among the millions of people affected by the prospect of foreclosure, understand that there are options:

REINSTATEMENT

To reinstate a mortgage, the homeowner has to pay all the missed payments, late fees and legal fees that are due up to the date that the loan is reinstated.

FORBEARANCE

The lender allows the buyer to pay the missed amount over a period of time or the lender places the missed payments on the end of the amortization of the loan.

LOAN MODIFICATION

A loan modification involves the reduction of one of the following: the interest rate on the loan, the principal balance of the loan, the term of the loan, or any combination of these. These typically result in a lower payment to the homeowner and a more affordable mortgage.

DEED-IN-LIEU OF FORECLOSURE

Also known as a 'friendly foreclosure', allows the homeowner to return the property to the lender rather than go through the foreclosure process. Lender approval is required for this option, and the homeowner must also vacate the property.

REFINANCE

If homeowner has sufficient equity in their property and income and their credit is still in good standing, they may be able to refinance their mortgage.

SHORT REFINANCE

This process involves the refinance of a home with a reduction in the principal balance and often the interest rate as well.

RENT THE PROPERTY

A homeowner who has a mortgage payment low enough that market rent will allow it to be paid, can convert their property to a rental and use the rental income to pay the mortgage.

BANKRUPTCY

If the homeowner has non-mortgage debts that cause a shortfall of paying their mortgage payments and a personal bankruptcy may eliminate these debts, this may be a viable solution.

SERVICEMEMBERS CIVIL RELIEF ACT (SCRA)

If a member of the military is experiencing financial distress due to deployment, and that person can show that their debt was entered into prior to deployment, they may qualify for relief under the SCRA.

SHORT SALE

If a homeowner owes more on their property than it is currently worth, they can hire a qualified real estate agent to market and sell their property through the negotiation of a short sale with their lender.

The information above includes general descriptions about foreclosure and alternative options but should not be considered legal or tax advice. Before making any decision, please consult with an attorney and a tax advisor. If you determine that a short sale is the right option for you, an **APR Distressed Property Certified Agent**, who is educated in the nuances of distressed property transactions, can help you navigate the dense terrain of today's real estate market.